

# CORNERSTONE METROPOLITAN DISTRICT NO. 1

Via email – [dlg-filing@state.co.us](mailto:dlg-filing@state.co.us)

January 31, 2011

Division of Local Government  
1313 Sherman Street, Room 521  
Denver, CO 80203

RE: Cornerstone Metropolitan District No. 1

LG ID# 65390

Attached is the 2011 Budget for the Cornerstone Metropolitan District No. 1 in Montrose County, Colorado, submitted pursuant to Section 29-1-116, C.R.S. This Budget was adopted on November 9, 2010. If there are any questions on the budget, please contact Mr. Eric Weaver, telephone number 970-926-6060 Ext. 6.

The mill levy certified to the County Commissioners of Montrose County is 0.00 mills for all general operating purposes, subject to statutory and/or TABOR limitations; 0.000 mills for G.O. bonds; 0.000 mills for refund/abatement; and 0.00 mills for Temporary Tax Credit/Mill Levy Reduction. Based on an assessed valuation of \$1,040, the total property tax revenue is \$ 0.00. A copy of the certification of mill levies sent to the County Commissioners for Montrose County is enclosed.

I hereby certify that the enclosed is a true and accurate copy of the budget and certification of tax levies to the Board of County Commissioners of Montrose County, Colorado.

Sincerely,



Eric Weaver  
District Administrator

Enclosure(s)

# **CORNERSTONE METROPOLITAN DISTRICT NO. 1**

## **2011 BUDGET MESSAGE**

Cornerstone Metropolitan District No. 1 is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to supply the necessary facilities and services including but not limited to potable water delivery, internal and offsite roadway systems, sanitary sewer collection and treatment, fire protection, and emergency medical protection.

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.

## **2011 BUDGET STRATEGY**

The District's strategy in preparing the budget is to strive to provide the type of public-purpose facilities desired by the property owners and residents of the District in the most economic manner possible. The District has no employees and all operations and administrative functions are contracted. The District receives pass-thru funding from the taxes collected by Cornerstone Metropolitan District No. 2 for operations. The District is still early in the development stage and is dependent on the developer to fund operating shortfalls as well as all capital improvements budgeted for 2011. The District also operates a water and sewer enterprise fund whereby fees are charged to the users of the systems to cover a portion of the operating costs of the system, the remainder of which is funded by the developer.

**RESOLUTIONS OF CORNERSTONE METROPOLITAN DISTRICT NO. 1**

**TO ADOPT 2011 BUDGET**

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET FOR THE CORNERSTONE METROPOLITAN DISTRICT NO. 1, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2011 AND ENDING ON THE LAST DAY OF DECEMBER 2011.

WHEREAS, the Board of Directors of the Cornerstone Metropolitan District No.1 has appointed a budget committee to prepare and submit a proposed 2011 budget at the proper time; and

WHEREAS, such committee has submitted a proposed budget to this governing body at the proper time, for its consideration, and;

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, and a public hearing was held on November 9, 2010, and interested taxpayers 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 or planned to be expended from reserves/fund balances so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board of directors of the Cornerstone Metropolitan District No.1, Montrose County, Colorado:

Section 1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Cornerstone Metropolitan District No.1 for the year stated above.

Section 2. That the budget hereby approved and adopted shall be certified by any officer or the District Administrator of the District and made a part of the public records of the District.

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**RESOLUTIONS OF CORNERSTONE METROPOLITAN DISTRICT NO.1**  
**(CONTINUED)**

**TO SET MILL LEVIES**

A RESOLUTION LEVYING PROPERTY TAXES FOR THE YEAR 2011, TO HELP DEFRAID THE COSTS OF GOVERNMENT FOR THE CORNERSTONE METROPOLITAN DISTRICT NO. 1, MONTROSE COUNTY, COLORADO, FOR THE 2010 BUDGET YEAR.

WHEREAS, the Board of Directors of the Cornerstone Metropolitan District No. 1, has adopted the annual budget in accordance with the Local Government Budget Law, on November 9, 2010 and;

WHEREAS, the amount of money necessary to balance the budget for general operating expenses purposes from property tax revenue is \$0.00 and;

WHEREAS, the Cornerstone Metropolitan District No. 1 finds that it is required to temporarily lower the general operating mill levy to render a refund for \$0.00, and;

WHEREAS, the amount of money necessary to balance the budget for capital expenditure purposes from property tax revenue approved by voters or at public hearing is \$0.00, and;

WHEREAS, the amount of money necessary to balance the budget for voter approved bonds and interest is \$0.00, and;

WHEREAS, the 2010 valuation for assessment for the Cornerstone Metropolitan District No. 1, as certified by the County Assessor is \$1,040.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the CORNERSTONE METROPOLITAN DISTRICT, MONTROSE COUNTY, COLORADO:

Section 1. That for the purposes of meeting all general operating expenses of the Cornerstone Metropolitan District No.1 during the 2011 budget year, there is hereby levied a tax of 0.00 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2010.

Section 2. That for the purposes of rendering a refund to its constituents during budget year 2011 there is hereby levied a temporary tax credit/mill levy reduction of 0.00 mills.

Section 3. That for the purpose of meeting all capital expenditures of the Cornerstone Metropolitan District No.1 during the 2011 budget year, there is hereby levied a tax of 0.00 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2010.

