



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, 2008, including the forecasted estimate of comparative information for the year ending December 31, 2007, 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 2006 is presented for comparative purposes only. Such information is taken from the audit report of the District for the year ended December 31, 2006, as prepared by Mason Russell West, LLC, dated May 11, 2007, 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 28, 2007

**OLD RANCH METROPOLITAN DISTRICT
SUMMARY
FORECASTED 2008 BUDGET AS ADOPTED
WITH 2006 ACTUAL AND 2007 ESTIMATED
For the Years Ended and Ending December 31,**

11/28/07

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	ACTUAL 2006	ESTIMATED 2007	ADOPTED 2008
BEGINNING FUND BALANCES	\$ 5,362	\$ (5,455)	\$ 245,049
REVENUE			
Investment income	17	360	300
Developer advance	9,362,704	7,342,000	10,477,886
Recreation Center fees	-	45,400	79,400
Intergov. rev.: Upper Cottonwood Creek, No. 2-5	103,425	297,956	493,471
Bond issuance	-	6,996,114	-
Other income	-	2,474	-
Total revenue	9,466,146	14,684,304	11,051,057
TRANSFERS IN			
Total funds available	9,471,508	14,678,849	11,296,106
EXPENDITURES			
General			
Accounting	23,709	33,700	45,000
Audit	2,250	2,250	2,400
Election costs	164	-	1,000
Insurance and bonds	3,042	10,153	11,000
Dues and membership	797	1,594	2,000
Legal	53,988	8,200	31,000
Management	23,199	40,000	51,000
Landscape maintenance	80,608	170,000	250,000
Miscellaneous	821	103	1,000
Recreation center	-	85,800	153,600
Utilities	64,289	86,000	105,000
Contingency	-	-	122,581
Paying agent fees	-	-	500
Bond principal	-	-	12,319
Bond interest	-	-	187,200
Bond issue cost	-	39,622	-
Developer reimbursement	-	6,956,000	-
Capital outlay	9,224,096	7,000,378	9,998,000
Total expenditures	9,476,963	14,433,800	10,973,600
TRANSFERS OUT			
Total expenditures and transfers out requiring appropriation	9,476,963	14,433,800	10,973,600
ENDING FUND BALANCES	\$ (5,455)	\$ 245,049	\$ 322,506

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 2006	ESTIMATED 2007	ADOPTED 2008
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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 2008 BUDGET AS ADOPTED
WITH 2006 ACTUAL AND 2007 ESTIMATED
For the Years Ended and Ending December 31,**

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	ACTUAL 2006	ESTIMATED 2007	ADOPTED 2008
BEGINNING FUND BALANCE	\$ 5,362	\$ (5,455)	\$ 1,600
REVENUE			
Investment income	17	360	300
Developer advance	130,443	341,000	473,000
Recreation Center fees	-	45,400	79,400
Intergov. rev.: Upper Cottonwood Creek, No. 2-5	103,425	54,621	118,069
Other income	-	2,474	-
Total revenue	233,885	443,855	670,769
TRANSFERS IN			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers in	-	-	-
Total funds available	239,247	438,400	672,369
EXPENDITURES			
Accounting	16,882	32,900	40,000
Audit	2,250	2,250	2,400
Election costs	164	-	1,000
Insurance and bonds	3,042	10,153	11,000
Dues and membership	797	1,594	2,000
Legal	52,721	8,000	30,000
Landscape maintenance	80,608	170,000	250,000
Management	23,128	40,000	50,000
Miscellaneous	821	103	1,000
Recreation Center	-	85,800	153,600
Utilities	64,289	86,000	105,000
Contingency	-	-	12,600
Total expenditures	244,702	436,800	658,600
TRANSFERS OUT			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers out	-	-	-
Total expenditures and transfers out requiring appropriation	244,702	436,800	658,600
ENDING FUND BALANCE	\$ (5,455)	\$ 1,600	\$ 13,769
EMERGENCY RESERVE	\$ -	\$ 1,600	\$ 5,900

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 2008 BUDGET AS ADOPTED
WITH 2006 ACTUAL AND 2007 ESTIMATED
For the Years Ended and Ending December 31,**

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	ACTUAL 2006	ESTIMATED 2007	ADOPTED 2008
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 243,335
REVENUE			
Intergov. rev.: Upper Cottonwood Creek, No. 2-5	-	243,335	375,402
Investment income	-	-	-
Total revenue	-	243,335	375,402
TRANSFERS IN			
Capital Projects Fund	-	-	-
General Fund	-	-	-
Total transfers in	-	-	-
Total funds available	-	243,335	618,737
EXPENDITURES			
County Treasurer's fees	-	-	-
Paying agent fees	-	-	500
Bond principal	-	-	12,319
Bond interest	-	-	187,200
Contingency	-	-	109,981
Total expenditures	-	-	310,000
TRANSFERS OUT			
Capital Projects Fund	-	-	-
General Fund	-	-	-
Total transfers out	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	310,000
ENDING FUND BALANCE	\$ -	\$ 243,335	\$ 308,737

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 2008 BUDGET AS ADOPTED
WITH 2006 ACTUAL AND 2007 ESTIMATED
For the Years Ended and Ending December 31,**

