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CliftonLarsonAllen LLP
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Accountant's Compilation Report

Board of Directors
Banning Lewis Ranch Metropolitan District No. 3
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. 3 for the General Fund and Debt Service Fund 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 Application for Exemption from Audit of the District for the year ended December 31, 2012.

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. 3.

CliftonLarsonAllen LLP

Colorado Springs, Colorado
December 12, 2013

BNNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
SUMMARY
FORECASTED 2014 BUDGET AS ADOPTED
WITH 2012 ACTUAL AND 2013 ESTIMATED
For the Years Ended and Ending December 31,

12/12/2013

	ACTUAL 2012	ESTIMATED 2013	ADOPTED 2014
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Property taxes	-	-	52
2 Specific ownership taxes	-	-	5
Total revenues	<u>-</u>	<u>-</u>	<u>57</u>
Total funds available	<u>-</u>	<u>-</u>	<u>57</u>
EXPENDITURES			
3 General and administration			
4 Intergovernmental - Dist. No. 1	-	-	23
5 Debt Service			
6 County Treasurer's fees	-	-	1
Total expenditures	<u>-</u>	<u>-</u>	<u>24</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>24</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33</u>

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

BNNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

12/12/2013

	ACTUAL 2012	ESTIMATED 2013	ADOPTED 2014
ASSESSED VALUATION - EL PASO			
Agricultural	\$ 1,040	\$ 660	\$ 710
State Assessed	290	280	330
Certified Assessed Value	<u>\$ 1,330</u>	<u>\$ 940</u>	<u>\$ 1,040</u>
MILL LEVY			
GENERAL FUND	-	-	20.000
DEBT SERVICE FUND	-	-	30.000
Total Mill Levy	<u>-</u>	<u>-</u>	<u>50.000</u>
PROPERTY TAXES			
GENERAL FUND	\$ -	\$ -	\$ 21
DEBT SERVICE FUND	-	-	31
Budgeted Property Taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52</u>
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ -	\$ -	\$ 21
DEBT SERVICE FUND	-	-	31
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52</u>

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

BNNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
GENERAL FUND
FORECASTED 2014 BUDGET AS ADOPTED
WITH 2012 ACTUAL AND 2013 ESTIMATED
For the Years Ended and Ending December 31,

12/12/2013

	ACTUAL 2012	ESTIMATED 2013	ADOPTED 2014
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Property taxes	-	-	21
2 Specific ownership taxes	-	-	2
Total revenues	<u>-</u>	<u>-</u>	<u>23</u>
Total funds available	<u>-</u>	<u>-</u>	<u>23</u>
EXPENDITURES			
General and administration			
3 Intergovernmental - Dist. No. 1	-	-	23
Total expenditures	<u>-</u>	<u>-</u>	<u>23</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>23</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.

BNNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
FORECASTED 2014 BUDGET AS ADOPTED
WITH 2012 ACTUAL AND 2013 ESTIMATED
For the Years Ended and Ending December 31,

12/12/2013

	ACTUAL 2012	ESTIMATED 2013	ADOPTED 2014
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Property taxes	-	-	31
2 Specific ownership taxes	-	-	3
Total revenues	<u>-</u>	<u>-</u>	<u>34</u>
Total funds available	<u>-</u>	<u>-</u>	<u>34</u>
EXPENDITURES			
Debt Service			
3 County Treasurer's fees	-	-	1
Total expenditures	<u>-</u>	<u>-</u>	<u>1</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>1</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33</u>

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

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
2014 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

The Banning Lewis Ranch Metropolitan District No. 3 (“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 and television relay. The District is one of the Financing Districts organized in conjunction with six other related Districts - Banning Lewis Ranch Metropolitan District Nos. 1, 2, 4, 5, 7 and Banning Lewis Ranch Regional Metropolitan District (formerly District No. 6). District No. 1 serves as the Operating District which will pay all vendors of and receive reimbursement/contributions from the Financing Districts. All other Districts, including District No. 3, 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.

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

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

Revenues

Property Taxes

The calculation of the taxes levied is displayed on page 3 at the adopted mill levy of 50.000, with 20.000 mills for operations and 30.000 mills for debt service.

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 forecast assumes that the District's share will be equal to approximately 11% of the property taxes collected.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
2014 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenditures

Intergovernmental expenditure – Banning Lewis Ranch Metropolitan District No. 1 – O&M Taxes

Property taxes generated from the 20.000 mills levied by the District for operations and maintenance, net of fees, are expected to be transferred to District No. 1, the Operating District, which pays all administrative expenditures of the District.

Debt and Leases

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

Emergency Reserves

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to District No. 1, which pays for all Districts' operations and maintenance costs, an emergency reserve is not reflected in the District's 2014 Budget.

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