

**APPLICATION FOR EXEMPTION FROM AUDIT - LONG FORM - FOR GOVERNMENTS WITH REVENUE OR EXPENDITURES GREATER THAN \$100,000
BUT NOT MORE THAN \$750,000**

Name of Government:	Waterfall Metropolitan District No. 1	For the Year
Address:	c/o Pinnacle Consulting Group, Inc. 1627 E. 18th Street Loveland, CO 80536	
Contact Person:	Brendan Campbell, CPA	Ended December 31, 2015
Telephone:	(970)669-3611	
Email:	brendanc@pinnacleconsultinggroupinc.com	
Fax:	(970)669-3612	or fiscal year ended:

Return to: Office of the State Auditor
Local Government Audit Division
1525 Sherman St., 7th Floor
Denver, CO 80203
Fax: 303-869-3061
Email: OSALG@state.co.us
Call (303) 869-3000 if you need help completing this form.

Section 29-1-604, C.R.S., outlines the provisions for an exemption from audit. Generally, any local government for which neither revenue nor expenditures exceed \$750,000 in any year may qualify for an exemption.

If either revenues or expenditures are \$100,000 or greater, but not more than \$750,000, you may use this form. If both revenues and expenditures are less than \$100,000 individually, use the short form application for exemption from audit.

Please review ALL instructions prior to the completion of this form.

- Instructions:**
1. Prepare this form completely and accurately. Please note that there are 11 parts to this form and all questions must be answered for the application to be considered complete.
 - a. Please use whole dollars. Do not include any cents. Please round consistently to ensure that the financial information balances between schedules.
 2. File this form with the Office of the State Auditor within 3 months after the end of the year. For years ended December 31, the form must be received by the Office of the State Auditor by March 31.
 3. The form must be completed by an independent accountant (separate from the entity) with knowledge of governmental accounting.
 4. The application must be personally reviewed and approved by a majority of the governing body as evidenced by one of the following methods:
 - a. Resolution of the governing body - application may be emailed, faxed, or mailed.
 - b. Original signatures - application must be mailed. Email or fax will NOT be accepted.
 5. The preparer must sign the application that is submitted in order for it to be accepted.
 6. Additional information may be attached to the exemption at the preparer's discretion.

CERTIFICATION OF PREPARER

I certify that I am an independent accountant with knowledge of governmental accounting and that the information in the Application is complete and accurate to the best of my knowledge. Independent means someone who is separate from the entity.

Name:	Brendan Campbell, CPA
Title:	District Accountant
Firm Name (if applicable):	Pinnacle Consulting Group, Inc.
Address:	1627 E. 18th Street, Loveland, CO 80538
Telephone Number:	(970)669-3611
Date Prepared:	2/26/15

I affirm that I am independent from this entity and skilled in governmental accounting (Required). - The application will be rejected if not signed by the preparer.



The Audit Law requires that a person independent of the entity complete the application if revenues or expenditure are at least \$100,000 but not more than \$750,000. Independent means someone who is separate from the entity. Please describe your relationship to the entity in the above box, with your signature.

Has the Entity Filed for Has the district filed a Title 32, Article 1 Special District Notice of Inactive Status during the year? [Applicable to Title 32 special districts only, pursuant to Sections 32-1-103 (9-3) and 32-1-104 (3), C.R.S.]	Yes	No	If Yes, Date Filed:
		X	

