

CERTIFIED RECORD  
OF  
PROCEEDINGS RELATING TO  
**WATERFALL METROPOLITAN DISTRICT NO. 1**  
LARIMER COUNTY, COLORADO  
AND THE BUDGET HEARING  
FOR FISCAL YEAR  
2019

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 Wednesday, October 31, 2018, at 9:30 a.m.

The following members of the Board of Directors were present:

David Crowder, Asst. Vice President/Assistant Secretary  
Tammi Freel, Treasurer/Assistant Secretary  
Courtney Parmelee, Vice Chairman & Assistant Secretary (via telephone)

Absent but Excused:

Kim Perry, President & Chairman  
Jim Niemczyk, Secretary/Assistant Treasurer

Also in attendance was: Alan Pogue; Icenogle Seaver Pogue, P.C.  
Jason Woolard and Andy Pietrzyk; Pinnacle Consulting Group, Inc. (via telephone)  
Peggy Dowswell, Brendan Campbell, and Katie McCormack; Pinnacle Consulting Group, Inc.

Ms. Dowswell, District Manager, stated that proper publication was made to allow the Board to conduct a public hearing on the District's 2019 budget. Director Crowder opened the public hearing on the District's proposed 2019 budget.

Thereupon, Director Freel 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 2019, AND ENDING ON THE LAST DAY OF DECEMBER 2019,

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 24, 2018, 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 31, 2018, 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. 2019 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. 2019 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 2019. 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 2019.

Section 4. 2019 Levy of Property Taxes. That the foregoing budget indicated that the amount of money necessary to balance the budget from property taxes for the 2019 budget year is \$205,977.60. That the 2018 valuation for assessment, as certified by the Larimer County Assessor, is \$4,577,280.00

A. Levy for General Operating Fund. That for the purposes of meeting all general operating expense of the District during the 2019 budget year, there is hereby levied a tax of 15.663 mills upon each dollar of the 2018 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 2019 budget year, there is hereby levied a tax of 29.337 mills upon each dollar of the 2018 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, 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>b</sup>:**

- |    |                   |   |
|----|-------------------|---|
| 1. | Purpose of Issue: | Repay Waterfall Metropolitan District No. 1's Series 2018 Bonds of \$2,211,000.00 for acquisition of public infrastructure. |
|    | Series:           | 2018  |
|    | Date of Issue:    | 03/29/2018  |
|    | Coupon Rate:      | 5.750%  |
|    | Maturity Date:    | 12/01/2046  |
|    | Levy:             | 29.337  |
|    | Revenue:          | 134,283.66  |
|    |                   |   |
| 2. | 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:             | See Levy as listed above in 1.  |
|    | Revenue:          | See Revenue as listed above in 1.   |

**CONTRACTS<sup>c</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.

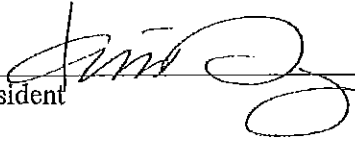
Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

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

The foregoing Resolution was seconded by Director Freel.

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

ADOPTED AND APPROVED THIS 31<sup>st</sup> DAY OF OCTOBER, 2018.

  
\_\_\_\_\_  
President

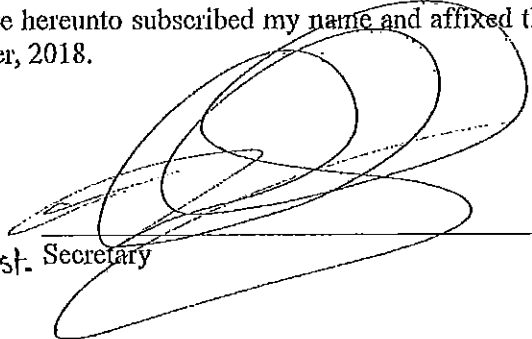
ATTEST:  
  
\_\_\_\_\_  
Asst. Secretary

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

I, David Crowder, Asst. 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 31, 2018, at 9:30 a.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 2019; 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 2019 budget of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 31<sup>st</sup> day of October, 2018.

(SEAL)

  
Asst. Secretary



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, 2019, including the forecasted estimate of comparative information for the year ending December 31, 2018. 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 2017 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.

