

CERTIFIED RECORD  
OF  
PROCEEDINGS RELATING TO  
**WATERFALL METROPOLITAN DISTRICT NO. 1**  
LARIMER COUNTY, COLORADO  
AND THE BUDGET HEARING  
FOR FISCAL YEAR  
2018

STATE OF COLORADO    )  
                                  )  
COUNTY OF LARIMER   )ss.  
                                  )  
WATERFALL                )  
METROPOLITAN            )  
DISTRICT NO. 1            )

The Board of Directors of the Waterfall Metropolitan District No. 1, Larimer County, Colorado, held a meeting at the offices of McWhinney, 2725 Rocky Mountain Ave., Ste. 200, Loveland, Colorado 80538 on Monday, October 30, 2017, at 3:00 p.m.

The following members of the Board of Directors were present:

Kim Perry, President  
Jim Niemczyk, Secretary/Asst. Treasurer  
David Crowder, Asst. Secretary  
Tammi Lau, Treasurer/Assistant Secretary

Also in attendance was: Alan Pogue, Icenogle Seaver Pogue; Brendan Campbell, Lauren Paul, Tom Flock, Brian Doble and Darcy Chilton; Pinnacle Consulting Group, Inc.

Mr. Flock, District Manager, stated that proper publication was made to allow the Board to conduct a public hearing on the District's 2018 budget. Director Perry opened the public hearing on the District's proposed 2018 budget.

Thereupon, Director Niemczyk introduced and moved the adoption of the following Resolution:

## RESOLUTION

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES, ADOPTING A BUDGET, SETTING FORTH MILL LEVIES, AND APPROPRIATING SUMS OF MONEY TO THE GENERAL FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE WATERFALL METROPOLITAN DISTRICT NO. 1, LARIMER COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2018, AND ENDING ON THE LAST DAY OF DECEMBER 2018,

WHEREAS, the Board of Directors of the Waterfall Metropolitan District No. 1 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published on October 23, 2017, in The Reporter Herald, a newspaper having general circulation within the boundaries of the District, pursuant to statute, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on October 30, 2017, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WATERFALL METROPOLITAN DISTRICT NO. 1 OF LARIMER COUNTY, COLORADO:

Section 1. 2018 Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 2. 2018 Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Adoption of Budget for 2018. That the budget as submitted and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the Waterfall Metropolitan District No. 1 for calendar year 2018.

Section 4. 2018 Levy of Property Taxes. That the foregoing budget indicated that the amount of money necessary to balance the budget from property taxes for the 2018 budget year is \$202,365.85. That the 2017 valuation for assessment, as certified by the Larimer County Assessor, is \$4,497,019

A. Levy for General Operating Fund. That for the purposes of meeting all general operating expense of the District during the 2018 budget year, there is hereby levied a tax of 15.585 mills upon each dollar of the 2017 total valuation of assessment of all taxable property within the District.

B. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all general obligation bonds and interest expense of the District during the 2018 budget year, there is hereby levied a tax of 29.415 mills upon each dollar of the 2017 total valuation of assessment of all taxable property within the District.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification to County Commissioners. The District's manager is hereby authorized and directed to immediately certify to the County Commissioners of Larimer County, Colorado, the 45.000 mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form:

**[Remainder of Page Left Blank Intentionally.]**

**CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments**

**TO:** County Commissioners<sup>1</sup> of Larimer County, Colorado.

On behalf of the Waterfall Metropolitan District No. 1,  
(taxing entity)<sup>A</sup>

the Board of Directors,  
(governing body)<sup>B</sup>

of the Waterfall Metropolitan District No. 1,  
(local government)<sup>C</sup>

**Hereby** officially certifies the following mills to be levied against the taxing entity's GROSS \$ 4,497,019 assessed valuation of: (GROSS<sup>D</sup> assessed valuation, Line 2 of the Certification of Valuation Form DLG 57<sup>E</sup>)

**Note:** If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area<sup>F</sup> the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 4,497,019 (NET<sup>G</sup> assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

**Submitted:** 12/09/2017 for budget/fiscal year 2018.  
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

<u>PURPOSE</u> (see end notes for definitions and examples)	<u>LEVY</u> <sup>2</sup>	<u>REVENUE</u> <sup>2</sup>
1. General Operating Expenses <sup>H</sup>	15.585 mills	\$ 70,086.04
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction <sup>I</sup>	< > mills	\$ < >
<b>SUBTOTAL FOR GENERAL OPERATING:</b>	<b>15.585 mills</b>	<b>\$ 70,086.04</b>
3. General Obligation Bonds and Interest <sup>J</sup>	29.415 mills	\$ 132,279.81
4. Contractual Obligations <sup>K</sup>	_____ mills	\$ _____
5. Capital Expenditures <sup>L</sup>	_____ mills	\$ _____
6. Refunds/Abatements <sup>M</sup>	_____ mills	\$ _____
7. Other <sup>N</sup> (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
<b>TOTAL:</b> [ Sum of General Operating Subtotal and Lines 3 to 7 ]	<b>45.000 mills</b>	<b>\$ 202,365.85</b>