PART 1 - Financial Statements - Balance Sheet

Ln #	Description	Governmental Funds		Description	Proprietary/Fiduciary Funds	
		General Fund*	Debt Service Fund*		Fund*	Fund*
1-1	Assets			Assets		
1-1	Cash & Cash Equivalents	\$ 14,956	\$ 17,314	Cash & Cash Equivalents	\$ -	\$ -
1-2	Investments	\$ -	\$ 100,088	Investments	\$ -	\$ -
1-3	Receivables	\$ -	\$ 1,416	Receivables	\$ -	\$ -
1-4	Due from Other Entities or Funds	\$ -	\$ -	Due from Other Entities or Funds	\$ -	\$ -
	All Other Assets (Specify)			Other Current Assets	\$ -	\$ -
1-5	Prepaid Expenses	\$ 2,817	\$ -	Total Current Assets	\$ -	\$ -
1-6	Property Taxes Receivable	\$ -	\$ 181,619	Capital Assets, net (from Part 6-3)	\$ -	\$ -
1-7		\$ -	\$ -	Other Long Term Assets (Specify)	\$ -	\$ -
1-8		\$ -	\$ -		\$ -	\$ -
1-9		\$ -	\$ -		\$ -	\$ -
1-10		\$ -	\$ -		\$ -	\$ -
1-11	Total Assets (add lines 1-1 through 1-10)	\$ 17,772	\$ 300,436	Total Assets (add lines 1-5 through 1-10)	\$ -	\$ -
1-12	Total Deferred Outflows of Resources	\$ -	\$ -	Total Deferred Outflows of Resources	\$ -	\$ -
1-13	Total Assets and Deferred Outflows	\$ 17,772	\$ 300,436	Total Assets and Deferred Outflows	\$ -	\$ -
	Liabilities and Fund Balance			Liabilities and Net Position		
	Liabilities			Liabilities		
1-14	Accounts Payable	\$ 3,074	\$ -	Accounts Payable	\$ -	\$ -
1-15	Accrued Payroll and Related Liabilities	\$ -	\$ -	Accrued Payroll and Related Liabilities	\$ -	\$ -
1-16	Accrued Interest Payable	\$ -	\$ -	Accrued Interest Payable	\$ -	\$ -
1-17	Due to Other Entities or Funds	\$ -	\$ -	Due to Other Entities or Funds	\$ -	\$ -
1-18	All Other Current Liabilities	\$ -	\$ -	All Other Current Liabilities	\$ -	\$ -
1-19	Total Current Liabilities	\$ 3,074	\$ -	Total Current Liabilities	\$ -	\$ -
1-20	All Other Liabilities (Specify)	\$ -	\$ -	Proprietary Debt Outstanding (from Part 4-4)	\$ -	\$ -
1-21	Developer Advance Payable	\$ -	\$ 55,000	Other Liabilities (Specify)	\$ -	\$ -
1-22		\$ -	\$ -		\$ -	\$ -
1-23		\$ -	\$ -		\$ -	\$ -
1-24		\$ -	\$ -		\$ -	\$ -
1-25		\$ -	\$ -		\$ -	\$ -
1-26		\$ -	\$ -		\$ -	\$ -
1-27		\$ -	\$ -		\$ -	\$ -
1-28	Total Liabilities (add lines 1-14 through 1-27)	\$ 3,074	\$ 55,000	Total Liabilities (add lines 1-14 through 1-27)	\$ -	\$ -
1-29	Total Deferred Inflows of Resources	\$ -	\$ 181,619	Total Deferred Inflows of Resources	\$ -	\$ -
	Fund Balance			Net Position		
	Nonspendable :			Net Investment in Capital Assets		
1-30	Prepaid	\$ 2,817	\$ -		\$ -	\$ -
1-31	Inventory	\$ -	\$ -		\$ -	\$ -
1-32	Restricted:			Emergency Reserves		
	TABOR (GF)/ Debt Service (DSF)	\$ 2,407	\$ 63,817		\$ -	\$ -
1-33	Committed:			Other Designations/Reserves		
	(Specify)	\$ -	\$ -		\$ -	\$ -
1-34	Assigned:			Restricted		
	(Specify)	\$ -	\$ -		\$ -	\$ -
1-35	Unassigned:			Undesignated/Unreserved/Unrestricted		
	(Specify)	\$ 9,474	\$ -		\$ -	\$ -
1-36	Total Fund Balance (add lines 1-30 through 1-35) This total should be the same as line 3-31.	\$ 14,698	\$ 63,817	Total Net Position (add lines 1-30 through 1-35) This total should be the same as line 3-31.	\$ -	\$ -
1-37	Total Liabilities, Deferred Inflows, and Fund Balance (add lines 1-28, 1-29 and 1-36) This total should be the same as line 1-13	\$ 17,772	\$ 300,436	Total Liabilities, Deferred Inflows, and Net Position (add lines 1-28, 1-29 and 1-36) This total should be the same as line 1-13	\$ -	\$ -

*Indicate Name of Fund
 Note: Attach additional sheets as necessary.

