



**CliftonLarsonAllen**

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## Accountant's Compilation Report

Board of Directors  
Lake of the Rockies Metropolitan District

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, 2019, including the estimate of comparative information for the year ending December 31, 2018, and the actual comparative information for the year ended December 31, 2017 in the format prescribed by Colorado Revised Statutes (C.R.S) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). 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 AICPA. 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.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

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  
January 5, 2019



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**LAKE OF THE ROCKIES METROPOLITAN DISTRICT  
SUMMARY  
2019 BUDGET  
WITH 2017 ACTUAL AND 2018 ESTIMATED  
For the Years Ended and Ending December 31,**

1/27/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ (8,987)	\$ 3,230	\$ 350,698
REVENUES			
Property taxes	43,650	94,587	147,876
Specific ownership tax	5,914	12,296	17,745
Interest income	90	-	-
Homeowner fees	15,205	34,000	53,040
Bond Proceeds - Series 2018 A	-	2,715,000	-
Bond Proceeds - Series 2018 B	-	439,000	-
Developer advance	18,500	11,500	18,000
Other revenue	57	175	200
Total revenues	<u>83,416</u>	<u>3,306,558</u>	<u>236,861</u>
TRANSFERS IN	<u>-</u>	<u>390,000</u>	<u>-</u>
Total funds available	<u>74,429</u>	<u>3,699,788</u>	<u>587,559</u>
EXPENDITURES			
General Fund	71,199	149,840	161,000
Debt Service Fund	-	45,250	140,000
Capital Projects Fund	-	2,764,000	-
Total expenditures	<u>71,199</u>	<u>2,959,090</u>	<u>301,000</u>
TRANSFERS OUT	<u>-</u>	<u>390,000</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>71,199</u>	<u>3,349,090</u>	<u>301,000</u>
ENDING FUND BALANCES	<u>\$ 3,230</u>	<u>\$ 350,698</u>	<u>\$ 286,559</u>
EMERGENCY RESERVE	\$ 2,000	\$ 4,300	\$ 4,300
AVAILABLE FOR OPERATIONS	1,230	1,648	798
DEBT SERVICE RESERVE	-	209,000	209,000
CAPITALIZED INTEREST	-	135,750	-
SURPLUS FUND	-	-	72,461
TOTAL RESERVE	<u>\$ 3,230</u>	<u>\$ 350,698</u>	<u>\$ 286,559</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  
PROPERTY TAX SUMMARY INFORMATION  
2019 BUDGET  
WITH 2017 ACTUAL AND 2018 ESTIMATED  
For the Years Ended and Ending December 31,**

1/27/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
<b>ASSESSED VALUATION</b>			
Residential	\$ 213,360	\$ 901,250	\$ 2,078,220
Commercial	61,530	71,650	51,840
Agricultural	210	220	220
State assessed	40,870	47,830	43,590
Vacant land	557,030	775,650	564,270
Certified Assessed Value	<u>\$ 873,000</u>	<u>\$ 1,796,600</u>	<u>\$ 2,738,140</u>
<b>MILL LEVY</b>			
General	50.000	52.648	28.992
Debt Service	0.000	0.000	25.014
Total mill levy	<u>50.000</u>	<u>52.648</u>	<u>54.006</u>
<b>PROPERTY TAXES</b>			
General	\$ 43,650	\$ 94,587	\$ 79,384
Debt Service	-	-	68,492
Levied property taxes	<u>43,650</u>	<u>94,587</u>	<u>147,876</u>
Adjustments to actual/rounding	-	-	-
Refunds and abatements	-	-	-
Budgeted property taxes	<u>\$ 43,650</u>	<u>\$ 94,587</u>	<u>\$ 147,876</u>
<b>BUDGETED PROPERTY TAXES</b>			
General	\$ 43,650	\$ 94,587	\$ 79,384
Debt Service	-	-	68,492
	<u>\$ 43,650</u>	<u>\$ 94,587</u>	<u>\$ 147,876</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  
GENERAL FUND  
2019 BUDGET  
WITH 2017 ACTUAL AND 2018 ESTIMATED  
For the Years Ended and Ending December 31,**