Contact person: Brendan Campbell Daytime phone: (970) 669-3611  
(print)  
Signed: [Signature] Title: District Accountant

*Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 866-2156.*

<sup>1</sup> If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.  
<sup>2</sup> Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's final certification of valuation).

**CERTIFICATION OF TAX LEVIES, continued**

**THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.).** Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

**CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:**

**BONDS<sup>J</sup>:**

1. Purpose of Issue: Repay Waterfall Metropolitan District No. 1's 2016A Loan Agreement of \$1,710,000 to fund for infrastructure improvements.  
Series: 2016  
Date of Issue: 12/01/2016  
Coupon Rate: 6.5%  
Maturity Date: 12/28/2016  
Levy: 29.415  
Revenue: 132,279.81
  
2. Purpose of Issue: \_\_\_\_\_  
Series: \_\_\_\_\_  
Date of Issue: \_\_\_\_\_  
Coupon Rate: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Levy: \_\_\_\_\_  
Revenue: \_\_\_\_\_

**CONTRACTS<sup>K</sup>:**

3. Purpose of Contract: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_  
Principal Amount: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Levy: \_\_\_\_\_  
Revenue: \_\_\_\_\_
  
4. Purpose of Contract: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_  
Principal Amount: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Levy: \_\_\_\_\_  
Revenue: \_\_\_\_\_

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 8. Budget Certification. That the budget shall be certified by Director Niemczyk, Secretary of the District, and made a part of the public records of Waterfall Metropolitan District No. 1.

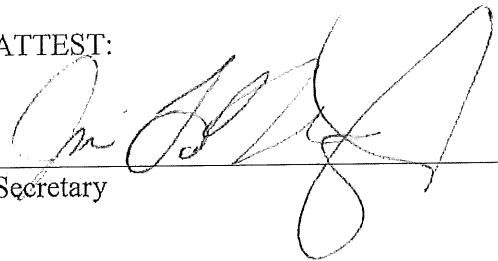
The foregoing Resolution was seconded by Director Crowder.

**[Remainder of Page Left Blank Intentionally.]**

ADOPTED AND APPROVED THIS 30<sup>th</sup> DAY OF OCTOBER, 2017.

  
\_\_\_\_\_  
President

ATTEST:

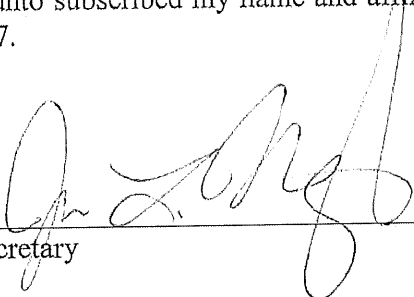
  
\_\_\_\_\_  
Secretary

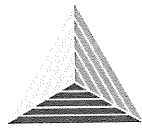
STATE OF COLORADO )  
 )  
COUNTY OF LARIMER )ss.  
 )  
WATERFALL )  
METROPOLITAN )  
DISTRICT NO. 1 )

I, Jim Niemczyk, Secretary to the Board of Directors of the Waterfall Metropolitan District No. 1, Larimer County, Colorado, do hereby certify that the foregoing pages numbered 1 to 9, inclusive, constitute a true and correct copy of the record of proceedings of the Board of Directors of said District, adopted at a meeting of the Board held at the offices of McWhinney, 2725 Rocky Mountain Ave., Ste. 200, Loveland, Colorado 80538 on October 30, 2017, at 3:00 p.m., as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2018; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown. Further, I hereby certify that the attached budget is a true and accurate copy of the 2018 budget of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 30<sup>th</sup> day of October, 2017.

(S E A L)

  
\_\_\_\_\_  
Secretary



# PINNACLE

CONSULTING GROUP, INC.

## Accountant's Report

BOARD OF DIRECTORS  
WATERFALL METROPOLITAN DISTRICT NO.1

I have prepared the accompanying forecasted budget of revenues, expenditures and fund balances of Waterfall Metropolitan District No. 1 for the year ending December 31, 2018, including the forecasted estimate of comparative information for the year ending December 31, 2017. I have not audited, reviewed or compiled the accompanying forecast and, accordingly, do not express an opinion or provide any assurance about whether the forecast is in accordance with accounting principles generally accepted in the United States of America.

