

# CORNERSTONE METROPOLITAN DISTRICT NO. 1

December 29, 2014

Division of Local Government  
1313 Sherman Street, Room 521  
Denver, CO 80203  
Via email – [dlg-filing@state.co.us](mailto:dlg-filing@state.co.us)

RE: Cornerstone Metropolitan District No. 1 LG ID# 65390

Attached is the 2015 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 October 27, 2014. 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 \$670, 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,



Title District Administrator

Enclosure(s)

# **CORNERSTONE METROPOLITAN DISTRICT NO. 1**

## **2015 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.

## **2015 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 for operations from property taxes collected by Cornerstone Metropolitan District No. 2. In addition the District imposes a general operations fee for additional operations funding.

The District 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 a transfer from the general fund.

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

**TO ADOPT 2015 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 2015 AND ENDING ON THE LAST DAY OF DECEMBER 2015.

WHEREAS, the Board of Directors of the Cornerstone Metropolitan District No.1 has appointed a budget committee to prepare and submit a proposed 2015 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 October 27, 2014, 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 2014, TO HELP DEFRAID THE COSTS OF GOVERNMENT FOR THE CORNERSTONE METROPOLITAN DISTRICT NO. 1, MONTROSE COUNTY, COLORADO, FOR THE 2015 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 October 27, 2014 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 2014 valuation for assessment for the Cornerstone Metropolitan District No. 1, as certified by the County Assessor is \$670.

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 2015 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 2014.

Section 2. That for the purposes of rendering a refund to its constituents during budget year 2015 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 2015 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 2014.

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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 2015 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 2014.

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 2015 BUDGET YEAR.

WHEREAS, the Board of Directors has adopted the annual budget in accordance with the Local Government Budget Law, on October 27, 2014, 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	\$ 225,926
Fund Transfers	<u>167,000</u>
TOTAL GENERAL FUND	\$ 392,926

WATER & SEWER ENTERPRISE FUND

Current Operating Expenditures	<u>\$ 210,708</u>
TOTAL ENTERPRISE FUND	\$ 210,708

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

**TO ADOPT 2015 BUDGET, SET MILL LEVIES AND**  
**APPROPRIATE SUMS OF MONEY**  
**(CONTINUED)**

The above resolutions to adopt the 2015 budget, set the mill levies and to appropriate sums of money were adopted this 27<sup>th</sup> day of October, 2014.

Attest: Bill Fugazzi

Title: President



## Accountant's Compilation Report

December 29, 2014

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

We have compiled the accompanying combined balance sheet of Cornerstone Metropolitan District No. 1 as of September 30, 2014 and the related statement of revenues, expenditures and changes in fund balance with budgets for the nine month period then ended. We also compiled the accompanying budget and forecast of revenues, expenditures and changes in fund balance for the year ending December 31, 2014 and the adopted 2015 budget, in accordance with standards established by the American Institute of Certified Public Accountants.

We 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, we participate in the financial management of the District. Management (with our 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. We have prepared these financial statements in our capacity as a consulting financial manager for the District.

Our 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 our 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. We 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. We 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 2013 is presented for comparative purposes only. Such information is taken from the financial statements for the District for the year ended December 31, 2013, which have been audited by Chadwick, Steinkirchner, Davis, & Co., and upon which they expressed an unqualified opinion in their report dated September 24, 2014.

We are not independent from and accounting and auditing perspective with respect to Cornerstone Metropolitan District No. 1 because we perform certain accounting services that impair our independence.

