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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, 2017, including the estimate of comparative information for the year ending December 31, 2016, and the actual comparative information for the year ending December 31, 2015, 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 12, 2017



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**OLD RANCH METROPOLITAN DISTRICT  
SUMMARY  
2017 BUDGET AS ADOPTED  
WITH 2015 ACTUAL AND 2016 ESTIMATED  
For the Years Ended and Ending December 31,**

1/12/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
BEGINNING FUND BALANCES	\$ 102,086	\$ 100,850	\$ 35,219
REVENUES			
1 Developer advance	172,999	277,000	235,000
2 Net investment income	270	725	525
3 Other income	48	80	100
4 Intergovernmental revenue	593,187	653,434	707,769
5 Indoor pool revenue	15,489	14,000	20,000
6 Recreation Center fees	40,968	20,000	25,875
7 Recreation Center rental income	-	12,000	24,000
8 Developer advance - non cash	6,196,881	8,308,000	10,320,000
9 Recreation Center Fees - HOA	-	-	14,125
Total revenues	<u>7,019,842</u>	<u>9,285,239</u>	<u>11,347,394</u>
Total funds available	<u>7,121,928</u>	<u>9,386,089</u>	<u>11,382,613</u>
EXPENDITURES			
10 General and administration			
11 Accounting	36,152	45,000	43,000
12 Audit	6,250	6,350	6,500
13 Contingency	-	5,316	9,850
14 District management	25,249	30,000	30,000
15 Dues and membership	2,231	2,278	2,500
16 Election	-	19,000	-
17 Insurance	21,661	24,329	25,000
18 Legal	11,866	43,000	40,000
19 Miscellaneous	1,735	2,000	1,000
20 Recreation Center	132,718	179,077	188,500
21 Operations and maintenance			
22 Gateway Park	-	3,150	3,150
23 Landscape maintenance	514,052	320,000	320,000
24 Storm water fees	-	500	500
25 Utilities	148,522	260,000	265,000
26 Debt service			
27 Bond interest	404,300	402,870	403,780
28 Bond principal	25,000	8,000	12,000
29 Contingency	-	-	220
30 Capital projects			
31 Accounting	8,514	13,000	-
32 Capital outlay	-	-	10,000,000
33 Contingency	-	202,583	-
34 Park and recreation	252,177	1,248,050	-
35 Sewer	1,640,745	2,320,253	-
36 Streets	2,849,863	3,131,070	-
37 Water	940,043	1,085,044	-
Total expenditures	<u>7,021,078</u>	<u>9,350,870</u>	<u>11,351,000</u>
Total expenditures and transfers out requiring appropriation	<u>7,021,078</u>	<u>9,350,870</u>	<u>11,351,000</u>
ENDING FUND BALANCES	<u>\$ 100,850</u>	<u>\$ 35,219</u>	<u>\$ 31,613</u>
EMERGENCY RESERVE	\$ 7,800	\$ 8,700	\$ 11,500
INDOOR POOL RESERVE	6,600	7,725	9,975
TOTAL RESERVE	<u>\$ 14,400</u>	<u>\$ 16,425</u>	<u>\$ 21,475</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,**

1/12/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
<b>ASSESSED VALUATION - EL PASO</b>			
Agricultural	\$ 10	\$ 10	\$ 10
Certified Assessed Value	\$ 10	\$ 10	\$ 10
 <b>MILL LEVY</b>			
 <b>PROPERTY TAXES</b>			
Budgeted Property Taxes	\$ -	\$ -	\$ -
 <b>BUDGETED PROPERTY TAXES</b>			
	\$ -	\$ -	\$ -

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 2017 BUDGET AS ADOPTED  
WITH 2015 ACTUAL AND 2016 ESTIMATED  
For the Years Ended and Ending December 31,**

1/12/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
BEGINNING FUND BALANCES	\$ 56,862	\$ 93,321	\$ 28,098
REVENUES			
1 Developer advance	164,485	265,000	235,000
2 Net investment Income	60	25	25
3 Other income	48	80	100
4 Intergovernmental revenue	201,792	243,672	298,432
5 Indoor pool revenue	15,489	14,000	20,000
6 Recreation Center fees	40,968	20,000	25,875
7 Recreation Center rental income	-	12,000	24,000
8 Developer advance - non cash	514,053	320,000	320,000
9 Recreation Center Fees - HOA	-	-	14,125
Total revenues	936,895	874,777	937,557
Total funds available	993,757	968,098	965,655
EXPENDITURES			
General and administration			
10 Accounting	36,152	45,000	43,000
11 Audit	6,250	6,350	6,500
12 Contingency	-	5,316	9,850
13 District management	25,249	30,000	30,000
14 Dues and membership	2,231	2,278	2,500
15 Election	-	19,000	-
16 Insurance	21,661	24,329	25,000
17 Legal	11,866	43,000	40,000
18 Miscellaneous	1,735	2,000	1,000
19 Recreation Center	132,718	179,077	188,500
Operations and maintenance			
20 Gateway Park	-	3,150	3,150
21 Landscape maintenance	514,052	320,000	320,000
22 Storm water fees	-	500	500
23 Utilities	148,522	260,000	265,000
Total expenditures	900,436	940,000	935,000
Total expenditures and transfers out requiring appropriation	900,436	940,000	935,000
ENDING FUND BALANCES	\$ 93,321	\$ 28,098	\$ 30,655
EMERGENCY RESERVE	\$ 7,800	\$ 8,700	\$ 11,500
INDOOR POOL RESERVE	6,600	7,725	9,975
TOTAL RESERVE	\$ 14,400	\$ 16,425	\$ 21,475

