

# ROBERTSON & MARCHETTI, P.C.

*Certified Public Accountants*

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## Accountant's Compilation Report

November 27, 2012

Board of Directors  
Cornerstone Metropolitan District No. 1  
Montrose, Colorado

I have compiled the accompanying combined balance sheet of Cornerstone Metropolitan District No. 1 as of October 31, 2012 and the related statement of revenues, expenditures and changes in fund balance with budgets for the ten month period then ended. I also compiled the accompanying budget and forecast of revenues, expenditures and changes in fund balance for the year ending December 31, 2012 and the adopted budget for 2013, in accordance with standards established by the American Institute of Certified Public Accountants.

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.

As a consulting financial manager, I participate in the financial management of the District. Management (with my participation) 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. I have prepared these financial statements in my capacity as a consulting financial manager for the District.

My responsibility includes conducting 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 (with my participation) has elected to omit substantially all the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the District'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.

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 accompanying forecast and, accordingly, do not express an opinion or any other form of assurance on the 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 actual historical information for calendar year 2011 is presented for comparative purposes only. Such information is taken from the financial statements for the District for the year ended December 31, 2011, which have been audited by Haynie & Company, and upon which they expressed an unqualified opinion in their report dated September 20, 2012.

I am not independent with respect to Cornerstone Metropolitan District No. 1 because I perform certain accounting services that impair my independence.

ROBERTSON & MARCHETTI, P.C.



Eric Weaver, CPA  
Vice-President

CORNERSTONE METROPOLITAN DISTRICT NO. 1  
 COMBINED BALANCE SHEET  
 October 31, 2012

Date Printed: 12/12/12

<u>ASSETS</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Improv. Fund</u>	<u>Water &amp; Sewer Fund</u>	<u>Capital Assets &amp; LT Debt</u>	<u>Totals</u>
CSAFE Checking	490					490
Alpine Checking	43,053					43,053
Alpine Money Market	-					-
Pooled Cash	58,746	-	-	(58,746)		(0)
Wells Fargo Bond Fund		-				-
Wells Fargo Capitalized Interest		-				-
Accounts Receivable	-			100,039		100,039
Developer Advance Receivable						-
Prepaid Expenses	-					-
Due From CSMD No. 2	60,854	-				60,854
Capital Assets					16,647,697	16,647,697
Accumulated Depreciation					(1,993,345)	(1,993,345)
Bond Issue Costs					-	-
Accum. Amortization - Bond Issue Cost					-	-
<b>TOTAL ASSETS</b>	<b>163,142</b>	<b>-</b>	<b>-</b>	<b>41,293</b>	<b>14,654,352</b>	<b>14,858,787</b>

LIABILITIES AND FUND EQUITY

Accounts Payable	24,444					24,444
Developer Advance Payable - Gen Fund Operations					212,260	212,260
Developer Advance Payable - Water Operations					340,000	340,000
Developer Advance Payable - Capital					6,794,238	6,794,238
Accrued Letter of Credit Fees					-	-
Accrued Interest Bonds					-	-
Accrued Interest - Developer Note- Ops & Capital					33,781	33,781
Accrued Interest - Developer Note- Water Ops					21,285	21,285
Accrued Interest - Developer Note - Capital Acq					1,376,544	1,376,544
Bonds Payable					-	-
<b>TOTAL LIABILITIES</b>	<b>24,444</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,778,109</b>	<b>8,802,552</b>

FUND EQUITY

Investment in Fixed Assets					16,647,697	16,647,697
Invested in Accumulated Depreciation					(1,993,345)	(1,993,345)
Amount Provided Developer Note					(7,346,498)	(7,346,498)
Amount to be Provided Accrued Interest					(1,431,611)	(1,431,611)
Amount to be Provided Bonds					-	-
Invested in Bond Issue Cost					-	-
Fund Balance	138,699	-	-	41,293		179,992
<b>TOTAL FUND EQUITY</b>	<b>138,699</b>	<b>-</b>	<b>-</b>	<b>41,293</b>	<b>5,876,243</b>	<b>6,056,235</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>163,142</b>	<b>-</b>	<b>-</b>	<b>41,293</b>	<b>14,654,352</b>	<b>14,858,787</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

