

CORNERSTONE METROPOLITAN DISTRICT NO. 1

Via email – dlg-filing@state.co.us

December 9, 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 2012 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 17, 2011. 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 \$960, 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

2012 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.

2012 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 advance funds to cover operating shortfalls budgeted for 2012. 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 developer advances.

RESOLUTIONS OF CORNERSTONE METROPOLITAN DISTRICT NO. 1

TO ADOPT 2012 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 2012 AND ENDING ON THE LAST DAY OF DECEMBER 2012.

WHEREAS, the Board of Directors of the Cornerstone Metropolitan District No.1 has appointed a budget committee to prepare and submit a proposed 2012 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 17, 2011, 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 2012 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 17, 2011 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 \$960.

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 2012 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 2011.
- Section 2. That for the purposes of rendering a refund to its constituents during budget year 2012 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 2012 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 2011.

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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 2012 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 2011.
- 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 2012 BUDGET YEAR.

WHEREAS, the Board of Directors has adopted the annual budget in accordance with the Local Government Budget Law, on November 17, 2011, 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	\$ 279,376
TOTAL GENERAL FUND:	\$ 279,376

WATER ENTERPRISE FUND:

Current Operating Expenditures	\$ 635,404
TOTAL WATER ENTERPRISE FUND:	\$ 635,404

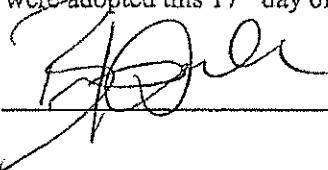
RESOLUTIONS OF CORNERSTONE METROPOLITAN DISTRICT NO. 1
(CONTINUED)

TO ADOPT 2012 BUDGET, SET MILL LEVIES AND
APPROPRIATE SUMS OF MONEY
(CONTINUED)

The above resolutions to adopt the 2012 budget, set the mill levies and to appropriate sums of money were adopted this 17th day of November, 2011.

Attest: _____

Title: _____

A handwritten signature in black ink, appearing to be "A. J. ...", written over a horizontal line.

PRESIDENT

ROBERTSON & MARCHETTI, P.C.

Certified Public Accountants

Accountant's Compilation Report

December 1, 2011

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 September 30, 2011 and the related statement of revenues, expenditures and changes in fund balance with budgets for the nine 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, 2011 and the adopted budget for 2012, 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.

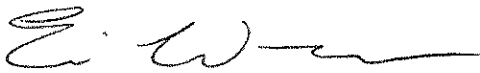
Management (with my participation) has elected to omit substantially all the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, 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 2010 is presented for comparative purposes only. Such information is taken from the financial statements for the District for the year ended December 31, 2010, which have been audited by Haynie & Company, and upon which they expressed an unqualified opinion in their report dated June 29, 2011.

I am not independent from an accounting and auditing perspective 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
 September 30, 2011

Date Printed: 12/01/11

	ASSETS					Totals
	General Fund	Debt Service	Capital Improv. Fund	Water & Sewer Fund	Capital Assets & LT Debt	
CSAFE Checking	490					490
Alpine Checking	32,366					32,366
Alpine Money Market	-					-
Pooled Cash	157,394			(157,394)		(0.26)
Wells Fargo Bond Fund	-					-
Wells Fargo Capitalized Interest	-					-
Accounts Receivable	-			176,990		176,990
Developer Advance Receivable	-					-
Prepaid Expenses	-					-
Due From CSMD No. 2	8,061					8,061
Capital Assets					16,551,200	16,551,200
Accumulated Depreciation					(1,440,031)	(1,440,031)
Bond Issue Costs						
Accum. Amortization - Bond Issue Cost						
TOTAL ASSETS	198,311	-	-	19,596	15,111,169	15,329,076

