

Accountant's Compilation Report

Board of Directors
Banning Lewis Ranch Metropolitan District No. 1
El Paso County, Colorado

We have compiled the accompanying forecasted budget of revenues, expenditures and fund balances of the Banning Lewis Ranch Metropolitan District No. 1 for the General, Debt Service and Capital Projects Funds for the year ending December 31, 2014, including the forecasted estimate of comparative information for the year ending December 31, 2013, in accordance with attestation standards established by the American Institute of Certified Public Accountants. A compilation is limited to presenting, in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not audited or reviewed the forecast and, accordingly, do not express an opinion or any other form of assurance about whether the accompanying budget of revenues, expenditures and fund balances or assumptions are in accordance with attestation standards generally accepted in the United States of America. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Management is responsible for the preparation and fair presentation of the forecast in accordance with attestation standards generally accepted in the United States of America, and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the forecast.

The actual historical information for the year 2012 is presented for comparative purposes only. Such information is taken from the 2012 audit report of the District for the year ended December 31, 2012 as prepared by BiggsKofford, P.C., dated July 29, 2013, in which an unmodified opinion was expressed.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

We are not independent with respect to Banning Lewis Ranch Metropolitan District No. 1.



Colorado Springs, Colorado
December 5, 2013

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
SUMMARY**

**FORECASTED 2014 BUDGET AS ADOPTED
WITH 2012 ACTUAL AND 2013 ESTIMATED
For the Years Ended and Ending December 31,**

12/5/2013

	ACTUAL 2012	ESTIMATED 2013	ADOPTED 2014
BEGINNING FUND BALANCES	\$ 68,426	\$ 160,895	\$ 250,429
REVENUES			
1 Net investment income	294	250	200
2 Reimbursed expenditures	99,151	-	-
3 Other income	763	1,000	3,000
4 District operating fees	472,173	670,000	862,500
5 Design review fee	6,125	8,000	12,500
6 Intergovernmental - Developer adv. Dist. No. 2	571,993	359,430	10,430,200
7 Intergovernmental - O&M taxes Dist. No. 2	205,770	231,851	265,010
8 Intergovernmental - O&M taxes Regional Dist.	10,681	12,219	14,545
9 Intergovernmental - DS taxes Regional Dist.	96,126	109,986	130,909
10 Intergovernmental - Transfer from Dist. No. 2	-	18,995	-
11 Intergovernmental - O&M taxes Dist. No. 3	-	-	23
Total revenues	<u>1,463,076</u>	<u>1,411,731</u>	<u>11,718,887</u>
Total funds available	<u>1,531,502</u>	<u>1,572,626</u>	<u>11,969,316</u>
EXPENDITURES			
12 General and administration			
13 Accounting	45,228	54,500	60,000
14 Audit	7,000	7,200	8,400
15 Billing services	-	-	31,000
16 Broadband access	235,710	320,000	441,150
17 Community management	18,684	18,000	23,500
18 Design review fee	5,325	8,000	12,500
19 District management	66,816	72,000	37,200
20 Dues and membership	2,466	2,524	2,600
21 Election	2,013	-	2,100
22 Insurance	18,972	16,638	18,000
23 Legal	37,081	34,000	55,000
24 Miscellaneous	5,573	3,500	3,000
25 Trash removal and recycle	59,514	75,000	100,300
26 Landscape maintenance	368,822	311,700	456,200
27 Recreation center	258,962	274,700	311,650
28 Swimming pool	20,690	20,500	33,500
29 Capital projects			
30 Capital outlay	-	-	10,000,000
31 Park and recreation	217,751	103,914	-
Total expenditures	<u>1,370,607</u>	<u>1,322,176</u>	<u>11,596,100</u>
Total expenditures and transfers out requiring appropriation	<u>1,370,607</u>	<u>1,322,176</u>	<u>11,596,100</u>
ENDING FUND BALANCES	\$ 160,895	\$ 250,450	\$ 373,216
EMERGENCY RESERVE	\$ 20,900	\$ 27,700	\$ 34,800
TOTAL RESERVE	\$ 20,900	\$ 27,700	\$ 34,800

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

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

12/5/2013

	ACTUAL 2012	ESTIMATED 2013	ADOPTED 2014
ASSESSED VALUATION - EL PASO			
Agricultural	\$ 670	\$ 290	\$ 310
Certified Assessed Value	\$ 670	\$ 290	\$ 310
MILL LEVY			
PROPERTY TAXES			
Budgeted Property Taxes	\$ -	\$ -	\$ -
BUDGETED PROPERTY TAXES			
	\$ -	\$ -	\$ -