Printed: 12/12/2012

MODIFIED  
 ACCRUAL  
 BASIS

GENERAL FUND	2011 Audited Actual	2012 Adopted Budget	Variance Favorable (Unfavor.)	2012 Forecast	10 Months Ended 10/31/2012 Actual	10 Months Ended 10/31/2012 Budget	Variance Favorable (Unfavor.)	2013 Adopted Budget	Comments
<b>REVENUES</b>									
Xfer From No. 2- Operations	263,425	262,816	(25,690)	237,126	156,922	257,394	(100,473)	284,763	Per #2 Budget
General Operations Fee Xfer from CMD # 2								164,879	Per #2 Budget- Net collections
Interest Income	322	200	(200)	-	0	167	(167)	-	
<b>TOTAL REVENUES</b>	<b>263,746</b>	<b>263,016</b>	<b>(25,890)</b>	<b>237,126</b>	<b>156,922</b>	<b>257,561</b>	<b>(100,640)</b>	<b>449,642</b>	
<b>EXPENDITURES</b>									
<b>Operations:</b>									
Accounting & Administration	47,629	50,000	(15,000)	65,000	49,559	40,250	(9,309)	50,000	Based on reduced activity
District Management	19,200	5,000	(22,438)	27,438	23,438	4,167	(19,271)	8,000	Shared 1/3 w/ Assn
Financial Planning & Other Special Services	-	-	(1,000)	1,000	-	-	-	1,000	Property Analysis Shared 1/2 with LLC
Audit	11,000	12,000	1,850	10,150	10,150	12,000	1,850	11,000	Both District 1 & 2
Insurance & Bonds	8,336	10,000	(1,158)	11,158	11,158	10,000	(1,158)	12,000	Both District 1 & 2
Worker's Compensation	50	60	-	60	-	-	-	60	Board member coverage
Dues and Subscriptions	2,620	1,750	1,600	150	150	1,750	1,600	1,750	SDA Dues for both Districts
Elections	-	4,000	3,199	801	801	4,000	3,199	-	Only in Even Years
Legal	14,347	25,000	(35,000)	60,000	49,105	20,833	(28,272)	30,000	Based on reduced activity
Office Expense	1,346	1,500	(300)	1,800	1,944	1,250	(694)	1,500	Based on Prior Year Fcst
Publication Expense	35	150	-	150	-	-	-	150	Based on Prior Year Fcst
Contingency	-	10,000	10,000	-	-	8,333	8,333	20,000	
<b>Facility Operations:</b>									
Electricity	947	1,250	1,250	-	-	1,042	1,042	1,250	Based on Prior Year Fcst
Natural Gas	-	1,500	-	1,500	-	1,250	1,250	1,500	Hunt has paid in past
Insurance	-	-	-	-	-	-	-	1,000	Covered by Dev Policy in past
Building Maintenance	-	1,000	1,000	-	-	833	833	1,000	Minimal funds available
Grounds Maintenance	-	-	-	-	-	-	-	-	
<b>Less Allocations to Water &amp; Sewer Fund</b>									
Overhead Allocated to Water Fund	(42,204)	(49,284)	22,399	(71,683)	(58,522)	(42,300)	16,222	(56,084)	30% Water & 10% Sewer
Overhead Allocated to Capital Fund	-	-	-	-	-	-	-	-	No capital projects
<b>TOTAL OPERATIONS EXPENDITURES</b>	<b>63,306</b>	<b>73,926</b>	<b>(33,598)</b>	<b>107,524</b>	<b>87,783</b>	<b>63,408</b>	<b>(24,375)</b>	<b>84,126</b>	
<b>Road Repairs and Maintenance:</b>									
Contracted Services- Snowplowing	44,214	75,000	10,000	65,000	45,428	55,000	9,572	75,000	Club plowed small snows free in past
Sand and Gravel	3,610	-	-	-	-	-	-	-	Included in Above
Misc Road Expenses	750	500	500	-	-	500	500	500	
Culvert Cleaning Repair, and Replacement	-	1,000	1,000	-	-	1,000	1,000	-	
Equipment Storage Facility & Heating	2,000	5,000	-	5,000	3,000	4,167	1,167	5,000	4 Mo. @\$500 + \$3K propane
Storm Water Management- BMP's	714	4,000	4,000	-	-	4,000	4,000	-	
Guardrail Maintenance	-	-	-	-	-	-	-	-	
Sign Maintenance	393	-	-	-	-	-	-	-	
Street Sweeping	-	2,000	2,000	-	-	2,000	2,000	-	
Trash Cleanup	-	-	-	-	-	-	-	-	
Government Springs Road Maintenance	-	13,200	13,200	-	-	-	-	13,200	Paid to Ouray County
Shoulder and V Ditch Maintenance	2,898	9,000	4,000	5,000	-	9,000	9,000	5,000	Minimal work
Crack Seal/ Pavement Repair	4,050	5,000	5,000	-	-	5,000	5,000	5,000	Minimal work
Weed Control- Road Right-Of-Ways	15,222	15,000	15,000	-	-	15,000	15,000	5,000	Minimal work
<b>TOTAL ROAD EXPENDITURES</b>	<b>73,850</b>	<b>129,700</b>	<b>54,700</b>	<b>75,000</b>	<b>48,428</b>	<b>95,667</b>	<b>47,239</b>	<b>108,700</b>	