The actual historical information for the year 2016 is presented for comparative purposes only.

Substantially all of the disclosures required by accounting principles generally accepted in the United States of America have been omitted. 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.

Brendan Campbell, CPA  
January 25, 2018

<b>WATERFALL METROPOLITAN DISTRICT NO. 1</b>				
<b>STATEMENT OF REVENUES &amp; EXPENDITURES WITH BUDGETS</b>				
<b>December 31, 2016 Actual, 2017 Adopted Budget and Projected Actual</b>				
<b>2018 Adopted Budget</b>				
<b>GENERAL FUND</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>
	<b>Audited</b>	<b>Adopted</b>	<b>Projected</b>	<b>Adopted</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>
<b>Revenues</b>				
O&M Fees	\$ 54,050	\$ 40,275	\$ 40,275	\$ 64,124
Property Taxes - Senior	-	59,997	59,997	60,602
Property Taxes - Subordinate	-	19,989	19,996	9,484
Specific Ownership Taxes	-	-	5,467	4,906
Interest & Other	301	75	443	-
<b>Total Revenues</b>	<b>\$ 54,352</b>	<b>\$ 120,336</b>	<b>\$ 126,178</b>	<b>\$ 139,116</b>
<b>Expenditures</b>				
Accounting and Finance	\$ 8,501	\$ 13,500	\$ 13,500	\$ 14,500
Audit	-	5,500	5,000	5,000
District Management	15,366	24,500	24,500	25,235
District Engineer	-	1,000	1,000	1,000
Director's Fees	-	-	538	1,077
Elections	1,306	-	-	1,500
Insurance	2,787	3,000	3,007	3,157
Landscape Maintenance	7,382	11,625	11,961	19,624
Hardscape Maintenance	978	3,550	600	2,050
Storm Water Facility Maintenance	-	700	750	750
Utility Locate Services	-	400	-	2,500
Repairs and Replacements	4,618	13,250	14,836	32,000
Utilities	4,392	5,250	6,500	7,200
Legal	16,724	15,000	15,000	15,000
Office, Dues and Other	646	1,000	1,000	1,000
Treasurer's Fees	-	1,600	1,601	1,402
Transfer to Capital Projects Fund	-	12,500	10,581	-
Contingency	-	-	-	1,500
<b>Total Operating Expenditures</b>	<b>\$ 62,697</b>	<b>\$ 112,375</b>	<b>\$ 110,374</b>	<b>\$ 134,495</b>
<b>Revenues over/(under) Expenditures</b>	<b>\$ (8,346)</b>	<b>\$ 7,961</b>	<b>\$ 15,804</b>	<b>\$ 4,621</b>
<b>Beginning Fund Balance</b>	<b>14,698</b>	<b>10,146</b>	<b>6,352</b>	<b>22,156</b>
<b>Ending Fund Balance</b>	<b>\$ 6,352</b>	<b>\$ 18,107</b>	<b>\$ 22,156</b>	<b>\$ 26,777</b>