PART 2 - Financial Statements - Operating Statement - Revenues

	Governmental Funds		Proprietary/Fiduciary Funds	Grand Totals	
	General Fund*	Debt Service Fund*			
2-1	Property	\$ -	\$ 159,628	\$ -	-
2-2	Specific Ownership	\$ -	\$ 14,441	\$ -	-
2-3	Sales and Use Tax	\$ -	\$ -	\$ -	-
2-4	Other Tax Revenue (Specify):	\$ -	\$ -	\$ -	-
2-5		\$ -	\$ -	\$ -	-
2-6		\$ -	\$ -	\$ -	-
2-7		\$ -	\$ -	\$ -	-
2-8	Total Tax Revenue	\$ -	\$ 174,069	\$ -	-
2-9	Licenses and Permits	\$ -	\$ -	\$ -	-
2-10	Highway Users Tax Funds (HUTF)	\$ -	\$ -	\$ -	-
2-11	Conservation Trust Funds (Lottery)	\$ -	\$ -	\$ -	-
2-12	Community Development Block Grant	\$ -	\$ -	\$ -	-
2-13	Fire & Police Pension	\$ -	\$ -	\$ -	-
2-14	Grants	\$ -	\$ -	\$ -	-
2-15	Donations	\$ -	\$ -	\$ -	-
2-16	Charges for Sales and Services	\$ 71,411	\$ -	\$ -	-
2-17	Rental Income	\$ -	\$ -	\$ -	-
2-18	Fines and Forfeits	\$ -	\$ -	\$ -	-
2-19	Interest/Investment Income	\$ 27	\$ 61	\$ -	-
2-20	Tap Fees	\$ -	\$ -	\$ -	-
2-21	Developer Advances	\$ -	\$ -	\$ -	-
2-22	All Other (Specify)	\$ -	\$ -	\$ -	-
2-23		\$ -	\$ -	\$ -	-
2-24	Total Revenues (Add lines 2-8 through 2-23)	\$ 71,437	\$ 174,130	\$ -	-
	Other Financing Sources				
2-25	Debt Proceeds	\$ -	\$ -	\$ -	-
2-26	Proceeds from Sale of Capital Assets	\$ -	\$ -	\$ -	-
2-27	Other (Specify)	\$ -	\$ -	\$ -	-
2-28	Total Other Financing Sources (Add lines 2-25 through 2-27)	\$ -	\$ -	\$ -	-
2-29	Total Revenues and Other Financing Sources (Add lines 2-24 and 2-28)	\$ 71,437	\$ 174,130	\$ -	-

Note: If Total Revenues and Other Financing Sources - Total of All Funds (Line 2-29) are greater than \$750,000 - STOP, you may not use this form. An audit may be required. See Section 29-1-604, C.R.S., or contact us at (303) 859-3000 for assistance.

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.		Yes	No	Please use this space to provide any explanations or comments:
4-1	Does the entity have outstanding debt?	X		
4-2	Is the debt repayment schedule attached? If no, please explain:	X		
4-3	Is the entity current in its debt service payments? If no, please explain:	X		
4-4	Please complete the following debt schedule, if applicable: (please only include principal amounts)			
	General obligation bonds	-	-	-
	Revenue bonds	-	-	-
	Notes/Loans	\$ 1,571,000	\$ -	\$ 1,513,500
	Leases	\$ -	\$ -	\$ -
	Developer Advances	\$ 2,486,471	\$ -	\$ 2,486,471
	Other (Specify):	\$ -	\$ -	\$ -
	Total:	\$ 4,057,471	\$ -	\$ 3,999,971
Please answer the following questions by marking the appropriate boxes.		Yes	No	
4-5	Does the entity have any authorized, but unissued, debt?	X		
	How much?	\$ -	\$ 10,270,000.00	
	Date the debt was authorized:		4/1/2008	
4-6	Does the entity intend to issue debt within the next calendar year?		X	
	How much?	\$ -		
4-7	Does the entity have debt that has been refinanced that it is still responsible for?		X	
	What is the amount outstanding?	\$ -		
4-8	Does the entity have any lease agreements?		X	
	If yes:			
	What is being leased?			
	Number of years of lease?			
	Is the lease subject to annual appropriation?			
	What are the annual lease payments?			
	Does the entity have a certified mill levy?	X		
4-9	Please provide the following current year mill levies:			
	Bond Redemption		45.00	
	General/Other		0.00	
	Total		45.00	