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**RESOLUTIONS OF CORNERSTONE METROPOLITAN DISTRICT NO. 1**  
**(CONTINUED)**

**TO SET MILL LEVIES (CONTINUED)**

- Section 4. That for the purpose of meeting all payments for bonds and interest of the Cornerstone Metropolitan District No. 1 during the 2011 budget year, there is hereby levied a tax of 0.00 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2010.
- Section 5. That any officer or the District Administrator is hereby authorized and directed to either immediately certify to the County Commissioners of Montrose County, Colorado, the mill levies for the Cornerstone Metropolitan District No.1 as hereinabove determined and set, or be authorized and directed to certify to the County Commissioners of Montrose County, Colorado, the mill levies for the Cornerstone Metropolitan District No. 1 as hereinabove determined and set based upon the final (December) certification of valuation from the county assessor.

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**RESOLUTIONS OF CORNERSTONE METROPOLITAN DISTRICT NO. 1**  
**(CONTINUED)**

**TO APPROPRIATE SUMS OF MONEY**  
(PURSUANT TO SECTION 29-1-108, C.R.S.)

A RESOLUTION APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS AND SPENDING AGENCIES, IN THE AMOUNT AND FOR THE PURPOSE AS SET FORTH BELOW, FOR THE CORNERSTONE METROPOLITAN DISTRICT NO. 1, MONTROSE COUNTY, COLORADO, FOR THE 2011 BUDGET YEAR.

WHEREAS, the Board of Directors has adopted the annual budget in accordance with the Local Government Budget Law, on November 9, 2010, and;

WHEREAS, the Board of Directors has made provision therein for revenues in an amount equal or greater to the total proposed expenditures as set forth in said budget, and;

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues and reserves or fund balances provided in the budget to and for the purposes described below, thereby establishing a limitation on expenditures for the operations of the District.

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

Section 1. That the following sums are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated:

GENERAL FUND:

Current Operating Expenditures	\$ 303,810
TOTAL GENERAL FUND:	\$ 303,810

CAPITAL PROJECTS FUND:

Current Capital Expenditures	\$ 500,000
TOTAL CAPITAL PROJECTS FUND:	\$ 500,000

WATER ENTERPRISE FUND:

Current Operating Expenditures	\$ 533,386
TOTAL WATER ENTERPRISE FUND:	\$ 533,386

**RESOLUTIONS OF CORNERSTONE METROPOLITAN DISTRICT NO. 1**  
**(CONTINUED)**

**TO ADOPT 2011 BUDGET, SET MILL LEVIES AND**  
**APPROPRIATE SUMS OF MONEY**  
**(CONTINUED)**

The above resolutions to adopt the 2011 budget, set the mill levies and to appropriate sums of money were adopted this 9<sup>th</sup> day of November, 2010.

Attest: \_\_\_\_\_



Title: \_\_\_\_\_

**PRESIDENT**

# ROBERTSON & MARCHETTI, P.C.

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*Certified Public Accountants*

November 8, 2010

Board of Directors  
Cornerstone Metropolitan District No.1

I have compiled the accompanying combined balance sheet of Cornerstone Metropolitan District No.1 as of September 30, 2010 and the related statement of revenues, expenditures and changes in fund balance with budgets for the nine month period then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. I also compiled the accompanying budget and forecast of revenues, expenditures and changes in fund balance for calendar year 2010 as well as the adopted budget for 2011, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation of historical financial statements is limited to presenting in the form of financial statements information that is the representation or 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.

A compilation of a forecasted financial statement is limited to presenting in the form of a forecast, information that is the representation of management 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.

Management has elected to omit substantially all of the disclosures and the statement of cash flows as of September 30, 2010, required by generally accepted accounting principles. Management has also elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures and statement of cash flows were included in the historical financial statements and if the summary of significant accounting policies were included in the budget and forecast, they might influence the user's conclusions about the District's historical financial position, results of operations, and cash flows and the forecasted results of operations and fund balances. Accordingly, the historical financial statements and forecast are not designed for those who are not informed about such matters.

The actual historical information for calendar year 2009 is presented for comparative purposes only. Such information is taken from the financial statements for the District for the year ended December 31, 2009 which was audited by Haynie & Company and upon which they expressed an unqualified opinion in their report dated April 27, 2010.

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

ROBERTSON & MARCHETTI, P.C.



Eric Weaver, CPA  
Vice President



**CORNERSTONE METROPOLITAN DISTRICT NO. 1  
 COMBINED BALANCE SHEET  
 September 30, 2010**

<b>ASSETS</b>	<b>General Fund</b>	<b>Debt Service</b>	<b>Capital Improv. Fund</b>	<b>Water &amp; Sewer Fund</b>	<b>Capital Assets &amp; LT Debt</b>	<b>Totals</b>
CSAFE Checking	489					489
Alpine Checking	26,493					26,493
Alpine Money Market	-					-
Pooled Cash	124,733	-	-	(124,733)		-
Wells Fargo Bond Fund		1,577,398				1,577,398
Wells Fargo Capitalized Interest		380,834				380,834
Accounts Receivable	-			141,833		141,833
Developer Advance Receivable	50,000					50,000
Prepaid Expenses	91					91
Due From CSMD No. 2	1,554	2,774				4,328
Capital Assets					16,551,200	16,551,200
Accumulated Depreciation					(888,325)	(888,325)
Bond Issue Costs					428,280	428,280
Accum. Amortization - Bond Issue Cost					(129,268)	(129,268)
<b>TOTAL ASSETS</b>	<b>203,359</b>	<b>1,961,007</b>	<b>-</b>	<b>17,100</b>	<b>15,961,888</b>	<b>18,143,354</b>