LIABILITIES AND FUND EQUITY

Accounts Payable	36,712					36,712
Developer Advance Payable - Gen Fund Operations				212,259		212,259
Developer Advance Payable - Water Operations				240,000		240,000
Developer Advance Payable - Capital				6,697,741		6,697,741
Accrued Letter of Credit Fees						
Accrued Interest Bonds						
Accrued Interest - Developer Note- Ops & Capital				(0)		(0)
Accrued Interest - Developer Note- Water Ops				0		0
Accrued Interest - Developer Note - Capital Acq				650,000		650,000
Bonds Payable						
TOTAL LIABILITIES	36,712	-	-	7,800,000	-	7,836,712

FUND EQUITY

Investment in Fixed Assets	161,599			19,596		181,195
Invested in Accumulated Depreciation						
Amount Provided Developer Note					16,551,200	(1,440,031)
Amount to be Provided Accrued Interest					(7,150,000)	(7,150,000)
Amount to be Provided Bonds					(650,000)	(650,000)
Invested in Bond Issue Cost						
Fund Balance						
TOTAL FUND EQUITY	161,599	-	-	19,596	7,311,169	7,492,364
TOTAL LIABILITIES AND FUND EQUITY	198,311	-	-	19,596	15,111,169	15,329,076

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

Printed: 12/1/2011

MODIFIED
 ACCRUAL

9 Months
 Ended
 9/30/2011

9 Months
 Ended
 9/30/2011

Variance
 Favorable
 (Unfavor.)

2012
 Adopted
 Budget

Comments

GENERAL FUND	2010	2011	Variance	2011	9 Months	9 Months	Variance	2012	Comments
	Audited Actual	Adopted Budget	(Unfavor.)	Forecast	Ended 9/30/2011 Actual	Ended 9/30/2011 Budget	(Unfavor.)	Adopted Budget	
REVENUES									
Xter From No. 2- Operations	267,291	264,455	(1,241)	263,214	258,105	258,710	(606)	262,816	Per #2
Interest Income	40	50	150	200	109	38	71	200	Based on Prior Year Fest
TOTAL REVENUES	267,331	264,505	(1,091)	263,414	258,213	258,748	(535)	263,016	
EXPENDITURES									
Operations:									
Accounting & Administration	33,137	50,000	-	50,000	36,032	34,500	(1,532)	50,000	Based on Prior Year Fest
District Management	54,600	38,400	17,400	21,000	19,200	28,800	9,600	5,000	Now hourly
Financial Planning- General Fund	-	-	-	-	-	-	-	-	
Audit	5,040	12,000	1,000	11,000	11,000	12,000	1,000	12,000	Both District 1 & 2
Insurance & Bonds	10,969	10,000	1,664	8,336	8,336	10,000	1,664	10,000	Based on Prior Year Fest
Workers Compensation	48	50	-	50	50	50	-	60	Board member coverage
Dues and Subscriptions	1,449	1,500	(50)	1,550	1,515	1,500	(15)	1,750	SDA Dues
Elections	456	-	-	-	-	-	-	4,000	Only in Even Years
Legal - GF	10,464	30,000	15,000	15,000	7,812	22,500	14,688	25,000	Based on Prior Year Fest
Office Expense	1,233	1,500	-	1,500	1,066	1,125	59	1,500	Based on Prior Year Fest
Publication Expense	114	150	-	150	64	7,500	7,436	150	Based on Prior Year Fest
Contingency	-	10,000	10,000	-	-	-	-	10,000	Based on Prior Year Fest
Operations: Flower Cabin									
Electricity	993	2,000	900	1,100	696	1,500	804	1,250	Based on Prior Year Fest
Natural Gas	-	1,500	-	1,500	-	1,125	1,125	1,500	Hunt has paid in past
Insurance	-	-	-	-	-	-	-	-	Covered by Dev Policy
Maintenance	-	1,000	-	1,000	-	750	750	1,000	Based on Prior Year Fest
Less Allocations to Water & Sewer Fund									
Overhead Allocated to Water Fund	(47,401)	(63,240)	(18,366)	(44,874)	(34,308)	(48,565)	(14,257)	(49,284)	30% Water & 10% Sewer
TOTAL OPERATIONS EXPENDITURES	71,101	94,860	27,548	67,312	51,462	72,785	21,323	73,926	
Road Repairs and Maintenance:									
Contracted Services- Snowplowing	28,949	75,000	20,000	55,000	35,175	55,000	19,825	75,000	New contract and high snow included in Above
Sand and Gravel	-	-	-	-	-	-	-	-	
Misc Road Expenses	-	500	(250)	750	750	500	(250)	500	
Culvert Clearing Repair, and Replacement	-	1,000	-	1,000	-	1,000	1,000	1,000	
Equipment Storage Facility & Healing	3,000	5,000	-	5,000	2,000	3,750	1,750	5,000	4 Mo. @\$500 + \$3K propane
Storm Water Management- BMP's	3,360	4,000	3,000	1,000	714	4,000	3,286	4,000	Reduces as vegetation rows
Guardrail Maintenance	49	-	-	-	-	-	-	-	
Sign Maintenance	-	-	(393)	393	393	-	(393)	-	
Street Sweeping	-	-	-	-	-	-	-	-	
Trash Cleanup	30	2,000	2,000	-	-	2,000	2,000	2,000	Based on Prior Year Fest
Misc Road Cleanup	-	-	-	-	-	-	-	-	
Government Springs Road Maintenance	-	13,200	-	13,200	-	-	-	13,200	Paid to Quarry County
Shoulder and V Ditch Maintenance	6,970	9,000	6,000	3,000	2,898	9,000	6,103	9,000	Based on Prior Year Fest
Revegetation	-	-	-	-	-	-	-	-	
Crack Seal/ Pavement Repair	5,275	5,500	1,450	4,050	-	5,500	5,500	5,000	Based on Prior Year Fest
Weed Control- Road Right-Of-Ways	18,195	15,000	(222)	15,222	15,222	15,000	(222)	15,000	Based on Prior Year Fest
TOTAL ROAD EXPENDITURES	65,827	130,200	31,585	98,615	57,151	95,750	38,599	129,700	

