



CliftonLarsonAllen

CliftonLarsonAllen LLP
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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, 2012, including the forecasted estimate of comparative information for the year ending December 31, 2011, 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 2010 is presented for comparative purposes only. Such information is taken from the audit report of the District for the year ended December 31, 2010, as prepared by Biggs Kofford, P.C., dated September 29, 2011, 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.

Colorado Springs, Colorado
January 6, 2012

**OLD RANCH METROPOLITAN DISTRICT
SUMMARY
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUAL AND 2011 ESTIMATED
For the Years Ended and Ending December 31,**

1/6/2012

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
BEGINNING FUND BALANCES	\$ 309,575	\$ 231,656	\$ 246,422
REVENUES			
1 Developer advance	391,871	550,434	534,100
2 Net investment income	434	539	1,045
3 Other income	222	-	-
4 Intergovernmental revenue	2,745,158	526,756	531,365
5 Recreation Center fees	53,833	56,525	56,525
6 Indoor pool revenue	-	26,000	26,000
Total revenues	3,191,518	1,160,254	1,149,035
Total funds available	3,501,093	1,391,910	1,395,457
EXPENDITURES			
7 General and administration			
8 Accounting	39,772	35,000	35,000
9 Audit	2,550	5,750	6,000
10 Contingency	-	2,000	8,375
11 District management	25,624	29,000	30,000
12 Dues and membership	2,143	2,083	2,500
13 Election	3,974	-	5,000
14 Insurance	16,148	14,305	15,000
15 Legal	21,554	13,000	13,000
16 Miscellaneous	358	300	1,000
17 Operations and maintenance			
18 Landscape maintenance	209,217	250,000	251,000
19 Recreation Center	132,442	150,000	175,000
20 Repairs and maintenance	6,447	30,000	-
21 Repay developer advance	2,217,500	-	-
22 Stormwater fees	-	500	500
23 Utilities	156,387	195,000	218,500
24 Website	360	800	800
25 Debt Service			
26 Bond interest	413,075	412,750	412,425
27 Bond principal	5,000	5,000	30,000
28 Capital projects			
29 Capital outlay	16,886	-	-
Total expenditures	3,269,437	1,145,488	1,204,100
Total expenditures and transfers out requiring appropriation	3,269,437	1,145,488	1,204,100
ENDING FUND BALANCES	\$ 231,656	\$ 246,422	\$ 191,357
EMERGENCY RESERVE	\$ 5,900	\$ 6,800	\$ 7,000
INDOOR POOL RESERVE	-	2,100	3,225
TOTAL RESERVE	\$ 5,900	\$ 8,900	\$ 10,225

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

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

1/6/2012

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
ASSESSED VALUATION - EL PASO			
Commercial	\$ 4,710	\$ 150	\$ -
Agricultural	10	10	10
Certified Assessed Value	\$ 4,720	\$ 160	\$ 10
 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.

**OLD RANCH METROPOLITAN DISTRICT
GENERAL FUND
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUAL AND 2011 ESTIMATED
For the Years Ended and Ending December 31,**

1/6/2012

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
BEGINNING FUND BALANCES	\$ 8,291	\$ (36,164)	\$ 10,978
REVENUES			
1 Developer advance	372,031	548,000	534,100
2 Net investment income	-	16	20
3 Other income	222	-	-
4 Intergovernmental revenue	141,047	142,339	147,551
5 Recreation Center fees	53,833	56,525	56,525
6 Indoor pool revenue	-	26,000	26,000
Total revenues	<u>567,133</u>	<u>772,880</u>	<u>764,196</u>
Total funds available	<u>575,424</u>	<u>736,716</u>	<u>775,174</u>
EXPENDITURES			
General and administration			
7 Accounting	38,659	35,000	35,000
8 Audit	2,550	5,750	6,000
9 Contingency	-	-	5,800
10 District management	25,624	29,000	30,000
11 Dues and membership	2,143	2,083	2,500
12 Election	3,974	-	5,000
13 Insurance	16,148	14,305	15,000
14 Legal	17,279	13,000	13,000
15 Miscellaneous	358	300	1,000
Operations and maintenance			
16 Landscape maintenance	209,217	250,000	251,000
17 Recreation Center	132,442	150,000	175,000
18 Repairs and maintenance	6,447	30,000	-
19 Stormwater fees	-	500	500
20 Utilities	156,387	195,000	218,500
21 Website	360	800	800
Total expenditures	<u>611,588</u>	<u>725,738</u>	<u>759,100</u>
Total expenditures and transfers out requiring appropriation	<u>611,588</u>	<u>725,738</u>	<u>759,100</u>
ENDING FUND BALANCES	<u>\$ (36,164)</u>	<u>\$ 10,978</u>	<u>\$ 16,074</u>
EMERGENCY RESERVE	\$ 5,900	\$ 6,800	\$ 7,000
INDOOR POOL RESERVE	-	2,100	3,225
TOTAL RESERVE	<u>\$ 5,900</u>	<u>\$ 8,900</u>	<u>\$ 10,225</u>

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

**OLD RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUAL AND 2011 ESTIMATED
For the Years Ended and Ending December 31,**

1/6/2012

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
BEGINNING FUND BALANCES	\$ 301,284	\$ 270,254	\$ 235,444
REVENUES			
1 Net investment income	434	523	1,025
2 Intergovernmental revenue	386,611	384,417	383,814
Total revenues	387,045	384,940	384,839
Total funds available	688,329	655,194	620,283
EXPENDITURES			
General and administration			
3 Contingency	-	2,000	2,575
Debt Service			
4 Bond interest	413,075	412,750	412,425
5 Bond principal	5,000	5,000	30,000
Total expenditures	418,075	419,750	445,000
Total expenditures and transfers out requiring appropriation	418,075	419,750	445,000
ENDING FUND BALANCES	\$ 270,254	\$ 235,444	\$ 175,283

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

**OLD RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUAL AND 2011 ESTIMATED
For the Years Ended and Ending December 31,**

1/6/2012

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
BEGINNING FUND BALANCES	\$ -	\$ (2,434)	\$ -
REVENUES			
1 Developer advance	19,840	2,434	-
2 Intergovernmental revenue	2,217,500	-	-
Total revenues	2,237,340	2,434	-
Total funds available	2,237,340	-	-
EXPENDITURES			
General and administration			
3 Accounting	1,113	-	-
4 District management	-	-	-
5 Legal	4,275	-	-
Operations and maintenance			
6 Repay developer advance	2,217,500	-	-
Capital projects			
7 Capital outlay	16,886	-	-
Total expenditures	2,239,774	-	-
Total expenditures and transfers out requiring appropriation	2,239,774	-	-
ENDING FUND BALANCES	\$ (2,434)	\$ -	\$ -

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

**OLD RANCH METROPOLITAN DISTRICT
2012 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
2012 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenue

Developer Advances

Operating and administrative expenditures for 2012 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 2012 will be \$26,000.

Net 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.

Debt Service

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

**OLD RANCH METROPOLITAN DISTRICT
2012 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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. It is not anticipated that the Subordinate Bonds will be paid during 2012 based on available cash. 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 for the CABs; the subordinated bonds are paid as cash is available and therefore a debt service schedule is not presented.

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 2012, 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, 2011

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

Year Ended December 31,	Interest Payable June 1 and December 1		
December 31,	Principal	Interest	Total
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>\$ 6,345,000</u>	<u>\$ 7,047,300</u>	<u>\$ 13,392,300</u>

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