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.		Amount	Total	Please use this space to provide any explanations or comments:
5-1	Checking accounts	\$ 32,269		
5-2	Savings accounts	\$ -		
5-3	Certificates of deposit	\$ -		
Total Cash Deposits			\$ 32,269	
Investments (if investment is a mutual fund, please list underlying investments):				
5-4	US Bank	\$ 62,337		
5-5	ColoTrust	\$ 37,751		
5-6		\$ -		
5-7		\$ -		
Total Investments			\$ 100,088	
Total Cash and Investments			\$ 132,357	
Please answer the following question by marking in the appropriate box		Yes	No	
5-8	Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)? If no, please explain:	X		

PART 6 - CAPITAL ASSETS

Please answer the following questions by marking in the appropriate boxes.

6-1 Does the entity have capital assets? Yes No

If yes: Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.? If no, please explain: X

6-2		Balance - beginning of the year	Additions	Deletions	Year-End Balance
Complete the following table for GOVERNMENTAL FUNDS:					
Land	\$	-	\$ -	\$ -	\$ -
Buildings	\$	-	\$ -	\$ -	\$ -
Machinery and equipment	\$	-	\$ -	\$ -	\$ -
Furniture and fixtures	\$	-	\$ -	\$ -	\$ -
Infrastructure	\$	-	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$	-	\$ -	\$ -	\$ -
Landscape	\$	398,527	\$ -	\$ -	398,527
Accumulated Depreciation	\$	(83,987)	\$ (15,941)	\$ -	(99,928)
Total	\$	314,540	\$ (15,941)	\$ -	298,599
6-3 Complete the following table for PROPRIETARY FUNDS:					
Land	\$	-	\$ -	\$ -	\$ -
Buildings	\$	-	\$ -	\$ -	\$ -
Machinery and equipment	\$	-	\$ -	\$ -	\$ -
Furniture and fixtures	\$	-	\$ -	\$ -	\$ -
Infrastructure	\$	-	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$	-	\$ -	\$ -	\$ -
Other (explain):	\$	-	\$ -	\$ -	\$ -
Accumulated Depreciation	\$	-	\$ -	\$ -	\$ -
Total	\$	-	\$ -	\$ -	\$ -

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

7-1 Does the entity have an "old hire" firemen's pension plan? Yes No

7-2 Does the entity have a volunteer firemen's pension plan? Yes No

If yes: Who administers the plan? [Hatched Box]

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$	-
State contribution amount:	\$	-
Other (gifts, donations, etc.):	\$	-
Total:	\$	-

What is the monthly benefit paid for 20 years of service per retiree as of Jan 1? [Hatched Box]

Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

8-1	Please answer the following questions by marking in the appropriate boxes: Did the entity file a current year budget with the Department of Local Affairs? If no, please explain:	Yes	No		Please use this space to provide any explanations or comments:
8-2	Did the entity pass an appropriations resolution? In no, please explain: Please indicate the amount appropriated for each fund for the current year	X			
If yes:	Fund Name	Budgeted Expenditures			
	General Fund	\$	108,128		
	Debt Service Fund	\$	161,646		
	Capital Fund	\$	30,000		

PART 9 - TAX PAYER'S BILL OF RIGHTS (TABOR)

9-1	Please answer the following question by marking in the appropriate box: Is the entity in compliance with all the provisions of TABOR (State Constitution, Article X, Section 20(5))? Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.	Yes	No		Please use this space to provide any explanations or comments:
		X			