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

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
GENERAL FUND
FORECASTED 2014 BUDGET AS ADOPTED
WITH 2012 ACTUAL AND 2013 ESTIMATED
For the Years Ended and Ending December 31,

12/5/2013

	ACTUAL 2012	ESTIMATED 2013	ADOPTED 2014
BEGINNING FUND BALANCES	\$ 68,426	\$ 13,918	\$ 34,476
REVENUES			
1 Net investment income	253	250	200
2 Reimbursed expenditures	99,151	-	-
3 Other income	763	1,000	3,000
4 District operating fees	472,173	670,000	862,500
5 Design review fee	6,125	8,000	12,500
6 Intergovernmental - Developer adv. Dist. No. 2	279,546	290,000	400,000
7 Intergovernmental - O&M taxes Dist. No. 2	205,770	231,851	265,010
8 Intergovernmental - O&M taxes Regional Dist.	10,681	12,219	14,545
9 Intergovernmental - O&M taxes Dist. No. 3	-	-	23
Total revenues	<u>1,074,462</u>	<u>1,213,320</u>	<u>1,557,778</u>
Total funds available	<u>1,142,888</u>	<u>1,227,238</u>	<u>1,592,254</u>
EXPENDITURES			
General and administration			
10 Accounting	33,040	45,000	45,000
11 Audit	7,000	7,200	8,400
12 Billing services	-	-	31,000
13 Broadband access	235,710	320,000	441,150
14 Community management	18,684	18,000	23,500
15 Design review fee	5,325	8,000	12,500
16 District management	66,816	72,000	37,200
17 Dues and membership	2,466	2,524	2,600
18 Election	2,013	-	2,100
19 Insurance	18,972	16,638	18,000
20 Legal	25,383	18,000	30,000
21 Miscellaneous	5,573	3,500	3,000
22 Trash removal and recycle	59,514	75,000	100,300
23 Landscape maintenance	368,822	311,700	456,200
24 Recreation center	258,962	274,700	311,650
25 Swimming pool	20,690	20,500	33,500
Total expenditures	<u>1,128,970</u>	<u>1,192,762</u>	<u>1,556,100</u>
Total expenditures and transfers out requiring appropriation	<u>1,128,970</u>	<u>1,192,762</u>	<u>1,556,100</u>
ENDING FUND BALANCES	<u>\$ 13,918</u>	<u>\$ 34,476</u>	<u>\$ 36,154</u>
EMERGENCY RESERVE	<u>\$ 20,900</u>	<u>\$ 27,700</u>	<u>\$ 34,800</u>
TOTAL RESERVE	<u>\$ 20,900</u>	<u>\$ 27,700</u>	<u>\$ 34,800</u>

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

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
GENERAL FUND EXPENDITURE DETAILS
FORECASTED 2014 BUDGET AS ADOPTED
WITH 2012 ACTUAL AND 2013 ESTIMATED
For the Years Ended and Ending December 31,

12/5/2013

	ACTUAL 2012	ESTIMATED 2013	ADOPTED 2014
Landscape maintenance			
1 Electricity	\$ 2,749	\$ 1,800	\$ 2,700
2 Enhancements	29,242	30,000	55,000
3 Irrigation repairs/maintenance	23,618	30,000	20,000
4 Irrigation system replacements	-	-	10,000
5 Miscellaneous	10,343	3,900	2,500
6 Snow removal	569	6,000	10,000
7 Village	119,415	130,000	156,000
8 Water	182,886	110,000	200,000
Total Landscape maintenance	<u>\$ 368,822</u>	<u>\$ 311,700</u>	<u>\$ 456,200</u>
Recreation center			
9 Cleaning supplies	\$ -	\$ 1,000	\$ 500
10 Coffee, bottled water, etc.	445	600	900
11 Electricity	15,627	16,000	22,500
12 Gas	19,611	23,000	30,000
13 Management fee	161,898	161,900	170,000
14 Miscellaneous	500	2,000	2,000
15 Office supplies	1,430	4,500	1,000
16 Plant maintenance	3,055	3,200	3,200
17 Printing	-	-	500
18 Repairs and maintenance	8,178	15,000	20,000
19 Security services	1,334	6,000	1,200
20 Sewer	1,911	2,200	2,500
21 Telephone	897	1,200	1,200
22 Trash	864	900	900
23 Water	38,962	25,000	40,000
24 Decorations	-	-	2,000
25 Cleaning services	-	6,000	6,000
26 Fitness equipment maintenance	-	-	500
27 Fitness equipment replacement	-	-	2,500
28 HVAC maintenance	4,250	5,500	4,250
29 Staff development	-	700	-
Total Recreation center	<u>\$ 258,962</u>	<u>\$ 274,700</u>	<u>\$ 311,650</u>
Swimming pool			
30 Chemicals	\$ 6,976	\$ 7,000	\$ 7,000
31 Disability lift	-	-	10,000
32 Miscellaneous	106	500	1,000
33 Operations and maintenance	13,608	13,000	13,000
34 Pool furniture	-	-	2,500
Total Swimming pool	<u>\$ 20,690</u>	<u>\$ 20,500</u>	<u>\$ 33,500</u>