GENERAL FUND (CONTINUED)	2010 Audited Actual	2011 Adopted Budget	Variance Favorable (Unfavor.)	2011 Forecast	9 Months	9 Months	Variance Favorable (Unfavor.)	2012 Adopted Budget	Comments
					Ended 09/30/11 Actual	Ended 09/30/11 Budget			
EXPENDITURES (CONTINUED)									
Public Safety- Welcome Center									
Staffing	69,000	69,000	-	69,000	51,750	51,750	-	69,000	Expected to stay the same
Operating Supplies	233	1,000	-	1,000	-	750	750	1,000	Based on Prior Year Fest
TOTAL WELCOME CENTER EXPENDITURES	69,233	70,000	-	70,000	51,750	52,500	750	70,000	
Public Safety- Fire & EMS:									
Training	-	1,000	700	300	214	1,000	786	1,000	
Equipment	1,258	1,000	700	300	195	750	555	1,000	
Dispatch Fee	2,623	2,750	-	2,750	1,771	2,750	979	2,750	Per Agreement
HVFD Stipend	100	2,950	2,950	-	-	2,950	2,950	-	Agreement Expiring
HVFD Structural Fire Support	-	-	-	-	-	-	-	-	
Worker Compensation Insurance	981	1,050	390	660	660	1,050	390	1,000	Based on Prior Year Fest
TOTAL FIRE & EMS EXPENDITURES	4,962	8,750	4,740	4,010	2,840	8,500	5,660	5,750	
TOTAL EXPENDITURES	211,123	303,810	63,873	239,937	163,204	229,535	66,331	279,376	
REVENUE OVER (UNDER) EXPEND.	56,208	(39,305)	62,783	23,478	95,010	29,213	65,797	(16,360)	
OTHER SOURCES & (USES)									
Transfer (to) from Other Funds	(21,279)	-	(20,000)	(20,000)	-	-	-	-	
Developer Advance - Operations	17,436	39,000	(39,000)	-	-	-	-	16,000	Calculated Shortfall
TOTAL OTHER SOURCES & (USES)	(3,843)	39,000	(59,000)	(20,000)	-	-	-	16,000	
FUND BALANCE - BEGINNING	14,224	26,560	40,030	66,590	66,590	26,560	40,030	70,067	
FUND BALANCE - ENDING	66,590	26,255	43,812	70,067	161,599	55,773	105,827	69,708	

