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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, 2020, including the estimate of comparative information for the year ending December 31, 2019, and the actual comparative information for the year ended December 31, 2018 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
December 30, 2019

**LAKE OF THE ROCKIES METROPOLITAN DISTRICT
SUMMARY
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

12/30/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 3,230	\$ 357,249	\$ 310,067
REVENUES			
Property Taxes	94,587	147,876	227,969
Specific Ownership Tax	11,951	17,140	25,076
Interest Income	3,850	8,288	4,747
Homeowner Fees	37,179	55,320	63,360
2018A Bond Proceeds	2,715,000	-	-
2018B Bond Proceeds	439,000	-	-
Late fees/Penalties	-	400	-
Developer Advance	3,139,128	58,000	65,000
Other Revenue	197	100	100
Total revenues	<u>6,440,892</u>	<u>287,124</u>	<u>386,252</u>
TRANSFERS IN	<u>396,499</u>	<u>13,287</u>	<u>-</u>
Total funds available	<u>6,840,621</u>	<u>657,660</u>	<u>696,319</u>
EXPENDITURES			
General Fund	141,463	191,526	215,000
Debt Service Fund	45,250	142,780	145,000
Capital Projects Fund	5,900,160	-	-
Total expenditures	<u>6,086,873</u>	<u>334,306</u>	<u>360,000</u>
TRANSFERS OUT	<u>396,499</u>	<u>13,287</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>6,483,372</u>	<u>347,593</u>	<u>360,000</u>
ENDING FUND BALANCES	<u>\$ 357,249</u>	<u>\$ 310,067</u>	<u>\$ 336,319</u>
EMERGENCY RESERVE	\$ 4,400	\$ 4,400	\$ 4,600
AVAILABLE FOR OPERATIONS	(5,218)	3,892	6,230
DEBT SERVICE RESERVE	209,000	209,000	209,000
CAPITALIZED INTEREST	134,750	-	-
SURPLUS FUND	4,694	92,775	116,489
TOTAL RESERVE	<u>\$ 347,626</u>	<u>\$ 310,067</u>	<u>\$ 336,319</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
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

12/30/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
ASSESSED VALUATION			
Residential	\$ 901,250	\$ 2,078,220	\$ 3,406,580
Commercial	71,650	51,840	48,830
Agricultural	220	220	230
State assessed	47,830	43,590	57,590
Vacant land	775,650	564,270	660,200
Certified Assessed Value	<u>\$ 1,796,600</u>	<u>\$ 2,738,140</u>	<u>\$ 4,173,430</u>
MILL LEVY			
General	52.648	28.992	19.211
Debt Service	0.000	25.014	35.413
Total mill levy	<u>52.648</u>	<u>54.006</u>	<u>54.624</u>
PROPERTY TAXES			
General	\$ 94,587	\$ 79,384	\$ 80,176
Debt Service	-	68,492	147,793
Budgeted property taxes	<u>\$ 94,587</u>	<u>\$ 147,876</u>	<u>\$ 227,969</u>
BUDGETED PROPERTY TAXES			
General	\$ 94,587	\$ 79,384	\$ 80,176
Debt Service	-	68,492	147,793
	<u>\$ 94,587</u>	<u>\$ 147,876</u>	<u>\$ 227,969</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
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

