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Accountant's Compilation Report

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

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Old Ranch Metropolitan District for the year ending December 31, 2016, including the estimate of comparative information for the year ending December 31, 2015, and the actual comparative information for the year ending December 31, 2014, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Old Ranch Metropolitan District.

CliftonLarsonAllen LLP

Colorado Springs, Colorado
January 22, 2016

**OLD RANCH METROPOLITAN DISTRICT
SUMMARY
2016 BUDGET AS ADOPTED
WITH 2014 ACTUAL AND 2015 ESTIMATED
For the Years Ended and Ending December 31,**

1/22/2016

	ACTUAL 2014	ESTIMATED 2015	ADOPTED 2016
BEGINNING FUND BALANCES	\$ 73,477	\$ 102,086	\$ 28,655
REVENUES			
1 Developer advance	453,942	6,530,000	560,000
2 Net investment income	324	270	220
3 Other income	680	48	1,200
4 Intergovernmental revenue	556,308	592,551	651,183
5 Indoor pool revenue	16,818	16,000	20,000
6 Recreation Center fees	48,036	57,000	57,000
Total revenues	<u>1,076,108</u>	<u>7,195,869</u>	<u>1,289,603</u>
Total funds available	<u>1,149,585</u>	<u>7,297,955</u>	<u>1,318,258</u>
EXPENDITURES			
7 General and administration			
8 Accounting	23,673	35,000	35,000
9 Audit	6,150	6,250	6,500
10 Contingency	-	3,008	5,850
11 District management	21,270	25,000	30,000
12 Dues and membership	2,200	2,231	2,500
13 Election	5,013	-	7,000
14 Insurance	20,269	21,661	22,500
15 Legal	13,390	15,000	20,000
16 Miscellaneous	2,996	1,000	1,000
17 Operations and maintenance			
18 Gateway Park	-	3,150	3,150
19 Landscape maintenance	171,599	316,200	320,000
20 Recreation Center	82,786	130,000	130,000
21 Storm water fees	-	500	500
22 Utilities	222,019	280,000	300,000
23 Website	702	1,000	1,000
24 Debt service			
25 Bond interest	408,200	404,300	402,870
26 Bond principal	60,000	25,000	12,000
27 Contingency	-	-	130
28 Capital projects			
29 Accounting	7,232	8,443	-
30 Capital outlay	-	5,991,557	-
Total expenditures	<u>1,047,499</u>	<u>7,269,300</u>	<u>1,300,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,047,499</u>	<u>7,269,300</u>	<u>1,300,000</u>
ENDING FUND BALANCES	<u>\$ 102,086</u>	<u>\$ 28,655</u>	<u>\$ 18,258</u>
EMERGENCY RESERVE	\$ 7,200	\$ 8,300	\$ 9,700
INDOOR POOL RESERVE	5,475	6,600	7,725
TOTAL RESERVE	<u>\$ 12,675</u>	<u>\$ 14,900</u>	<u>\$ 17,425</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
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,**

1/22/2016

	ACTUAL 2014	ESTIMATED 2015	ADOPTED 2016
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
2016 BUDGET AS ADOPTED
WITH 2014 ACTUAL AND 2015 ESTIMATED
For the Years Ended and Ending December 31,**

1/22/2016

	ACTUAL 2014	ESTIMATED 2015	ADOPTED 2016
BEGINNING FUND BALANCES	\$ (55,074)	\$ 56,862	\$ 21,482
REVENUES			
1 Developer advance	446,710	530,000	560,000
2 Net investment income	21	60	20
3 Other income	680	48	1,200
4 Intergovernmental revenue	171,738	201,512	242,781
5 Indoor pool revenue	16,818	16,000	20,000
6 Recreation Center fees	48,036	57,000	57,000
Total revenues	684,003	804,620	881,001
Total funds available	628,929	861,482	902,483
EXPENDITURES			
General and administration			
7 Accounting	23,673	35,000	35,000
8 Audit	6,150	6,250	6,500
9 Contingency	-	3,008	5,850
10 District management	21,270	25,000	30,000
11 Dues and membership	2,200	2,231	2,500
12 Election	5,013	-	7,000
13 Insurance	20,269	21,661	22,500
14 Legal	13,390	15,000	20,000
15 Miscellaneous	2,996	1,000	1,000
Operations and maintenance			
16 Gateway Park	-	3,150	3,150
17 Landscape maintenance	171,599	316,200	320,000
18 Recreation Center	82,786	130,000	130,000
19 Storm water fees	-	500	500
20 Utilities	222,019	280,000	300,000
21 Website	702	1,000	1,000
Total expenditures	572,067	840,000	885,000
Total expenditures and transfers out requiring appropriation	572,067	840,000	885,000
ENDING FUND BALANCES	\$ 56,862	\$ 21,482	\$ 17,483
EMERGENCY RESERVE	\$ 7,200	\$ 8,300	\$ 9,700
INDOOR POOL RESERVE	5,475	6,600	7,725
TOTAL RESERVE	\$ 12,675	\$ 14,900	\$ 17,425