1/27/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ (8,987)	\$ 3,230	\$ 5,948
<b>REVENUES</b>			
Property taxes	43,650	94,587	79,384
Specific ownership tax	5,914	12,296	9,526
Interest income	90	-	-
Developer advance	18,500	11,500	18,000
Other revenue	57	175	200
Homeowner fees	15,205	34,000	53,040
Total revenues	<u>83,416</u>	<u>152,558</u>	<u>160,150</u>
<b>TRANSFERS IN</b>			
Transfers from other funds	-	-	-
Total funds available	<u>74,429</u>	<u>155,788</u>	<u>166,098</u>
<b>EXPENDITURES</b>			
General and administrative			
Accounting	13,672	19,000	25,000
Audit	-	-	5,000
Billing	6,653	8,600	10,000
County Treasurer's fee	656	1,419	1,191
Dues and licenses	330	370	400
Insurance and bonds	2,488	2,700	3,000
District management	14,298	23,600	25,000
Legal services	9,955	35,000	25,000
Miscellaneous	122	200	400
Election expense	-	1,151	-
Contingency	-	7,000	5,009
Operations and maintenance			
Repairs and maintenance	-	9,000	7,000
Landscaping	14,137	19,000	19,500
Snow removal	1,347	3,200	5,000
Utilities	3,317	1,500	5,000
Trash collection	4,224	8,100	17,000
Water usage	-	7,500	7,500
Website	-	2,500	-
Total expenditures	<u>71,199</u>	<u>149,840</u>	<u>161,000</u>
Total expenditures and transfers out requiring appropriation	<u>71,199</u>	<u>149,840</u>	<u>161,000</u>
ENDING FUND BALANCE	<u>\$ 3,230</u>	<u>\$ 5,948</u>	<u>\$ 5,098</u>
EMERGENCY RESERVE	\$ 2,000	\$ 4,300	\$ 4,300
AVAILABLE FOR OPERATIONS	1,230	1,648	798
TOTAL RESERVE	<u>\$ 3,230</u>	<u>\$ 5,948</u>	<u>\$ 5,098</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  
DEBT SERVICE FUND  
2019 BUDGET  
WITH 2017 ACTUAL AND 2018 ESTIMATED  
For the Years Ended and Ending December 31,**

1/27/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 344,750
REVENUES			
Property taxes	-	-	68,492
Specific ownership tax	-	-	8,219
Developer advance	-	-	-
Total revenues	-	-	76,711
TRANSFERS IN			
Transfers from other funds	-	390,000	-
Total funds available	-	390,000	421,461
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	-	1,027
Contingency	-	-	3,223
Debt Service			
Series 2018A Bond Interest	-	45,250	135,750
Total expenditures	-	45,250	140,000
TRANSFERS OUT			
Transfers to other fund	-	-	-
Total expenditures and transfers out requiring appropriation	-	45,250	140,000
ENDING FUND BALANCE	\$ -	\$ 344,750	\$ 281,461
DEBT SERVICE RESERVE	\$ -	\$ 209,000	\$ 209,000
CAPITALIZED INTEREST	-	135,750	-
SURPLUS FUND			72,461
TOTAL RESERVE	\$ -	\$ 344,750	\$ 281,461

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  
2019 BUDGET  
WITH 2017 ACTUAL AND 2018 ESTIMATED  
For the Years Ended and Ending December 31,**

1/27/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Developer advance	-	-	-
Bond Proceeds - Series 2018 A	-	2,715,000	-
Bond Proceeds - Series 2018 B	-	439,000	-
Total revenues	-	3,154,000	-
Total funds available	-	3,154,000	-
EXPENDITURES			
Capital Projects			
Cost of Issuance	-	275,021	-
Capital Expenditure	-	2,488,979	-
Total expenditures	-	2,764,000	-
TRANSFERS OUT			
Transfers to other fund	-	390,000	-
Total expenditures and transfers out requiring appropriation	-	3,154,000	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

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  
2019 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 recorded on January 3, 2011. The Service Plan for the District was approved by the Town of Monument, Colorado, (the Town).

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 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 method of calculating assessed valuation of residential assessment rates in the State of Colorado changed from 7.96% to 7.20% beginning in collection year 2018. Accordingly, the mill levy has been adjusted upward to reflect the change in assessed value calculation.

**LAKE OF THE ROCKIES METROPOLITAN DISTRICT  
2019 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues - Continued**

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 12% of the property taxes collected.

**Developer Advance**

The District is in the development stage. As such, the operating and administrative expenditures will be mainly 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.

**Operations and Maintenance Fees**

The District charges each homeowner a monthly operation and maintenance fee of \$40. The 2019 budgeted revenues are estimating an increase of 3 units per month during the year.

**Expenditures**

**Administrative and Operating Expenditures**

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense. Estimated expenditures related to street repairs and maintenance, street lights, street sweeping, landscaping, mowing, parks and open space maintenance, utilities and snow removal were also included in the budget.

**County Treasurer's Fees**

County Treasurer's fees have been computed at 1.5% of property tax collections.

