

Accountant's Compilation Report

Board of Directors
Old Ranch Metropolitan District
El Paso County, Colorado

We have compiled the accompanying forecasted budget of revenues, expenditures and fund balances of the Old Ranch Metropolitan District for the General, Debt Service and Capital Projects Funds for the year ending December 31, 2011, including the forecasted estimate of comparative information for the year ending December 31, 2010, 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 2009 is presented for comparative purposes only. Such information is taken from the audit report of the District for the year ended December 31, 2009, as prepared by Biggs Kofford, P.C., dated July 6, 2010, wherein an unqualified 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 Old Ranch Metropolitan District.

Clifton Gunderson LLP

Colorado Springs, Colorado
December 1, 2010

**OLD RANCH METROPOLITAN DISTRICT
SUMMARY
FORECASTED 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED
For the Years Ended and Ending December 31,**

12/1/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
BEGINNING FUND BALANCES	\$ 423,253	\$ 309,575	\$ 273,850
REVENUES			
1 Developer advance	512,623	2,450,000	2,497,000
2 Net investment income	1,754	506	510
3 Other income	-	3,385	-
4 Intergovernmental revenue	519,317	2,741,316	528,348
5 Recreation Center fees	41,165	46,520	56,525
6 Indoor pool revenue	-	12,660	26,000
Total revenues	<u>1,074,859</u>	<u>5,254,387</u>	<u>3,108,383</u>
Total funds available	<u>1,498,112</u>	<u>5,563,962</u>	<u>3,382,233</u>
EXPENDITURES			
7 General and administration			
8 Accounting	28,814	40,000	40,000
9 Audit	2,500	2,550	3,000
10 Contingency	-	-	22,000
11 District management	22,016	25,000	26,000
12 Dues and membership	2,083	2,143	2,500
13 Election	-	3,974	-
14 Insurance	14,344	16,148	17,500
15 Legal	11,602	17,000	14,000
16 Miscellaneous	620	500	1,000
17 Operations and maintenance			
18 Gateway Park	2,620	-	-
19 Landscape maintenance	155,957	250,000	250,000
20 Recreation Center	129,128	162,000	175,000
21 Repairs and maintenance	-	5,222	-
22 Stormwater fees	274	500	500
23 Utilities	94,338	140,000	168,100
24 Website	-	500	1,000
25 Debt Service			
26 Bond interest	517,075	413,075	412,750
27 Bond principal	-	5,000	5,000
28 Paying agent fees	200	-	-
29 Capital projects			
30 Capital outlay	-	1,989,000	2,000,000
31 Repayment of Developer advance	206,966	2,217,500	-
Total expenditures	<u>1,188,537</u>	<u>5,290,112</u>	<u>3,138,350</u>
Total expenditures and transfers out requiring appropriation	<u>1,188,537</u>	<u>5,290,112</u>	<u>3,138,350</u>
ENDING FUND BALANCES	<u>\$ 309,575</u>	<u>\$ 273,850</u>	<u>\$ 243,883</u>
EMERGENCY RESERVE	\$ 5,500	\$ 6,100	\$ 6,800
INDOOR POOL RESERVE	-	450	2,250
TOTAL RESERVE	<u>\$ 5,500</u>	<u>\$ 6,550</u>	<u>\$ 9,050</u>

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

**OLD RANCH METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,**

12/1/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
ASSESSED VALUATION - EL PASO			
Commercial	\$ 3,880	\$ 4,710	\$ 150
Agricultural	10	10	10
Certified Assessed Value	\$ 3,890	\$ 4,720	\$ 160
 MILL LEVY			
 PROPERTY TAXES			
Budgeted Property Taxes	\$ -	\$ -	\$ -
 BUDGETED PROPERTY TAXES			
	\$ -	\$ -	\$ -

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

**OLD RANCH METROPOLITAN DISTRICT
GENERAL FUND
FORECASTED 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED
For the Years Ended and Ending December 31,**

12/1/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
BEGINNING FUND BALANCES	\$ (16,366)	\$ 8,291	\$ 6,707
REVENUES			
1 Developer advance	305,657	450,000	490,000
2 Investment income	68	75	35
3 Other income	-	3,385	-
4 Intergovernmental revenue	142,063	140,313	142,738
5 Recreation Center fees	41,165	46,520	56,525
6 Indoor pool revenue	-	12,660	26,000
Total revenues	488,953	652,953	715,298
Total funds available	472,587	661,244	722,005
EXPENDITURES			
General and administration			
7 Accounting	28,814	35,000	35,000
8 Audit	2,500	2,550	3,000
9 Contingency	-	-	20,000
10 District management	22,016	24,000	25,000
11 Dues and membership	2,083	2,143	2,500
12 Election	-	3,974	-
13 Insurance	14,344	16,148	17,500
14 Legal	11,602	12,000	13,000
15 Miscellaneous	620	500	1,000
Operations and maintenance			
16 Gateway Park	2,620	-	-
17 Landscape maintenance	155,957	250,000	250,000
18 Recreation Center	129,128	162,000	175,000
19 Repairs and maintenance	-	5,222	-
20 Stormwater fees	274	500	500
21 Utilities	94,338	140,000	168,100
22 Website	-	500	1,000
Total expenditures	464,296	654,537	711,600
Total expenditures and transfers out requiring appropriation	464,296	654,537	711,600
ENDING FUND BALANCES	\$ 8,291	\$ 6,707	\$ 10,405
EMERGENCY RESERVE	\$ 5,500	\$ 6,100	\$ 6,800
INDOOR POOL RESERVE	-	450	2,250
TOTAL RESERVE	\$ 5,500	\$ 6,550	\$ 9,050