*Marchetti & Weaver, LLC*



**CORNERSTONE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**September 30, 2014**

Date Printed: 12/29/14

	<u>General Fund</u>	<u>Water &amp; Sewer Fund</u>	<u>Capital Assets &amp; LT Debt</u>	<u>Totals</u>
<b>ASSETS</b>				
CSAFE Checking	490			490
Alpine Checking	85,998	10,509		96,507
Alpine Money Market	-			-
Accounts Receivable	464,504	235,852		700,355
Allowance for Delayed Payments	(464,249)	(214,010)		(678,259)
Prepaid Expenses	40			40
Due From CSMD No. 2	164,605		54,512	219,117
Due From COA	-			-
Capital Assets			16,653,497	16,653,497
Accumulated Depreciation			(3,104,931)	(3,104,931)
<b>TOTAL ASSETS</b>	<b>251,388</b>	<b>32,351</b>	<b>13,603,078</b>	<b>13,886,816</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>				
Accounts Payable	33,130			33,130
Payroll Tax Payable	199			199
Long-Term Notes Payable to Hunt			7,346,498	7,346,498
Accrued Interest - Hunt Notes			2,586,540	2,586,540
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS</b>	<b>33,329</b>		<b>9,933,038</b>	<b>9,966,366</b>
<b>NET POSITION</b>				
Investment in Fixed Assets, Net of Depreciation			13,548,566	13,548,566
Investment in Hunt Notes & Accrued Interest			(9,933,038)	(9,933,038)
Investment in CMD2 Delayed Receipts			54,512	54,512
Fund Balance	218,060	32,350		250,410
<b>TOTAL FUND EQUITY</b>	<b>218,060</b>	<b>32,350</b>	<b>3,670,040</b>	<b>3,920,450</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>251,388</b>	<b>32,350</b>	<b>13,603,078</b>	<b>13,886,816</b>
	=	=	=	=

SEE ACCOMPANYING ACCOUNTANT'S REPORT

PAGE 1

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

Printed: 12/29/2014

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

<b>GENERAL FUND</b>	<b>2013 Unaudited Actual</b>	<b>2014 Adopted Budget</b>	<b>Variance Favorable (Unfavor.)</b>	<b>2014 Forecast</b>	<b>9 Months Ended 9/30/2014 Actual</b>	<b>9 Months Ended 9/30/2014 Budget</b>	<b>Variance Favorable (Unfavor.)</b>	<b>2015 Adopted Budget</b>	<b>2015 Budget Comments</b>
<b>REVENUES</b>									
Xfer From No. 2- Operations	237,486	305,502	14,005	319,507	278,526	283,569	(5,043)	310,731	Assumes all that paid in 13 pay in 15
General Operations Fee	290,379	449,819	(149,940)	299,879	299,879	449,819	(149,940)	224,909	\$1,500, \$2,250, & \$3.75 rate structure
Late Fees & Interest Charges	55,261	71,000	-	71,000	53,671	53,250	421	92,000	Estimated charges
Allowance for Delayed Payments	(226,946)	(346,805)	77,935	(268,870)	(237,302)	(329,055)	91,753	(240,403)	Assumes all that paid in 14 pay in 15