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

Brendan Campbell, CPA  
January 25, 2019

WATERFALL METROPOLITAN DISTRICT NO. 1				
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS				
December 31, 2017 Actual, 2018 Adopted Budget and Projected Actual				
2019 Adopted Budget				
GENERAL FUND	2017	2018	2018	2019
	Audited	Adopted	Projected	Adopted
	Actual	Budget	Actual	Budget
<b>Revenues</b>				
O&M Fees	\$ 40,275	\$ 64,124	\$ 64,124	\$ 80,220
Property Taxes - Senior	59,987	60,602	60,609	61,207
Property Taxes - Subordinate	19,996	9,484	9,491	10,487
Specific Ownership Taxes	7,434	4,906	5,928	5,019
Interest & Other	639	-	3,333	1,500
<b>Total Revenues</b>	<b>\$ 128,330</b>	<b>\$ 139,116</b>	<b>\$ 143,485</b>	<b>\$ 158,433</b>
<b>Expenditures</b>				
Accounting and Finance	\$ 13,500	\$ 14,500	\$ 14,500	\$ 17,940
Audit	5,000	5,000	5,000	5,000
District Management	24,504	25,235	25,235	31,855
District Engineer	-	1,000	200	1,000
Director's Fees	219	1,077	878	1,080
Elections	-	1,500	577	-
Insurance	3,007	3,157	3,031	3,183
Landscape Maintenance	10,585	19,624	18,232	22,367
Hardscape Maintenance	553	2,050	2,050	2,930
Storm Water Facility Maintenance	700	750	750	1,500
Misc Services	-	2,500	2,000	1,500
Repairs and Replacements	15,562	32,000	33,872	44,507
Utilities	5,454	7,200	7,200	7,416
Legal	9,094	15,000	15,000	15,000
Office, Dues and Other	588	1,000	2,000	1,800
Treasurer's Fees	1,601	1,402	1,402	1,434
Transfer to Capital Projects Fund	10,581	-	-	-
Contingency	-	1,500	-	5,000
<b>Total Operating Expenditures</b>	<b>\$ 100,947</b>	<b>\$ 134,495</b>	<b>\$ 131,927</b>	<b>\$ 163,511</b>
<b>Revenues over/(under) Expenditures</b>	<b>\$ 27,383</b>	<b>\$ 4,621</b>	<b>\$ 11,558</b>	<b>\$ (5,079)</b>
<b>Beginning Fund Balance</b>	<b>6,352</b>	<b>33,735</b>	<b>33,735</b>	<b>45,293</b>
<b>Ending Fund Balance</b>	<b>\$ 33,735</b>	<b>\$ 38,357</b>	<b>\$ 45,293</b>	<b>\$ 40,214</b>
<b>Components of Ending Fund Balance:</b>				
Restricted - TABOR	\$3,850	\$4,173	\$4,305	\$4,753
Restricted - O&M	7,422	7,422	7,442	7,442
Unrestricted	22,464	26,762	33,547	28,019
<b>Total Fund Balance</b>	<b>\$33,735</b>	<b>\$38,357</b>	<b>\$45,293</b>	<b>\$40,214</b>
See Accompanying Accountant's Report		Page 2		

