



CliftonLarsonAllen LLP
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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, 2018, including the estimate of comparative information for the year ending December 31, 2017, and the actual comparative information for the year ending December 31, 2016, 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
December 11, 2017



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**OLD RANCH METROPOLITAN DISTRICT
SUMMARY
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

12/11/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 100,850	\$ 90,440	\$ 25,118
REVENUES			
1 Developer advance	282,000	147,000	25,000
2 Net investment income	791	2,450	1,200
3 Other income	80	-	-
4 Intergovernmental revenue	654,462	729,228	8,654,450
5 Indoor pool revenue	10,119	16,000	20,000
6 Recreation Center fees	17,513	30,000	23,000
7 Recreation Center rental income	8,505	5,000	7,500
8 Developer advance - non cash	8,189,971	11,650,000	2,960,000
9 Recreation Center Fees - HOA	-	10,000	142,200
Total revenues	<u>9,163,441</u>	<u>12,589,678</u>	<u>11,833,350</u>
TRANSFERS IN			
	-	8,000	-
Total funds available	<u>9,264,291</u>	<u>12,688,118</u>	<u>11,858,468</u>
EXPENDITURES			
10 General and administration			
11 Accounting	46,939	55,000	55,000
12 Audit	6,350	6,500	6,500
13 Contingency	-	18,543	18,650
14 District management	28,390	22,000	25,000
15 Dues and membership	2,278	2,366	2,500
16 Election	18,145	-	20,000
17 Insurance	24,329	24,941	30,000
18 Legal	37,439	20,000	25,000
19 Miscellaneous	2,266	1,000	1,000
20 Recreation Center	130,254	148,000	212,700
21 Operations and maintenance			
22 Gateway Park	-	3,150	3,150
23 Landscape maintenance	405,182	650,000	710,000
24 Storm water fees	-	500	500
25 Utilities	252,982	260,000	265,000
26 Debt service			
27 Bond interest	402,870	402,155	400,205
28 Bond principal	8,000	30,000	47,000
29 Contingency	-	845	795
30 Capital projects			
31 Accounting	11,273	10,000	-
32 Capital outlay	7,797,154	11,000,000	10,000,000
Total expenditures	<u>9,173,851</u>	<u>12,655,000</u>	<u>11,823,000</u>
TRANSFERS OUT			
	-	8,000	-
Total expenditures and transfers out requiring appropriation	<u>9,173,851</u>	<u>12,663,000</u>	<u>11,823,000</u>
ENDING FUND BALANCES	<u>\$ 90,440</u>	<u>\$ 25,118</u>	<u>\$ 35,468</u>
EMERGENCY RESERVE	\$ 8,500	\$ 11,000	\$ 21,400
INDOOR POOL RESERVE	7,725	9,975	12,225
TOTAL RESERVE	<u>\$ 16,225</u>	<u>\$ 20,975</u>	<u>\$ 33,625</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,**

12/11/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
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 2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED**

For the Years Ended and Ending December 31,

12/11/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 93,321	\$ 82,421	\$ 23,156
REVENUES			
1 Developer advance	258,363	145,000	25,000
2 Net investment Income	30	950	300
3 Other income	80	-	-
4 Intergovernmental revenue	243,863	303,785	458,380
5 Indoor pool revenue	10,119	16,000	20,000
6 Recreation Center fees	17,513	30,000	23,000
7 Recreation Center rental income	8,505	5,000	7,500
8 Developer advance - non cash	405,181	650,000	710,000
9 Recreation Center Fees - HOA	-	10,000	142,200
Total revenues	<u>943,654</u>	<u>1,160,735</u>	<u>1,386,380</u>
Total funds available	<u>1,036,975</u>	<u>1,243,156</u>	<u>1,409,536</u>
EXPENDITURES			
General and administration			
10 Accounting	46,939	55,000	55,000
11 Audit	6,350	6,500	6,500
12 Contingency	-	18,543	18,650
13 District management	28,390	22,000	25,000
14 Dues and membership	2,278	2,366	2,500
15 Election	18,145	-	20,000
16 Insurance	24,329	24,941	30,000
17 Legal	37,439	20,000	25,000
18 Miscellaneous	2,266	1,000	1,000
19 Recreation Center	130,254	148,000	212,700
Operations and maintenance			
20 Gateway Park	-	3,150	3,150
21 Landscape maintenance	405,182	650,000	710,000
22 Storm water fees	-	500	500
23 Utilities	252,982	260,000	265,000
Total expenditures	<u>954,554</u>	<u>1,212,000</u>	<u>1,375,000</u>
TRANSFERS OUT			
CAPITAL PROJECTS FUND			
Total transfers out	<u>-</u>	<u>8,000</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>954,554</u>	<u>1,220,000</u>	<u>1,375,000</u>
ENDING FUND BALANCES	<u>\$ 82,421</u>	<u>\$ 23,156</u>	<u>\$ 34,536</u>
EMERGENCY RESERVE	\$ 8,500	\$ 11,000	\$ 21,400
INDOOR POOL RESERVE	7,725	9,975	12,225
TOTAL RESERVE	<u>\$ 16,225</u>	<u>\$ 20,975</u>	<u>\$ 33,625</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
GENERAL FUND EXPENDITURE DETAILS
FORECASTED 2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