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

Printed: 12/12/2012

MODIFIED  
 ACCRUAL  
 BASIS

GENERAL FUND (CONTINUED)	2011 Audited Actual	2012 Adopted Budget	Variance Favorable (Unfavor.)	2012 Forecast	10 Months Ended 10/31/12 Actual	10 Months Ended 10/31/12 Budget	Variance Favorable (Unfavor.)	2013 Adopted Budget	Comments
<b>EXPENDITURES (CONTINUED)</b>									
<b>Public Safety- Welcome Center</b>									
Staffing	63,250	69,000	61,154	7,846	7,846	57,500	49,654	-	Assume no staffed services
Operating Supplies	-	1,000	1,000	-	-	833	833	-	
<b>TOTAL WELCOME CENTER EXPENDITURES</b>	<b>63,250</b>	<b>70,000</b>	<b>62,154</b>	<b>7,846</b>	<b>7,846</b>	<b>58,333</b>	<b>50,488</b>	-	
<b>Public Safety- Fire &amp; EMS:</b>									
Training	214	1,000	1,000	-	-	1,000	1,000	-	Through club personnel
Equipment	195	1,000	825	175	175	833	658	-	
Dispatch Fee	1,771	2,750	2,750	-	-	2,750	2,750	-	Cancel Agreement
HVFD Stipend	-	-	-	-	-	-	-	-	
HVFD Structural Fire Support	-	-	-	-	-	-	-	-	
Worker Compensation Insurance	660	1,000	(80)	1,080	1,080	1,000	(80)	-	No longer have staff
<b>TOTAL FIRE &amp; EMS EXPENDITURES</b>	<b>2,840</b>	<b>5,750</b>	<b>4,495</b>	<b>1,255</b>	<b>1,255</b>	<b>5,583</b>	<b>4,328</b>	-	
<b>TOTAL EXPENDITURES</b>	<b>203,246</b>	<b>279,376</b>	<b>87,751</b>	<b>191,625</b>	<b>145,312</b>	<b>222,992</b>	<b>77,680</b>	<b>192,826</b>	
<b>REVENUE OVER (UNDER) EXPEND.</b>	<b>60,500</b>	<b>(16,360)</b>	<b>61,861</b>	<b>45,501</b>	<b>11,610</b>	<b>34,569</b>	<b>(22,960)</b>	<b>256,816</b>	
<b>OTHER SOURCES &amp; (USES)</b>									
Transfer (to) from Other Funds	-	-	(125,000)	(125,000)	-	-	-	(205,000)	Excess available to subsidize W&S
Developer Advance - Operations	-	16,000	(16,000)	-	-	-	-	-	
<b>TOTAL OTHER SOURCES &amp; (USES)</b>	<b>-</b>	<b>16,000</b>	<b>(141,000)</b>	<b>(125,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(205,000)</b>	
<b>FUND BALANCE - BEGINNING</b>	<b>66,590</b>	<b>70,067</b>	<b>57,022</b>	<b>127,090</b>	<b>127,090</b>	<b>70,067</b>	<b>57,022</b>	<b>47,591</b>	
<b>FUND BALANCE - ENDING</b>	<b>127,090</b>	<b>69,708</b>	<b>(22,117)</b>	<b>47,591</b>	<b>138,700</b>	<b>104,637</b>	<b>34,063</b>	<b>99,407</b>	