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

Printed: 12/08/11

MODIFIED
 ACCRUAL
 BASIS

CAPITAL IMPROVEMENTS FUND	2010 Audited Actual	2011 Adopted Budget	Variance (Unfavorable)	2011 Forecast	9 Months	9 Months	Variance (Unfavorable)	2012 Adopted Budget	Comments
					Ended 09/30/11 Actual	Ended 09/30/11 Budget			
REVENUES									
Developer Advance - Capital Project	-	500,000	(403,503)	96,497	-	500,000	(500,000)	-	
Interest Income	-	-	-	-	-	-	-	-	
Bond Proceeds	-	-	-	-	-	-	-	-	
TOTAL REVENUE	-	500,000	(403,503)	96,497	-	500,000	(500,000)	-	
CAPITAL EXPENDITURES									
Financial Planning	-	-	-	-	-	-	-	-	
Engineering	-	-	-	-	-	-	-	-	
Pond 4 & Ouray Phase II Roads	-	-	-	-	-	-	-	-	
TCWSD Enhancements	-	-	-	-	-	-	-	-	
WWTTP	-	-	-	-	-	-	-	-	
Reuse Line	-	-	-	-	-	-	-	-	
Govt Springs Road Upgrades	-	-	-	-	-	-	-	-	
Ouray Phase I-Water & Sewer	-	-	-	-	-	-	-	-	
Ouray Phase II- Water & Sewer	-	500,000	403,503	96,497	-	500,000	500,000	-	
Ouray Phase IIIA- Water & Sewer	-	-	-	-	-	-	-	-	
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	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	-	500,000	403,503	96,497	-	500,000	500,000	-	
REVENUE OVER (UNDER) EXPEND.	-	-	-	-	-	-	-	-	
OTHER SOURCES/(USES)									
Developer Repayment- Principle	-	-	-	-	-	-	-	-	
Developer Repayment- Interest	-	-	-	-	-	-	-	-	
Transfer between Funds	-	-	-	-	-	-	-	-	
Organizational Costs	-	-	-	-	-	-	-	-	
Bond Cost of Issuance	-	-	-	-	-	-	-	-	
TOTAL OTHER SOURCES/(USES)	-	-	-	-	-	-	-	-	
CHANGE IN FUND BALANCE	-	-	-	-	-	-	-	-	
FUND BALANCE - BEGINNING	-	-	-	-	-	-	-	-	
FUND BALANCE - ENDING	-	-	-	-	-	-	-	-	

