



## 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, 2007, including the forecasted estimate of comparative information for the year ending December 31, 2006, 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 2005 is presented for comparative purposes only. Such information is taken from the audit report of the District for the year ended December 31, 2005, as prepared by Mason Russell West, LLC, dated July 10, 2006, 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*

Greenwood Village, Colorado  
November 29, 2006

**OLD RANCH METROPOLITAN DISTRICT**  
**SUMMARY**  
**FORECASTED 2007 BUDGET AS ADOPTED**  
**WITH 2005 ACTUAL AND 2006 ESTIMATED**  
**For the Years Ended and Ending December 31,**

11/29/06

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	ACTUAL 2005	ESTIMATED 2006	ADOPTED 2007
BEGINNING FUND BALANCES	\$ -	\$ 5,362	\$ 3,100
<b>REVENUE</b>			
Investment income	6	25	500
Developer advance	11,952,707	16,315,428	15,522,625
Recreation Center fees	-	-	29,435
Intergov. rev.: Upper Cottonwood Creek, No. 2-5	7,500	103,285	298,150
Bond proceeds	-	-	7,000,000
Total revenue	11,960,213	16,418,738	22,850,710
<b>TRANSFERS IN</b>			
	-	-	-
Total funds available	11,960,213	16,424,100	22,853,810
<b>EXPENDITURES</b>			
<b>General</b>			
Accounting	15,901	28,000	36,000
Audit	2,250	2,250	2,500
Election costs	-	163	-
Insurance and bonds	3,240	3,839	10,000
Dues and membership	896	-	2,000
Legal	13,051	61,000	55,000
Management	8,920	25,500	35,000
Landscape maintenance	55,536	225,000	227,199
Miscellaneous	204	1,000	1,000
Swimming pool	-	-	115,113
Utilities	26,756	70,000	100,000
Contingency	-	7,748	9,188
Letter of credit fees	-	-	-
Bond issue cost	-	1,802	150,000
Developer reimbursement	-	-	6,850,000
Capital outlay	11,828,097	15,994,698	15,000,000
Total expenditures	11,954,851	16,421,000	22,593,000
<b>TRANSFERS OUT</b>			
	-	-	-
Total expenditures and transfers out requiring appropriation	11,954,851	16,421,000	22,593,000
ENDING FUND BALANCES	\$ 5,362	\$ 3,100	\$ 260,810

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,**

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ACTUAL 2005	ESTIMATED 2006	ADOPTED 2007
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**ASSESSED VALUATION**

El Paso

Residential	\$ -	\$ -	\$ -
Commercial	10	10	10
State assessed	-	-	-
Vacant land	-	-	-
Personal property	-	-	-
	10	10	10
Adjustments	-	-	-
Certified Assessed Value	\$ 10	\$ 10	\$ 10

**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
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	\$ -	\$ -	\$ -

**OLD RANCH METROPOLITAN DISTRICT  
GENERAL FUND  
FORECASTED 2007 BUDGET AS ADOPTED  
WITH 2005 ACTUAL AND 2006 ESTIMATED  
For the Years Ended and Ending December 31,**

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	ACTUAL 2005	ESTIMATED 2006	ADOPTED 2007
BEGINNING FUND BALANCE	\$ -	\$ 5,362	\$ 3,100
<b>REVENUE</b>			
Investment income	6	25	500
Developer advance	121,546	309,428	504,625
Recreation Center fees	-	-	29,435
Intergov. rev.: Upper Cottonwood Creek, No. 2-5	7,500	103,285	54,815
Total revenue	129,052	412,738	589,375
<b>TRANSFERS IN</b>			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers in	-	-	-
Total funds available	129,052	418,100	592,475
<b>EXPENDITURES</b>			
Accounting	12,837	20,000	28,000
Audit	2,250	2,250	2,500
Election costs	-	163	-
Insurance and bonds	3,240	3,839	10,000
Dues and membership	896	-	2,000
Legal	13,051	60,000	50,000
Landscape maintenance	55,536	225,000	227,199
Management	8,920	25,000	30,000
Miscellaneous	204	1,000	1,000
Recreation Center	-	-	115,113
Utilities	26,756	70,000	100,000
Contingency	-	7,748	9,188
Total expenditures	123,690	415,000	575,000
<b>TRANSFERS OUT</b>			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers out	-	-	-
Total expenditures and transfers out requiring appropriation	123,690	415,000	575,000
ENDING FUND BALANCE	\$ 5,362	\$ 3,100	\$ 17,475
EMERGENCY RESERVE	\$ 3,700	\$ 3,100	\$ 2,500

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 2007 BUDGET AS ADOPTED  
WITH 2005 ACTUAL AND 2006 ESTIMATED  
For the Years Ended and Ending December 31,**

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	ACTUAL 2005	ESTIMATED 2006	ADOPTED 2007
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUE			
Intergov. rev.: Upper Cottonwood Creek, No. 2-5	-	-	243,335
Investment income	-	-	-
Total revenue	-	-	243,335
TRANSFERS IN			
Capital Projects Fund	-	-	-
General Fund	-	-	-
Total transfers in	-	-	-
Total funds available	-	-	243,335
EXPENDITURES			
County Treasurer's fees	-	-	-
Bond interest	-	-	-
Total expenditures	-	-	-
TRANSFERS OUT			
Capital Projects Fund	-	-	-
General Fund	-	-	-
Total transfers out	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ 243,335

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 2007 BUDGET AS ADOPTED  
WITH 2005 ACTUAL AND 2006 ESTIMATED  
For the Years Ended and Ending December 31,**

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	ACTUAL 2005	ESTIMATED 2006	ADOPTED 2007
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUE			
Developer advance	11,831,161	16,006,000	15,018,000
Bond proceeds	-	-	7,000,000
Total revenue	11,831,161	16,006,000	22,018,000
TRANSFERS IN			
General Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers in	-	-	-
Total funds available	11,831,161	16,006,000	22,018,000
EXPENDITURES			
General			
Accounting	3,064	8,000	8,000
Legal	-	1,000	5,000
Management	-	500	5,000
Bond issue cost	-	1,802	150,000
Developer reimbursement	-	-	6,850,000
Capital outlay	11,828,097	15,994,698	15,000,000
Contingency	-	-	-
Total expenditures	11,831,161	16,006,000	22,018,000
TRANSFERS OUT			
General Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers out	-	-	-
Total expenditures and transfers out requiring appropriation	11,831,161	16,006,000	22,018,000
ENDING FUND BALANCE	\$ -	\$ -	\$ -

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

**OLD RANCH METROPOLITAN DISTRICT  
2007 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 prepares its budget on the modified accrual basis of accounting.

**Revenue**

**Developer Advances**

Operating, administrative and capital expenditures for 2007 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.

**OLD RANCH METROPOLITAN DISTRICT  
2007 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

(Continued)

**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 4.0%.

**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.

**Bond Proceeds**

The District anticipates issuing \$7,000,000 in Capital Appreciation Bonds in 2007.

**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 2007 are reflected on page 6 of the Budget.

**Debt and Leases**

The District anticipates issuing Capital Appreciation Bonds totaling \$7,000,000 in 2007. No interest or principal payments are anticipated to be due in 2007. The District has no capital or operating leases.

**Reserves**

The District has provided for an emergency reserve equal to at least 3% of the fiscal year spending for 2007, defined under TABOR.

**This information is an integral part of the accompanying forecasted budget.**