

# CORNERSTONE METROPOLITAN DISTRICT NO. 1

January 23, 2017

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

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

Attached is the 2017 Budget for Cornerstone Metropolitan District No. 1 in Montrose County, Colorado, submitted pursuant to Section 29-1-116, C.R.S. This Budget was adopted on December 5, 2016. 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; 0.00 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 \$700, the total property tax revenue is \$0. A copy of the certification of mill levies sent to the County Commissioners for Montrose County is enclosed.

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

Sincerely,



Eric Weaver  
District Administrator

Enclosure(s)

---

*Administrative & Financial Management Provided By Marchetti & Weaver, LLC*

**Mountain Office**  
28 Second Street, Suite 213  
Edwards, CO 81632  
(970) 926-6060

**Website & Email**  
[www.mwcpaa.com](http://www.mwcpaa.com)  
[Admin@mwcpaa.com](mailto:Admin@mwcpaa.com)

**Front Range Office**  
245 Century Circle, Suite 103  
Louisville, CO 80027  
(720) 210-9136

# **CORNERSTONE METROPOLITAN DISTRICT NO. 1**

## 2017 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.

## 2017 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 may impose 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 2017 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 2017 AND ENDING ON THE LAST DAY OF DECEMBER 2017.

WHEREAS, the Board of Directors of the Cornerstone Metropolitan District No.1 has appointed a budget committee to prepare and submit a proposed 2017 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 December 5, 2016, 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.

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

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

**TO SET MILL LEVIES**

A RESOLUTION LEVYING PROPERTY TAXES FOR THE YEAR 2016, TO HELP DEFRAID THE COSTS OF GOVERNMENT FOR THE CORNERSTONE METROPOLITAN DISTRICT NO. 1, MONTROSE COUNTY, COLORADO, FOR THE 2017 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 December 5, 2016 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 2016 valuation for assessment for the Cornerstone Metropolitan District No. 1, as certified by the County Assessor is \$700.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the CORNERSTONE METROPOLITAN DISTRICT NO. 1, MONTROSE COUNTY, COLORADO:

Section 1. That for the purposes of meeting all general operating expenses of the Cornerstone Metropolitan District No.1 during the 2017 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 2016.

Section 2. That for the purposes of rendering a refund to its constituents during budget year 2017 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 2017 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 2016.

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

**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 2017 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 2016.

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.

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

**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 2017 BUDGET YEAR.

WHEREAS, the Board of Directors has adopted the annual budget in accordance with the Local Government Budget Law, on December 5, 2016, 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	\$ 238,086
Fund Transfers	<u>44,000</u>
TOTAL GENERAL FUND	\$ 282,086

WATER & SEWER ENTERPRISE FUND

Current Operating Expenditures	<u>\$ 465,927</u>
TOTAL ENTERPRISE FUND	\$ 465,927

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

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

**TO ADOPT 2017 BUDGET, SET MILL LEVIES AND**  
**APPROPRIATE SUMS OF MONEY**  
**(CONTINUED)**

The above resolutions to adopt the 2017 budget, set the mill levies and to appropriate sums of money were adopted this 5<sup>th</sup> day of December, 2016.

Attest: Warren Ache

Title: Vice President / Treasurer / Secretary

**CORNERSTONE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**October 31, 2016**

Date Printed: 01/22/17

	<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	238,159	46,950		285,109
Alpine Checking	16,328			16,328
Alpine Money Market	-			-
Accounts Receivable	882,471	261,331		1,143,802
Allowance for Delayed Payments	(846,998)	(261,331)	1,108,329	-
Allowance for Uncollectible AR	-		-	-
Prepaid Expenses	-			-
Due From CSMD No. 2	302,760		-	302,760
Due From COA	-			-
Capital Assets			17,618,957	17,618,957
Accumulated Depreciation			(4,230,112)	(4,230,112)
<b>TOTAL ASSETS</b>	<b>592,720</b>	<b>46,949</b>	<b>14,497,174</b>	<b>15,136,843</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>				
Accounts Payable & Prepaid Expenses	34,016	8,438		42,454
Payroll Tax Payable	344	-		344
Deferred Revenues	-	-		-
Long-Term Notes Payable to Hunt			7,346,498	7,346,498
Accrued Interest - Hunt Notes			3,739,889	3,739,889
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS</b>	<b>34,360</b>	<b>8,438</b>	<b>11,086,387</b>	<b>11,129,185</b>
<b>NET POSITION</b>				
Investment in Fixed Assets, Net of Depreciation			13,388,845	13,388,845
Investment in Hunt Notes & Accrued Interest			(11,086,387)	(11,086,387)
Investment in CMD2 Delayed Receipts			1,108,329	1,108,329
Amount to Be Provided A/R Allowance			-	-
Fund Balance	558,360	38,511		596,871
<b>TOTAL FUND EQUITY</b>	<b>558,360</b>	<b>38,511</b>	<b>3,410,787</b>	<b>4,007,658</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>592,720</b>	<b>46,949</b>	<b>14,497,174</b>	<b>15,136,843</b>
	=	=	=	=