<b>WATERFALL METROPOLITAN DISTRICT NO. 1</b>				
<b>STATEMENT OF REVENUES &amp; EXPENDITURES WITH BUDGETS</b>				
<b>December 31, 2016 Actual, 2017 Adopted Budget and Projected Actual</b>				
<b>2018 Adopted Budget</b>				
<b>CAPITAL PROJECTS FUND</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>
	<b>Audited</b>	<b>Adopted</b>	<b>Projected</b>	<b>Adopted</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>
<b>Revenues</b>				
Transfer from General Fund	\$ -	\$ 12,500	\$ 10,581	\$ -
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ 12,500</b>	<b>\$ 10,581</b>	<b>\$ -</b>
<b>Expenditures</b>				
Capital Outlay	\$ -	\$ -	\$ 10,581	\$ -
District Management	-	2,500	-	-
Planning/Engineering Mgmt	-	5,000	-	-
District Engineering	-	5,000	-	-
<b>Total Capital Expenditures</b>	<b>\$ -</b>	<b>\$ 12,500</b>	<b>\$ 10,581</b>	<b>\$ -</b>
<b>Revenues over/(under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Beginning Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<b>WATERFALL METROPOLITAN DISTRICT NO. 1</b>				
<b>STATEMENT OF REVENUES &amp; EXPENDITURES WITH BUDGETS</b>				
<b>December 31, 2016 Actual, 2017 Adopted Budget and Projected Actual</b>				
<b>2018 Adopted Budget</b>				
<b>DEBT SERVICE FUND</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>
	<b>Audited</b>	<b>Adopted</b>	<b>Projected</b>	<b>Adopted</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>
<b>Revenues</b>				
Property Taxes	\$ 181,619	\$ 100,969	\$ 100,973	\$ 122,800
Property Taxes - Surplus	-	-	-	9,480
Specific Ownership Taxes	14,583	12,667	8,908	9,260
Interest Income	270	25,000	1,454	25,000
<b>Total Revenues</b>	<b>\$ 196,472</b>	<b>\$ 138,636</b>	<b>\$ 111,335</b>	<b>\$ 166,539</b>
<b>Expenditures</b>				
Loan Principal	\$ -	\$ -	\$ -	\$ 10,000
Loan Interest	52,753	89,573	103,123	111,150
Custodian Fees	913	1,650	1,650	1,650
Treasurer's fees	3,634	2,019	2,021	2,646
Contingency	-	25,000	-	25,000
<b>Total Expenditures</b>	<b>\$ 57,299</b>	<b>\$ 118,242</b>	<b>\$ 106,794</b>	<b>\$ 150,446</b>
<b>Other Sources/(Uses) of Funds:</b>				
Loan Proceeds	\$ 1,710,000	\$ -	\$ -	\$ -
Loan Repayment	(1,513,500)	-	-	-
Capital Note Repayment	-	(2,224,936)	-	-
Costs of Issuance	(232,966)	-	-	-
<b>Net Other Sources/(Uses) of Funds</b>	<b>\$ (36,466)</b>	<b>\$ (2,224,936)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Rev over/(under) Exp after Other</b>	<b>\$ 102,707</b>	<b>\$ (2,204,542)</b>	<b>\$ 4,541</b>	<b>\$ 16,094</b>
<b>Beginning Fund Balance</b>	<b>63,818</b>	<b>2,419,434</b>	<b>166,525</b>	<b>171,066</b>
<b>Ending Fund Balance</b>	<b>\$ 166,525</b>	<b>\$ 214,892</b>	<b>\$ 171,066</b>	<b>\$ 187,160</b>
<b>COMPONENTS OF ENDING FUND BALANCE:</b>				
Required Reserve	\$ 151,650	\$ 135,963	\$ 151,650	\$ 151,650
Surplus Fund	14,875	78,929	19,416	35,510
<b>Total</b>	<b>\$ 166,525</b>	<b>\$ 214,892</b>	<b>\$ 171,066</b>	<b>\$ 187,160</b>

## **WATERFALL METROPOLITAN DISTRICT NO. 1 2018 BUDGET MESSAGE**

Waterfall Metropolitan District No. 1 is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act, and was formed in May 2008. The District is located in the City of Loveland, Colorado. This District was organized to provide financing for the design, acquisition, construction and installation of street and roadway improvements; street landscaping, signage, monuments, and lighting; safety protection; park and recreation improvements; and sanitation and storm drainage; and to provide the operation and maintenance of these improvements.

The District has no employees at this time and all operations and administrative functions are contracted.

The budget is prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in presenting the District's financial statements.

### **General Fund**

#### *Revenue*

The District assesses an annual operations and maintenance fee in order to pay costs of maintaining District assets. Operation and maintenance fees are budgeted at \$64,124 for fiscal year 2018. Additionally, the District will assess 15.585 mills to generate \$70,086 in tax revenue to fund administrative expenses.

#### *Expenses*

The District has budgeted general and administrative expenses of \$134,495, an increase from 2017 of \$22,120 resulting from increased scope of services for landscape, hardscape and other facility maintenance and replacements within the District.

#### *Fund Balance/Reserves*

Expected ending fund balance for 2018 consists of an emergency reserve equal to 3% of the fiscal year spending for 2017, as defined under TABOR, with the remaining balance being an operating reserve to provide a positive cash-flow position.

### **Debt Service Fund**

#### *Revenue*

The District certified a mill levy of 29.415 mills on the assessed value of \$4,497,019 to generate debt service revenue of \$132,280. Based on historical receipts, estimated specific ownership tax revenue is 7% of property tax revenue or \$9,260.

#### *Expenses*

In 2016, the District refinanced a bank loan with U.S. Bank, NA through the issuance of bonds. Interest payments on the bonds are due and payable semi-annually on June 1 and December 1 and total \$111,150 in 2018. The District will also pay \$10,000 in principal payments in 2018.

*Fund Balance/Reserves*

The District anticipates debt service reserves at the end of 2018 to be \$187,160, which meets the required reserve of \$151,650.