Collection of Past Due Balances	-	-	-	-	-	-	-	-	Assume None Collected
Interest Income	-	-	-	-	-	-	-	-	
<b>TOTAL REVENUES</b>	<b>356,179</b>	<b>479,515</b>	<b>(58,000)</b>	<b>421,516</b>	<b>394,774</b>	<b>457,583</b>	<b>(62,809)</b>	<b>387,238</b>	
<b>EXPENDITURES</b>									
<b>Operations:</b>									
Accounting & Administration	63,474	50,000	(5,000)	55,000	42,750	37,000	(5,750)	55,000	Based on reduced activity
District Management	17,000	12,000	7,000	5,000	2,750	9,000	6,250	8,000	Based on 2014 forecast
Financial Planning & Other Special Services	-	-	-	-	-	-	-	-	
Audit	10,700	11,000	-	11,000	-	-	-	11,000	Both District 1 & 2
Board Member Compensation	2,530	2,400	(1,200)	3,600	3,176	1,800	(1,376)	6,000	Assume fewer meetings
Insurance & Bonds	10,915	11,500	(58)	11,558	11,558	11,500	(58)	12,500	Both District 1 & 2
Worker's Compensation	194	200	6	194	194	200	6	200	Board member coverage
Dues and Subscriptions	1,033	1,100	244	856	856	1,100	245	1,100	SDA Dues for both Districts
Elections	-	2,000	488	1,512	1,512	2,000	488	-	Only in Even Years
Legal	56,626	50,000	20,000	30,000	18,067	32,700	14,633	40,000	Based on average activity
Legal - Collections	8,749	12,000	12,000	-	-	9,000	9,000	-	In roads category since related to fees
Office Expense	2,516	2,250	-	2,250	2,729	1,688	(1,041)	2,250	Conf calls, postage, etc
Publication Expense	133	150	-	150	72	75	3	150	Based on Prior Year Fcst
Contingency	-	20,000	10,000	10,000	-	15,000	15,000	30,000	Only minimal amounts available
<b>Facility Operations:</b>									
Electricity	586	2,000	-	2,000	1,029	1,500	471	2,000	Full year in 2014
Natural Gas	515	-	-	-	-	-	-	-	Leave off- electric heat
Telephone & Internet	2,483	2,760	-	2,760	1,955	2,070	115	2,760	Gate & Building
Insurance	-	-	-	-	-	-	-	-	Included Above
Building Maintenance	102	250	-	250	75	188	113	250	Only required items
Grounds Maintenance	-	-	-	-	-	-	-	-	
<b>Less Allocations to Functions</b>									
To Road Operations (25%)	(44,389)	(44,903)	(10,870)	(34,033)	(21,680)	(31,205)	(9,525)	(42,803)	25% Roads
To Water & Swr Fund (40%)	(71,023)	(71,844)	(17,392)	(54,452)	(34,689)	(49,928)	(15,239)	(68,484)	30% Water & 10% Sewer
To Capital Fund (0%)	-	-	-	-	-	-	-	-	No capital projects
<b>TOTAL OPERATIONS EXPENDITURES</b>	<b>62,144</b>	<b>62,864</b>	<b>15,218</b>	<b>47,646</b>	<b>30,352</b>	<b>43,687</b>	<b>13,335</b>	<b>59,924</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: 12/29/2014