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	ACTUAL 2006	ESTIMATED 2007	ADOPTED 2008
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 114
REVENUE			
Developer advance	9,232,261	7,001,000	10,004,886
Bond issuance	-	6,996,114	-
Total revenue	9,232,261	13,997,114	10,004,886
TRANSFERS IN			
General Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers in	-	-	-
Total funds available	9,232,261	13,997,114	10,005,000
EXPENDITURES			
General			
Accounting	6,827	800	5,000
Legal	1,267	200	1,000
Management	71	-	1,000
Bond issue cost	-	39,622	-
Miscellaneous	-	-	-
Developer reimbursement	-	6,956,000	-
Capital outlay	9,224,096	7,000,000	9,998,000
Contingency	-	378	-
Total expenditures	9,232,261	13,997,000	10,005,000
TRANSFERS OUT			
General Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers out	-	-	-
Total expenditures and transfers out requiring appropriation	9,232,261	13,997,000	10,005,000
ENDING FUND BALANCE	\$ -	\$ 114	\$ -

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

**OLD RANCH METROPOLITAN DISTRICT
2008 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 2008 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
2008 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 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 2008 are reflected on page 6 of the Budget.

Debt Service

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

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.

**OLD RANCH METROPOLITAN DISTRICT
2008 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

The District has provided for an emergency reserve equal to at least 3% of the fiscal year spending for 2008, defined under TABOR.

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

**OLD RANCH METROPOLITAN DISTRICT
DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2007**

**\$ 5,696,114 Tax Exempt Capital Appreciation Bonds
Series 2007 - Interest 6.5%
Dated March 15, 2007
Interest payable
June 1 and December 1
Principal payable December 1**

Bonds and Interest Maturing in the Year Ending December 31,	Principal	Interest	Total
2008	\$ -	\$ -	\$ -
2009	-	413,075	413,075
2010	4,482	413,593	418,075
2011	4,482	413,268	417,750
2012	26,890	415,535	442,425
2013	31,371	414,104	445,475
2014	53,779	414,421	468,200
2015	58,261	411,039	469,300
2016	89,632	410,443	500,075
2017	94,114	404,461	498,575
2018	125,485	401,265	526,750
2019	134,448	393,202	527,650
2020	170,301	387,599	557,900
2021	183,746	376,804	560,550
2022	197,190	365,035	562,225
2023	206,154	351,771	557,925
2024	219,598	338,377	557,975
2025	237,525	324,525	562,050
2026	250,970	308,855	559,825
2027	268,896	292,729	561,625
2028	286,822	275,303	562,125
2029	304,749	256,576	561,325
2030	322,675	236,550	559,225
2031	345,083	215,742	560,825
2032	367,491	193,309	560,800
2033	389,899	169,251	559,150
2034	416,789	144,086	560,875
2035	439,197	116,453	555,650
2036	466,085	87,715	553,800
	<u>\$ 5,696,114</u>	<u>\$ 8,945,086</u>	<u>\$ 14,641,200</u>

**OLD RANCH METROPOLITAN DISTRICT
DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2007**

**\$ 1,300,000 Taxable Subordinate Bonds
Series 2007 - Interest 8.0%
Dated March 15, 2007
Interest payable
June 1 and December 1
Principal payable December 1**

<u>Principal payable December 1</u>			<u>Totals</u>		
<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$ 12,319	\$ 187,200	\$ 199,519	\$ 12,319	\$ 187,200	\$ 199,519
-	4,260	4,260	-	417,335	417,335
-	24,301	24,301	4,482	437,894	442,376
-	24,626	24,626	4,482	437,894	442,376
-	26,493	26,493	26,890	442,028	468,918
-	23,443	23,443	31,371	437,547	468,918
-	28,853	28,853	53,779	443,274	497,053
-	27,753	27,753	58,261	438,792	497,053
-	26,801	26,801	89,632	437,244	526,876
-	28,301	28,301	94,114	432,762	526,876
-	31,739	31,739	125,485	433,004	558,489
-	30,839	30,839	134,448	424,041	558,489
-	34,098	34,098	170,301	421,697	591,998
-	31,448	31,448	183,746	408,252	591,998
-	65,293	65,293	197,190	430,328	627,518
-	69,593	69,593	206,154	421,364	627,518
-	119,745	119,745	219,598	458,122	677,720
-	115,670	115,670	237,525	440,195	677,720
-	172,112	172,112	250,970	480,967	731,937
-	170,312	170,312	268,896	463,041	731,937
-	228,367	228,367	286,822	503,670	790,492
-	229,167	229,167	304,749	485,743	790,492
-	294,507	294,507	322,675	531,057	853,732
-	292,907	292,907	345,083	508,649	853,732
-	361,230	361,230	367,491	554,539	922,030
249,376	113,504	362,880	639,275	282,755	922,030
351,854	83,064	434,918	768,643	227,150	995,793
385,227	54,916	440,143	824,424	171,369	995,793
301,224	24,099	325,323	767,309	111,814	879,123
<u>\$ 1,300,000</u>	<u>\$ 2,924,641</u>	<u>\$ 4,224,641</u>	<u>\$ 6,996,114</u>	<u>\$ 11,869,727</u>	<u>\$ 18,865,841</u>