

Waterfall Metropolitan District

January 23, 2009

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

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

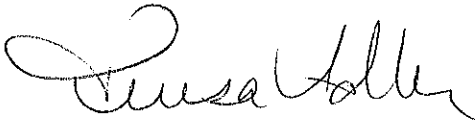
RE: Waterfall Metropolitan District No. 1 Budget

Dear Mr. Olene:

Attached are true and accurate copies of the adopted 2009 Budget and mill levy certification 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 December 4, 2008.

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

Pinnacle Consulting Group, Inc.

Special District Management, Accounting & Administration

Accountant's Report

BOARD OF DIRECTORS WATERFALL METROPOLITAN DISTRICT NO. 1

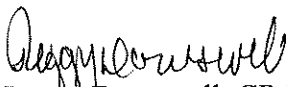
I have compiled the accompanying forecasted budget of revenue, expenditures and funds available prepared on the modified accrual basis of the Waterfall Metropolitan District No. 1 for the year ending December 31, 2009 in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation of a forecasted financial statement is limited to presenting in the form of a forecast, information that is the representation of management of the District and does not include evaluation of the support for the assumptions underlying the forecast. I have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying forecasted statement 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. I have no responsibility to update this report for events or circumstances occurring after the date of this report.

The Governmental Accounting Standards Board requires the presentation of a balance sheet, a statement of operations and accumulated fund balance and a statement of cash flows and related full disclosure footnotes for the financial statements to be in compliance with generally accepted accounting principles. Management does not require complete financial statements to manage the affairs of the District on a monthly basis and has determined not to include the above statements and full disclosure footnotes. Consequently, as presented, the financial statements are not in conformity with generally accepted accounting principles.

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


Peggy Dowswell, CPA
January 23, 2009

5110 Granite St., Ste C
Loveland, CO 80538
(970) 669-3611
(970) 669-3612 fax

WATERFALL METROPOLITAN DISTRICT NO.1

2009 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.

2009 BUDGET STRATEGY

The District's strategy in preparing the 2009 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 \$83,567 from O&M Fees, for total revenue of \$83,567 and expenditures consist of administrative and operations costs of \$83,567. In the Capital Fund the District has budgeted \$5,060,000 in revenues from developer note proceeds and expenditures consist of \$5,060,000 for the acquisition of public improvements.

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Larimer, Colorado.

On behalf of the Waterfall Metropolitan District No. 1,
(taxing entity)^A

the Board of Directors,
(governing body)^B

of the Waterfall Metropolitan District No. 1,
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 663,420 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F 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: \$ 663,420 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

Submitted: 12/9/2008 for budget/fiscal year 2009
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	<u>0.000</u> mills	\$ <u>0.00</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	0.000 mills	\$ 0.00
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
4. Contractual Obligations ^K	_____ mills	\$ _____
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
_____	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	0.000 mills	\$ 0.00

Contact person: (print) Peggy Dowswell Daytime phone: (970) 669-3611
Signed: Peggy Dowswell 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.

¹ 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.
² 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^J:

1. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

2. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

CONTRACTS^K:

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.