PART 10 - GENERAL INFORMATION

	Please answer the following questions by marking in the appropriate boxes: Is this application for a newly formed governmental entity?	Yes	No		Please use this space to provide any explanations or comments:
10-1	Date of formation:		X		
10-2	Has the entity changed its name in the past or current year?		X		
	If Yes: Please list the NEW name & PRIOR name:				
10-3	Is the entity a metropolitan district?	X			
10-4	Please indicate what services the entity provides: Water, irrigation, sanitation, drainage, streets, traffic & safety controls, transportation, parks & recreation				
10-5	Does the entity have an agreement with another government to provide services? If yes: List the name of the other governmental entity and the services provided:		X		

Two items of note- 1) The beginning Fund balance in the General Fund is off the 2014 ending balance by \$88. A 2014 expense was added after the audit exemption was prepared that changed the 2014 ending Fund Balance. 2) Section 5- Capital Assets- the numbers presented here are accurate. The 2014 Audit Exemption had not been correctly updated in this section in error, thus the ending balance on the 2014 Audit Exemption was not correct.

Please use this space to provide any additional explanations or comments not previously included:

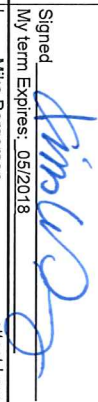

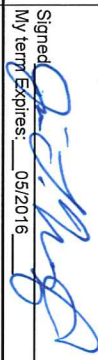
OSA USE ONLY

Entity Wide:	General Fund	Governmental Funds	Enterprise Funds
Unrestricted Cash & Investments	132,357	9,474	174,069
Current Liabilities	3,074	14,698	174,130
Deferred Inflow	181,619	23,494	245,567
	Total Revenue	71,437	57,500
	Total Expenditures	80,233	57,501
	Interfund In	-	-
	Interfund Out	-	-
	Proprietary	-	-
	Current Assets	-	-
	Deferred Outflow	-	-
	Property Tax	159,628	3,999,971
	Debt Service Principal	57,500	10,270,000
	Total Expenditures	255,076	
	Total Developer Advances	-	
	Total Developer Repayments	55,000	
	Cash & Investments	-	
	Principal Expense	-	

PART 11 - GOVERNING BODY APPROVAL

Below is the certification and approval of the governing board. By signing the board member is certifying they are a duly elected or appointed officer of the local government. Governing board members may be verified. Also by signing, the board member certifies that this Application for Exemption from Audit has been prepared consistent with Section 29-1-604, C.R.S., which states that a governmental agency with revenue and expenditures of \$750,000 or less must have an application prepared by a person skilled in governmental accounting; completed to the best of their knowledge and is accurate and true. Use additional pages if needed.

Print the names of all current governing board members below. A MAJORITY of the governing board members must complete and sign in the column below.

Board Member 1	Print Board Members Name Kim Perry	Signed <u></u> , attest I am a duly elected or appointed board member and I have reviewed and approve the application for exemption from audit. My term Expires: <u>05/2018</u> Date: <u>3.15.16</u>
Board Member 2	Print Board Members Name Mike Bergerson	Signed _____, attest I am a duly elected or appointed board member and I have reviewed and approve the application for exemption from audit. My term Expires: <u>05/2016</u> Date: _____
Board Member 3	Print Board Members Name Cole Evans	Signed _____, attest I am a duly elected or appointed board member and I have reviewed and approve the application for exemption from audit. My term Expires: <u>06/2018</u> Date: _____
Board Member 4	Print Board Members Name Tammi Lau	Signed <u></u> , attest I am a duly elected or appointed board member and I have reviewed and approve the application for exemption from audit. My term Expires: <u>05/2016</u> Date: <u>3-24-16</u>
Board Member 5	Print Board Members Name Jim Niemczyk	Signed <u></u> , attest I am a duly elected or appointed board member and I have reviewed and approve the application for exemption from audit. My term Expires: <u>05/2016</u> Date: <u>3/24/16</u>
Board Member 6	Print Board Members Name _____	Signed _____, attest I am a duly elected or appointed board member and I have reviewed and approve the application for exemption from audit. My term Expires: _____ Date: _____
Board Member 7	Print Board Members Name _____	Signed _____, attest I am a duly elected or appointed board member and I have reviewed and approve the application for exemption from audit. My term Expires: _____ Date: _____