12/11/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
Recreation Center			
1 Cable/Telecom/Wi-Fi	\$ 4,178	\$ 7,500	\$ 8,500
2 Cleaning services	-	-	13,200
3 Electricity	4,830	10,000	12,000
4 Furniture/equipment	-	-	18,000
5 Gas	6,536	15,000	18,000
6 Management	24,349	-	-
7 Miscellaneous	3,549	-	-
8 Other	3,733	25,000	25,000
9 Pool	63,971	70,000	80,000
10 Repairs and maintenance	-	-	5,000
11 Reserve study	-	-	4,000
12 Trash removal	532	3,500	4,000
13 Utility WW	2,216	5,000	5,000
14 Water usage	16,360	12,000	20,000
Total Recreation Center	\$ 130,254	\$ 148,000	\$ 212,700

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
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

12/11/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 7,529	\$ 8,019	\$ 1,962
REVENUES			
1 Net investment income	761	1,500	900
2 Intergovernmental revenue	410,599	425,443	446,070
Total revenues	411,360	426,943	446,970
Total funds available	418,889	434,962	448,932
EXPENDITURES			
Debt service			
3 Bond interest	402,870	402,155	400,205
4 Bond principal	8,000	30,000	47,000
5 Contingency	-	845	795
Total expenditures	410,870	433,000	448,000
Total expenditures and transfers out requiring appropriation	410,870	433,000	448,000
ENDING FUND BALANCES	\$ 8,019	\$ 1,962	\$ 932

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
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

12/11/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Developer advance	23,637	2,000	-
2 Intergovernmental revenue	-	-	7,750,000
3 Developer advance - non cash	7,784,790	11,000,000	2,250,000
Total revenues	7,808,427	11,002,000	10,000,000
TRANSFERS IN			
GENERAL FUND	-	8,000	-
Total transfers in	-	8,000	-
Total funds available	7,808,427	11,010,000	10,000,000
EXPENDITURES			
Capital projects			
4 Accounting	11,273	10,000	-
5 Capital outlay	7,797,154	11,000,000	10,000,000
Total expenditures	7,808,427	11,010,000	10,000,000
Total expenditures and transfers out requiring appropriation	7,808,427	11,010,000	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
2018 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 portion 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
2018 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 2018 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 1.0%.

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 2017 and is not anticipated to be fully funded in 2018. See “Debt and Leases” below.

Capital Outlay

The District anticipates infrastructure improvements during 2018 as displayed on page 7.

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
2018 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 2018, 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
Interest Payable June 1 and December 1**

Year Ended December 31,	Principal	Interest	Total
2018	\$ 47,000	\$ 400,205	\$ 447,205
2019	*	438,000	397,150
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>\$ 6,157,000</u>	<u>\$ 5,032,560</u>	<u>\$ 11,189,560</u>

* NOTE: This debt to maturity schedule only represent the senior general obligation of the District. Principal amount for 2018 represents anticipated budgeted amount as compared to actual amount due of \$140,000. It is assumed unpaid principal from prior years will be paid in 2019.

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