



Accountant's Report

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

We have compiled the accompanying forecasted budget of revenue, 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, 2009, including the forecasted estimate of comparative information for the year ending December 31, 2008, 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 examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying budget of revenue, expenditures, and fund balance or assumptions. 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 or circumstances occurring after the date of this report.

The actual historical information for the year 2007 is presented for comparative purposes only. Such information is taken from the audit report of the District for the year ended December 31, 2007, as prepared by Hayne and Company, dated September 26, 2008, wherein an unqualified 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 the Old Ranch Metropolitan District.

Clifton Gunderson LLP

Colorado Springs, Colorado
December 3, 2008

**OLD RANCH METROPOLITAN DISTRICT
SUMMARY
FORECASTED 2009 BUDGET AS ADOPTED
WITH 2007 ACTUAL AND 2008 ESTIMATED
For the Years Ended and Ending December 31,**

12/3/08

Page 2

	ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
BEGINNING FUND BALANCES	\$ (5,455)	\$ 220,399	\$ 440,987
REVENUE			
Investment income	2,580	10,400	10,950
Developer advance	5,154,590	422,185	10,375,000
Recreation Center fees	45,385	56,000	58,000
Intergov. rev.: Upper Cottonwood Creek, No. 2-5	298,095	487,183	523,545
Bond issuance	6,996,114	-	-
Other income	2,474	-	-
Total revenue	12,499,238	975,768	10,967,495
TRANSFERS IN			
Total funds available	-	-	-
EXPENDITURES			
General			
Accounting	38,091	38,000	40,000
Audit	2,332	2,700	2,500
Election costs	-	1,494	-
Insurance and bonds	10,153	12,949	14,000
Dues and membership	1,594	2,091	2,500
Legal	7,458	8,000	13,000
Management	44,779	29,000	29,000
Landscape maintenance	164,449	250,000	250,000
Miscellaneous	199	1,000	1,000
Recreation center	109,709	119,000	122,500
Utilities	81,009	91,000	94,000
Contingency	-	12,246	14,925
Paying agent fees	-	500	500
Bond principal	-	-	-
Bond interest	-	187,200	517,075
Bond issue cost	39,622	-	-
Developer reimbursement	6,956,000	-	-
Capital outlay	4,817,989	-	9,993,000
Total expenditures	12,273,384	755,180	11,094,000
TRANSFERS OUT			
Total expenditures and transfers out requiring appropriation	12,273,384	755,180	11,094,000
ENDING FUND BALANCES	\$ 220,399	\$ 440,987	\$ 314,482

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

**OLD RANCH METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,**

12/3/08

Page 3

ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
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ASSESSED VALUATION

El Paso

Residential	\$ -	\$ -	\$ -	
Commercial	10	10	3,880	
Agricultural	-	-	10	
Vacant land	-	-	-	
Personal property	-	-	-	
	10	10	3,890	

Adjustments

Certified Assessed Value

	-	-	-	
	-	-	-	
	\$ 10	\$ 10	\$ 3,890	

MILL LEVY

General	0.000	0.000	0.000	
Debt Service	0.000	0.000	0.000	
Temporary Mill Levy Reduction (pursuant to C.R.S.39-5-121)	0.000	0.000	0.000	
Refund and abatements	0.000	0.000	0.000	
	0.000	0.000	0.000	
Total mill levy	0.000	0.000	0.000	

PROPERTY TAXES

General	\$ -	\$ -	\$ -	
Debt Service	-	-	-	
Temporary Mill Levy Reduction	-	-	-	
Refund and abatements	-	-	-	
	-	-	-	
Levied property taxes	-	-	-	
Adjustments to actual/rounding	-	-	-	
Refunds and abatements	-	-	-	
	-	-	-	
Property taxes	\$ -	\$ -	\$ -	

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

OLD RANCH METROPOLITAN DISTRICT
GENERAL FUND
FORECASTED 2009 BUDGET AS ADOPTED
WITH 2007 ACTUAL AND 2008 ESTIMATED
For the Years Ended and Ending December 31,

12/3/08

Page 4

	ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
BEGINNING FUND BALANCE	\$ (5,455)	\$ (25,003)	\$ 4,067
REVENUE			
Investment income	113	900	950
Developer advance	336,424	422,000	375,000
Recreation Center fees	45,385	56,000	58,000
Intergov. rev.: Upper Cottonwood Creek, No. 2-5	54,975	116,670	142,575
Other income	2,474	-	-
Total revenue	439,371	595,570	576,525
TRANSFERS IN			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers in	-	-	-
Total funds available	433,916	570,567	580,592
EXPENDITURES			
Accounting	37,363	38,000	35,000
Audit	2,332	2,700	2,500
Election costs	-	1,494	-
Insurance and bonds	10,153	12,949	14,000
Dues and membership	1,594	2,091	2,500
Legal	7,332	8,000	12,000
Landscape maintenance	164,449	250,000	250,000
Management	44,779	29,000	28,000
Miscellaneous	199	1,000	1,000
Recreation Center	109,709	119,000	122,500
Utilities	81,009	91,000	94,000
Contingency	-	11,266	12,500
Total expenditures	458,919	566,500	574,000
TRANSFERS OUT			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers out	-	-	-
Total expenditures and transfers out requiring appropriation	458,919	566,500	574,000
ENDING FUND BALANCE	\$ (25,003)	\$ 4,067	\$ 6,592
EMERGENCY RESERVE	\$ -	\$ 3,500	\$ 4,300

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

OLD RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
FORECASTED 2009 BUDGET AS ADOPTED
WITH 2007 ACTUAL AND 2008 ESTIMATED
For the Years Ended and Ending December 31,