MODIFIED  
 ACCRUAL  
 BASIS

GENERAL FUND (CONTINUED)	2013 Unaudited Actual	2014 Adopted Budget	Variance Favorable (Unfavor.)	2014 Forecast	9 Months Ended 09/30/14 Actual	9 Months Ended 09/30/14 Budget	Variance Favorable (Unfavor.)	2015 Adopted Budget	2015 Budget Comments
<b>EXPENDITURES (CONTINUED)</b>									
<b>Road Repairs and Maintenance:</b>									
Contracted Services- Snowplowing	48,613	75,000	35,000	40,000	30,932	55,000	24,068	55,000	Based on Average Year
Sand and Gravel	-	-	-	-	-	-	-	-	Included in Above
Misc Road Expenses	-	-	-	-	-	-	-	-	
Culvert Cleaning Repair, and Replacement	-	-	-	-	-	-	-	-	
Equipment Storage Facility & Heating	-	5,500	-	5,500	-	-	-	5,500	Rent & propane
Storm Water Management- BMP's	-	-	-	-	-	-	-	-	
Guardrail Maintenance	-	-	-	-	-	-	-	-	
Sign Maintenance	-	-	-	-	-	-	-	-	
Street Sweeping	-	2,000	2,000	-	-	2,000	2,000	2,000	Only most traveled sections
Government Springs Road Maintenance	-	-	-	-	-	-	-	-	Paid to Ouray County
Shoulder and V Ditch Maintenance	1,200	1,200	1,200	-	-	1,200	1,200	1,200	Minimal work
Crack Seal/ Pavement Repair	2,200	2,500	(3,500)	6,000	5,958	2,500	(3,458)	15,000	Minimal work
Weed Control- Road Right-Of-Ways	-	2,500	2,500	-	-	2,500	2,500	2,500	Minimal work
Legal- Collections	-	-	(22,500)	22,500	15,524	-	(15,524)	30,000	All related to collection of ops fees
Overhead Allocation (25%)	44,389	44,903	10,870	34,033	21,680	31,205	9,525	42,803	25% of admin overhead
Contingency	-	10,000	10,000	-	-	10,000	10,000	10,000	Extra since budget so tight
<b>TOTAL ROAD EXPENDITURES</b>	<b>96,402</b>	<b>143,603</b>	<b>35,570</b>	<b>108,033</b>	<b>74,094</b>	<b>104,405</b>	<b>30,311</b>	<b>164,003</b>	
<b>Public Safety- Welcome Center</b>									
Staffing	-	-	-	-	-	-	-	-	Assume no staffed services
Operating Supplies	-	-	-	-	-	-	-	-	
<b>TOTAL WELCOME CENTER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Public Safety- Fire &amp; EMS:</b>									
Training	-	-	-	-	-	-	-	-	No longer have staff
Equipment	-	-	-	-	-	-	-	-	
Dispatch Fee	-	-	-	-	-	-	-	-	
HVFD Stipend	2,000	2,000	-	2,000	2,000	2,000	-	2,000	Revised contract amount
HVFD Structural Fire Support	-	-	-	-	-	-	-	-	
Worker Compensation Insurance	-	-	-	-	-	-	-	-	No longer have staff
<b>TOTAL FIRE &amp; EMS EXPENDITURES</b>	<b>2,000</b>	<b>2,000</b>	<b>-</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>-</b>	<b>2,000</b>	
<b>TOTAL EXPENDITURES</b>	<b>160,546</b>	<b>208,466</b>	<b>50,788</b>	<b>157,678</b>	<b>106,446</b>	<b>150,092</b>	<b>43,646</b>	<b>225,926</b>	
<b>REVENUE OVER (UNDER) EXPEND.</b>	<b>195,633</b>	<b>271,049</b>	<b>(7,212)</b>	<b>263,838</b>	<b>288,328</b>	<b>307,491</b>	<b>(19,163)</b>	<b>161,312</b>	
<b>OTHER SOURCES &amp; (USES)</b>									
Transfer (to) from Other Funds	(232,000)	(247,000)	76,000	(171,000)	(125,000)	(176,000)	51,000	(167,000)	To subsidize W&S
Developer Advance - Operations	-	-	-	-	-	-	-	-	
<b>TOTAL OTHER SOURCES &amp; (USES)</b>	<b>(232,000)</b>	<b>(247,000)</b>	<b>76,000</b>	<b>(171,000)</b>	<b>(125,000)</b>	<b>(176,000)</b>	<b>51,000</b>	<b>(167,000)</b>	
<b>FUND BALANCE - BEGINNING</b>	<b>91,099</b>	<b>27,412</b>	<b>27,320</b>	<b>54,732</b>	<b>54,732</b>	<b>27,412</b>	<b>27,320</b>	<b>147,570</b>	
<b>FUND BALANCE - ENDING</b>	<b>54,732</b>	<b>51,461</b>	<b>96,108</b>	<b>147,570</b>	<b>218,060</b>	<b>158,903</b>	<b>59,157</b>	<b>141,882</b>	
	=	=	=	=	=	=	=	=	
<b>Categories of Fund Balance:</b>									
Reserved for TABOR (3% For Emergencies)	4,816	6,254	(1,524)	4,730				6,778	Required by TABOR
Reserved For Road Repairs	22,291	41,238	33,762	75,000				75,000	Fees don't cover road dept costs
Reserved for Operations	27,624	3,969	63,870	67,840				60,104	
<b>Total Fund Balance- General Fund</b>	<b>54,732</b>	<b>51,461</b>	<b>96,108</b>	<b>147,570</b>				<b>141,882</b>	