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

**MODIFIED  
ACCRUAL  
BASIS**

<b>GENERAL FUND</b>	<b>2015 Audited Actual</b>	<b>2016 Adopted Budget</b>	<b>Variance Favorable (Unfavor.)</b>	<b>2016 Forecast</b>	<b>10 Months Ended 10/31/2016 Actual</b>	<b>10 Months Ended 10/31/2016 Budget</b>	<b>Variance Favorable (Unfavor.)</b>	<b>2017 Adopted Budget</b>	<b>2017 Budget Comments</b>
<b>REVENUES</b>									
Xfer From No. 2- Operations	427,363	246,003	92,021	338,024	276,190	184,207	91,983	263,642	Per District #2
General Operations Fee	222,502	119,952	(4)	119,948	119,948	119,952	(4)	-	
Late Fees, Interest Charges, & Charges Billed Ba	165,327	120,000	(26,670)	93,330	77,571	100,000	(22,429)	-	
Allowance for Delayed Payments	(297,922)	(194,752)	97,994	(96,758)	(80,999)	(174,752)	93,753	-	
Collection of Past Due Balances	-	-	-	-	-	-	-	500,000	Assumed sale to new developer
Interest Income	196	-	1,750	1,750	1,540	-	1,540	1,000	
Open Records Requests & Other Income	2,409	-	-	-	-	-	-	-	
Road Fees	-	-	-	-	-	-	-	-	
<b>TOTAL REVENUES</b>	<b>519,875</b>	<b>291,203</b>	<b>165,091</b>	<b>456,294</b>	<b>394,250</b>	<b>229,407</b>	<b>164,843</b>	<b>764,642</b>	
<b>EXPENDITURES</b>									
<b>Operations:</b>									
Accounting & Administration	106,302	70,000	(10,000)	80,000	68,873	58,333	(10,540)	70,000	Assuming reduced activity
District Management	-	2,000	2,000	-	-	1,667	1,667	-	None Anticipated
Billing & Other Special Services	-	612	612	-	-	510	510	-	
Audit	11,000	11,100	100	11,000	11,000	11,100	100	11,500	Based off of 2016
Board Member Compensation	9,096	9,300	1,570	7,730	5,652	7,750	2,098	9,000	12 meetings \$100 CMD1 ;\$50 CMD2
Insurance & Bonds	11,764	13,000	1,522	11,478	11,478	13,000	1,522	22,000	Increase plus excess liability coverage
Worker's Compensation	194	200	-	200	200	200	-	200	
Bond Trustee Fees	2,500	2,500	(3,500)	6,000	6,000	2,500	(3,500)	6,000	10A and 10B bonds
Dues and Subscriptions	930	1,100	6	1,094	1,094	1,100	6	1,100	SDA
Elections	-	2,500	797	1,703	1,703	2,500	797	-	Only in even years
Legal	42,379	40,000	15,000	25,000	14,846	33,333	18,487	40,000	Based on historical amounts
Legal - Collections	-	-	-	-	-	-	-	-	
