

### 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, 2010, including the forecasted estimate of comparative information for the year ending December 31, 2009, 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 2008 is presented for comparative purposes only. Such information is taken from the audit report of the District for the year ended December 31, 2008, as prepared by BiggsKofford, P.C., dated April 30, 2009, 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 2, 2009

**OLD RANCH METROPOLITAN DISTRICT  
SUMMARY  
FORECASTED 2010 BUDGET AS ADOPTED  
WITH 2008 ACTUAL AND 2009 ESTIMATED  
For the Years Ended and Ending December 31,**

12/2/2009

	ACTUAL 2008	ESTIMATED 2009	ADOPTED 2010
BEGINNING FUND BALANCES	\$ 220,399	\$ 423,253	\$ 309,340
REVENUES			
Developer advance	263,710	10,439,600	10,440,000
Interest income	9,836	1,925	1,210
Other income	735	-	-
Intergov. rev.: Upper Cottonwood Creek, No. 2-5	477,798	521,337	529,028
Recreation Center fees	46,390	54,000	60,000
Total revenues	<u>798,469</u>	<u>11,016,862</u>	<u>11,030,238</u>
Total funds available	<u>1,018,868</u>	<u>11,440,115</u>	<u>11,339,578</u>
EXPENDITURES			
General and administration			
Accounting	36,238	35,000	40,000
Audit	2,700	2,500	3,000
Contingency	-	2,873	12,005
District management	28,534	24,000	26,000
Dues and membership	2,091	2,083	2,500
Election	1,494	-	2,000
Insurance	12,949	14,344	15,000
Legal	7,038	16,500	17,000
Miscellaneous	695	1,000	1,000
Operations and maintenance			
Gateway Park	-	3,500	4,000
Landscaping	140,946	250,000	250,000
Recreation Center	106,715	160,000	165,000
Stormwater fees	-	200	500
Utilities	77,571	108,500	112,000
Debt Service			
Bond interest	178,244	517,075	517,075
Bond principal	-	-	5,000
Paying agent fees	400	200	-
Capital projects			
Capital outlay	-	9,993,000	9,993,000
Total expenditures	<u>595,615</u>	<u>11,130,775</u>	<u>11,165,080</u>
Total expenditures and transfers out requiring appropriation	<u>595,615</u>	<u>11,130,775</u>	<u>11,165,080</u>
ENDING FUND BALANCES	<u>\$ 423,253</u>	<u>\$ 309,340</u>	<u>\$ 174,498</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ 5,900</u>	<u>\$ 6,100</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 5,900</u>	<u>\$ 6,100</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  
PROPERTY TAX SUMMARY INFORMATION  
FORECASTED 2010 BUDGET AS ADOPTED  
WITH 2008 ACTUAL AND 2009 ESTIMATED  
For the Years Ended and Ending December 31,**

12/2/2009

	ACTUAL 2008	ESTIMATED 2009	ADOPTED 2010
<b>ASSESSED VALUATION - EL PASO</b>			
Commercial	\$ 10	\$ 3,880	\$ 4,710
Agricultural	-	10	10
	<hr/> 10	<hr/> 3,890	<hr/> 4,720
Certified Assessed Value	<hr/> <b>\$ 10</b>	<hr/> <b>\$ 3,890</b>	<hr/> <b>\$ 4,720</b>
<b>MILL LEVY</b>			
GENERAL FUND	-	-	-
DEBT SERVICE FUND	-	-	-
Total Mill Levy	<hr/> -	<hr/> -	<hr/> -
<b>PROPERTY TAXES</b>			
GENERAL FUND	\$ -	\$ -	\$ -
DEBT SERVICE FUND	-	-	-
Levied property taxes	<hr/> -	<hr/> -	<hr/> -
Budgeted Property Taxes	<hr/> <b>\$ -</b>	<hr/> <b>\$ -</b>	<hr/> <b>\$ -</b>
<b>BUDGETED PROPERTY TAXES</b>			

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 2010 BUDGET AS ADOPTED  
WITH 2008 ACTUAL AND 2009 ESTIMATED  
For the Years Ended and Ending December 31,**