Final Service Schedule

FINAL NUMBERS

Date	Principal	Rate	Interest	P & I	Annual	DSRF Earnings	Net Annual
12/01/11	-	3.610	27,062.97	27,062.97	27,062.97	(382.50)	26,680.47
06/01/12	51,000	3.610	31,226.50	82,226.50	113,453.00	(450.00)	112,953.00
06/01/13	-	-	30,305.95	30,305.95	113,611.90	(450.00)	112,711.90
06/01/14	-	-	29,349.30	29,349.30	113,698.60	(450.00)	112,798.60
06/01/15	-	-	28,356.55	28,356.55	114,213.10	(450.00)	113,313.10
06/01/16	-	-	27,318.68	27,318.68	108,137.35	(450.00)	107,237.35
06/01/17	-	-	26,353.00	26,353.00	97,706.00	(450.00)	96,806.00
06/01/18	45,000	3.610	25,540.75	70,540.75	96,081.50	(450.00)	95,181.50
06/01/19	-	-	24,728.50	24,728.50	94,457.00	(450.00)	93,322.50
06/01/20	-	-	23,826.00	23,826.00	92,417.50	(450.00)	91,517.50
06/01/21	-	-	22,923.50	22,923.50	90,017.00	(450.00)	89,922.00
06/01/22	-	-	22,111.25	22,111.25	88,031.50	(450.00)	87,131.50
06/01/23	50,000	3.610	21,208.75	71,208.75	87,131.50	(450.00)	86,301.50
06/01/24	-	-	20,306.25	20,306.25	85,612.50	(450.00)	84,712.50
06/01/25	-	-	19,313.50	19,313.50	84,712.50	(450.00)	83,727.00
06/01/26	-	-	18,411.00	18,411.00	83,727.00	(450.00)	82,727.00
06/01/27	-	-	17,508.50	17,508.50	82,727.00	(450.00)	81,717.00
06/01/28	-	-	16,515.75	16,515.75	81,717.00	(450.00)	80,717.00
06/01/29	55,000	3.610	15,515.75	71,515.75	80,717.00	(450.00)	79,717.00
06/01/30	-	-	14,440.00	14,440.00	79,717.00	(450.00)	78,720.50
06/01/31	-	-	13,357.00	13,357.00	78,720.50	(450.00)	77,720.50
06/01/32	60,000	3.610	12,274.00	12,274.00	77,720.50	(450.00)	76,720.50
06/01/33	-	-	11,100.75	11,100.75	76,720.50	(450.00)	75,720.50
06/01/34	-	-	9,927.50	9,927.50	75,720.50	(450.00)	74,720.50
06/01/35	70,000	3.610	8,664.00	8,664.00	74,720.50	(450.00)	73,720.50
06/01/36	-	-	7,310.25	7,310.25	73,720.50	(450.00)	72,720.50
06/01/37	75,000	3.610	5,956.50	5,956.50	72,720.50	(450.00)	71,720.50
06/01/38	-	-	4,512.50	4,512.50	71,720.50	(450.00)	70,720.50
06/01/39	-	-	3,068.50	3,068.50	70,720.50	(450.00)	69,720.50
06/01/40	85,000	3.610	1,534.25	1,534.25	69,720.50	(450.00)	68,720.50
12/01/40	85,000	3.610	-	-	68,720.50	(450.00)	67,720.50
12/01/41	1,730,000	-	-	-	2,783,006.92	(86,482.50)	2,696,524.42

Dated: 06/28/11
 Average Coupon: 3.610000
 Settlement: 06/28/11
 TIC: 3.728618
 Arbitrage Yield: 3.784925
 All - In - Yield: 4.158453
 Bond Years: 29.169.17
 Average Life: 16.86
 Accrued Interest: 0.00
 Weighted Average Maturity: 16.86