

Waterfall Metropolitan District No.1

January 21, 2013

Via email: dlg-filing@state.co.us

Mr. Jarrod Biggs
Colorado Division of Local Government
1313 Sherman Street, Room 521
Denver, CO 80203

RE: Waterfall Metropolitan District No. 1 2013 Budget

Dear Mr. Biggs:

Attached are true and accurate copies of the adopted 2013 budget for the Waterfall Metropolitan District No. 1 in Larimer County, Colorado, submitted pursuant to C.R.S. Section 29-1-113. The budget was adopted on October 25, 2012.

If there are any questions, please contact our office at (970) 669-3611.

Sincerely,
WATERFALL METROPOLITAN DISTRICT NO. 1



Pinnacle Consulting Group Inc.
Accounting Manager

Enc.

Managed by Pinnacle Consulting Group, Inc.
5110 Granite Street, Suite C
Loveland, CO 80538
Phone: (970) 669-3611 * Fax: (970) 669-3612



Accountant's Report

BOARD OF DIRECTORS WATERFALL METROPOLITAN DISTRICT NO. 1

I have compiled the statements of revenues and expenditures for the year ended December 31, 2011 and the eight months ended August 31, 2012 for Waterfall Metropolitan District No. 1. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

I have also compiled the accompanying adopted budgets of revenue, expenditures and funds available prepared on the modified accrual basis of the Waterfall Metropolitan District No. 1 for the year ending December 31, 2013 in accordance with standards established by the American Institute of Certified Public Accountants.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

I am not independent with respect to the Waterfall Metropolitan District No. 1.

A handwritten signature in black ink, appearing to read "B. Campbell", is written over a horizontal line.

Brendan Campbell, CPA
January 21, 2013

WATERFALL METROPOLITAN DISTRICT NO. 1

2013 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 was established for the community 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.

2013 BUDGET STRATEGY

The District's strategy in preparing the 2013 budget is to strive to provide the level of street, safety, drainage, and park and recreational services as desired by the property owners and residents of the District in the most economic manner possible.

General Fund

The District has general and administrative expenses budgeted in the amount of \$107,255 which will be paid by O&M Fees in the amount of \$107,255 in budgeted revenue.

Debt Service Fund

The District has expenditures for principal, interest and other payments related to the 2011 Loan Agreement and note payable. Debt service will be paid largely with revenues from property and specific ownership taxes and available fund balance. Debt service expenditures are budgeted at \$168,299 with revenue budgeted at \$169,141.

Debt

On June 28, 2011, the District signed a loan agreement with U.S. Bank, NA for purposes of issuing a Limited Tax General Obligation Note in the amount of \$1,730,000. The bonds carry an interest rate of 3.61% and payments are due and payable semi-annually on June 1 and December 1. The bonds mature on June 28, 2016 with a balloon payment.

Reserve

The District has provided for an emergency reserve fund equal to at least 3% of the fiscal year spending for 2012, as defined under TABOR.

WATERFALL METROPOLITAN DISTRICT NO. 1					
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS					
December 31, 2011 Actual, 2012 Adopted Budget and Projected Actual,					
Year-to-date Actual, Budget and Variance through August 31, 2012					
2013 Adopted Budget					
Modified Accrual Budgetary Basis					
GENERAL FUND	2011	2012	2012	Actual	2013
	Audited	Adopted	Projected	Through	Adopted
Revenues	Actual	Budget	Budget	08/31/12	Budget
O&M Fees	\$80,500	\$99,376	\$99,376	\$99,369	\$107,235
Interest & Other	16	20	20	78	20
Total Revenues	\$80,516	\$99,396	\$99,396	\$99,447	\$107,255
Expenditures					
Accounting and Finance	\$5,433	\$10,296	\$10,296	\$6,701	\$7,500
Audit	0	5,500	5,500	5,500	0
District Management	17,361	16,500	16,500	9,725	16,500
District Engineer	0	500	500	0	500
Insurance	1,776	2,300	2,114	2,114	2,300
Landscape Maintenance	33,288	42,800	42,800	22,728	64,405
Legal	8,462	7,500	7,500	5,040	7,500
Office, Dues and Other	508	1,000	1,000	437	550
Utilities	2,016	3,000	3,000	2,569	3,000
Contingency	0	10,000	10,000	0	5,000
Total Operating Expenditures	\$68,843	\$99,396	\$99,210	\$54,814	\$107,255
Revenues over/(under) Expenditures	\$11,673	\$0	\$186	\$44,633	\$0
Beginning Fund Balance	3,885	1,062	15,558	15,558	15,744
Ending Fund Balance	\$15,558	\$1,062	\$15,744	\$60,191	\$15,744
CAPITAL PROJECTS FUND	2011	2012	2012	Actual	2013
	Audited	Adopted	Projected	Through	Adopted
Revenues	Actual	Budget	Budget	08/31/12	Budget
Capital Advance	\$12,631	\$0	\$0	\$0	\$0
Total Revenues	\$12,631	\$0	\$0	\$0	\$0
Expenditures					
Capital Outlay	\$10,275	\$0	\$0	\$0	\$0
Total Capital Expenditures	\$10,275	\$0	\$0	\$0	\$0
Revenues over/(under) Expenditures	\$2,356	\$0	\$0	\$0	\$0
Beginning Fund Balance	0	0	2,356	2,356	2,356
Ending Fund Balance	\$2,356	\$0	\$2,356	\$2,356	\$2,356

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STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS					
December 31, 2011 Actual, 2012 Adopted Budget and Projected Actual,					
Year-to-date Actual, Budget and Variance through August 31, 2012					
2013 Adopted Budget					
Modified Accrual Budgetary Basis					
DEBT SERVICE FUND	2011	2012	2012	Actual	2013
	Audited	Adopted	Projected	Through	Adopted
Revenues	Actual	Budget	Budget	08/31/12	Budget
Property Taxes	\$53,765	\$137,777	\$137,777	\$137,776	\$159,331
Specific Ownership Taxes	3,358	8,267	9,380	6,253	9,560
Interest Income	173	250	250	112	250
Total Revenues	\$57,296	\$146,293	\$147,407	\$144,142	\$169,141
Expenditures					
Loan Principal	\$0	\$51,000	\$51,000	\$0	\$53,000
Loan Interest	27,063	62,453	62,453	31,747	60,612
Custodian Fees	12,000	0	1,500	1,500	1,500
Treasurer's fees	1,075	2,756	2,756	2,756	3,187
Total Expenditures	\$40,138	\$116,209	\$117,709	\$36,002	\$118,299
Other Sources/(Uses) of Funds:					
Loan Proceeds	\$1,730,000	\$0	\$0	\$0	\$0
Capital Note Repayment	(1,550,987)	(50,000)	(48,500)	0	(50,000)
JMC Repayment	(12,913)	0	0	0	0
Costs of Issuance	(94,100)	0	0	0	0
Net Other Sources/(Uses) of Funds	\$72,000	(\$50,000)	(\$48,500)	\$0	(\$50,000)
Rev over/(under) Exp after Other	\$89,157	(\$19,915)	(\$18,802)	\$108,139	\$842
Beginning Fund Balance	0	89,084	89,157	89,157	70,355
Ending Fund Balance	\$89,157	\$69,169	\$70,355	\$197,296	\$71,197
Required Reserve	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000