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

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND - REGIONAL
FORECASTED 2014 BUDGET AS ADOPTED
WITH 2012 ACTUAL AND 2013 ESTIMATED
For the Years Ended and Ending December 31,

12/5/2013

	ACTUAL 2012	ESTIMATED 2013	ADOPTED 2014
BEGINNING FUND BALANCES	\$ -	\$ 96,167	\$ 206,153
REVENUES			
1 Net investment income	41	-	-
2 Intergovernmental - DS taxes Regional Dist.	96,126	109,986	130,909
Total revenues	<u>96,167</u>	<u>109,986</u>	<u>130,909</u>
Total funds available	<u>96,167</u>	<u>206,153</u>	<u>337,062</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 96,167</u>	<u>\$ 206,153</u>	<u>\$ 337,062</u>

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

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
FORECASTED 2014 BUDGET AS ADOPTED
WITH 2012 ACTUAL AND 2013 ESTIMATED
For the Years Ended and Ending December 31,

12/5/2013

	ACTUAL 2012	ESTIMATED 2013	ADOPTED 2014
BEGINNING FUND BALANCES	\$ -	\$ 50,810	\$ 9,800
REVENUES			
1 Intergovernmental - Developer adv. Dist. No. 2	292,447	69,430	10,030,200
2 Intergovernmental - Transfer from Dist. No. 2	-	18,995	-
Total revenues	292,447	88,425	10,030,200
Total funds available	292,447	139,235	10,040,000
EXPENDITURES			
General and administration			
3 Accounting	12,188	9,500	15,000
4 Legal	11,698	16,000	25,000
Capital projects			
5 Capital outlay	-	-	10,000,000
6 Park and recreation	217,751	103,914	-
Total expenditures	241,637	129,414	10,040,000
Total expenditures and transfers out requiring appropriation	241,637	129,414	10,040,000
ENDING FUND BALANCES	\$ 50,810	\$ 9,800	\$ -

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

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
2014 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The Banning Lewis Ranch Metropolitan District No. 1 (“the District”), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the City of Colorado Springs, El Paso County, Colorado on December 1, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was organized to provide street improvements, parks and recreational facilities, water supply, wastewater facilities, traffic and safety controls, public transportation, fire protection, mosquito control, television relay and operation and maintenance. The District, organized in conjunction with six other related Districts - Banning Lewis Ranch Metropolitan District Nos. 2-5, 7 and Banning Lewis Ranch Regional Metropolitan District (formerly District No. 6), is the Operating District which will pay all vendors of and receive reimbursement/contributions from the Financing Districts. District Nos. 2-5, 7 and Banning Lewis Ranch Regional Metropolitan District are the Financing Districts which will issue debt, levy ad valorem taxes on taxable properties within each District and assess fees, rates and other charges as authorized by law. Banning Lewis Ranch Regional Metropolitan District will serve as the Regional Improvement District serving all of the Districts. The District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

During elections held on November 1, 2005, the District's voter's authorized total general obligation indebtedness of \$929,500,000 for the above listed facilities and powers as well as for refunding of debt. The elections also approved annual increases in property taxes of up to \$8,000,000, without limitation to rate, to pay the District's operations and maintenance costs. The election also allows the District to retain all revenues without regard to the limitation contained in Article X, Section 20 of the Colorado constitution or any other law.

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

The District prepares its budget on the modified accrual basis of accounting.