Office Expense	935	2,250	-	2,250	1,671	1,875	204	500	Based on historical amounts
Publication Expense	74	150	-	150	-	75	75	150	Based off of 2016
Contingency	-	15,000	-	15,000	-	12,500	12,500	25,000	Unforeseen Needs
<b>Facility Operations:</b>									
Electricity	1,728	1,500	-	1,500	969	1,250	281	1,500	front gate and welcome center
Natural Gas	-	-	-	-	-	-	-	-	front gate and welcome center
Telephone & Internet	2,527	2,700	(210)	2,910	2,398	2,250	(148)	3,000	front gate and welcome center
Security & Fire Monitoring	-	-	-	-	-	-	-	-	
Insurance	-	-	-	-	-	-	-	-	included above
Building Maintenance	-	250	(750)	1,000	915	208	(707)	1,200	front gate and welcome center
Grounds Maintenance	-	100	100	-	-	100	100	1,200	front gate and welcome center
Operating Supplies	-	-	(20)	20	20	-	(20)	-	front gate and welcome center
<b>Leased Facilities Costs</b>									
Property Tax	-	-	-	-	-	-	-	-	
Insurance	5,073	12,784	6,584	6,200	6,200	12,784	6,584	1,550	Facilities for 3 months
Electricity	5,828	3,255	(8,789)	12,044	9,953	2,712	(7,241)	3,011	3 mo of Clubhouse; Cart Barn; Flowers; Turf Ca
Natural Gas	-	-	-	-	-	-	-	-	
Telephone & Internet	1,027	2,167	-	2,167	1,732	1,806	75	600	Clubhouse for 3 mo
Security & Fire Monitoring	275	1,008	468	540	540	840	300	135	Clubhouse monitoring for 3 mo
Building Maintenance	50	2,500	2,500	-	-	2,083	2,083	-	None Anticipated
Grounds Maintenance	436	1,000	600	400	400	1,000	600	500	snow removal
Less POA/Developer Reimb	-	(22,714)	(1,363)	(21,351)	(18,825)	(18,929)	(103)	(5,796)	All costs to be reimb by COA
Allowance for Delayed Reimb	-	22,714	1,363	21,351	18,825	18,929	103	5,796	Assume not collected until sold
<b>Less Allocations to Functions</b>									
To Road Operations (25%)	(38,234)	(29,291)	(1,688)	(27,603)	(22,000)	(24,413)	(2,413)	(29,225)	Actg, Legal, Mgnt, & Office Operations
To Water & Swr Fund (40%)	(61,174)	(46,865)	(2,701)	(44,164)	(35,200)	(39,061)	(3,860)	(46,760)	Actg, Legal, Mgnt, & Office Operations
To Capital Fund (0%)	-	-	-	-	-	-	-	-	
<b>TOTAL OPERATIONS EXPENDITURES</b>	<b>102,710</b>	<b>120,821</b>	<b>4,201</b>	<b>116,620</b>	<b>88,444</b>	<b>108,004</b>	<b>19,560</b>	<b>122,161</b>	