**LIABILITIES AND FUND EQUITY**

Accounts Payable	89,512					89,512
Developer Advance Payable - Gen Fund Operations					201,260	201,260
Developer Advance Payable - Water Operations					145,000	145,000
Developer Advance Payable - Capital					6,887,630	6,887,630
Accrued Letter of Credit Fees					-	-
Accrued Interest Bonds					-	-
Accrued Interest - Developer Note- Ops & Capital					9,031	9,031
Accrued Interest - Developer Note- Water Ops					59	59
Bonds Payable					21,120,000	21,120,000
<b>TOTAL LIABILITIES</b>	<b>89,512</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,362,981</b>	<b>28,452,493</b>

**FUND EQUITY**

Investment in Fixed Assets					16,551,200	16,551,200
Invested in Accumulated Depreciation					(888,325)	(888,325)
Amount Provided Developer Note					(7,233,949)	(7,233,949)
Amount to be Provided Accrued Interest					(9,031)	(9,031)
Amount to be Provided Bonds					(21,120,000)	(21,120,000)
Invested in Bond Issue Cost					299,012	299,012
Fund Balance	113,847	1,961,007	-	17,100		2,091,954
<b>TOTAL FUND EQUITY</b>	<b>113,847</b>	<b>1,961,007</b>	<b>-</b>	<b>17,100</b>	<b>(12,401,093)</b>	<b>(10,309,139)</b>

**TOTAL LIABILITIES AND FUND EQUITY**

<b>203,359</b>	<b>1,961,007</b>	<b>-</b>	<b>17,100</b>	<b>15,961,888</b>	<b>18,143,354</b>
=	=	=	=	=	=

**CORNERSTONE METROPOLITAN DISTRICT NO. 1  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL, BUDGET AND FORECAST FOR THE PERIODS INDICATED**

**MODIFIED  
ACCRUAL  
BASIS**

GENERAL FUND	2009 Audited Actual	2010 Original Budget	Budget Increase (Decrease)	2010 Amended Budget	2010 Forecast	9 Months Ended 9/30/2010 Actual	9 Months Ended 9/30/2010 Budget	Variance Favorable (Unfavor.)	2011 Adopted Budget	Budget Comments
<b>REVENUES</b>										
Xfer From No. 2- Operations	169,638	272,314	-	272,314	273,314	263,489	265,870	(2,381)	264,455	Per #2
Interest Income	146	767	-	767	50	37	575	(538)	50	Based on Prior Year Fcst
<b>TOTAL REVENUES</b>	<b>169,784</b>	<b>273,081</b>	<b>-</b>	<b>273,081</b>	<b>273,364</b>	<b>263,526</b>	<b>266,445</b>	<b>(2,919)</b>	<b>264,505</b>	
<b>EXPENDITURES</b>										
<b>Operations:</b>										
Accounting & Administration	66,588	85,000	-	85,000	50,000	22,143	63,750	41,607	50,000	Based on Prior Year Fcst
District Management		60,000	-	60,000	60,000	45,000	45,000	-	38,400	Now \$3,200 per month
Financial Planning- General Fund	-	-	-	-	1,800	1,800	-	(1,800)	-	
Audit	4,860	5,000	-	5,000	5,040	5,040	5,000	(40)	12,000	Both District 1 & 2
Insurance & Bonds	7,650	10,000	-	10,000	9,366	9,366	10,000	634	10,000	Based on Prior Year Fcst
Worker's Compension	20	50	-	50	48	48	50	2	50	Board member coverage
Dues and Subscriptions	1,222	1,500	-	1,500	1,449	1,449	1,500	51	1,500	SDA Dues
Elections	-	10,000	-	10,000	456	456	7,500	7,044	-	Only in Even Years
Legal - GF	34,539	35,000	-	35,000	30,000	14,751	26,250	11,499	30,000	Based on Prior Year Fcst
Office Expense	1,689	1,500	-	1,500	1,500	959	1,125	166	1,500	Based on Prior Year Fcst
Publication Expense	34	-	-	-	150	75	-	(75)	150	Based on Prior Year Fcst
Contingency	-	10,000	-	10,000	-	-	7,500	7,500	10,000	
<b>Operations: Flower Cabin</b>										
Electricity	-	-	-	-	2,000	993	-	(993)	2,000	Based on Prior Year Fcst
Natural Gas									1,500	Hunt has paid in past
Phone									-	Paid by Developer
Insurance									-	Covered by Dev Policy
Maintenance									1,000	
<b>Less Allocations to Other Funds</b>										
Overhead Allocated to Capital Fund			-		-	-	-	-	-	Infrastructure Acquisitions
Overhead Allocated to Water Fund	(58,301)	(87,220)	-	(87,220)	(63,924)	(40,832)	(67,070)	(26,238)	(63,240)	30% Water & 10% Sewer
<b>TOTAL OPERATIONS EXPENDITURES</b>	<b>58,301</b>	<b>130,830</b>	<b>-</b>	<b>130,830</b>	<b>97,885</b>	<b>61,248</b>	<b>100,605</b>	<b>39,357</b>	<b>94,860</b>	
<b>Road Repairs and Maintenance:</b>										
Contracted Services- Snowplowing	60,950	75,000	-	75,000	35,000	20,279	45,000	24,721	75,000	Based on Prior Years
Sand and Gravel	-	5,000	-	5,000	-	-	3,000	3,000	-	Included in Above
Misc Road Expenses	195	500	-	500	-	-	500	500	500	
Culvert Cleaning Repair, and Replacement	1,721	1,000	-	1,000	-	-	1,000	1,000	1,000	
Equipment Storage Facility & Heating	1,654	5,000	-	5,000	2,500	-	3,750	3,750	5,000	4 Mo. @\$500 + \$3K propane
Storm Water Management- BMP's	8,098	6,883	-	6,883	4,000	2,272	6,883	4,611	4,000	Reduces as vegetation rows
Guardrail Maintenance	-	-	-	-	50	49	-	(49)	-	
Sign Maintenance	-	-	-	-	-	-	-	-	-	
Street Sweeping	1,000	2,000	-	2,000	-	-	2,000	2,000	2,000	Needed in 2011
Trash Cleanup	-	-	-	-	30	30	-	(30)	-	
Misc Road Cleanup	-	-	-	-	-	-	-	-	-	
Government Springs Road Maintenance	-	13,200	-	13,200	13,200	-	-	-	13,200	Paid to Ouray County
Shoulder and V Ditch Maintenance	5,294	5,294	-	5,294	8,000	6,068	5,294	(774)	9,000	More need than exepcted
Revegetation	-	-	-	-	-	-	-	-	-	
Crack Seal/ Pavement Repair	5,275	5,000	-	5,000	5,250	-	5,000	5,000	5,500	
Weed Control- Road Right-Of-Ways	11,789	15,000	-	15,000	18,195	18,195	15,000	(3,195)	15,000	
<b>TOTAL ROAD EXPENDITURES</b>	<b>95,975</b>	<b>133,877</b>	<b>-</b>	<b>133,877</b>	<b>86,225</b>	<b>46,892</b>	<b>87,427</b>	<b>40,535</b>	<b>130,200</b>	