WATERFALL METROPOLITAN DISTRICT NO. 1				
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS				
December 31, 2017 Actual, 2018 Adopted Budget and Projected Actual				
2019 Adopted Budget				
	2017	2018	2018	2019
	Audited	Adopted	Projected	Adopted
	Actual	Budget	Actual	Budget
<b>DEBT SERVICE FUND</b>				
<b>Revenues</b>				
Property Taxes	\$ 100,973	\$ 122,800	\$ 122,800	\$ 123,802
Property Taxes - Surplus	-	9,480	9,480	10,482
Specific Ownership Taxes	9,385	9,260	11,185	9,400
Interest and Other Income	1,583	39,093	7,714	20,000
<b>Total Revenues</b>	<b>\$ 111,941</b>	<b>\$ 180,632</b>	<b>\$ 151,177</b>	<b>\$ 163,684</b>
<b>Expenditures</b>				
Loan Principal	\$ -	\$ 10,000	\$ 10,000	\$ 10,000
Loan Interest	103,131	196,611	196,611	237,633
Custodian Fees	3,000	1,650	1,650	3,300
Treasurer's fees	2,021	2,646	2,652	2,686
Contingency	-	39,093	-	10,000
<b>Total Expenditures</b>	<b>\$ 108,152</b>	<b>\$ 250,000</b>	<b>\$ 210,913</b>	<b>\$ 263,618</b>
<b>Other Sources/(Uses) of Funds:</b>				
Loan Proceeds	\$ -	\$ 2,211,000	\$ 2,211,000	\$ -
Capital Note Repayment	-	(1,664,827)	(1,641,946)	-
Costs of Issuance	-	(143,165)	(167,165)	-
<b>Net Other Sources/(Uses) of Funds</b>	<b>\$ -</b>	<b>\$ 403,008</b>	<b>\$ 401,889</b>	<b>\$ -</b>
<b>Rev over/(under) Exp after Other</b>	<b>\$ 3,789</b>	<b>\$ 333,641</b>	<b>\$ 342,153</b>	<b>\$ (99,935)</b>
<b>Beginning Fund Balance</b>	<b>166,525</b>	<b>171,065</b>	<b>170,314</b>	<b>512,467</b>
<b>Ending Fund Balance</b>	<b>\$ 170,314</b>	<b>\$ 504,706</b>	<b>\$ 512,467</b>	<b>\$ 412,533</b>
<b>COMPONENTS OF ENDING FUND BALANCE:</b>				
Required Reserve	\$ 151,650	\$ 339,945	\$ 339,945	\$ 339,945
Surplus Fund	18,664	35,509	45,390	72,588
Capitalized Interest	-	129,252	127,133	-
<b>Total</b>	<b>\$ 170,314</b>	<b>\$ 504,706</b>	<b>\$ 512,467</b>	<b>\$ 412,533</b>
See Accompanying Accountant's Report		Page 3		

**WATERFALL METROPOLITAN DISTRICT NO. 1**  
**2019 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 \$80,220 for fiscal year 2019. Additionally, the District will assess 15.663 mills to generate \$71,694 in tax revenue with an additional \$5,019 expected to be generated from specific ownership taxes (7% of property tax revenues) to fund administrative expenses. The District also expects to generate \$1,500 from interest earnings and miscellaneous revenues.

*Expenses*

The District has budgeted general and administrative expenses of \$163,511, an increase from 2018 of \$29,016 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 2019 consists of an emergency reserve equal to 3% of the fiscal year spending for 2018, 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 29.337 mills on the assessed value of \$4,577,280 to generate property tax revenue for debt service of \$123,802. There is an additional \$10,482 budgeted in 2019 for property tax – surplus revenue. Based on historical receipts, estimated specific ownership tax revenue is 7% of property tax revenue or \$9,400. The District also budgeted interest earnings and miscellaneous revenues in the amount of \$20,000 in 2019.

*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 \$237,633 in 2019. The District will also pay \$10,000 in principal payments in 2019.

*Fund Balance/Reserves*

The District anticipates debt service reserves at the end of 2019 to be \$412,533, which meets the required reserve of \$339,945.

## CERTIFICATION OF VALUATION BY LARIMER COUNTY ASSESSOR

Name of Jurisdiction: **188 - WATERFALL METRO DISTRICT NO. 1**

IN LARIMER COUNTY ON **11/26/2018**

New Entity: No

### USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2018 IN LARIMER COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$4,497,019
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$4,577,280
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$4,577,280
5. NEW CONSTRUCTION: **	\$0
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD ## OR LAND (29-1-301(i)(b) C.R.S.):	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1))(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$0.00

\* This value reflects personal property exemptions IF enacted by the Jurisdiction as authorized by Art. X, Sec.20(8)(b), Colo.

\*\* New construction is defined as: Taxable real property structures and the personal property connected with the structure.

# Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

## Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

### USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b), C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2018 IN LARIMER COUNTY, COLORADO ON AUGUST 25, 2018

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$16,896,200
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: †	\$0
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$110,830
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0

(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)

DELETIONS FROM TAXABLE REAL PROPERTY:

8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

† Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS: 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->	\$0
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NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2018

Data Date: 11/26/2018