No assurance is provided on these financial statements;  
substantially all disclosures required by GAAP omitted.

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

**MODIFIED  
ACCRUAL  
BASIS**

<b>GENERAL FUND (CONTINUED)</b>	<b>2015 Audited Actual</b>	<b>2016 Adopted Budget</b>	<b>Variance Favorable (Unfavor.)</b>	<b>2016 Forecast</b>	<b>10 Months Ended 10/31/16 Actual</b>	<b>10 Months Ended 10/31/16 Budget</b>	<b>Variance Favorable (Unfavor.)</b>	<b>2017 Adopted Budget</b>	<b>2017 Budget Comments</b>
<b>EXPENDITURES (CONTINUED)</b>									
<b>Road Repairs and Maintenance:</b>									
Contracted Services- Snowplowing	28,062	50,000	-	50,000	28,473	33,333	4,861	50,000	Based on historical amounts
Sand and Gravel	-	-	-	-	-	-	-	-	
Misc Road Expenses	300	-	-	-	-	-	-	-	
Culvert Cleaning Repair, and Replacement	-	-	-	-	-	-	-	-	
Equipment Storage Facility & Heating	-	1,000	-	1,000	-	-	-	1,000	
Storm Water Management- BMP's	-	-	-	-	-	-	-	-	
Guardrail Maintenance	-	-	-	-	-	-	-	-	
Sign Maintenance	-	-	-	-	-	-	-	-	
Street Sweeping	-	2,000	2,000	-	-	2,000	2,000	2,000	Only most traveled streets
Government Springs Road Maintenance	-	-	-	-	-	-	-	-	
Shoulder and V Ditch Maintenance	-	1,200	1,200	-	-	1,200	1,200	1,200	Based on 2016 Budget
Crack Seal/ Pavement Repair	12,656	15,000	8,420	6,580	6,580	15,000	8,420	15,000	Based on 2016 Budget
Weed Control- Road Right-Of-Ways	-	2,500	1,562	938	938	2,500	1,563	2,500	Based on 2016 Budget
Legal- Collections	57,689	10,000	(2,000)	12,000	11,792	8,333	(3,458)	3,000	Assume minimal costs
Overhead Allocation (25%)	38,234	29,291	1,688	27,603	22,000	24,413	2,413	29,225	Actg, Legal, Mgmt, & Office Operations
Contingency	-	10,000	-	10,000	-	10,000	10,000	10,000	Contingency
<b>TOTAL ROAD EXPENDITURES</b>	<b>136,941</b>	<b>120,991</b>	<b>12,870</b>	<b>108,121</b>	<b>69,782</b>	<b>96,780</b>	<b>26,998</b>	<b>113,925</b>	
<b>Public Safety- Welcome Center</b>									
Staffing	-	-	-	-	-	-	-	-	
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	-	-	-	-	-	-	-	-	
Equipment	-	-	-	-	-	-	-	-	
Dispatch Fee	-	-	-	-	-	-	-	-	
HVFD Stipend	2,000	2,000	-	2,000	2,000	2,000	-	2,000	Agreed upon amount
HVFD Structural Fire Support	-	-	-	-	-	-	-	-	
Worker Compensation Insurance	-	-	-	-	-	-	-	-	
<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>241,651</b>	<b>243,812</b>	<b>17,071</b>	<b>226,740</b>	<b>160,226</b>	<b>206,784</b>	<b>46,558</b>	<b>238,086</b>	
<b>REVENUE OVER (UNDER) EXPEND.</b>	<b>278,224</b>	<b>47,392</b>	<b>182,162</b>	<b>229,554</b>	<b>234,025</b>	<b>22,624</b>	<b>211,401</b>	<b>526,556</b>	
<b>OTHER SOURCES &amp; (USES)</b>									
Transfer (to) from Other Funds	(92,500)	(143,000)	43,000	(100,000)	(65,000)	(125,000)	60,000	(44,000)	Amt Needed Per Enterprise Fund
Developer Advance - Operations	-	-	-	-	-	-	-	-	
<b>TOTAL OTHER SOURCES &amp; (USES)</b>	<b>(92,500)</b>	<b>(143,000)</b>	<b>43,000</b>	<b>(100,000)</b>	<b>(65,000)</b>	<b>(125,000)</b>	<b>60,000</b>	<b>(44,000)</b>	
<b>FUND BALANCE - BEGINNING</b>	<b>203,612</b>	<b>339,064</b>	<b>50,271</b>	<b>389,335</b>	<b>389,335</b>	<b>339,064</b>	<b>50,271</b>	<b>518,889</b>	
<b>FUND BALANCE - ENDING</b>	<b>389,335</b>	<b>243,456</b>	<b>275,433</b>	<b>518,889</b>	<b>558,360</b>	<b>236,688</b>	<b>321,672</b>	<b>1,001,445</b>	
		=	=		=	=	=	=	
<b>Categories of Fund Balance:</b>									
Reserved for TABOR (3% For Emergencies)	7,250	7,314	(512)	6,802	6,802	6,204	599	7,143	
Reserved For Infrastructure Repairs	200,000	150,000	275,000	425,000	425,000	150,000	275,000	850,000	
Reserved For Next Year's Budget Deficit	95,608	-	-	-	-	-	-	-	
Reserved for Operations	86,478	86,142	945	87,087	126,558	80,484	46,074	144,302	
<b>Total Fund Balance- General Fund</b>	<b>389,335</b>	<b>243,456</b>	<b>275,433</b>	<b>518,889</b>	<b>558,360</b>	<b>236,688</b>	<b>321,672</b>	<b>1,001,445</b>	