CORNERSTONE METROPOLITAN DISTRICT NO. 1  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL, BUDGET AND FORECAST FOR THE PERIODS INDICATED

MODIFIED  
 ACCRUAL  
 BASIS

GENERAL FUND (CONTINUED)	2009 Audited Actual	2010 Original Budget	Budget Increase (Decrease)	2010 Amended Budget	2010 Forecast	9 Months Ended 09/30/10 Actual	9 Months Ended 09/30/10 Budget	Variance Favorable (Unfavor.)	2011 Adopted Budget	Budget Comments
<b>EXPENDITURES (CONTINUED)</b>										
<b>Public Safety- Welcome Center</b>										
Staffing		81,250	-	81,250	69,000	51,750	-	9,188	69,000	Expected to stay the same Based on Prior Year Fcst
Operating Supplies	1,065	1,000	-	1,000	1,000	233	750	517	1,000	
<b>TOTAL WELCOME CENTER EXPENDITURES</b>	<b>1,065</b>	<b>82,250</b>	<b>-</b>	<b>82,250</b>	<b>70,000</b>	<b>51,983</b>	<b>61,688</b>	<b>9,705</b>	<b>70,000</b>	
<b>Public Safety- Fire &amp; EMS:</b>										
Training	5,232	1,000	-	1,000	-	-	1,000	1,000	1,000	Per Agreement 57 lots at \$50 + \$100 fee Based on Prior Year Fcst
Equipment	3,485	1,000	-	1,000	1,300	1,013	1,000	(13)	1,000	
Dispatch Fee		1,453	-	1,453	2,623	2,623	1,090	(1,533)	2,750	
HVFD Stipend	2,750	3,000	-	3,000	2,950	100	3,000	2,900	2,950	
HVFD Structural Fire Support		-	-	-	-	-	-	-	-	
Worker Compensation Insurance	993	1,200	-	1,200	981	981	900	(81)	1,050	
<b>TOTAL FIRE &amp; EMS EXPENDITURES</b>	<b>12,461</b>	<b>7,653</b>	<b>-</b>	<b>7,653</b>	<b>7,854</b>	<b>4,717</b>	<b>6,990</b>	<b>2,273</b>	<b>8,750</b>	
<b>TOTAL EXPENDITURES</b>	<b>167,802</b>	<b>354,610</b>	<b>-</b>	<b>354,610</b>	<b>261,964</b>	<b>164,840</b>	<b>256,709</b>	<b>91,870</b>	<b>303,810</b>	
<b>REVENUE OVER (UNDER) EXPEND.</b>	<b>1,982</b>	<b>(81,529)</b>	<b>-</b>	<b>(81,529)</b>	<b>11,400</b>	<b>98,686</b>	<b>9,736</b>	<b>88,951</b>	<b>(39,305)</b>	
<b>OTHER SOURCES &amp; (USES)</b>										
Transfer (to) from Other Funds	3,728	-	-	-	(20,500)	(5,500)	-	(5,500)	-	Likely DS Costs shift to #2 Calculated Shortfall
Developer Advance - Operations	-	80,000	-	80,000	21,436	6,436	60,000	(53,564)	39,000	
<b>TOTAL OTHER SOURCES &amp; (USES)</b>	<b>3,728</b>	<b>80,000</b>	<b>-</b>	<b>80,000</b>	<b>936</b>	<b>936</b>	<b>60,000</b>	<b>(59,064)</b>	<b>39,000</b>	
FUND BALANCE - BEGINNING	8,515	17,331	-	17,331	14,224	14,224	17,331	(3,107)	26,560	
<b>FUND BALANCE - ENDING</b>	<b>14,224</b>	<b>15,802</b>	<b>-</b>	<b>15,802</b>	<b>26,560</b>	<b>113,847</b>	<b>87,067</b>	<b>26,780</b>	<b>26,255</b>	

