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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, 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 audit report of the District for the year ended December 31, 2012, as prepared by BiggsKofford, P.C., dated July 25, 2013, wherein 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 Old Ranch Metropolitan District.

CliftonLarsonAllen LLP

Colorado Springs, Colorado
November 27, 2013

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

11/27/2013

	ACTUAL 2012	ESTIMATED 2013	ADOPTED 2014
BEGINNING FUND BALANCES	\$ 223,155	\$ 156,668	\$ 143,168
REVENUES			
1 Developer advance	425,901	443,000	6,605,000
2 Net investment income	761	390	235
3 Other income	98	-	-
4 Intergovernmental revenue	533,285	548,585	561,953
5 Indoor pool revenue	29,405	26,000	26,000
6 Recreation Center fees	40,723	53,000	57,000
Total revenues	1,030,173	1,070,975	7,250,188
Total funds available	1,253,328	1,227,643	7,393,356
EXPENDITURES			
7 General and administration			
8 Accounting	30,657	30,000	35,000
9 Audit	5,850	5,950	6,150
10 Contingency	-	3,697	9,800
11 District management	17,547	20,000	30,000
12 Dues and membership	2,114	2,074	2,500
13 Election	4,895	-	5,000
14 Insurance	17,544	18,026	19,500
15 Legal	13,147	35,000	20,000
16 Miscellaneous	869	1,000	1,000
17 Operations and maintenance			
18 Gateway Park	2,972	3,000	3,150
19 Landscape maintenance	179,609	104,253	301,200
20 Recreation Center	125,556	150,000	130,000
21 Storm water fees	-	500	500
22 Utilities	252,808	262,500	302,000
23 Website	667	3,000	1,000
24 Debt service			
25 Bond interest	412,425	410,475	408,200
26 Bond principal	30,000	35,000	60,000
27 Capital projects			
28 Capital outlay	-	-	6,000,000
Total expenditures	1,096,660	1,084,475	7,335,000
Total expenditures and transfers out requiring appropriation	1,096,660	1,084,475	7,335,000
ENDING FUND BALANCES	\$ 156,668	\$ 143,168	\$ 58,356
EMERGENCY RESERVE	\$ -	\$ 7,100	\$ 7,800
INDOOR POOL RESERVE	3,225	4,350	5,475
TOTAL RESERVE	\$ 3,225	\$ 11,450	\$ 13,275

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,**

11/27/2013

	ACTUAL 2012	ESTIMATED 2013	ADOPTED 2014
ASSESSED VALUATION - EL PASO			
Agricultural	\$ 10	\$ 10	\$ 10
Certified Assessed Value	\$ 10	\$ 10	\$ 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 2014 BUDGET AS ADOPTED
WITH 2012 ACTUAL AND 2013 ESTIMATED
For the Years Ended and Ending December 31,**

11/27/2013

	ACTUAL 2012	ESTIMATED 2013	ADOPTED 2014
BEGINNING FUND BALANCES	\$ (14,036)	\$ (24,131)	\$ 15,222
REVENUES			
1 Developer advance	425,901	443,000	605,000
2 Net investment income	2	20	20
3 Other income	98	-	-
4 Intergovernmental revenue	148,011	156,333	175,855
5 Indoor pool revenue	29,405	26,000	26,000
6 Recreation Center fees	40,723	53,000	57,000
Total revenues	644,140	678,353	863,875
Total funds available	630,104	654,222	879,097
EXPENDITURES			
General and administration			
7 Accounting	30,657	30,000	35,000
8 Audit	5,850	5,950	6,150
9 Contingency	-	3,697	8,000
10 District management	17,547	20,000	30,000
11 Dues and membership	2,114	2,074	2,500
12 Election	4,895	-	5,000
13 Insurance	17,544	18,026	19,500
14 Legal	13,147	35,000	20,000
15 Miscellaneous	869	1,000	1,000
Operations and maintenance			
16 Gateway Park	2,972	3,000	3,150
17 Landscape maintenance	179,609	104,253	301,200
18 Recreation Center	125,556	150,000	130,000
19 Storm water fees	-	500	500
20 Utilities	252,808	262,500	302,000
21 Website	667	3,000	1,000
Total expenditures	654,235	639,000	865,000
Total expenditures and transfers out requiring appropriation	654,235	639,000	865,000
ENDING FUND BALANCES	\$ (24,131)	\$ 15,222	\$ 14,097
EMERGENCY RESERVE	\$ -	\$ 7,100	\$ 7,800
INDOOR POOL RESERVE	3,225	4,350	5,475
TOTAL RESERVE	\$ 3,225	\$ 11,450	\$ 13,275

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

11/27/2013

	ACTUAL 2012	ESTIMATED 2013	ADOPTED 2014
BEGINNING FUND BALANCES	\$ 237,191	\$ 180,799	\$ 127,946
REVENUES			
1 Net investment income	759	370	215
2 Intergovernmental revenue	385,274	392,252	386,098
Total revenues	386,033	392,622	386,313
Total funds available	623,224	573,421	514,259
EXPENDITURES			
General and administration			
3 Contingency	-	-	1,800
Debt service			
4 Bond interest	412,425	410,475	408,200
5 Bond principal	30,000	35,000	60,000
Total expenditures	442,425	445,475	470,000
Total expenditures and transfers out requiring appropriation	442,425	445,475	470,000
ENDING FUND BALANCES	\$ 180,799	\$ 127,946	\$ 44,259

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

11/27/2013

	ACTUAL 2012	ESTIMATED 2013	ADOPTED 2014
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Developer advance	-	-	6,000,000
Total revenues	<u>-</u>	<u>-</u>	<u>6,000,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>6,000,000</u>
EXPENDITURES			
Capital projects			
2 Capital outlay	-	-	6,000,000
Total expenditures	<u>-</u>	<u>-</u>	<u>6,000,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>6,000,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**OLD RANCH METROPOLITAN DISTRICT
2014 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
2014 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenue

Developer Advances

Operating and administrative expenditures for 2014 are to be funded primarily by the Developer. Capital expenditures in 2014 are also expected to be funded 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 2014 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 0.25%.

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
2014 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures (continued)

Capital outlay

The District anticipates capital improvements during 2014 as displayed on page 6 of the Budget.

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 2014 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 2014, 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, 2013**

**\$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		
	Principal	Interest	Total
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>\$ 6,280,000</u>	<u>\$ 6,224,400</u>	<u>\$ 12,504,400</u>

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