SEE ACCOMPANYING ACCOUNTANT'S REPORT

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CORNERSTONE METROPOLITAN DISTRICT NO. 1  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
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CAPITAL IMPROVEMENTS FUND	2011 Audited Actual	2012 Adopted Budget	Variance Favorable (Unfavor.)	2012 Forecast	10 Months Ended 10/31/12 Actual	10 Months Ended 10/31/12 Budget	Variance Favorable (Unfavor.)	2013 Adopted Budget	Comments
<b>REVENUES</b>									
Developer Advance - Capital Project	96,497	-	-	-	-	-	-	-	
Interest income	-	-	-	-	-	-	-	-	
Bond Proceeds	-	-	-	-	-	-	-	-	
<b>TOTAL REVENUE</b>	<b>96,497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>CAPITAL EXPENDITURES</b>									No New Infrastructure
Financial Planning	-	-	-	-	-	-	-	-	
Engineering	-	-	-	-	-	-	-	-	
Pond 4 & Ouray Phase II Roads	-	-	-	-	-	-	-	-	
TCWSD Enhancements	-	-	-	-	-	-	-	-	
WWTP	-	-	-	-	-	-	-	-	
Reuse Line	-	-	-	-	-	-	-	-	
Govt Springs Road Upgrades	-	-	-	-	-	-	-	-	
Ouray Phase I- Water & Sewer	-	-	-	-	-	-	-	-	
Ouray Phase II- Water & Sewer	-	-	-	-	-	-	-	-	
Ouray Phase IIIA- Water & Sewer	96,497	-	-	-	-	-	-	-	
Montrose Phase IA- Water, Sewer, & Roads	-	-	-	-	-	-	-	-	
Montrose Lodge Extension- Roads & Water	-	-	-	-	-	-	-	-	
GSR Waterline	-	-	-	-	-	-	-	-	
Water Tank Water Line	-	-	-	-	-	-	-	-	
Water Tank	-	-	-	-	-	-	-	-	
Clubhouse Water Main	-	-	-	-	-	-	-	-	
WAPA Waterline Extension	-	-	-	-	-	-	-	-	
Ouray Clubhouse Sewer Extension	-	-	-	-	-	-	-	-	
Allocated Overhead From General Fund	-	-	-	-	-	-	-	-	
Contingency	-	-	-	-	-	-	-	-	
<b>TOTAL EXPENDITURES</b>	<b>96,497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
REVENUE OVER (UNDER) EXPEND.	-	-	-	-	-	-	-	-	
<b>OTHER SOURCES/(USES)</b>									
Developer Repayment- Principle	-	-	-	-	-	-	-	-	
Developer Repayment- Interest	-	-	-	-	-	-	-	-	
Transfer between Funds	-	-	-	-	-	-	-	-	
Organizational Costs	-	-	-	-	-	-	-	-	
Bond Cost of Issuance	-	-	-	-	-	-	-	-	
<b>TOTAL OTHER SOURCES/(USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
FUND BALANCE - BEGINNING	-	-	-	-	-	-	-	-	
<b>FUND BALANCE - ENDING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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

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DEBT SERVICE FUND	2011 Audited Actual	2012 Adopted Budget	Variance Favorable (Unfavor.)	2012 Forecast	10 Months Ended 10/31/12 Actual	10 Months Ended 10/31/12 Budget	Variance Favorable (Unfavor.)	2013 Adopted Budget	Comments
# of Lots Sold	-	-	-	-	-	-	-	-	Now in District No. 2
Development Fee per Lot	-	-	-	-	-	-	-	-	Now in District No. 2
<b>REVENUES</b>									
Xfer from No 2 Prop- Debt Service	-	-	-	-	-	-	-	-	Bonds Paid Off
Development Fee Revenue	-	-	-	-	-	-	-	-	Bonds Paid Off
Interest Income - DS	-	-	-	-	-	-	-	-	0.5% of Beg Fund Bal
<b>TOTAL REVENUES</b>	-	-	-	-	-	-	-	-	
<b>EXPENDITURES</b>									
<i>Average Interest Rate YTD:</i>									
07 Bonds Interest	-	-	-	-	-	-	-	-	Bonds Paid Off
07 Bonds Principal Reduction	-	-	-	-	-	-	-	-	Bonds Paid Off
Wire Fees	-	-	-	-	-	-	-	-	Bonds Paid Off
Principal Reduction - Developer Note	-	-	-	-	-	-	-	-	Bonds Paid Off
Paying Agent Fees	-	-	-	-	-	-	-	-	Bonds Paid Off
Rating Agent Fees	-	-	-	-	-	-	-	-	Bonds Paid Off
Remarketing Fees	-	-	-	-	-	-	-	-	Bonds Paid Off
Letter of Credit Fee	-	-	-	-	-	-	-	-	Bonds Paid Off
Legal - DS	-	-	-	-	-	-	-	-	Bonds Paid Off
Inter-District Contribution	-	-	-	-	-	-	-	-	Bonds Paid Off
Contingency	-	-	-	-	-	-	-	-	Bonds Paid Off
<b>TOTAL EXPENDITURES</b>	-	-	-	-	-	-	-	-	
REVENUE OVER (UNDER) EXPEND.	-	-	-	-	-	-	-	-	
<b>OTHER SOURCES &amp; (USES)</b>									
Xfer from No 2 2008 Net Bond Proceeds	-	-	-	-	-	-	-	-	Bonds Paid Off
Bond Cost of Issuance	-	-	-	-	-	-	-	-	Bonds Paid Off
Transfer Between Funds- In (Out)	-	-	-	-	-	-	-	-	Bonds Paid Off
<b>TOTAL OTHER SOURCES &amp; (USES)</b>	-	-	-	-	-	-	-	-	
FUND BALANCE - BEGINNING	-	-	(0)	(0)	-	-	-	-	
FUND BALANCE - ENDING	-	-	(0)	(0)	-	-	-	-	
	=	=	=	=	=	=	=	=	
Summary of Fund Balances:									
Restricted for Capitalized Interest	-	-	-	-	-	-	-	-	
Reserved for Future Debt Service	-	-	-	(0)	-	-	-	-	
<b>Total Fund Balance</b>	-	-	(0)	(0)	-	-	-	-	