SEE ACCOMPANYING ACCOUNTANT'S REPORT

**CORNERSTONE METROPOLITAN DISTRICT NO. 1  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL, BUDGET AND FORECAST FOR THE PERIODS INDICATED**

**MODIFIED  
ACCRUAL  
BASIS**

<b>CAPITAL IMPROVEMENTS FUND</b>	<b>2009 Audited Actual</b>	<b>2010 Original Budget</b>	<b>Budget Increase (Decrease)</b>	<b>2010 Amended Budget</b>	<b>2010 Forecast</b>	<b>9 Months Ended 09/30/10 Actual</b>	<b>9 Months Ended 09/30/10 Budget</b>	<b>Variance Favorable (Unfavor.)</b>	<b>2011 Adopted Budget</b>	<b>Budget Comments</b>
<b>REVENUES</b>										
Developer Advance - Capital Project	9,192,063	500,000	-	500,000	-	-	500,000	(500,000)	500,000	Roll Forward from Prior Year
Interest income	12	-	-	-	-	-	-	-	-	
Bond Proceeds										
<b>TOTAL REVENUE</b>	<b>9,192,074</b>	<b>500,000</b>	<b>-</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>(500,000)</b>	<b>500,000</b>	
<b>CAPITAL EXPENDITURES</b>										
Financial Planning	-	-	-	-	-	-	-	-	-	
Engineering	656									
Pond 4 & Ouray Phase II Roads										
TCWSD Enhancements	-	-	-	-	-	-	-	-	-	
WWTP	-									
Reuse Line	-									
Govt Springs Road Upgrades	2,739,405									
Ouray Phase I- Water & Sewer	2,133,117									
Ouray Phase II- Water & Sewer	19,535									
Ouray Phase IIIA- Water & Sewer		500,000	-	500,000	-		500,000	500,000	500,000	Roll Forward from Prior Year
Montrose Phase IA- Water, Sewer, & Roads	2,154,405									
Montrose Lodge Extension- Roads & Water	215,789									
GSR Waterline	418,148									
Water Tank Water Line	401,482									
Water Tank	385,419									
Clubhouse Water Main	257,654									
WAPA Waterline Extension	346,090									
Ouray Clubhouse Sewer Extension	121,019									
Allocated Overhead From General Fund	-									
Contingency										
<b>TOTAL EXPENDITURES</b>	<b>9,192,719</b>	<b>500,000</b>	<b>-</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	
REVENUE OVER (UNDER) EXPEND.	(644)	-	-	-	-	-	-	-	-	
<b>OTHER SOURCES/(USES)</b>										
Developer Repayment- Principle	-									
Developer Repayment- Interest	-	-	-	-	-	-	-	-	-	
Transfer between Funds	(3,728)	-	-	-	-	-	-	-	-	
Organizational Costs										
Bond Cost of Issuance										
<b>TOTAL OTHER SOURCES/(USES)</b>	<b>(3,728)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>CHANGE IN FUND BALANCE</b>	<b>(4,372)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
FUND BALANCE - BEGINNING	4,372	-	(0)	(0)	(0)	-	-	-	-	
<b>FUND BALANCE - ENDING</b>	<b>(0)</b>	<b>-</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**CORNERSTONE METROPOLITAN DISTRICT NO. 1  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL, BUDGET AND FORECAST FOR THE PERIODS INDICATED**