CORNERSTONE METROPOLITAN DISTRICT NO. 1  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
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Printed: 12/29/2014

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 BASIS

WATER & SEWER ENTERPRISE FUND	2013 Unaudited Actual	2014 Adopted Budget	Variance Favorable (Unfavor.)	2014 Forecast	9 Months Ended 09/30/14 Actual	9 Months Ended 09/30/14 Budget	Variance Favorable (Unfavor.)	2015 Adopted Budget	2015 Budget Comments
<b>Water Consumption in Gallons:</b>									
Residential	749,180	960,000	(410,000)	550,000	484,870	892,800	(407,930)	550,000	Based on 2014 forecast
Golf Course & Ponds	183,930	0	-	-	-	-	-	-	Assume none pumped
Club Facilities	967,834	0	15,400	15,400	15,400	-	15,400	-	Assume none pumped
Flushing & WWTP Consumption	3,265,880	3,200,000	(1,200,000)	2,000,000	2,349,570	2,016,323	333,247	-	No longer doing
Non-Metered Water Loss	766,376	1,250,000	(500,000)	750,000	440,660	937,500	(496,840)	1,000,000	Assumed more since not flushing
<b>Total Gallons Purchased During Year</b>	<b>5,933,200</b>	<b>5,410,000</b>	<b>(2,094,600)</b>	<b>3,315,400</b>	<b>3,290,500</b>	<b>3,846,623</b>	<b>(556,123)</b>	<b>1,550,000</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		0.40				0.42	Estimated 5% Increase
Booster Pump Utility Costs	8.37	9.45		11.11				11.35	Assume off of demand rates
<b>Cost to Obtain Water- Per 1K Gallons</b>	<b>11.72</b>	<b>12.97</b>		<b>14.51</b>				<b>14.92</b>	
<b>Water Rates:</b>									
<b>House or Structure Charges Per Quarter:</b>									
Up to 18,000 Gallons	400.00	600.00		500.00				400.00	Lower rate for non-potable
18,000 - 50,000 Gallons	15.00	20.00		20.00				20.00	Based on Prior Years
Over 50,000 Gallons	20.00	25.00		25.00				25.00	Based on Prior Years
<b>Golf Course Water Rate- Up to 15M Gallons</b>	12.00	13.00		13.00				13.00	Based on Prior Years
<b>Golf Course Water Rate- After 15M Gallons</b>	6.00	7.00		7.00				7.00	Based on Prior Years
<b>Clubhouse Ponds Water Rate</b>	8.00	9.00		9.00				9.00	Based on Prior Years
<b>Tap Fee- Residential</b>	7,500	7,500		7,500				7,500	Based on Prior Years
<b>Sewer Rates:</b>									
Quarterly Sewer Charge	300.00	450.00		450.00				450.00	Based on Prior Years
Sewer Tap Fee- Residential	7,500	7,500		7,500				7,500	Based on Prior Years
<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	15	16		15				15	
Average Quarterly Use Per Household	12,486	15,000		12,500				12,500	Based on 2013
Average Quarterly Bill Per Household	543	756		787				630	Based on 50% Increase
<b>Sewer System</b>									
Homes Added to Sewer System	-	-		-				-	1 home remaining under construction
Total Homes Connected- End of Yr	14	15		14				14	
<b>REVENUES</b>									
Water User Fees Commercial	20,290	14,400	(4,600)	9,800	8,500	10,800	(2,300)	9,600	Assume only base fees
Commercial Overhead Fees	-	-	-	-	-	-	-	-	No longer used
Water User Fees Residential	32,561	48,392	(12,785)	35,607	30,747	38,792	(8,044)	37,776	Average bill amounts
Sewer User Fee Commercial	6,300	9,450	(1,800)	7,650	6,638	7,088	(450)	7,650	Assume only base fees
Sewer User Fee Residential	15,600	24,300	900	25,200	18,000	18,225	(225)	25,200	Homes X Qtly Rate
Interest Income	-	-	-	-	-	-	-	-	All in General Fund
Late Fees & Interest	19,496	21,900	1,496	23,396	16,452	16,425	27	27,176	Charged but not assumed collected
Backflow Testing Fee	-	-	-	-	-	-	-	-	Program postponed since not all pay
Title Fee	-	-	-	-	-	-	-	-	
Less Allowance For Delayed Receipts	(62,127)	(64,950)	17,668	(47,282)	(29,932)	(48,713)	18,781	(63,226)	Current non-payers, including interest
Collection of Past Due Balances									
<b>TOTAL REVENUES</b>	<b>32,121</b>	<b>53,492</b>	<b>880</b>	<b>54,372</b>	<b>50,405</b>	<b>42,617</b>	<b>7,788</b>	<b>44,176</b>	