**Debt Service**

Principal and interest payments are provided based on the debt amortization schedule from the Series 2018A Bonds (discussed under Debt and Leases).

**Debt and Leases**

Series 2018 Bond Issuance

The District issued Senior Bonds and the Subordinate Bonds on August 1, 2018, in the amounts of \$2,715,000 and \$439,000, respectively. Proceeds from the sale of the Senior Bonds will be used to: (i)



**LAKE OF THE ROCKIES METROPOLITAN DISTRICT  
2019 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

pay project costs; (ii) pay the costs of issuance of the Bonds; (iii) fund the Senior Reserve Fund; and (iv) fund capitalized interest. The proceeds of the Subordinate Bonds will be used to pay project costs.

**Debt and Leases (continued)**

The Senior Bonds bear interest at 5.00%, payable semi-annually on June 1 and December 1, beginning on December 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2021 through December 1, 2047. The Senior Bonds mature on August 1, 2048.

The Subordinate Bonds are issued at the rate of 7.50% per annum and payable annually on December 15, beginning December 15, 2018, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on August 1, 2048. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. In the event any amount due and owing on the Subordinate Bonds remains outstanding on December 16, 2058, such amount shall be deemed discharged and no longer due and outstanding.

The Senior Bonds are also secured by amounts on deposit in the Senior Reserve Fund, which is to be funded from Senior Bond proceeds in the amount of \$209,000, and by amounts on deposit in the Senior Surplus Fund. The Senior Surplus Fund is anticipated to be funded from Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year, up to the Maximum Surplus Amount of \$271,500. Pursuant to the Senior Indenture, the Senior Surplus Fund is to be maintained for so long as any Senior Bond is outstanding.

The Indentures separate property taxes and specific ownership taxes generated by each mill levy, the Senior Required Mill Levy and the Subordinate Required Mill Levy. Receipts generated from the Senior Required Mill Levy are pledged to the repayment of the Senior Bonds and receipts generated from the Subordinate Required Mill Levy are pledged to the repayment of the Subordinate Bonds.

Pursuant to the Subordinate Indenture, the District has covenanted to impose a Subordinate Required Mill Levy in the amount of 50 mills (subject to adjustment) less the amount of the Senior Required Mill Levy and the Operations Mill Levy, or such lesser mill levy which, after the deduction of the Senior Bond Mill Levy and the Operations Mill Levy, will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal of and interest on the Subordinate Bonds in full. As a result, the Subordinate Required Mill Levy will equal zero until such time as the Senior Bond Mill Levy together with the Operations Mill Levy equals less than 50 mills (subject to adjustment).

Leases

The District has no capital or operating leases.

**LAKE OF THE ROCKIES METROPOLITAN DISTRICT  
2019 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Reserves**

**Emergency Reserves**

The District has provided an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2019, as defined under TABOR.

**Debt Service Reserves**

The District maintains a Debt Service Reserve as required with the issuance of the 2018A Bonds in the amount of \$209,000.

**This information is an integral part of the accompanying budget.**

**LAKE OF THE ROCKIES METROPOLITAN DISTRICT  
DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$2,715,000 General Obligation Limited Tax Bonds - Series 2018A**

**Interest Rate 5.00%**

**Date: July 18, 2018**

**Interest Payable: June 1st and December 1st**

**Principal Payable: December 1st**

Year Ending December 31,	Principal	Interest	Total
2019	\$ -	\$ 135,750	\$ 135,750
2020	-	135,750	135,750
2021	10,000	135,750	145,750
2022	30,000	135,250	165,250
2023	30,000	133,750	163,750
2024	35,000	132,250	167,250
2025	35,000	130,500	165,500
2026	40,000	128,750	168,750
2027	45,000	126,750	171,750
2028	50,000	124,500	174,500
2029	50,000	122,000	172,000
2030	60,000	119,500	179,500
2031	60,000	116,500	176,500
2032	70,000	113,500	183,500
2033	70,000	110,000	180,000
2034	80,000	106,500	186,500
2035	80,000	102,500	182,500
2036	90,000	98,500	188,500
2037	95,000	94,000	189,000
2038	105,000	89,250	194,250
2039	105,000	84,000	189,000
2040	115,000	78,750	193,750
2041	125,000	73,000	198,000
2042	135,000	66,750	201,750
2043	140,000	60,000	200,000
2044	150,000	53,000	203,000
2045	160,000	45,500	205,500
2046	170,000	37,500	207,500
2047	180,000	29,000	209,000
2048	400,000	13,333	413,333
Total	<u>\$ 2,715,000</u>	<u>\$ 2,932,083</u>	<u>\$ 5,647,083</u>