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 EXPENDITURE DETAILS  
FORECASTED 2017 BUDGET AS ADOPTED  
WITH 2015 ACTUAL AND 2016 ESTIMATED  
For the Years Ended and Ending December 31,**

1/12/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
Recreation Center			
1 Cable/Telecom/Wi-Fi	\$ 5,518	\$ 5,000	\$ 5,000
2 Electricity	10,522	5,000	5,500
3 Furniture/equipment	5,463	-	5,000
4 Gas	15,100	6,000	6,500
5 Management	63,000	55,000	60,000
6 Miscellaneous	981	5,000	5,000
7 Pool	9,745	67,000	70,000
8 Repairs and maintenance	5,237	4,000	5,000
9 Sewer	5,206	3,000	3,500
10 Trash removal	1,074	1,000	1,000
11 Water usage	10,872	20,000	22,000
12 YMCA - start up costs	-	8,077	-
Total Recreation Center	<u>\$ 132,718</u>	<u>\$ 179,077</u>	<u>\$ 188,500</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  
2017 BUDGET AS ADOPTED  
WITH 2015 ACTUAL AND 2016 ESTIMATED  
For the Years Ended and Ending December 31,**

1/12/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
BEGINNING FUND BALANCES	\$ 45,224	\$ 7,529	\$ 7,121
REVENUES			
1 Net investment income	210	700	500
2 Intergovernmental revenue	391,395	409,762	409,337
Total revenues	391,605	410,462	409,837
Total funds available	436,829	417,991	416,958
EXPENDITURES			
Debt service			
3 Bond interest	404,300	402,870	403,780
4 Bond principal	25,000	8,000	12,000
5 Contingency	-	-	220
Total expenditures	429,300	410,870	416,000
Total expenditures and transfers out requiring appropriation	429,300	410,870	416,000
ENDING FUND BALANCES	\$ 7,529	\$ 7,121	\$ 958

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  
2017 BUDGET AS ADOPTED  
WITH 2015 ACTUAL AND 2016 ESTIMATED  
For the Years Ended and Ending December 31,**

1/12/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Developer advance	8,514	12,000	-
2 Developer advance - non cash	5,682,828	7,988,000	10,000,000
Total revenues	5,691,342	8,000,000	10,000,000
Total funds available	5,691,342	8,000,000	10,000,000
EXPENDITURES			
Capital projects			
3 Accounting	8,514	13,000	-
4 Capital outlay	-	-	10,000,000
5 Contingency	-	202,583	-
6 Park and recreation	252,177	1,248,050	-
7 Sewer	1,640,745	2,320,253	-
8 Streets	2,849,863	3,131,070	-
9 Water	940,043	1,085,044	-
Total expenditures	5,691,342	8,000,000	10,000,000
Total expenditures and transfers out requiring appropriation	5,691,342	8,000,000	10,000,000
ENDING FUND BALANCES	\$ -	\$ -	\$ -

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  
2017 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 and all capital expenditures 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. The District also charges a fee for rental of the recreation center facilities.



**OLD RANCH METROPOLITAN DISTRICT  
2017 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 2017 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 0.50%.

**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 2016 and is not anticipated to be fully funded in 2017. See "Debt and Leases" below.

**Capital Expenditures**

The District anticipates capital expenditures in 2017 to be funded with Developer advances. See page 7 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 2017 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.

**OLD RANCH METROPOLITAN DISTRICT  
2017 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases - (continued)**

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 2017, 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**

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

<b>Year Ended December 31,</b>	<b>Interest Payable June 1 and December 1</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 12,000	\$ 403,780	\$ 415,780
2018	(1) 390,000	403,000	793,000
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>\$ 6,212,000</u>	<u>\$ 5,017,480</u>	<u>\$ 11,229,480</u>

(1) For budget purposes, it is assumed unpaid principal from prior years will be paid in 2018.

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