

Waterfall Metropolitan District

January 27, 2012

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 2012 Budget and 2011 Amended Budget

Dear Mr. Biggs:

Attached are true and accurate copies of the adopted 2012 budget and amended 2011 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 27, 2011.

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, 2010 and the nine months ended September 30, 2011 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, 2012 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 company's financial position, results of operations, and cash flows. 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 27, 2012

WATERFALL METROPOLITAN DISTRICT NO. 1					
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS					
December 31, 2010 Actual, 2011 Adopted Budget and Projected Actual,					
Year-to-date Actual, Budget and Variance through September 30, 2011					
2012 Adopted Budget					
Modified Accrual Budgetary Basis					
GENERAL FUND	2010	2011	2011	Actual	2012
	Audited	Adopted	Projected	Through	Adopted
Revenues	Actual	Budget	Budget	09/30/11	Budget
O&M Fees	\$87,821	\$80,492	\$80,500	\$80,500	\$99,376
Insurance Reimbursement	2,356	0	0	0	0
Interest & Other	47	8	15	12	20
Total Revenues	\$90,224	\$80,500	\$80,515	\$80,512	\$99,396
Expenditures					
Accounting and Finance	\$6,983	\$5,000	\$5,000	\$4,138	\$10,296
Audit	5,000	0	0	0	5,500
District Management	17,931	16,500	16,500	12,091	16,500
District Engineer	0	500	500	0	500
Elections	588	0	0	0	0
Insurance	2,869	3,000	1,776	1,776	2,300
Landscape Maintenance	27,356	31,100	31,100	20,793	42,800
Legal	23,046	10,000	10,000	4,643	7,500
Office, Dues and Other	920	1,400	656	437	1,000
Utilities	2,544	3,000	3,000	1,828	3,000
Transfer to Capital Projects Fund	2,128	0	0	0	0
Contingency	0	10,000	0	0	10,000
Total Operating Expenditures	\$89,364	\$80,500	\$68,532	\$45,706	\$99,396
Revenues over/(under) Expenditures	\$861	\$0	\$11,983	\$34,806	\$0
Beginning Fund Balance	3,024	3,024	3,885	3,885	15,868
Ending Fund Balance	\$3,885	\$3,024	\$15,868	\$38,691	\$15,868
Components of Ending Fund Balance					
Restricted	\$2,681	\$2,415	\$2,056	\$1,371	\$2,982
Unrestricted	1,204	609	13,812	37,319	12,886
Total Fund Balance	\$3,885	\$3,024	\$15,868	\$38,691	\$15,868
CAPITAL PROJECTS FUND	2010	2011	2011	Actual	2012
	Audited	Adopted	Amended	Through	Proposed
Revenues	Actual	Budget	Budget	09/30/11	Budget
Developer Advance	\$12,904	\$0	\$12,631	\$12,631	\$0
Transfer from General Fund	2,128	0	0	0	0
Total Revenues	\$15,032	\$0	\$12,631	\$12,631	\$0
Expenditures					
Capital Outlay	\$12,904	\$0	\$10,816	\$10,275	\$0
District Management	430	0	0	0	0
District Engineer	270	0	0	0	0
Legal	1,428	0	0	0	0
Total Capital Expenditures	\$15,032	\$0	\$10,816	\$10,275	\$0
Revenues over/(under) Expenditures	\$0	\$0	\$1,815	\$2,356	\$0
Beginning Fund Balance	0	0	0	0	0
Ending Fund Balance	\$0	\$0	\$1,815	\$2,356	\$0
See Accompanying Accountant's Report					
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WATERFALL METROPOLITAN DISTRICT NO. 1					
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS					
December 31, 2010 Actual, 2011 Adopted Budget and Projected Actual,					
Year-to-date Actual, Budget and Variance through September 30, 2011					
2012 Adopted Budget					
Modified Accrual Budgetary Basis					
DEBT SERVICE FUND	2010	2011	2011	Actual	2012
	Audited	Adopted	Amended	Through	Adopted
Revenues	Actual	Budget	Budget	09/30/11	Budget
Property Taxes	\$0	\$53,765	\$53,765	\$53,765	\$137,777
Specific Ownership Taxes	0	3,226	3,226	2,261	8,267
Service Fees, District No. 2	0	7,294	0	0	0
Interest Income	0	0	192	144	250
Total Revenues	\$0	\$64,285	\$57,183	\$56,170	\$146,293
Expenditures					
Bond Principal	\$0	\$0	\$0	\$0	\$51,000
Bond Interest	0	63,210	27,063	0	62,453
Treasurer's fees	0	1,075	1,075	1,075	2,756
Total Expenditures	\$0	\$64,285	\$28,138	\$1,075	\$116,209
Other Sources/(Uses) of Funds:					
Loan Proceeds	\$0	\$0	\$1,730,000	\$1,730,000	\$0
Developer Repayment	0	0	(1,550,987)	(1,550,987)	(50,000)
JMC Repayment	0	0	(12,913)	(12,913)	0
Costs of Issuance	0	0	(94,100)	(94,100)	0
Custodian Fees	0	0	(12,000)	(12,000)	0
Net Other Sources/(Uses) of Funds	\$0	\$0	\$60,000	\$60,000	(\$50,000)
Rev over/(under) Exp after Other	\$0	\$0	\$89,045	\$115,095	(\$19,915)
Beginning Fund Balance	0	0	0	0	89,045
Ending Fund Balance	\$0	\$0	\$89,045	\$115,095	\$69,130
Components of Ending Fund Balance					
Restricted (Reserve)	\$0	\$0	\$60,000	\$60,000	\$60,000
Restricted (Debt Service)	0	0	29,045	55,095	9,130
Total Fund Balance	\$0	\$0	\$89,045	\$115,095	\$69,130
See Accompanying Accountant's Report					

WATERFALL METROPOLITAN DISTRICT NO.1

2012 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 as part of a "Multiple District Structure" for the community located in the City of Loveland, Colorado. Along with its companion District No. 2, 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 following 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.

2012 BUDGET STRATEGY

The District's strategy in preparing the 2012 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 Multiple Districts in the most economic manner possible. In the General Fund, the District has budgeted total revenue of \$99,396 which is in the form of O&M Fees and total expenditures of \$99,396, which consist of administrative and operations costs. In the Debt Service Fund, the District has budgeted \$146,293 in revenues from property taxes and specific ownership and available fund balance. The expenditures consist of \$166,209 for debt payments on the 2011 Loan Agreement and note payable.