12/2/2009

	ACTUAL 2008	ESTIMATED 2009	ADOPTED 2010
BEGINNING FUND BALANCES	\$ (25,003)	\$ (16,366)	\$ 6,006
REVENUES			
Developer advance	263,525	439,600	440,000
Interest Income	-	25	35
Other income	735	-	-
Intergov. rev.: Upper Cottonwood Creek, No. 2-5	114,958	142,247	141,438
Recreation Center fees	46,390	54,000	60,000
Total revenues	<u>425,608</u>	<u>635,872</u>	<u>641,473</u>
Total funds available	<u>400,605</u>	<u>619,506</u>	<u>647,479</u>
EXPENDITURES			
General and administration			
Accounting	36,238	30,000	35,000
Audit	2,700	2,500	3,000
Contingency	-	2,873	10,000
District management	28,534	23,000	25,000
Dues and membership	2,091	2,083	2,500
Election	1,494	-	2,000
Insurance	12,949	14,344	15,000
Legal	7,038	15,500	16,000
Miscellaneous	695	1,000	1,000
Operations and maintenance			
Gateway Park	-	3,500	4,000
Landscaping	140,946	250,000	250,000
Recreation Center	106,715	160,000	165,000
Stormwater fees	-	200	500
Utilities	77,571	108,500	112,000
Total expenditures	<u>416,971</u>	<u>613,500</u>	<u>641,000</u>
Total expenditures and transfers out requiring appropriation	<u>416,971</u>	<u>613,500</u>	<u>641,000</u>
ENDING FUND BALANCES	<u>\$ (16,366)</u>	<u>\$ 6,006</u>	<u>\$ 6,479</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ 5,900</u>	<u>\$ 6,100</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 5,900</u>	<u>\$ 6,100</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  
DEBT SERVICE FUND  
FORECASTED 2010 BUDGET AS ADOPTED  
WITH 2008 ACTUAL AND 2009 ESTIMATED  
For the Years Ended and Ending December 31,**

12/2/2009

	ACTUAL 2008	ESTIMATED 2009	ADOPTED 2010
BEGINNING FUND BALANCES	\$ 245,587	\$ 439,619	\$ 303,334
<b>REVENUES</b>			
Interest Income	9,836	1,900	1,175
Intergov. rev.: Upper Cottonwood Creek	362,840	379,090	387,590
Total revenues	<u>372,676</u>	<u>380,990</u>	<u>388,765</u>
Total funds available	<u>618,263</u>	<u>820,609</u>	<u>692,099</u>
<b>EXPENDITURES</b>			
General and administration			
Contingency	-	-	2,005
Debt Service			
Bond interest	178,244	517,075	517,075
Bond principal	-	-	5,000
Paying agent fees	400	200	-
Total expenditures	<u>178,644</u>	<u>517,275</u>	<u>524,080</u>
Total expenditures and transfers out requiring appropriation	<u>178,644</u>	<u>517,275</u>	<u>524,080</u>
ENDING FUND BALANCES	<u>\$ 439,619</u>	<u>\$ 303,334</u>	<u>\$ 168,019</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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  
CAPITAL PROJECTS FUND  
FORECASTED 2010 BUDGET AS ADOPTED  
WITH 2008 ACTUAL AND 2009 ESTIMATED  
For the Years Ended and Ending December 31,**

12/2/2009

	ACTUAL 2008	ESTIMATED 2009	ADOPTED 2010
BEGINNING FUND BALANCES	\$ (185)	\$ -	\$ -
REVENUES			
Developer advance	185	10,000,000	10,000,000
Total revenues	<u>185</u>	<u>10,000,000</u>	<u>10,000,000</u>
Total funds available	<u>-</u>	<u>10,000,000</u>	<u>10,000,000</u>
EXPENDITURES			
General and administration			
Accounting	-	5,000	5,000
District management	-	1,000	1,000
Legal	-	1,000	1,000
Capital projects			
Capital outlay	-	9,993,000	9,993,000
Total expenditures	<u>-</u>	<u>10,000,000</u>	<u>10,000,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>10,000,000</u>	<u>10,000,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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  
2010 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  
2010 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenue**

**Developer Advances**

Operating, administrative and capital expenditures for 2010 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 assesses 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 0.5%.

**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 2010 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  
2010 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 2010, 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  
December 31, 2009**

**\$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>
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>\$ 7,873,125</u>	<u>\$ 14,228,125</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**  
**December 31, 2009**

**\$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**

			<b>Total</b>		
<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
\$ -	\$ 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>\$ 2,669,600</u>	<u>\$ 3,969,600</u>	<u>\$ 7,655,000</u>	<u>\$ 10,542,725</u>	<u>\$ 18,197,725</u>

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