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

Printed: 12/29/2014

MODIFIED  
 ACCRUAL  
 BASIS

WATER & SEWER ENTERPRISE FUND	2013 Unaudited Actual	2014 Adopted Budget	Variance Favorable (Unfavor.)	2014 Forecast	9 Months Ended 09/30/14 Actual	9 Months Ended 09/30/14 Budget	Variance Favorable (Unfavor.)	2015 Adopted Budget	2015 Budget Comments
<b>Direct Water Expenses:</b>									
Water Utilities	49,664	51,125	14,291	36,833	28,502	33,112	4,611	17,600	Per utility analysis- assuming off demand rate
Water - Tri-County Water	21,027	17,582	7,095	10,486	11,119	12,501	1,382	5,423	Gallons times rate
Water - Tri-County Pumping	2,418	1,988	662	1,326	1,449	1,414	(36)	651	Gallons times rate
Annual Backflow Testing	-	-	-	-	-	-	-	-	Postpone program
<b>Total Variable Water Expenses</b>	<b>73,110</b>	<b>70,694</b>	<b>22,048</b>	<b>48,646</b>	<b>41,070</b>	<b>47,027</b>	<b>5,957</b>	<b>23,674</b>	
System Operator	62,750	54,000	11,250	42,750	36,000	40,500	4,500	27,000	Assume lower for no GC pumping
Water Booster Maintenance	-	20,000	12,500	7,500	5,575	15,000	9,425	20,000	Needs Unknown
Distribution System Maintenance	3,392	5,000	2,500	2,500	-	3,750	3,750	5,000	Only required items
Engineering	-	-	-	-	-	-	-	-	
Reimbursements & Misc. Other	7,787	7,800	900	6,900	4,585	5,850	1,265	7,800	Mileage, cell phone, supplies
Contracted Services	1,763	-	-	-	-	-	-	-	Olsson Associates report
Supplies, Permitting, Other	74	500	400	100	-	375	375	500	
Temporary Service Connections	-	-	-	-	-	-	-	-	
Tap Connection Fee	-	-	-	-	-	-	-	-	No new taps
Testing	360	750	625	125	105	563	458	750	
Vehicles & Equipment	15	250	-	250	-	-	-	250	Snowmobile servicing
Legal	-	-	-	-	-	-	-	-	
Allocated Overhead from General Fund	53,267	53,883	13,044	40,839	26,016	37,446	11,430	51,363	30% of GF Expenses
Contingency	-	7,500	7,500	-	-	5,625	5,625	7,500	
<b>Total Non-Variable Water Expenses</b>	<b>129,409</b>	<b>149,683</b>	<b>48,719</b>	<b>100,964</b>	<b>72,282</b>	<b>109,109</b>	<b>36,826</b>	<b>120,163</b>	
<b>Total Water System Operating Costs</b>	<b>202,518</b>	<b>220,377</b>	<b>70,767</b>	<b>149,610</b>	<b>113,352</b>	<b>156,135</b>	<b>42,783</b>	<b>143,837</b>	
<b>Direct Sewer Expenses:</b>									
Collection System Maintenance	-	2,500	-	2,500	306	1,875	1,569	2,500	Only required items
Operating Supplies	-	500	-	500	-	375	375	500	
Personnel/Contracted Services	40,202	41,000	-	41,000	29,208	30,750	1,543	41,000	Hourly Charges, Mileage, etc
Engineering	-	-	-	-	-	-	-	-	
Utilities	3,322	3,250	-	3,250	2,236	2,375	139	3,250	
Testing, Permitting, Other	840	-	-	-	-	-	-	-	Included above
Allocated Overhead from General Fund	17,756	17,961	4,348	13,613	8,672	12,482	3,810	17,121	10% of GF Exp.
Contingency	-	2,500	2,500	-	-	1,875	1,875	2,500	
<b>Total Sewer System Operating Costs</b>	<b>62,120</b>	<b>67,711</b>	<b>6,848</b>	<b>60,863</b>	<b>40,422</b>	<b>49,732</b>	<b>9,310</b>	<b>66,871</b>	
<b>TOTAL OPERATING EXPENDITURES</b>	<b>264,638</b>	<b>288,088</b>	<b>77,615</b>	<b>210,473</b>	<b>153,774</b>	<b>205,867</b>	<b>52,094</b>	<b>210,708</b>	
<b>REVENUE OVER (UNDER) EXPEND.</b>	<b>(232,518)</b>	<b>(234,596)</b>	<b>78,496</b>	<b>(156,101)</b>	<b>(103,369)</b>	<b>(163,251)</b>	<b>59,882</b>	<b>(166,532)</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	-	-	-	-	-	-	-	-	
Developer Repayments - Principal	-	-	-	-	-	-	-	-	No funds available
Transfer From (To) Other Funds	232,000	247,000	(76,000)	171,000	125,000	176,000	(51,000)	167,000	Available funds from General Fund
<b>TOTAL OTHER SOURCES &amp; (USES)</b>	<b>232,000</b>	<b>247,000</b>	<b>(76,000)</b>	<b>171,000</b>	<b>125,000</b>	<b>176,000</b>	<b>(51,000)</b>	<b>167,000</b>	
FUND BALANCE - BEGINNING	11,237	11,850	(1,130)	10,719	10,720	11,849	(1,130)	25,619	
<b>FUND BALANCE - ENDING</b>	<b>10,719</b>	<b>24,253</b>	<b>1,365</b>	<b>25,619</b>	<b>32,350</b>	<b>24,598</b>	<b>7,752</b>	<b>26,087</b>	

SEE ACCOMPANYING ACCOUNTANT'S REPORT

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) \$ 670

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) \$ 670

Submitted: December 10, 2014 for budget/fiscal year 2015
(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): [These levies and revenues are for purposes not subject to 29-1-301 C.R.S. that were not reported above] 0.000 mills \$ -

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).