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Accountant's Compilation Report

Board of Directors
Old Ranch Metropolitan District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Old Ranch Metropolitan District for the year ending December 31, 2019, including the estimate of comparative information for the year ending December 31, 2018, and the actual comparative information for the year ended December 31, 2017, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). 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 AICPA. 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.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these difference may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

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 3, 2019

**OLD RANCH METROPOLITAN DISTRICT
SUMMARY
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ 90,440	\$ 106,360	\$ 49,850
REVENUES			
Interest income	2,363	4,520	940
Recreation Center fees	24,061	-	25,000
Indoor pool revenue	17,087	20,000	20,000
Recreation Center rental income	2,364	7,500	7,500
Recreation Center fees - HOA	12,634	30,000	145,000
Developer advance	95,000	500,000	7,565,000
Developer Advance - non-cash	12,724,212	17,940,368	20,000,000
Water service fees	-	-	500,000
Intergovernmental revenues	735,464	8,663,933	1,070,796
Total revenues	<u>13,613,185</u>	<u>27,166,321</u>	<u>29,334,236</u>
TRANSFERS IN	<u>7,370</u>	<u>65,000</u>	<u>-</u>
Total funds available	<u>13,710,995</u>	<u>27,337,681</u>	<u>29,384,086</u>
EXPENDITURES			
General Fund	905,015	1,191,325	1,392,500
Debt Service Fund	432,155	449,006	448,060
Capital Projects Fund	12,260,095	25,582,500	20,000,000
Enterprise Fund	-	-	7,340,000
Total expenditures	<u>13,597,265</u>	<u>27,222,831</u>	<u>29,180,560</u>
TRANSFERS OUT	<u>7,370</u>	<u>65,000</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>13,604,635</u>	<u>27,287,831</u>	<u>29,180,560</u>
ENDING FUND BALANCES	<u>\$ 106,360</u>	<u>\$ 49,850</u>	<u>\$ 203,526</u>
EMERGENCY RESERVE	\$ 10,900	\$ 17,300	\$ 24,900
INDOOR POOL RESERVE	9,975	15,675	17,475
TOTAL RESERVE	<u>\$ 20,875</u>	<u>\$ 32,975</u>	<u>\$ 202,375</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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/19

ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
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ASSESSED VALUATION

Agricultural	\$ 10	\$ 10	\$ 10
State assessed	-	-	210
Certified Assessed Value	\$ 10	\$ 10	\$ 220

MILL LEVY

PROPERTY TAXES

Budgeted property taxes	\$ -	\$ -	\$ -
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BUDGETED PROPERTY TAXES

\$ -	\$ -	\$ -
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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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ 82,421	\$ 96,878	\$ 43,278
REVENUES			
Interest income	745	1,100	940
Intergovernmental revenues	303,464	453,757	628,511
Recreation Center fees	24,061	-	25,000
Indoor pool revenue	17,087	20,000	20,000
Recreation Center rental income	2,364	7,500	7,500
Recreation Center fees - HOA	12,634	30,000	145,000
Developer advance	94,400	500,000	565,000
Developer Advance - non-cash	472,087	190,368	-
Total revenues	926,842	1,202,725	1,391,951
Total funds available	1,009,263	1,299,603	1,435,229
EXPENDITURES			
General and administrative			
Accounting	49,914	55,000	55,000
Auditing	6,500	6,500	7,000
Dues and licenses	2,366	2,811	3,000
Insurance and bonds	25,900	25,513	27,500
District management	19,251	25,000	30,000
Legal services	26,725	25,000	30,000
Miscellaneous	760	1,000	1,500
Election expense	-	5,149	-
Operations and maintenance			
Landscape maintenance	467,216	589,102	725,000
Recreation Center - Pool	49,096	30,000	75,000
Recreation Center - Utility - Water	8,675	11,000	20,000
Recreation Center - Other	24,533	27,000	25,000
Recreation Center - Utility - Electricity	9,099	11,000	12,000
Recreation Center - Utility - Gas	13,236	14,000	18,000
Recreation Center - Utility - Wastewater	3,419	5,000	5,000
Recreation Center - Trash Removal	2,111	2,000	4,000
Recreation Center - Furniture / equipment	-	18,000	-
Recreation Center - Repairs and maintainar	1,320	6,000	5,000
Recreation Center - Cleaning Services	-	5,000	13,500
Recreation Center - Reserve Study	-	4,000	-
Cable/Telecom/WIFI	6,328	6,500	7,000
Storm water fees	-	6,750	13,500
Utilities	188,566	310,000	300,000
Contingency	-	-	15,500
Total expenditures	905,015	1,191,325	1,392,500
TRANSFERS OUT			
Transfers to other fund	7,370	65,000	-
Total expenditures and transfers out requiring appropriation	912,385	1,256,325	1,392,500
ENDING FUND BALANCE	\$ 96,878	\$ 43,278	\$ 42,729
EMERGENCY RESERVE	\$ 10,900	\$ 17,300	\$ 24,900
INDOOR POOL RESERVE	9,975	15,675	17,475
TOTAL RESERVE	\$ 20,875	\$ 32,975	\$ 42,375