Revenues

District Operating Fees

The District will collect a fee of \$129.00 per month from homeowners of Northtree Village in District No. 2 to pay for the costs of broadband access, trash removal and recycling and to cover a portion of the Northtree Recreation Center expenditures

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
2014 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues (Continued)

Intergovernmental Revenue – Banning Lewis Ranch Metropolitan District No. 2 – Developer Advance for Operational and Capital Costs

The Developer is expected to advance funding for all construction to be made in 2014 for public infrastructures within District No. 2. District No. 2, the Financing District, is expected to transfer these advances into District No. 1, the Operating District, which will contract with vendors and pay the invoices. Additionally, advances from the Developer for operational expenditures are recorded in District No. 2 and transferred into District No. 1.

Intergovernmental Revenue – Banning Lewis Ranch Metropolitan District No. 2 – O&M Taxes

District No. 2, the Financing District, levied 20.000 mills for operations and maintenance. It is anticipated that District No. 2 will transfer property taxes generated from the 20.000 mills into District No. 1, the Operating District, to pay for a portion of the expenditures to operate and maintain the Northtree Recreation Center, swimming pool and landscaping, as well as for administrative expenditures.

Intergovernmental Revenue – Banning Lewis Ranch Metropolitan District No. 3 – O&M Taxes

District No. 3, the Financing District, levied 20.000 mills for operations and maintenance. It is anticipated that District No. 3 will transfer property taxes generated from the 20.000 mills into District No. 1, the Operating District, to pay for administrative expenditures.

Intergovernmental Revenue – Banning Lewis Ranch Regional Metropolitan District – O&M Taxes

Regional District, the Financing District, levied 1.000 mills for operations and maintenance. It is anticipated that Regional District will transfer property taxes generated from the 1.000 mills into District No. 1, the Operating District, to pay for administrative expenditures.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
2014 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues (continued)

Intergovernmental Revenue – Banning Lewis Ranch Regional Metropolitan District – Debt Service Taxes

Regional District, the Financing District, levied 9.000 mills for debt service. It is anticipated that Regional District will transfer property taxes generated from the 9.000 mills into District No. 1, the Operating District, which will hold all debt service funds for the Regional District.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.25%.

Other Income

Other income includes other miscellaneous District charges, such as recreation center rental fees, recreation center access card replacements and other miscellaneous charges imposed by the District.

Design Review Fees

The District imposes a fee associated with the review and approval by the District for landscape design plans.

Expenditures

Administrative Expenditures

Administrative expenditures include the services necessary to maintain the administrative viability such as legal, accounting, audit, managerial, insurance, meeting expense and other administrative expenses for the Districts.

Broadband Access

The District expects to pay approximately \$66.00 per month per homeowner of Northtree Village in District No. 2 for broadband access. This cost will be recouped from homeowners thru the District Operating Fee (see related notes above for "District Operating Fees").

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
2014 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenditures (Continued)

Trash Removal and Recycling

The District expects to pay \$10.00 for trash removal and \$5.00 for recycling per month per homeowner of Northtree Village in District No. 2. This cost will be recouped from homeowners thru the District Operating Fee (see related notes above for “District Operating Fees”).

Landscape Maintenance

The District will incur certain costs for landscaping within the Northtree Village. Such costs include snow removal, electricity and other landscaping maintenance. These landscaping costs are expected to be paid from property taxes levied by District No. 2, the Financing District, for operations and maintenance. Prior to build out, the Developer is expected to provide advances to the District.

Recreation Center

The District will incur certain costs to operate and maintain the Northtree Recreation Center. Such costs include management fees, utilities such as water, trash, telephone and electricity, security services, cleaning services, repairs and maintenance, office supplies, and other costs. These costs will be paid from the remainder of the collection of the District Operating Fee not used for broadband access and trash removal and recycling. All other costs will be paid from property taxes levied by District No. 2, the Financing District, for operations and maintenance. Prior to full build-out, the Developer is expected to provide advances to the District.

Swimming Pool

The District will incur certain costs to operate and maintain the swimming pool located in the Northtree Recreation Center. Such costs include chemicals, water, lifeguards and other operation and maintenance costs. These costs are expected to be paid from property taxes levied by District No. 2, the Financing District, for operations and maintenance. Prior to full build-out, the Developer is expected to provide advances to the District.

Capital Outlay

Anticipated expenditures for capital outlay in 2014 are detailed on page 7 of the budget.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
2014 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

The District has no outstanding debt and has no operating or capital leases.

Emergency Reserves

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2014, as defined under TABOR.

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