**MODIFIED  
ACCRUAL  
BASIS**

<b>DEBT SERVICE FUND</b>	<b>2009 Audited Actual</b>	<b>2010 Original Budget</b>	<b>Budget Increase (Decrease)</b>	<b>2010 Amended Budget</b>	<b>2010 Forecast</b>	<b>9 Months Ended 09/30/10 Actual</b>	<b>9 Months Ended 09/30/10 Budget</b>	<b>Variance Favorable (Unfavor.)</b>	<b>2011 Adopted Budget</b>	<b>Budget Comments</b>
# of Lots Sold	-	-		1	1	1	1	0	-	Now in District No. 2
Development Fee per Lot	7,345	7,345		7,345	7,345	7,345	7,345		-	Now in District No. 2
<b>REVENUES</b>										
Xfer from No 2 Prop- Debt Service	302,925	486,276	(0)	486,276	488,061	470,516	474,767	(4,251)	-	Per District No. 2
Development Fee Revenue	-	-	7,345	7,345	7,345	7,345	5,509	1,836	-	Now in District No. 2
Interest Income - DS	9,023	8,764	-	8,764	5,750	4,305	6,573	(2,268)	-	0.5% of Beg Fund Bal
<b>TOTAL REVENUES</b>	<b>311,948</b>	<b>495,040</b>	<b>7,345</b>	<b>502,384</b>	<b>501,156</b>	<b>482,166</b>	<b>486,849</b>	<b>(4,683)</b>	-	
<b>EXPENDITURES</b>										
<i>Average Interest Rate YTD:</i>	0.48%	2.00%		0.28%	0.28%	0.28%				
07 Bonds Interest	100,459	422,400	(363,264)	59,136	59,136	44,109	44,352	243	-	Bonds Paid Off
07 Bonds Principal Reduction	-	-	21,120,000	21,120,000	21,120,000	-	-	-	-	Bonds Paid Off
Wire Fees	3,540	3,540	-	3,540	3,540	2,360	2,655	295	-	Bonds Paid Off
Principal Reduction - Developer Note	-	-	192,583	192,583	189,899	3,500	144,437	140,937	-	Bonds Paid Off
Paying Agent Fees	3,500	3,500	-	3,500	3,500	2,000	3,500	1,500	-	Bonds Paid Off
Rating Agent Fees	2,000	2,000	-	2,000	2,000	42,240	2,000	(40,240)	-	Bonds Paid Off
Remarketing Fees	42,240	42,240	10,560	52,800	52,800	202,504	42,240	(160,264)	-	Bonds Paid Off
Letter of Credit Fee	270,747	271,488	66,945	338,434	338,434	-	202,504	202,504	-	Bonds Paid Off
Legal - DS	-	-	-	-	-	-	-	-	-	Bonds Paid Off
Inter-District Contribution	-	-	15,000	15,000	15,000	-	11,250	11,250	-	Bonds Paid Off
Contingency	-	250,000	(250,000)	-	-	-	-	-	-	Bonds Paid Off
<b>TOTAL EXPENDITURES</b>	<b>422,485</b>	<b>995,168</b>	<b>20,791,824</b>	<b>21,786,993</b>	<b>21,784,309</b>	<b>296,713</b>	<b>452,938</b>	<b>156,225</b>	-	
REVENUE OVER (UNDER) EXPEND.	(110,537)	(500,129)	(20,784,480)	(21,284,608)	(21,283,153)	185,453	33,911	151,543	-	
<b>OTHER SOURCES &amp; (USES)</b>										
Xfer from No 2 2008 Net Bond Proceeds	-	-	19,511,388	19,511,388	19,492,599	-	-	-	-	Bonds Paid Off
Bond Cost of Issuance	-	-	-	-	-	-	-	-	-	Bonds Paid Off
Transfer Between Funds- In (Out)	-	-	20,500	20,500	20,500	5,500	-	5,500	-	Bonds Paid Off
<b>TOTAL OTHER SOURCES &amp; (USES)</b>	<b>-</b>	<b>-</b>	<b>19,531,888</b>	<b>19,531,888</b>	<b>19,513,099</b>	<b>5,500</b>	<b>-</b>	<b>5,500</b>	<b>-</b>	
FUND BALANCE - BEGINNING	1,880,590	1,752,720	-	1,752,720	1,770,054	1,770,054	1,752,720	17,334	-	
<b>FUND BALANCE - ENDING</b>	<b>1,770,054</b>	<b>1,252,591</b>	<b>(1,252,592)</b>	<b>(0)</b>	<b>-</b>	<b>1,961,007</b>	<b>1,786,631</b>	<b>174,376</b>	<b>-</b>	
	=	=	=	=	=	=	=	=	=	
Summary of Fund Balances:										
Restricted for Capitalized Interest	671,460	-	-	-	-	380,834	-	-	-	
Reserved for Future Debt Service	1,098,594	1,252,591	-	-	-	1,580,173	-	-	-	
<b>Total Fund Balance</b>	<b>1,770,054</b>	<b>1,252,591</b>				<b>1,961,007</b>				

**CORNERSTONE METROPOLITAN DISTRICT NO. 1  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL, BUDGET AND FORECAST FOR THE PERIODS INDICATED**