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

Printed: 12/11/2011

MODIFIED
 ACCRUAL
 BASIS

DEBT SERVICE FUND	2010 Audited Actual	2011 Adopted Budget	Variance (Unfavor.)	2011 Forecast	9 Months Ended 09/30/11 Actual	9 Months Ended 09/30/11 Budget	Variance Favorable (Unfavor.)	2012 Adopted Budget	Comments
# of Lots Sold	1	-	-	-	-	-	-	-	Now in District No. 2
Development Fee per Lot	7,345	-	-	-	-	-	-	-	Now in District No. 2
REVENUES									
Xfer from No 2 Prop- Debt Service	477,305	-	-	-	-	-	-	-	Bonds Paid Off
Development Fee Revenue	7,345	-	-	-	-	-	-	-	Bonds Paid Off
Interest Income - DS	5,683	-	-	-	-	-	-	-	0.5% of Beg Fund Bal
TOTAL REVENUES	490,333	-	-	-	-	-	-	-	
EXPENDITURES									
Average Interest Rate YTD:	0.31%	-	-	-	-	-	-	-	
07 Bonds Interest	66,114	-	-	-	-	-	-	-	Bonds Paid Off
07 Bonds Principal Reduction	21,120,000	-	-	-	-	-	-	-	Bonds Paid Off
Wire Fees	3,540	-	-	-	-	-	-	-	Bonds Paid Off
Principal Reduction - Developer Note	189,889	-	-	-	-	-	-	-	Bonds Paid Off
Paying Agent Fees	3,500	-	-	-	-	-	-	-	Bonds Paid Off
Rating Agent Fees	2,000	-	-	-	-	-	-	-	Bonds Paid Off
Remarketing Fees	56,359	-	-	-	-	-	-	-	Bonds Paid Off
Letter of Credit Fee	328,158	-	-	-	-	-	-	-	Bonds Paid Off
Legal - DS	-	-	-	-	-	-	-	-	Bonds Paid Off
Inter-District Contribution	15,779	-	-	-	-	-	-	-	Bonds Paid Off
Contingency	-	-	-	-	-	-	-	-	Bonds Paid Off
TOTAL EXPENDITURES	21,785,340	-	-	-	-	-	-	-	
REVENUE OVER (UNDER) EXPEND.	(21,295,006)	-	-	-	-	-	-	-	
OTHER SOURCES & (USES)									
Xfer from No 2 2008 Net Bond Proceeds	19,503,673	-	-	-	-	-	-	-	Bonds Paid Off
Bond Cost of Issuance	-	-	-	-	-	-	-	-	Bonds Paid Off
Transfer Between Funds- In (Out)	21,279	-	-	-	-	-	-	-	Bonds Paid Off
TOTAL OTHER SOURCES & (USES)	19,524,952	-	-	-	-	-	-	-	
FUND BALANCE - BEGINNING	1,770,054	-	(0)	(0)	-	-	-	(0)	
FUND BALANCE - ENDING	(0)	-	(0)	(0)	-	-	-	(0)	
Summary of Fund Balances: Restricted for Capitalized Interest Reserved for Future Debt Service	-	-	-	-	-	-	-	-	
Total Fund Balance	(0)	(0)	(0)	(0)	-	-	-	(0)	