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

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WATER & SEWER ENTERPRISE FUND	2011 Audited Actual	2012 Adopted Budget	Variance Favorable (Unfavor.)	2012 Forecast	10 Months Ended 10/31/12 Actual	10 Months Ended 10/31/12 Budget	Variance Favorable (Unfavor.)	2013 Adopted Budget	Comments
<b>Water Consumption in Gallons:</b>									
Residential	1,824,800	1,536,000	564,000	2,100,000	1,949,580	1,488,697	460,883	1,504,000	Homes * Average Usage
Golf Course & Ponds	46,761,066	47,500,000	(3,164,026)	44,335,974	41,835,974	47,500,000	(5,664,026)	15,000,000	Assume new owners use less
Club Facilities	545,070	600,000	400,000	1,000,000	961,010	581,888	379,122	500,000	Assume new owners use less
Flushing & WWTP Consumption	2,659,900	2,350,000	400,000	2,750,000	1,773,300	1,770,491	2,809	2,750,000	Based on Prior Years
Non-Metered Water Loss & Pump Before Billed	925,164	2,350,000	(1,350,000)	1,000,000	202,636	1,958,333	(1,755,697)	1,250,000	Based on Prior Years
<b>Total Gallons Purchased During Year</b>	<b>52,716,000</b>	<b>54,336,000</b>	<b>(3,150,026)</b>	<b>51,185,974</b>	<b>46,722,500</b>	<b>53,299,409</b>	<b>(6,576,909)</b>	<b>21,004,000</b>	
<b>Cost of Water Purchased:</b>									
Tri-County Rate	3.00	3.15		3.00				3.15	Estimated 5% Increase
Tri- County Pumping Charge	0.35	0.37		0.35				0.37	Estimated 5% Increase
Booster Pump Utility Costs	2.04	2.76		2.15				2.26	Estimated 5% Increase
<b>Cost to Obtain Water- Per 1K Gallons</b>	<b>5.39</b>	<b>6.28</b>		<b>5.50</b>				<b>5.78</b>	
<b>Water Rates:</b>									
<b>Residential Charges Per Quarter:</b>									
Up to 18,000 Gallons	184.00	195.00		184.00				400.00	Per Prelim Fee Schedule
18,000 - 50,000 Gallons	12.50	13.25		12.50				15.00	Per Prelim Fee Schedule
Over 50,000 Gallons	18.50	20.00		18.50				20.00	Per Prelim Fee Schedule
<b>Commercial Water Rate- Up to 15M Gallons</b>	<b>6.25</b>	<b>6.59</b>		<b>6.25</b>				<b>12.00</b>	<b>Per Prelim Fee Schedule</b>
<b>Commercial Water Rate- After 15M Gallons</b>	<b>6.25</b>	<b>6.59</b>		<b>6.25</b>				<b>6.00</b>	<b>Per Prelim Fee Schedule</b>
<b>Tap Fee- Residential</b>	<b>7,500</b>	<b>7,500</b>		<b>7,500</b>				<b>7,500</b>	<b>No Change</b>
<b>Sewer Rates:</b>									
Quarterly Sewer Charge	150.00	155.00		150.00				300.00	Per Prelim Fee Schedule
Sewer Tap Fee- Residential	7,500	7,500		7,500				7,500	No Change
<b>Units Connected To Systems:</b>									
<b>Water System</b>									
Homes Added to Domestic Water System	-	-		-				-	No new homes anticipated
Total Connected- End of Yr	16	16		16				16	
Average Quarterly Use Per Household	28,513	24,000		32,813				23,500	Based on Normal Year
Average Quarterly Bill Per Household	447	446		501				516	
<b>Sewer System</b>									
Homes Added to Sewer System	1	1		-				1	One home complete in 2013
Total Homes Connected- End of Yr	14	15		14				15	
<b>REVENUES</b>									
Water User Fees Commercial	295,462	316,979	(33,629)	283,350	266,944	316,860	(49,916)	183,000	Rate times gallons
Commercial Overhead Fees	92,466	110,232	(40,655)	69,577	47,765	93,206	(45,441)	-	Half of fixed water costs
Water User Fees Residential	28,583	28,544	3,495	32,039	28,982	26,165	2,817	33,000	Average bill amounts
Sewer User Fee Commercial	1,950	2,615	(665)	1,950	1,313	1,961	(649)	3,900	Equivalent Taps X Res. rate
Sewer User Fee Residential	7,950	8,700	(300)	8,400	6,300	6,525	(225)	18,000	Average Homes X Qtly Rate
Interest Income	-	-	-	-	-	-	-	-	All in General Fund
Late Fees & Interest	335	200	19,800	20,000	18,729	167	18,563	200	Not budgeted since collection unknown
Backflow Testing Fee	3,185	3,000	(400)	2,600	2,600	3,000	(400)	2,900	Expense less District facilities
Title Fee	-	-	1,450	1,450	1,450	-	1,450	-	Cobalt closing
Less Allowance For Delayed Receipts	-	-	(119,196)	(119,196)	-	-	-	-	Assume all paid on time
<b>TOTAL REVENUES</b>	<b>429,930</b>	<b>470,270</b>	<b>(170,100)</b>	<b>300,170</b>	<b>374,082</b>	<b>447,884</b>	<b>(73,802)</b>	<b>241,000</b>	