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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ 8,019	\$ 9,482	\$ 6,572
REVENUES			
Interest income	1,618	3,420	-
Intergovernmental revenues	432,000	442,676	442,285
Total revenues	<u>433,618</u>	<u>446,096</u>	<u>442,285</u>
Total funds available	<u>441,637</u>	<u>455,578</u>	<u>448,857</u>
EXPENDITURES			
Intergovernmental expenditures	-	15,801	-
Bond interest	402,155	400,205	398,060
Bond principal	30,000	33,000	45,000
Contingency	-	-	5,000
Total expenditures	<u>432,155</u>	<u>449,006</u>	<u>448,060</u>
TRANSFERS OUT			
Transfers to other fund	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>432,155</u>	<u>449,006</u>	<u>448,060</u>
ENDING FUND BALANCE	<u>\$ 9,482</u>	<u>\$ 6,572</u>	<u>\$ 797</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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Developer advance	600	-	-
Developer Advance - non-cash	12,252,125	17,750,000	20,000,000
Intergovernmental revenues	-	7,767,500	-
Total revenues	<u>12,252,725</u>	<u>25,517,500</u>	<u>20,000,000</u>
TRANSFERS IN			
Transfers from other funds	<u>7,370</u>	<u>65,000</u>	<u>-</u>
Total funds available	<u>12,260,095</u>	<u>25,582,500</u>	<u>20,000,000</u>
EXPENDITURES			
General and Administrative			
Accounting	7,956	158	-
Legal services	15	-	-
Capital Projects			
Repay developer advance	-	7,767,500	-
Engineering	-	1,105	-
Parks and recreation	1,236,580	2,640,000	-
Intergovernmental expenditures	-	51,301	-
Streets	4,235,022	5,973,000	-
Sewer	4,484,939	3,048,000	-
Water	2,295,583	6,089,000	-
Capital outlay	-	12,436	20,000,000
Total expenditures	<u>12,260,095</u>	<u>25,582,500</u>	<u>20,000,000</u>
Total expenditures and transfers out requiring appropriation	<u>12,260,095</u>	<u>25,582,500</u>	<u>20,000,000</u>
ENDING FUND BALANCE	<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
ENTERPRISE FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUNDS AVAILABLE	\$ -	\$ -	\$ -
REVENUES			
Water service fees	-	-	500,000
Developer advance	-	-	7,000,000
Total revenues	<u>-</u>	<u>-</u>	<u>7,500,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>7,500,000</u>
EXPENDITURES			
General and administrative			
Administrative costs	-	-	65,000
Operations and maintenance			
Repairs and maintenance	-	-	50,000
Water	-	-	225,000
Capital outlay	-	-	7,000,000
Total expenditures	<u>-</u>	<u>-</u>	<u>7,340,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>7,340,000</u>
ENDING FUNDS AVAILABLE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,000</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
2019 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 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those difference may be material.

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.

**OLD RANCH METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

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.

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 2019 will be \$20,000.

Water Service Charges

The District bills its customers for water services. Revenue for water service is mainly comprised of billings to residential and commercial customers for irrigation fees based upon water meter readings at established rates.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.5%.

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 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.

Operations and Maintenance

These expenditures represent water purchases, repairs and maintenance, utilities and other related expenses associated with the delivery of water to the District's customers.

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 2018 and is not anticipated to be fully funded in 2019. See "Debt and Leases" below.

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects Fund.

**OLD RANCH METROPOLITAN DISTRICT
2019 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 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.

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 2019, 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
2019	\$ 45,000	\$ 398,060	\$ 443,060
2020	*	609,000	395,135
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>\$ 6,124,000</u>	<u>\$ 4,258,345</u>	<u>\$ 10,382,345</u>

* NOTE: This debt to maturity schedule only represent the senior general obligation of the District. Principal amount for 2019 represents anticipated budgeted amount as compared to actual amount due of \$150,000. It is assumed unpaid principal from prior years will be paid in 2020.

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