**MODIFIED  
ACCRUAL  
BASIS**

<b>WATER &amp; SEWER ENTERPRISE FUND</b>	<b>2009 Audited Actual</b>	<b>2010 Original Budget</b>	<b>Budget Increase (Decrease)</b>	<b>2010 Amended Budget</b>	<b>2010 Forecast</b>	<b>9 Months Ended 09/30/10 Actual</b>	<b>9 Months Ended 09/30/10 Budget</b>	<b>Variance Favorable (Unfavor.)</b>	<b>2011 Adopted Budget</b>	<b>Budget Comments</b>
<b>Water Consumption in Gallons:</b>										
Residential	2,111,530	2,030,000	-	2,030,000	1,400,000	1,317,660	1,973,326	(655,666)	1,440,000	Homes * Average Usage
Golf Course & Ponds	35,207,900	40,000,000	-	40,000,000	31,000,000	25,458,043	38,352,424	(12,894,381)	32,000,000	Based on Prior Year
Club Facilities	1,460,325	2,000,000	-	2,000,000	900,000	823,850	1,919,360	(1,095,510)	1,000,000	Based on Prior Year
Flushing & WWTP Consumption	1,704,387	2,000,000	-	2,000,000	2,350,000	1,429,390	1,085,419	343,971	2,350,000	Based on Prior Year
Non-Metered Water Loss	1,605,358	2,500,000	-	2,500,000	2,350,000	1,695,057	1,875,000	(179,943)	2,350,000	Based on Prior Year
<b>Total Gallons Purchased During Year</b>	<b>42,089,500</b>	<b>48,530,000</b>	<b>-</b>	<b>48,530,000</b>	<b>38,000,000</b>	<b>30,724,000</b>	<b>45,205,530</b>	<b>(14,481,530)</b>	<b>39,140,000</b>	
<b>Cost of Water Purchased:</b>										
Tri-County Rate	2.80	2.94		2.94	2.80	2.80			2.94	Estimated 5% Increase
Tri- County Pumping Charge	0.30	0.32		0.32	0.30	0.30			0.32	Estimated 5% Increase
Booster Pump Utility Costs	2.32	2.52		2.52	2.47	2.35			2.59	Estimated 5% Increase
<b>Cost to Obtain Water- Per 1K Gallons</b>	<b>5.42</b>	<b>5.78</b>		<b>5.78</b>	<b>5.57</b>	<b>5.45</b>			<b>5.85</b>	
<b>Water Rates:</b>										
<b>Residential Charges Per Quarter:</b>										
Up to 18,000 Gallons	165.00	170.00		170.00	170.00				190.00	Now includes backflow testing
18,000 - 50,000 Gallons (36K Gallons in 2009)	12.00	12.00		12.00	12.00				12.00	No Change
Over 50,000 Gallons (36K Gallons in 2009)	18.00	18.00		18.00	18.00				18.00	No Change
<b>Commercial Water Rate Per 1K Gallons</b>	<b>5.37</b>	<b>6.36</b>		<b>6.36</b>	<b>6.09</b>				<b>5.85</b>	At cost since bill 1/2 of fixed costs
<b>Tap Fee- Residential</b>	<b>7,500</b>	<b>7,500</b>		<b>7,500</b>	<b>7,500</b>				<b>7,500</b>	No Increase
<b>Sewer Rates:</b>										
Quarterly Sewer Charge	135.00	140.00		140.00	140.00				145.00	5% Increase
Sewer Tap Fee- Residential	7,500	7,500		7,500	7,500				7,500	No Increase
<b>Units Connected To Systems:</b>										
<b>Water System</b>										
Homes Added to Domestic Water System	-	1		1	1				-	No new homes anticipated
Total Connected- End of Yr	14	15		15	15				15	
Average Quarterly Use Per Household	37,706	35,000		35,000	23,333				24,000	Based on Prior Year
Average Quarterly Bill Per Household	675	206		206	403				423	Only increase base fee
<b>Sewer System</b>										
Homes Added to Sewer System	-	4		4	-				2	2 Homes Under Construction
Total Homes Connected to Sewer System-	13	17		17	13				15	
<b>REVENUES</b>										
Water User Fees Commercial	198,938	267,120	-	267,120	194,399	161,470	252,120	(90,650)	193,166	Rate (at cost) times gallons
Commercial Overhead Fees									115,465	Half of fixed water costs
Water User Fees Residential	37,822	11,968	-	11,968	23,396	20,676	10,971	9,706	25,403	Average bill amounts
Sewer User Fee Commercial	1,755	1,820	-	1,820	1,820	1,365	1,365	-	1,885	Equivalent Taps X Res. rate
Sewer User Fee Residential	5,265	8,120	-	8,120	7,000	5,180	6,090	(910)	8,120	Average Homes X Qtly Rate
Interest Income	361	285	-	285	-	-	214	(214)	-	All in General Fund
Late Fees & Interest	1,145	400	-	400	(902)	(902)	300	(1,202)	100	2010 was writeoff's of 2009 fees
Backflow Testing Fee	3,438	4,000	-	4,000	2,470	-	-	-	-	Now included in quarterly fees
<b>TOTAL REVENUES</b>	<b>248,725</b>	<b>293,713</b>	<b>-</b>	<b>293,713</b>	<b>228,183</b>	<b>187,789</b>	<b>271,059</b>	<b>(83,270)</b>	<b>344,138</b>	