WATER & SEWER ENTERPRISE FUND	2010		2011		Variance (Unfavor.)	2011 Forecast	9 Months Ended 09/30/11 Actual		9 Months Ended 09/30/11 Budget		Variance (Unfavor.)	2012 Adopted Budget	Comments
	Audited Actual	Budget	Adopted Budget	Budget			Actual	Budget	Actual	Budget			
Water Consumption in Gallons:													
Residential	1,427,570	1,440,000	460,000	1,900,000		1,738,000	1,329,133	408,867	1,536,000	Home's * Average Usage Based on Prior Year			
Golf Course & Ponds	30,571,143	32,000,000	15,500,000	47,500,000		45,703,780	26,647,920	19,055,860	47,500,000	Based on Prior Year			
Club Facilities	891,100	1,000,000	(400,000)	600,000		515,800	924,531	(408,731)	600,000	Based on Prior Year			
Flushing & WWTP Consumption	2,268,510	2,350,000	-	2,350,000		1,782,940	1,480,737	302,203	2,350,000	Based on Prior Year			
Non-Metered Water Loss	1,962,177	2,350,000	(1,350,000)	1,000,000		348,980	1,762,500	(1,413,520)	2,350,000	Based on Prior Year			
Total Gallons Purchased During Year	37,120,500	39,140,000	14,210,000	53,350,000		50,089,500	32,144,821	17,944,679	54,336,000				
Cost of Water Purchased:													
Tri-County Rate	2.80	2.94		3.00					3.15	Estimated 5% Increase			
Tri-County Pumping Charge	0.30	0.32		0.35					0.37	Estimated 5% Increase			
Booster Pump Utility Costs	2.40	2.59		2.40					2.76	Estimated 15% Increase			
Cost to Obtain Water- Per 1K Gallons	5.50	5.85		5.75					6.28				
Water Rates:													
Residential Charges Per Quarter:													
Up to 18,000 Gallons	170.00	190.00		184.00					195.00	Estimated 6% Increase			
18,000 - 50,000 Gallons	12.00	12.00		12.50					13.25	Estimated 6% Increase			
Over 50,000 Gallons	18.00	18.00		18.50					20.00	Estimated 6% Increase			
Commercial Water Rate Per 1K Gallons	6.09	5.85		6.25					6.59	Cost + 5% For Lost Water			
Tap Fee- Residential	7.500	7.500		7.500					7.500	No Increase			
Sewer Rates:													
Quarterly Sewer Charge	140.00	145.00		150.00					155.00	3% Increase			
Sewer Tap Fee- Residential	7.500	7.500		7.500					7.500	No Increase			
Units Connected To Systems:													
Water System													
Homes Added to Domestic Water System	2	-		-					-	No new homes anticipated			
Total Connected- End of Yr.	16	15		16					16				
Average Quarterly Use Per Household	22,306	24,000		24,000					24,000	Based on Prior Year			
Average Quarterly Bill Per Household	391	423		435					446				
Sewer System													
Homes Added to Sewer System	-	2		1					1	One home complete in 2012			
Total Homes Connected- End of Yr.	13	15		14					15				
REVENUES													
Water User Fees Commercial	191,603	193,166	107,460	300,625		288,675	183,165	105,510	316,979	Rate times gallons			
Commercial Overhead Fees	23,479	115,465	(14,762)	100,703		70,844	86,353	(15,509)	110,232	Half of fixed water costs			
Water User Fees Residential	1,540	25,403	2,437	27,840		25,635	23,286	2,349	28,544	Average bill amounts			
Sewer User Fee Commercial	7,140	1,885	65	1,950		1,463	1,414	49	2,615	Equivalent Taps X Res. rate			
Sewer User Fee Residential	-	8,120	(395)	7,725		5,850	6,090	(240)	8,700	Average Homes X City Rate			
Interest Income	(714)	-	50	150		104	-	29	-	All in General Fund			
Late Fees & Interest	2,340	100	3,250	3,250		3,250	75	3,250	200	2011 was writeoffs of 2010 fees			
Backflow Testing Fee	-	-	-	-		-	-	-	3,000	Equal to Expense			
TOTAL REVENUES	225,388	344,138	98,105	442,243		395,820	300,382	95,438	470,270				