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

**OLD RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
FORECASTED 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED
For the Years Ended and Ending December 31,**

12/1/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
BEGINNING FUND BALANCES	\$ 439,619	\$ 301,284	\$ 267,143
REVENUES			
1 Net investment income	1,686	431	475
2 Intergovernmental revenue	377,254	383,503	385,610
Total revenues	<u>378,940</u>	<u>383,934</u>	<u>386,085</u>
Total funds available	<u>818,559</u>	<u>685,218</u>	<u>653,228</u>
EXPENDITURES			
General and administration			
3 Contingency	-	-	2,000
Debt Service			
4 Bond interest	517,075	413,075	412,750
5 Bond principal	-	5,000	5,000
6 Paying agent fees	200	-	-
Total expenditures	<u>517,275</u>	<u>418,075</u>	<u>419,750</u>
Total expenditures and transfers out requiring appropriation	<u>517,275</u>	<u>418,075</u>	<u>419,750</u>
ENDING FUND BALANCES	<u>\$ 301,284</u>	<u>\$ 267,143</u>	<u>\$ 233,478</u>

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

**OLD RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
FORECASTED 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED
For the Years Ended and Ending December 31,**

12/1/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Developer advance	206,966	2,000,000	2,007,000
2 Intergovernmental revenue - Upper Cottonwood Creek No. 2	-	2,217,500	-
Total revenues	<u>206,966</u>	<u>4,217,500</u>	<u>2,007,000</u>
Total funds available	<u>206,966</u>	<u>4,217,500</u>	<u>2,007,000</u>
EXPENDITURES			
General and administration			
3 Accounting	-	5,000	5,000
4 District management	-	1,000	1,000
5 Legal	-	5,000	1,000
Capital projects			
6 Capital outlay	-	1,989,000	2,000,000
7 Repayment of Developer advance	206,966	2,217,500	-
Total expenditures	<u>206,966</u>	<u>4,217,500</u>	<u>2,007,000</u>
Total expenditures and transfers out requiring appropriation	<u>206,966</u>	<u>4,217,500</u>	<u>2,007,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**OLD RANCH METROPOLITAN DISTRICT
2011 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Old Ranch Metropolitan District (the "District") and Upper Cottonwood Creek Metropolitan District ("Upper Cottonwood") (collectively, the "Districts") were formed under the Joint Service Plan approved by the City of Colorado Springs (the "City") on August 27, 2002. The Service Plan was amended on February 6, 2006 to include the creation of Upper Cottonwood Creek Metropolitan Districts Nos. 2 - 5 within the original boundaries of the Upper Cottonwood Creek Metropolitan District.

The Districts' service area is located entirely within the City of Colorado Springs, El Paso County, Colorado. The District is responsible for managing the construction of certain public facilities and improvements and for operation and maintenance of the limited list of public improvements which were not conveyed to the City. Upper Cottonwood and Upper Cottonwood Nos. 2 - 5 are responsible for providing the funding for capital improvements and to fund limited ongoing operations. Under the Service Plan, the Districts provide the following services: parks and recreation, sanitation (including drainage) improvements, street improvements and water improvements. Upper Cottonwood provides services for mosquito control and safety protection through traffic and safety devices on streets, which will be conveyed to the City.

District voters approved authorization to increase property taxes up to \$1,700,000 annually, as necessary, to pay for the operations and maintenance expenditures of the District. Debt authorization was approved in the amount of \$52,280,000 for the above listed facilities and \$52,280,000 for refunding debt. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20, of the Colorado constitution or any other law. The maximum mill levy for operations is 3.500 mills and 16.500 mills for debt, provided that changes after January 1, 2003, to the method of calculating assessed valuation may cause adjustments in the mill levies.

Pursuant to the Service Plan, Old Ranch and Upper Cottonwood can collectively issue bond indebtedness of up to \$7,000,000.

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

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

**OLD RANCH METROPOLITAN DISTRICT
2011 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenue

Developer Advances

Operating, administrative and capital expenditures for 2011 are to be funded primarily by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when Old Ranch is financially able to reimburse the Developer from bond proceeds and other available revenue.

Recreation Center Fees

The District assesses a user fee for usage of its swimming pool and recreation center.

Indoor Pool Revenue

On February 10, 2010, the District entered into an agreement with AFA Falfins, Inc. ("Falfins") that allows Falfins to use the pool during the Off Season for swim lessons, water aerobics and other related activities. It is estimated the revenue collections for 2011 will be \$26,000.

Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.5%.

Intergovernmental Revenue

The intergovernmental revenue represents transfers from Upper Cottonwood and Upper Cottonwood Districts Nos. 2 - 5 to provide funding for the overall administrative and operating costs for the Districts as well as pay bond indebtedness and payment of capital infrastructure.

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, landscaping, Rec Center expenditures, insurance, banking, and meeting costs.

Capital Outlay

Estimated capital infrastructure costs for 2011 are reflected on page 6 of the Budget.

**OLD RANCH METROPOLITAN DISTRICT
2011 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures (continued)

Debt Service

Principal and interest payments are provided based on the attached debt amortization schedule.

Debt and Leases

On March 15, 2007, the District issued \$6,996,114 in General Obligation Bonds, including \$5,696,114 of Tax Exempt Capital Appreciation Bonds (CABs) and \$1,300,000 of Taxable Subordinate Bonds. The CABs converted to current interest bonds on December 1, 2008 and bear interest at a rate of 6.5%. The Subordinate Bonds bear interest at a rate of 8.0% and are paid from any remaining cash subsequent to the CABs being paid. The proceeds were used to pay for bond issuance costs and to reimburse the Developer for advances made on behalf of the District for capital infrastructure costs. The District's current debt service schedule is attached.

The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve equal to at least 3% of the fiscal year spending for 2011, defined under TABOR.

Indoor Pool Reserve

The District is responsible for maintaining a reserve fund that both the District and Falfins will make contributions into that will be used to pay for future repairs and maintenance to the pool.

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

OLD RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2010

\$6,355,000 Special Revenue
Convertible Capital Appreciation Bonds
Series 2007A
Dated March 15, 2007
Interest Rate 6.5%
Principal Due December 1

<u>Year Ended December 31,</u>	<u>Interest Payable June 1 and December 1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 5,000	\$ 412,750	\$ 417,750
2012	30,000	412,425	442,425
2013	35,000	410,475	445,475
2014	60,000	408,200	468,200
2015	65,000	404,300	469,300
2016	100,000	400,075	500,075
2017	105,000	393,575	498,575
2018	140,000	386,750	526,750
2019	150,000	377,650	527,650
2020	190,000	367,900	557,900
2021	205,000	355,550	560,550
2022	220,000	342,225	562,225
2023	230,000	327,925	557,925
2024	245,000	312,975	557,975
2025	265,000	297,050	562,050
2026	280,000	279,825	559,825
2027	300,000	261,625	561,625
2028	320,000	242,125	562,125
2029	340,000	221,325	561,325
2030	360,000	199,225	559,225
2031	385,000	175,825	560,825
2032	410,000	150,800	560,800
2033	435,000	124,150	559,150
2034	465,000	95,875	560,875
2035	490,000	65,650	555,650
2036	520,000	33,800	553,800
	<u>\$ 6,350,000</u>	<u>\$ 7,460,050</u>	<u>\$ 13,810,050</u>

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

OLD RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2010

\$1,300,000 Taxable Subordinate
Special Revenue Bonds
Series 2007B
Dated March 15, 2007
Interest Rate 8.0%
Principal Due December 2, 2036

Interest Payable December 2			Total		
Principal	Interest	Total	Principal	Interest	Total
\$ -	\$ 104,000	\$ 104,000	\$ 5,000	\$ 516,750	\$ 521,750
-	104,000	104,000	30,000	516,425	546,425
-	104,000	104,000	35,000	514,475	549,475
-	104,000	104,000	60,000	512,200	572,200
-	104,000	104,000	65,000	508,300	573,300
-	104,000	104,000	100,000	504,075	604,075
-	104,000	104,000	105,000	497,575	602,575
-	104,000	104,000	140,000	490,750	630,750
-	104,000	104,000	150,000	481,650	631,650
-	104,000	104,000	190,000	471,900	661,900
-	104,000	104,000	205,000	459,550	664,550
-	104,000	104,000	220,000	446,225	666,225
-	104,000	104,000	230,000	431,925	661,925
-	104,000	104,000	245,000	416,975	661,975
-	104,000	104,000	265,000	401,050	666,050
-	104,000	104,000	280,000	383,825	663,825
-	104,000	104,000	300,000	365,625	665,625
-	104,000	104,000	320,000	346,125	666,125
-	104,000	104,000	340,000	325,325	665,325
-	104,000	104,000	360,000	303,225	663,225
-	104,000	104,000	385,000	279,825	664,825
-	104,000	104,000	410,000	254,800	664,800
220,000	104,000	324,000	655,000	228,150	883,150
345,000	86,400	431,400	810,000	182,275	992,275
380,000	58,800	438,800	870,000	124,450	994,450
355,000	28,400	383,400	875,000	62,200	937,200
<u>\$ 1,300,000</u>	<u>\$ 2,565,600</u>	<u>\$ 3,865,600</u>	<u>\$ 7,650,000</u>	<u>\$ 10,025,650</u>	<u>\$ 17,675,650</u>

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