**CORNERSTONE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL, BUDGET AND FORECAST FOR THE PERIODS INDICATED**

**MODIFIED**  
**ACCRUAL**  
**BASIS**

<b>WATER &amp; SEWER ENTERPRISE FUND</b>	<b>2009 Audited Actual</b>	<b>2010 Original Budget</b>	<b>Budget Increase (Decrease)</b>	<b>2010 Amended Budget</b>	<b>2010 Forecast</b>	<b>9 Months Ended 09/30/10 Actual</b>	<b>9 Months Ended 09/30/10 Budget</b>	<b>Variance Favorable (Unfavor.)</b>	<b>2011 Adopted Budget</b>	<b>Budget Comments</b>
<b>Direct Water Expenses:</b>										
Water Utilities	97,547	122,296	-	122,296	94,400	72,112	100,371	28,258	101,510	Rate times Gallons
Water - Tri-County Water	119,539	142,678	-	142,678	106,940	84,547	132,904	48,358	115,612	Gallons times rate
Water - Tri-County Pumping	12,803	15,530	-	15,530	11,400	9,044	14,466	5,422	12,525	Gallons times rate
System Operator		120,000	-	120,000	132,000	99,000	90,000	(9,000)	136,000	Assumed 3% increase
Water Booster Maintenance	24,288	20,000	-	20,000	12,000	1,131	16,000	14,869	15,000	
Distribution System Maintenance	3,602	5,000	-	5,000	15,000	12,716	4,000	(8,716)	15,000	
Water Engineering	554	-	-	-	-	-	-	-	-	
Water-Misc. Expense (BLM Right of Way)	3,931	-	-	-	500	483	-	(483)	500	
Water Contracted Services	6,005	15,500	-	15,500	500	45	11,625	11,580	500	Robert Lamm & John Thede
Water Supplies, Permitting, Other	3,281	3,000	-	3,000	1,000	523	2,250	1,727	1,000	
Water Temporary Service Connections	-	-	-	-	-	-	-	-	-	
Tap Connection Fee	-	1,500	-	1,500	33	33	1,500	1,467	-	Now doing ourselves
Water Testing	2,525	2,500	-	2,500	2,500	785	1,875	1,090	2,500	
Annual Backflow Testing	3,630	4,000	-	4,000	2,470	2,470	-	(2,470)	3,000	
Legal	-	-	-	-	-	-	-	-	-	
Allocated Overhead from General Fund	34,981	65,415	-	65,415	47,943	30,624	50,303	19,678	47,430	30% of GF Expenses
Contingency		10,000	-	10,000	-	-	7,500	7,500	10,000	
<b>Total Water System Operating Costs</b>	<b>312,687</b>	<b>527,418</b>	<b>-</b>	<b>527,418</b>	<b>426,686</b>	<b>313,512</b>	<b>432,793</b>	<b>119,281</b>	<b>460,576</b>	
<b>Direct Sewer Expenses:</b>										
Collection System Maintenance		5,000	-	5,000	2,500		3,750	3,750	5,000	
Operating Supplies	2,478	3,000	-	3,000	1,000	356	2,250	1,894	3,000	
Personnel/Contracted Services	29,998	30,000	-	30,000	35,000	26,520	22,500	(4,020)	35,000	Robert Lamm
Sewer Engineering	866	500	-	500	-	-	375	375	-	
Sewer Utilities	2,393	2,100	-	2,100	2,700	2,009	1,575	(434)	3,000	
Sewer Testing, Permitting, Other	840	-	-	-	1,000	840	-	(840)	1,000	
Allocated Overhead from General Fund	23,320	21,805	-	21,805	15,981	10,208	16,768	6,559	15,810	10% (20% in 09) of GF Exp.
Contingency		10,000	-	10,000	-	-	7,500	7,500	10,000	
<b>Total Sewer System Operating Costs</b>	<b>59,894</b>	<b>72,405</b>	<b>-</b>	<b>72,405</b>	<b>58,181</b>	<b>39,933</b>	<b>54,718</b>	<b>14,784</b>	<b>72,810</b>	
<b>TOTAL OPERATING EXPENDITURES</b>	<b>372,581</b>	<b>599,823</b>	<b>-</b>	<b>599,823</b>	<b>484,867</b>	<b>353,445</b>	<b>487,511</b>	<b>134,065</b>	<b>533,386</b>	
<b>Capital Expenditures:</b>										
Capital - Water	-	-	-	-	-	-	-	-	-	
Capital - Sewer	-	-	-	-	-	-	-	-	-	
<b>Total Capital Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>REVENUE OVER (UNDER) EXPEND.</b>	<b>(123,856)</b>	<b>(306,110)</b>	<b>-</b>	<b>(306,110)</b>	<b>(256,684)</b>	<b>(165,656)</b>	<b>(216,451)</b>	<b>50,795</b>	<b>(189,248)</b>	
<b>OTHER SOURCES &amp; (USES)</b>										
Water Tap Fees- Residential	-	7,500	-	7,500	7,500	7,500	7,500	-	-	Taps times Rate
Water Tap Fees- Commercial	-	-	-	-	-	-	-	-	-	No new commercial
Sewer Tap Fees- Residential	-	7,500	-	7,500	7,500	7,500	7,500	-	-	Taps times Rate
Sewer Tap Fees- Commercial	-	-	-	-	-	-	-	-	-	No new commercial
Developer Advance	45,000	290,000	-	290,000	230,000	100,000	165,000	(65,000)	190,000	Amt to Balance Budget
Developer Repayments - Principal										No funds available
Transfer to Capital Fund										No funds available
<b>TOTAL OTHER SOURCES &amp; (USES)</b>	<b>45,000</b>	<b>305,000</b>	<b>-</b>	<b>305,000</b>	<b>245,000</b>	<b>115,000</b>	<b>180,000</b>	<b>(65,000)</b>	<b>190,000</b>	
FUND BALANCE - BEGINNING	146,613	57,003	-	57,003	67,756	67,756	57,003	10,754	56,072	
<b>FUND BALANCE - ENDING</b>	<b>67,756</b>	<b>55,893</b>	<b>-</b>	<b>55,893</b>	<b>56,072</b>	<b>17,100</b>	<b>20,551</b>	<b>(3,451)</b>	<b>56,825</b>	

SEE ACCOMPANYING ACCOUNTANT'S REP

= = = = PAGE 7 = = = =

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

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

On behalf of the Cornerstone Metropolitan District No. 1, the Board of Directors of the Cornerstone Metropolitan District No. 1

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS

assessed valuation of: (Gross assessed valuation, Line 2 of the Certification of Valuation Form DLG 57) \$ 1,040

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

\$ 1,040

Submitted: December 10, 2010 for budget/fiscal year 2011 (not later than Dec 15) (dd/mm/yyyy) (yyyy)

PURPOSE

LEVY<sup>2</sup>

REVENUE<sup>2</sup>

1. General Operating Expenses 0.000 mills \$ -

2. (MINUS) Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction 0.000 mills \$ -

SUBTOTAL FOR GENERAL OPERATING:

0.000 mills \$ -

3. General Obligation Bonds and Interest [Special Districts must certify separately for each debt pursuant to 29-1-301(1.7),C.R.S.; see page 2 of this form.] 0.000 mills \$ -

4. Contractual Obligations Approved at Election [Per 29-1-301(1.7) C.R.S.] 0.000 mills \$ -

5. Capital Expenditures [These revenues are not subject to the statutory property tax revenue limit if they are approved by counties and municipalities through public hearing pursuant to 29-1-301(1.2)C.R.S. and for special districts through approval from the Division of Local Government pursuant to 29-1-302(1.5)C.R.S. or for any taxing entity if approved at election.] 0.000 mills \$ -

6. Refunds/Abatements 0.000 mills \$ -

7. Other (specify): 0.000 mills \$ - [These levies and revenues are for purposes not subject to 29-1-301 C.R.S. that were not reported above]

TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]

0.000 mills \$ -

Contact person: Eric Weaver, CPA

Daytime phone: (970) 926-6060 x6

Signed: [Signature]

Title: District Administrator

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, Colorado 80203. Questions? Call DLG (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).