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

Printed: 12/12/2012

MODIFIED  
 ACCRUAL  
 BASIS

WATER & SEWER ENTERPRISE FUND	2011 Audited Actual	2012 Adopted Budget	Variance Favorable (Unfavor.)	2012 Forecast	10 Months Ended 10/31/12 Actual	10 Months Ended 10/31/12 Budget	Variance Favorable (Unfavor.)	2013 Adopted Budget	Comments
<b>Direct Water Expenses:</b>									
Water Utilities	107,729	149,967	39,918	110,050	97,605	140,213	42,609	47,417	Rate times Gallons
Water - Tri-County Water	156,154	171,698	17,600	154,098	141,415	151,549	10,134	66,703	Gallons times rate
Water - Tri-County Pumping	18,189	20,104	2,189	17,915	16,469	17,745	1,276	7,719	Gallons times rate
Annual Backflow Testing	3,250	3,000	(227)	3,227	3,227	3,000	(227)	3,250	
<b>Total Variable Water Expenses</b>	<b>285,321</b>	<b>344,770</b>	<b>59,480</b>	<b>285,290</b>	<b>258,716</b>	<b>312,507</b>	<b>53,791</b>	<b>125,088</b>	
System Operator	121,000	136,000	80,250	55,750	42,125	113,333	71,208	77,500	Now only water
Water Booster Maintenance	18,653	15,000	8,000	7,000	5,761	13,700	7,939	15,000	
Distribution System Maintenance	8,661	15,000	7,500	7,500	-	12,500	12,500	15,000	
Water Engineering	720	-	(741)	741	741	-	(741)	-	
Water-Misc. Expense (BLM Right of Way)	322	500	(3,000)	3,500	2,312	500	(1,812)	1,750	
Water Contracted Services	-	500	500	-	-	417	417	-	
Water Supplies, Permitting, Other	50	1,000	850	150	136	833	697	500	
Water Temporary Service Connections	-	-	-	-	-	-	-	-	
Tap Connection Fee	-	-	-	-	-	-	-	-	No new taps
Water Testing	623	2,500	1,750	750	563	2,083	1,520	1,250	
Vehicles & Equipment	-	-	(5,000)	5,000	-	-	-	-	
Legal	-	-	-	-	-	-	-	-	
Allocated Overhead from General Fund	31,653	36,963	(16,799)	53,762	43,891	31,713	(12,179)	42,063	30% of GF Expenses
Contingency	-	10,000	5,000	5,000	-	8,333	8,333	10,000	
<b>Total Non-Variable Water Expenses</b>	<b>181,681</b>	<b>217,463</b>	<b>78,310</b>	<b>139,153</b>	<b>95,530</b>	<b>183,413</b>	<b>87,883</b>	<b>163,063</b>	
<b>Total Water System Operating Costs</b>	<b>467,003</b>	<b>562,233</b>	<b>137,790</b>	<b>424,443</b>	<b>354,246</b>	<b>495,920</b>	<b>141,674</b>	<b>288,151</b>	