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

**MODIFIED  
ACCRUAL  
BASIS**

<b>WATER &amp; SEWER ENTERPRISE FUND</b>	<b>2015 Audited Actual</b>	<b>2016 Adopted Budget</b>	<b>Variance Favorable (Unfavor.)</b>	<b>2016 Forecast</b>	<b>10 Months Ended 10/31/16 Actual</b>	<b>10 Months Ended 10/31/16 Budget</b>	<b>Variance Favorable (Unfavor.)</b>	<b>2017 Adopted Budget</b>	<b>2017 Budget Comments</b>
<b>Water Consumption in Gallons:</b>									
Residential	511,460	550,000	100,000	650,000	573,910	481,059	(92,851)	1,000,000	Based on historical usage
Golf Course & Ponds	-	-	-	-	-	-	-	40,000,000	Based on historical usage
Club Facilities	-	-	-	-	-	-	-	100,000	Based on historical usage
Flushing & WWTP Consumption	-	-	-	-	-	-	-	1,200,000	Based on historical usage
Non-Metered Water Loss & Tank Fluctuation	308,540	225,000	-	225,000	139,090	202,500	63,410	1,000,000	Based on historical usage
<b>Total Gallons Purchased During Year</b>	<b>820,000</b>	<b>775,000</b>	<b>100,000</b>	<b>875,000</b>	<b>713,000</b>	<b>683,559</b>	<b>(29,441)</b>	<b>43,300,000</b>	
<b>Cost of Water Purchased:</b>									
Tri-County Rate	3.00	3.15		3.15				3.22	Based on 2016 forecast
Tri- County Pumping Charge	0.42	0.45		0.45				0.45	Based on 2016 forecast
Booster Pump Utility Costs	19.38	23.90		19.20				2.61	Based on historical costs
<b>Cost to Obtain Water- Per 1K Gallons</b>	<b>22.80</b>	<b>27.50</b>		<b>22.80</b>				<b>6.28</b>	
<b>Water Rates:</b>									
<b>House or Structure Charges Per Quarter:</b>									
Up to 18,000 Gallons	400.00	400.00		400.00				224.00	Based on historical rates
18,000 - 50,000 Gallons	20.00	20.00		20.00				15.00	Based on historical rates
Over 50,000 Gallons	25.00	25.00		25.00				22.00	Based on historical rates
<b>Golf Course Water Rate- Up to 15M Gallons</b>	<b>13.00</b>	<b>13.65</b>		<b>13.65</b>				<b>13.65</b>	Based on historical rates
<b>Golf Course Water Rate- After 15M Gallons</b>	<b>7.00</b>	<b>7.35</b>		<b>7.35</b>				<b>7.35</b>	Based on historical rates
<b>Clubhouse Ponds Water Rate</b>	<b>9.00</b>	<b>9.45</b>		<b>9.45</b>				<b>9.45</b>	Based on historical rates
<b>Tap Fee- Residential</b>	<b>7,500</b>	<b>7,500</b>		<b>7,500</b>				<b>7,500</b>	Based on historical rates
<b>Sewer Rates:</b>									
Quarterly Sewer Charge -Residential	450.00	450.00		450.00				182.00	Based on historical rates
Quarterly Sewer Charge -Commercial		1,012.50		1,012.50				409.50	Based on historical rates
Sewer Tap Fee- Residential	7,500	7,500		7,500				7,500	Based on historical rates
<b>Units Connected To Systems:</b>									
<b>Water System</b>									
Homes Added to Domestic Water System	-	-		-				-	
Total Connected- End of Yr	15	15		15				15	does not include 6 commercial properties.
Average Quarterly Use Per Household	8,524	9,167		9,167				10,700	Based on historical usage
Average Quarterly Bill Per Household	480	480		447				250	
<b>Sewer System</b>									
Homes Added to Sewer System	-	-		-				-	
Total Homes Connected- End of Yr	13	13		13				13	does not include 4 commercial properties
<b>REVENUES</b>									
Water User Fees Commercial	9,600	9,600	-	9,600	7,200	7,200	-	393,876	Assume watering the course again
Commercial Overhead Fees	-	-	-	-	-	-	-	-	
Water User Fees Residential	28,397	28,800	(2,000)	26,800	20,134	22,800	(2,666)	15,000	Average per quarter rate X # of units
Sewer User Fee Commercial	7,650	7,650	1,800	9,450	7,088	5,738	1,350	3,800	Assume only base fees; 6 accounts
Sewer User Fee Residential	25,200	23,400	-	23,400	18,000	17,550	450	9,500	Residences X Quarterly Rates
Interest Income	-	-	-	-	-	-	-	-	
Late Fees & Interest	22,396	30,000	(7,183)	22,817	17,117	24,000	(6,883)	-	Based on 2015 forecast
Backflow Testing Fee	-	-	-	-	-	-	-	-	
Title Fee	-	-	-	-	-	-	-	-	
Less Allowance For Delayed Receipts	(9,261)	(59,250)	26,577	(32,673)	(24,905)	(45,461)	20,556	-	COA/Metro & Other properties
Collection of Past Due Balances	-	-	-	-	-	-	-	-	
<b>TOTAL REVENUES</b>	<b>83,982</b>	<b>40,200</b>	<b>19,194</b>	<b>59,394</b>	<b>44,634</b>	<b>31,826</b>	<b>12,807</b>	<b>422,176</b>	