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
2016 BUDGET AS ADOPTED
WITH 2014 ACTUAL AND 2015 ESTIMATED
For the Years Ended and Ending December 31,**

1/22/2016

	ACTUAL 2014	ESTIMATED 2015	ADOPTED 2016
BEGINNING FUND BALANCES	\$ 128,551	\$ 45,224	\$ 7,173
REVENUES			
1 Net investment income	303	210	200
2 Intergovernmental revenue	384,570	391,039	408,402
Total revenues	<u>384,873</u>	<u>391,249</u>	<u>408,602</u>
Total funds available	<u>513,424</u>	<u>436,473</u>	<u>415,775</u>
EXPENDITURES			
Debt service			
3 Bond interest	408,200	404,300	402,870
4 Bond principal	60,000	25,000	12,000
5 Contingency	-	-	130
Total expenditures	<u>468,200</u>	<u>429,300</u>	<u>415,000</u>
Total expenditures and transfers out requiring appropriation	<u>468,200</u>	<u>429,300</u>	<u>415,000</u>
ENDING FUND BALANCES	<u>\$ 45,224</u>	<u>\$ 7,173</u>	<u>\$ 775</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
CAPITAL PROJECTS FUND
2016 BUDGET AS ADOPTED
WITH 2014 ACTUAL AND 2015 ESTIMATED
For the Years Ended and Ending December 31,**

1/22/2016

	ACTUAL 2014	ESTIMATED 2015	ADOPTED 2016
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Developer advance	7,232	6,000,000	-
Total revenues	<u>7,232</u>	<u>6,000,000</u>	<u>-</u>
Total funds available	<u>7,232</u>	<u>6,000,000</u>	<u>-</u>
EXPENDITURES			
Capital projects			
2 Accounting	7,232	8,443	-
3 Capital outlay	-	5,991,557	-
Total expenditures	<u>7,232</u>	<u>6,000,000</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>7,232</u>	<u>6,000,000</u>	<u>-</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
2016 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 in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105.

Revenues

Developer Advances

A majority of the operating and administrative expenditures for 2016 are 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.

**OLD RANCH METROPOLITAN DISTRICT
2016 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

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 2016 will be \$20,000.

Net Investment Income

Interest earned on the District’s available funds has been estimated based on an average interest rate of approximately 0.15%.

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 to pay bond indebtedness that funded 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, recreation center expenditures, insurance, banking, and meeting costs.

Debt Service

Principal and interest payments are provided based on the attached debt amortization schedule. The scheduled principal payment on the Series 2007 Bonds was not fully funded in 2015 and is not anticipated to be fully funded in 2016. See “Debt and Leases” below.

Capital Expenditures

The District does not anticipate any capital expenditures for 2016.

**OLD RANCH METROPOLITAN DISTRICT
2016 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 2016 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.

Currently, pledged revenue of the District is not sufficient to pay when due the full amount of the principal on the CABs. To the extent that any bond is not paid when due, that Bond shall remain due until paid. The non-payment of principal or interest on the CABs does not constitute an event of default with respect to the certified record of proceedings.

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 2016, 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 budget.

**OLD RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2015**

**\$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
2016	\$ 12,000	\$ 402,870	\$ 414,870
2017	(1) 233,000	402,090	635,090
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	221,325	541,325
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>\$ 6,195,000</u>	<u>\$ 5,402,410</u>	<u>\$ 11,597,410</u>

(1) For budget purposes, it is assumed unpaid principal from prior years will be paid in 2017.

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