12/3/08

Page 5

	ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
BEGINNING FUND BALANCE	\$ -	\$ 245,587	\$ 436,920
REVENUE			
Intergov. rev.: Upper Cottonwood Creek, No. 2-5	243,120	370,513	380,970
Investment income	2,467	9,500	10,000
Total revenue	245,587	380,013	390,970
TRANSFERS IN			
Capital Projects Fund	-	-	-
General Fund	-	-	-
Total transfers in	-	-	-
Total funds available	245,587	625,600	827,890
EXPENDITURES			
County Treasurer's fees	-	-	-
Paying agent fees	-	500	500
Bond principal	-	-	-
Bond interest	-	187,200	517,075
Contingency	-	980	2,425
Total expenditures	-	188,680	520,000
TRANSFERS OUT			
Capital Projects Fund	-	-	-
General Fund	-	-	-
Total transfers out	-	-	-
Total expenditures and transfers out requiring appropriation	-	188,680	520,000
ENDING FUND BALANCE	\$ 245,587	\$ 436,920	\$ 307,890

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

**OLD RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
FORECASTED 2009 BUDGET AS ADOPTED
WITH 2007 ACTUAL AND 2008 ESTIMATED
For the Years Ended and Ending December 31,**

12/3/08

Page 6

	ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
BEGINNING FUND BALANCE	\$ -	\$ (185)	\$ -
REVENUE			
Developer advance	4,818,166	185	10,000,000
Bond issuance	6,996,114	-	-
Total revenue	11,814,280	185	10,000,000
TRANSFERS IN			
General Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers in	-	-	-
Total funds available	11,814,280	-	10,000,000
EXPENDITURES			
General			
Accounting	728	-	5,000
Legal	126	-	1,000
Management	-	-	1,000
Bond issue cost	39,622	-	-
Developer reimbursement	6,956,000	-	-
Capital outlay	4,817,989	-	9,993,000
Contingency	-	-	-
Total expenditures	11,814,465	-	10,000,000
TRANSFERS OUT			
General Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers out	-	-	-
Total expenditures and transfers out requiring appropriation	11,814,465	-	10,000,000
ENDING FUND BALANCE	\$ (185)	\$ -	\$ -

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

**OLD RANCH METROPOLITAN DISTRICT
2009 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 No. 2, No. 3, No. 4, and No. 5. within the original boundaries of the 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 are 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
2009 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenue

Developer Advances

Operating, administrative and capital expenditures for 2009 are to be funded primarily 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 anticipates assessing a user fee for usage of its swimming pool and clubhouse.

Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 2.5%.

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 pay bond indebtedness.

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.

Capital Outlay

Estimated capital infrastructure costs for 2009 are reflected on page 6 of the Budget.

Debt Service

Principal and interest payments are provided based on the attached debt amortization schedule.

**OLD RANCH METROPOLITAN DISTRICT
2009 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 are convertible to current interest bonds on December 1, 2008 and accrete, compound 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. 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.

The District has no operating or capital leases.

Reserves

The District has provided for an emergency reserve equal to at least 3% of the fiscal year spending for 2009, defined under TABOR.

This information is an integral part of the accompanying forecasted 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,	Interest Payable June 1 and December 1		
	Principal	Interest	Total
2009	\$ -	\$ 413,075	\$ 413,075
2010	5,000	413,075	418,075
2011	5,000	412,750	417,750
2012	30,000	412,425	442,425
2013	35,000	410,475	445,475
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>\$ 6,355,000</u>	<u>\$ 8,286,200</u>	<u>\$ 14,641,200</u>

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

**OLD RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

\$1,300,000 Taxable Subordinate

Special Revenue Bonds

Series 2007B

Dated March 15, 2007

Interest Rate 8.0%

Principal Due December 2, 2036

Interest Payable December 2

			Total		
Principal	Interest	Total	Principal	Interest	Total
\$ -	\$ 104,000	\$ 104,000	\$ -	\$ 517,075	\$ 517,075
-	104,000	104,000	5,000	517,075	522,075
-	104,000	104,000	5,000	516,750	521,750
-	104,000	104,000	30,000	516,425	546,425
-	104,000	104,000	35,000	514,475	549,475
-	104,000	104,000	60,000	512,200	572,200
-	104,000	104,000	65,000	508,300	573,300
-	104,000	104,000	100,000	504,075	604,075
-	104,000	104,000	105,000	497,575	602,575
-	104,000	104,000	140,000	490,750	630,750
-	104,000	104,000	150,000	481,650	631,650
-	104,000	104,000	190,000	471,900	661,900
-	104,000	104,000	205,000	459,550	664,550
-	104,000	104,000	220,000	446,225	666,225
-	104,000	104,000	230,000	431,925	661,925
-	104,000	104,000	245,000	416,975	661,975
-	104,000	104,000	265,000	401,050	666,050
-	104,000	104,000	280,000	383,825	663,825
-	104,000	104,000	300,000	365,625	665,625
-	104,000	104,000	320,000	346,125	666,125
-	104,000	104,000	340,000	325,325	665,325
-	104,000	104,000	360,000	303,225	663,225
-	104,000	104,000	385,000	279,825	664,825
-	104,000	104,000	410,000	254,800	664,800
220,000	104,000	324,000	655,000	228,150	883,150
345,000	86,400	431,400	810,000	182,275	992,275
380,000	58,800	438,800	870,000	124,450	994,450
355,000	28,400	383,400	875,000	62,200	937,200
<u>\$ 1,300,000</u>	<u>\$ 2,773,600</u>	<u>\$ 4,073,600</u>	<u>\$ 7,655,000</u>	<u>\$ 11,059,800</u>	<u>\$ 18,714,800</u>

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