No assurance is provided on these financial statements;  
substantially all disclosures required by GAAP omitted.

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

**MODIFIED  
ACCRUAL  
BASIS**

<b>WATER &amp; SEWER ENTERPRISE FUND</b>	<b>2015 Audited Actual</b>	<b>2016 Adopted Budget</b>	<b>Variance Favorable (Unfavor.)</b>	<b>2016 Forecast</b>	<b>10 Months Ended 10/31/16 Actual</b>	<b>10 Months Ended 10/31/16 Budget</b>	<b>Variance Favorable (Unfavor.)</b>	<b>2017 Adopted Budget</b>	<b>2017 Budget Comments</b>
<b>Direct Water Expenses:</b>									
Water Utilities	15,892	16,800	-	16,800	13,170	14,086	916	110,506	Based on cost per 1,000 gallons
Water - Tri-County Water	2,765	2,981	-	2,981	2,394	2,629	235	139,966	Based on cost per 1,000 gallons
Water - Tri-County Pumping	328	349	-	349	-	308	308	19,485	Based on cost per 1,000 gallons
Annual Backflow Testing	-	-	-	-	-	-	-	-	
<b>Total Variable Water Expenses</b>	<b>18,985</b>	<b>20,130</b>	<b>-</b>	<b>20,130</b>	<b>15,564</b>	<b>17,023</b>	<b>1,460</b>	<b>269,957</b>	
Contracted System Operator Services	27,000	27,000	(1,920)	28,920	23,161	22,500	(661)	54,250	Assume pumping to course
Water Booster Maintenance	-	20,000	15,000	5,000	3,064	20,000	16,936	20,000	Potential needs
Distribution System Maintenance	721	5,000	-	5,000	4,153	5,000	848	10,000	Potential needs
Engineering, Surveying	698	-	(1,000)	1,000	-	-	-	1,000	Potential needs
Reimbursments & Misc. Other	3,266	6,000	-	6,000	5,633	5,000	(633)	6,000	Mileage, Phone, and other
Contracted Services	-	-	-	-	-	-	-	-	
Supplies, Permitting, Other	-	500	-	500	-	417	417	500	Minimal testing since non-potable
Temporary Service Connections	-	-	-	-	-	-	-	-	
Tap Connection Fee	-	-	-	-	-	-	-	-	
Testing	-	150	-	150	-	125	125	150	
Vehicles & Equipment	-	250	-	250	-	-	-	250	
Legal	-	-	-	-	-	-	-	-	
Allocated Overhead from General Fund	45,881	35,149	2,026	33,123	26,400	29,296	2,895	35,070	Actg, Legal, Mgnt, & Office Operations
Contingency	-	7,500	5,000	2,500	-	6,250	6,250	15,000	Unforeseen Needs
<b>Total Non-Variable Water Expenses</b>	<b>77,565</b>	<b>101,549</b>	<b>19,106</b>	<b>82,443</b>	<b>62,411</b>	<b>88,587</b>	<b>26,177</b>	<b>142,220</b>	
<b>Total Water System Operating Costs</b>	<b>96,550</b>	<b>121,679</b>	<b>19,106</b>	<b>102,573</b>	<b>77,974</b>	<b>105,610</b>	<b>27,636</b>	<b>412,177</b>	
<b>Direct Sewer Expenses:</b>									
Contracted System Operator Services	38,619	41,000	(179)	41,179	32,393	34,167	1,774	34,000	One contractor doing both water and sewer
Collection System Maintenance	-	2,500	2,000	500	-	2,083	2,083	2,500	Potential needs
Operating Supplies	-	500	400	100	-	417	417	500	Potential needs
Engineering	-	-	-	-	-	-	-	-	
Utilities	1,532	1,560	-	1,560	1,116	1,300	184	1,560	Based on 2016 forecast
Testing, Permitting, Other	-	850	(150)	1,000	840	708	(132)	1,000	Based on 2016 forecast