<b>Direct Sewer Expenses:</b>									
Collection System Maintenance	-	5,000	5,000	-	-	4,167	4,167	2,500	Estimate
Operating Supplies	773	3,000	2,250	750	94	2,500	2,406	1,000	
Personnel/Contracted Services	33,788	38,850	(1,150)	40,000	33,516	32,375	(1,141)	40,000	Hourly Charges
Sewer Engineering	188	-	-	-	-	-	-	-	
Sewer Utilities	3,154	3,000	-	3,000	1,621	2,500	879	3,250	
Sewer Testing, Permitting, Other	840	1,000	-	1,000	-	833	833	1,000	
Allocated Overhead from General Fund	10,551	12,321	(5,600)	17,921	14,630	10,588	(4,043)	14,021	10% of GF Exp.
Contingency	-	10,000	10,000	-	-	7,778	7,778	5,000	
<b>Total Sewer System Operating Costs</b>	<b>49,293</b>	<b>73,171</b>	<b>10,500</b>	<b>62,671</b>	<b>49,861</b>	<b>60,740</b>	<b>10,879</b>	<b>66,771</b>	
<b>TOTAL OPERATING EXPENDITURES</b>	<b>516,296</b>	<b>635,404</b>	<b>148,290</b>	<b>487,114</b>	<b>404,107</b>	<b>556,660</b>	<b>152,553</b>	<b>354,922</b>	
<b>REVENUE OVER (UNDER) EXPEND.</b>	<b>(86,366)</b>	<b>(165,135)</b>	<b>(21,809)</b>	<b>(186,944)</b>	<b>(30,025)</b>	<b>(108,776)</b>	<b>78,751</b>	<b>(113,922)</b>	
<b>OTHER SOURCES &amp; (USES)</b>									
Water Tap Fees- Residential	-	-	-	-	-	-	-	-	No new homes
Water Tap Fees- Commercial	-	-	-	-	-	-	-	-	No new commercial
Sewer Tap Fees- Residential	-	-	-	-	-	-	-	-	No new homes
Sewer Tap Fees- Commercial	-	-	-	-	-	-	-	-	No new commercial
Developer Advance	100,000	165,000	(165,000)	-	-	75,000	(75,000)	-	
Developer Repayments - Principal	-	-	-	-	-	-	-	-	No funds available
Transfer From (To) Other Funds	-	-	125,000	125,000	-	-	-	205,000	Available funds from General Fund
<b>TOTAL OTHER SOURCES &amp; (USES)</b>	<b>100,000</b>	<b>165,000</b>	<b>(40,000)</b>	<b>125,000</b>	<b>-</b>	<b>75,000</b>	<b>(75,000)</b>	<b>205,000</b>	
<b>FUND BALANCE - BEGINNING</b>	<b>57,683</b>	<b>58,159</b>	<b>13,158</b>	<b>71,317</b>	<b>71,317</b>	<b>58,159</b>	<b>13,158</b>	<b>9,373</b>	
<b>FUND BALANCE - ENDING</b>	<b>71,317</b>	<b>58,024</b>	<b>(48,651)</b>	<b>9,373</b>	<b>41,292</b>	<b>24,383</b>	<b>16,909</b>	<b>100,451</b>	

SEE ACCOMPANYING ACCOUNTANT'S REPORT