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

Printed: 12/1/2011

MODIFIED
 ACCRUAL
 BASIS

	2010		2011		Variance (Unfavorable)	2011		9 Months		9 Months		Variance (Unfavorable)	2012		Comments
	Audited Actual	Budget	Adopted Budget	Forecast		Ended 09/30/11 Actual	Ended 09/30/11 Budget	Forecast	Ended 09/30/11 Actual	Ended 09/30/11 Budget	Adopted Budget				
WATER & SEWER ENTERPRISE FUND															
Direct Water Expenses:															
Water Utilities	88,993	101,510	115,612	128,040	(26,530)	87,360	79,416	149,967	171,898	149,967	Rate times Gallons				
Water - Tri-County Water	103,710	115,612	12,525	160,590	(44,978)	149,222	94,949	171,898	20,104	171,898	Gallons times rate				
Water - Tri-County Pumping	11,088	12,525		18,673	(6,148)	17,386	10,286	20,104		20,104	Gallons times rate				
Total Variable Water Expenses	203,791	229,646	(77,657)	307,303		253,968	184,651	341,770		341,770					
System Operator	132,000	136,000	4,000	132,000	99,000	102,000	3,000	136,000	15,000	136,000	Assumed 3% increase				
Water Booster Maintenance	5,603	15,000	-	15,000	12,835	12,050	(785)	15,000	15,000	15,000					
Distribution System Maintenance	12,716	15,000	-	15,000	81	11,250	11,189	15,000	15,000	15,000					
Water Engineering	813	500	-	500	273	500	227	500	500	500					
Water-Misc. Expense (BLM Right of Way)	45	500	500	500	-	375	375	500	500	500					
Water Contracted Services	523	1,000	-	1,000	-	750	750	1,000	1,000	1,000	Robert Lamm & John Thede				
Water Supplies, Permitting, Other	-	-	-	-	-	-	-	-	-	-					
Water Temporary Service Connections	33	-	-	-	-	-	-	-	-	-					
Tap Connection Fee	1,114	2,500	1,500	1,000	518	1,875	1,357	2,500	2,500	2,500	Now doing ourselves				
Water Testing	2,470	3,000	(250)	3,250	3,250	-	(3,250)	3,000	3,000	3,000					
Annual Backflow Testing	-	-	-	-	-	-	-	-	-	-					
Legal	35,551	47,430	13,774	33,656	25,731	36,405	10,674	36,963	10,000	36,963	30% of GF Expenses				
Allocated Overhead from General Fund	10,000	10,000	10,000	-	141,687	7,500	7,500	10,000	10,000	10,000					
Contingency	190,868	230,930	29,524	201,406	141,687	172,705	31,018	220,463	220,463	220,463					
Total Non-Variable Water Expenses	394,658	460,576	(48,132)	508,708		395,655	357,356	562,233		562,233					
Direct Sewer Expenses:															
Collection System Maintenance	356	5,000	5,000	-	633	3,750	3,750	5,000	5,000	5,000					
Operating Supplies	34,955	35,000	-	35,000	25,990	26,250	260	38,850	38,850	38,850	Robert Lamm-Per Brian				
Personnel/Contracted Services	-	3,000	-	3,000	2,211	2,250	39	3,000	3,000	3,000					
Sewer Engineering	840	1,000	160	840	840	750	(90)	1,000	1,000	1,000					
Sewer Utilities	11,850	15,810	4,591	11,219	8,577	12,160	3,583	12,321	12,321	12,321	10% of GF Exp.				
Sewer Testing, Permitting, Other	10,000	10,000	10,000	-	6,667	6,667	6,667	10,000	10,000	10,000					
Allocated Overhead from General Fund	50,803	72,810	19,751	53,059	38,251	54,077	15,826	73,171	73,171	73,171					
Contingency	445,462	533,386	(28,351)	561,767	433,906	411,433	(22,473)	635,404	635,404	635,404					
Total Sewer System Operating Costs	(220,074)	(169,248)	69,724	(119,524)		(38,086)	(111,051)	72,965		(165,135)					
REVENUE OVER (UNDER) EXPEND.															
OTHER SOURCES & (USES)															
Water Tap Fees- Residential	7,500	-	-	-	-	-	-	-	-	-	Tags times Rate				
Water Tap Fees- Commercial	7,500	-	-	-	-	-	-	-	-	-	No new commercial				
Sewer Tap Fees- Residential	-	-	-	-	-	-	-	-	-	-	Tags times Rate				
Sewer Tap Fees- Commercial	-	-	-	-	-	-	-	-	-	-	No new commercial				
Developer Advance	195,000	190,000	(90,000)	100,000	-	165,000	(165,000)	165,000	165,000	165,000	Ant to Balance Budget				
Developer Repayments - Principal	-	20,000	20,000	-	-	-	-	-	-	-	No funds available				
Transfer From (To) Other Funds	-	-	-	-	-	-	-	-	-	-	No funds available				
TOTAL OTHER SOURCES & (USES)	210,000	190,000	(70,000)	120,000		-	165,000	(165,000)		165,000					
FUND BALANCE - BEGINNING	67,756	56,072	1,611	57,683		57,683	56,072	58,159		58,159					
FUND BALANCE - ENDING	57,683	56,824	1,334	58,159		19,586	110,021	90,424		58,024					

SEE ACCOMPANYING ACCOUNTANT'S REPORT

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ 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) \$ 960

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) \$ 960

Submitted: December 10, 2011 for budget/fiscal year 2012
(not later than Dec 15) (dd/mm/yyyy) (yyyy)

PURPOSE	LEVY ²	REVENUE ²
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:  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).