Allocated Overhead from General Fund	15,294	11,716	675	11,041	8,800	9,765	965	11,690	Actg, Legal, Mgnt, & Office Operations
Contingency	-	2,500	1,500	1,000	-	2,083	2,083	2,500	Unforeseen Needs
<b>Total Sewer System Operating Costs</b>	<b>55,444</b>	<b>60,626</b>	<b>4,246</b>	<b>56,380</b>	<b>43,149</b>	<b>50,524</b>	<b>7,374</b>	<b>53,750</b>	
<b>TOTAL OPERATING EXPENDITURES</b>	<b>151,994</b>	<b>182,305</b>	<b>23,352</b>	<b>158,953</b>	<b>121,123</b>	<b>156,134</b>	<b>35,011</b>	<b>465,927</b>	
<b>REVENUE OVER (UNDER) EXPEND.</b>	<b>(68,013)</b>	<b>(142,105)</b>	<b>42,545</b>	<b>(99,559)</b>	<b>(76,490)</b>	<b>(124,307)</b>	<b>47,818</b>	<b>(43,751)</b>	
<b>OTHER SOURCES &amp; (USES)</b>									
Water Tap Fees- Residential	-	-	-	-	-	-	-	-	\$7,500 per unit
Water Tap Fees- Commercial	-	-	-	-	-	-	-	-	
Sewer Tap Fees- Residential	-	-	-	-	-	-	-	-	\$7,500 per unit
Sewer Tap Fees- Commercial	-	-	-	-	-	-	-	-	
Developer Advance	-	-	-	-	-	-	-	-	
Developer Repayments - Principal	-	-	-	-	-	-	-	-	
Transfer From (To) Other Funds	92,500	143,000	(43,000)	100,000	65,000	125,000	(60,000)	44,000	Amount to balance budget
<b>TOTAL OTHER SOURCES &amp; (USES)</b>	<b>92,500</b>	<b>143,000</b>	<b>(43,000)</b>	<b>100,000</b>	<b>65,000</b>	<b>125,000</b>	<b>(60,000)</b>	<b>44,000</b>	
FUND BALANCE - BEGINNING	25,513	25,631	24,369	50,000	50,000	25,631	24,369	50,441	
<b>FUND BALANCE - ENDING</b>	<b>50,000</b>	<b>26,527</b>	<b>23,914</b>	<b>50,441</b>	<b>38,511</b>	<b>26,324</b>	<b>12,187</b>	<b>50,690</b>	

No assurance is provided on these financial statements;  
substantially all disclosures required by GAAP omitted.

## CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

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

On behalf of the Cornerstone Metropolitan District No. 1

(taxing entity)<sup>A</sup>

the Board of Directors

(governing body)<sup>B</sup>

of the Cornerstone Metropolitan District No. 1

(local government)<sup>C</sup>

**Hereby** officially certifies the following mills to be levied against the taxing entity's GROSS assessed valuation of: \$ 700

**Note:** If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area<sup>F</sup> 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: \$ 700

(NET<sup>G</sup> assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

**USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10**

**Submitted:** 12/14/2016 for budget/fiscal year 2017  
 (not later than Dec 15) (mm/dd/yyyy) (yyyy)

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

Contact person: Eric Weaver Daytime phone: (970) 926-6060 x6  
 (print) \_\_\_\_\_  
 Signed:  Title: District Accountant

*Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S. with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, Colorado 80203. Questions? Call DLG (303) 864-7720.*

<sup>1</sup> 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.

<sup>2</sup> 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).