12/30/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 3,230	\$ (818)	\$ 8,292
REVENUES			
Property Taxes	94,587	79,384	80,176
Specific Ownership Tax	11,951	9,200	8,819
Late Fees/Penalties	-	400	-
Interest Income	-	40	83
Developer Advance	-	58,000	65,000
Other Revenue	197	100	100
Homeowner Fees	37,179	55,320	63,360
Total revenues	<u>143,914</u>	<u>202,444</u>	<u>217,538</u>
Total funds available	<u>147,144</u>	<u>201,626</u>	<u>225,830</u>
EXPENDITURES			
General and administrative			
Accounting	24,115	30,000	30,000
Auditing	-	4,000	5,000
Billing	10,023	16,000	16,000
County Treasurer's Fee	1,419	1,192	1,203
Dues and Licenses	366	256	300
Insurance and Bonds	2,685	2,858	3,050
District Management	32,111	32,500	33,000
Legal	32,478	20,000	25,000
Miscellaneous	141	2,355	500
Election Expense	1,151	-	2,000
Contingency	-	-	6,526
Operations and maintenance			
Repairs and Maintenance	1,696	7,000	7,000
Landscaping	19,247	19,500	19,896
Landscaping - Contingency	-	6,525	3,000
Snow Removal	2,731	11,000	11,000
Utilities	1,683	1,720	3,000
Trash Collection	10,592	20,300	22,825
Water Usage	-	-	7,500
Website	1,025	120	200
Covenant Enforcement	-	16,200	18,000
Total expenditures	<u>141,463</u>	<u>191,526</u>	<u>215,000</u>
TRANSFERS OUT			
Transfers to Other Funds	<u>6,499</u>	<u>1,808</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>147,962</u>	<u>193,334</u>	<u>215,000</u>
ENDING FUND BALANCE	<u>\$ (818)</u>	<u>\$ 8,292</u>	<u>\$ 10,830</u>
EMERGENCY RESERVE	\$ 4,400	\$ 4,400	\$ 4,600
AVAILABLE FOR OPERATIONS	<u>(5,218)</u>	<u>3,892</u>	<u>6,230</u>
TOTAL RESERVE	<u>\$ (818)</u>	<u>\$ 8,292</u>	<u>\$ 10,830</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
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

12/30/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ 348,444	\$ 301,775
REVENUES			
Property Taxes	-	68,492	147,793
Specific Ownership Tax	-	7,940	16,257
Interest Income	3,694	8,200	4,664
Total revenues	<u>3,694</u>	<u>84,632</u>	<u>168,714</u>
TRANSFERS IN			
Transfers from Other Funds	<u>390,000</u>	<u>11,479</u>	<u>-</u>
Total funds available	<u>393,694</u>	<u>444,555</u>	<u>470,489</u>
EXPENDITURES			
General and administrative			
County Treasurer's Fee	-	1,028	2,217
Paying Agent Fees	-	6,002	6,000
Contingency	-	-	1,033
Debt Service			
Series 2018A Bond Interest	45,250	135,750	135,750
Total expenditures	<u>45,250</u>	<u>142,780</u>	<u>145,000</u>
Total expenditures and transfers out requiring appropriation	<u>45,250</u>	<u>142,780</u>	<u>145,000</u>
ENDING FUND BALANCE	<u>\$ 348,444</u>	<u>\$ 301,775</u>	<u>\$ 325,489</u>
DEBT SERVICE RESERVE	\$ 209,000	\$ 209,000	\$ 209,000
CAPITALIZED INTEREST	134,750	-	-
SURPLUS FUND	4,694	92,775	116,489
TOTAL RESERVE	<u>\$ 348,444</u>	<u>\$ 301,775</u>	<u>\$ 325,489</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
CAPITAL PROJECTS FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

12/30/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ 9,623	\$ -
REVENUES			
Interest Income	156	48	-
Developer Advance	3,139,128	-	-
2018B Bond Proceeds	439,000	-	-
2018A Bond Proceeds	2,715,000	-	-
Total revenues	<u>6,293,284</u>	<u>48</u>	<u>-</u>
TRANSFERS IN			
Transfers from Other Funds	<u>6,499</u>	<u>1,808</u>	<u>-</u>
Total funds available	<u>6,299,783</u>	<u>11,479</u>	<u>-</u>
EXPENDITURES			
General and Administrative			
Accounting	2,123	-	-
Capital Projects			
Repay developer Advance	2,488,979	-	-
Bond Issue Costs	269,930	-	-
Capital Expenditure	3,139,128	-	-
Total expenditures	<u>5,900,160</u>	<u>-</u>	<u>-</u>
TRANSFERS OUT			
Transfers to Other Funds	<u>390,000</u>	<u>11,479</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>6,290,160</u>	<u>11,479</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 9,623</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
2020 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 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
2020 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 11% 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.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.5%.

Homeowner Fees

The District charges each homeowner a monthly operation and maintenance fee of \$40. The 2020 budgeted revenues are based on 132 homeowners.

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 repairs and maintenance, landscaping, trash collection, utilities, water usage, covenant enforcement, website, 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).

**LAKE OF THE ROCKIES METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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) 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.

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
2020 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 2020, 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
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>\$ 2,796,333</u>	<u>\$ 5,511,333</u>

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