

**Copper Mountain Consolidated Metropolitan District
Copper Mountain, Colorado**

**Financial Statements
December 31, 2013**

**Copper Mountain Consolidated Metropolitan District
Financial Report
December 31, 2013**

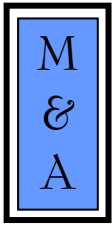
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Copper Mountain Consolidated Metropolitan District

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Copper Mountain Consolidated Metropolitan District (the "District"), as of and for the year ended December 31, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Copper Mountain Consolidated Metropolitan District as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with U.S. generally accepted accounting principles.

Member: American Institute of Certified Public Accountants

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Other Matters

U.S. generally accepted accounting principles require that Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements taken as a whole. The budgetary comparisons found in Section F are presented for purposes of additional analysis and are not a required part of the financial statements. The budgetary comparisons were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**McMahan and Associates, L.L.C.
May 12, 2014**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Copper Mountain Consolidated Metropolitan District

Management's Discussion and Analysis

December 31, 2013

As management of the Copper Mountain Consolidated Metropolitan District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2013.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets, deferred outflows, liabilities, and deferred inflows, with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include primarily administration, fire protection and limited public works. The business-type activities of the District include television relay, water, and sewer services. The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Overview of the Financial Statements (continued)

Governmental funds (continued): The District adopts an annual appropriated budget for each of its funds. Budgetary comparison schedules have been provided for the General Fund on page E1 - E2, Conservation Trust Fund on page E3, Debt Service Fund on page F1, and Capital Projects Fund on page F2 of this report to demonstrate compliance with these budgets.

Proprietary fund: The District maintains proprietary funds commonly known as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the television relay, water, and sewer services provided by the District.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the District.

The basic proprietary fund financial statements can be found on pages C6 through C8 of this report. The District adopts an annual appropriated budget for its Proprietary Funds and budgetary comparison schedules have been provided on pages F3-F5 of this report to demonstrate compliance with these budgets.

Fiduciary Fund: The District maintains a fiduciary fund to report the assets and activity of the Pension Fund which though maintained and reported by the District is held in trust for the benefit of the participants and is not available for District spending. For this reason it is not reported as part of the Government-Wide financial statements.

The Fiduciary Fund financial statements can be found on pages C9 and C10 of this report. The District adopts an annual appropriated budget for its Fiduciary Fund and a budgetary comparison schedule has been provided on page F6 of this report to demonstrate compliance with this budget.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found starting on page D1 of this report.

Government-wide Financial Analysis

Copper Mountain Consolidated Metropolitan District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current assets	\$ 5,518,310	\$ 5,616,688	762,333	888,959	6,280,643	6,505,647
Capital and other assets	8,465,091	8,815,695	9,473,866	10,001,313	17,938,957	18,817,008
Total Assets	13,983,401	14,432,383	10,236,199	10,890,272	24,219,600	25,322,655
Liabilities & Deferred Inflows:						
Current liab & def inflows	2,005,531	2,083,902	29,374	85,723	2,034,905	2,169,625
Long-term liabilities	5,895,382	6,191,335	4,851,422	5,111,031	10,746,804	11,302,366
Total Liabilities & Def Inflows	7,900,913	8,275,237	4,880,796	5,196,754	12,781,709	13,471,991
Net Position:						
Net investment in capital assets	2,645,091	2,690,695	4,685,257	4,874,365	7,330,348	7,565,060
Restricted	56,158	58,021	-	-	56,158	58,021
Unrestricted	3,381,239	3,408,430	670,146	819,153	4,051,385	4,227,583
Total Net Postion	\$ 6,082,488	\$ 6,157,146	5,355,403	5,693,518	11,437,891	11,850,664

The largest portion of the District's net position is reflected in the net investment in capital assets (i.e. land, buildings, machinery, and equipment). At the end of 2013, this accounted for 64% of the total net position. Accordingly, this portion of the net position is not an available source for payment of future spending. Of the remaining net position 3% of the governmental activities annual budget is restricted for use in the event of an emergency.

Copper Mountain Consolidated Metropolitan District's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	115,371	231,387	1,450,619	1,432,672	1,565,990	1,664,059
Operating grants & contributions	2,000	1,500	-	-	2,000	1,500
Capital grants & contributions	5,676	3,027	478,089	398,926	483,765	401,953
General revenues:						
Property taxes	2,052,550	2,171,950	-	-	2,052,550	2,171,950
Other taxes	96,756	89,086	-	-	96,756	89,086
Interest and other revenue	148,910	74,638	-	-	148,910	74,638
Total Revenues	2,421,263	2,571,588	1,928,708	1,831,598	4,349,971	4,403,186
Expenses:						
Fire protection	1,861,873	1,716,683	-	-	1,861,873	1,716,683
Public works	58,641	64,453	-	-	58,641	64,453
General government	458,005	324,606	-	-	458,005	324,606
Interest on long-term debt	247,034	259,014	-	-	247,034	259,014
Television	-	-	126,385	121,771	126,385	121,771
Water and sanitation	-	-	2,010,806	1,909,071	2,010,806	1,909,071
Loss on disposal of fixed assets	-	-	-	-	-	-
Transfers	(129,632)	(151,399)	129,632	151,399	-	-
Total Expenses	2,495,921	2,213,357	2,266,823	2,182,241	4,762,744	4,395,598
Change in Net Position	(74,658)	358,231	(338,115)	(350,643)	(412,773)	7,588
Net Position - Beginning	6,157,146	5,798,915	5,693,518	6,044,161	11,850,664	11,843,076
Net Position - Ending	6,082,488	6,157,146	5,355,403	5,693,518	11,437,891	11,850,664

Governmental activities: Net position of the governmental activities decreased \$74,658 during 2013 after an increase of \$358,231 during 2012. This change is largely due to the District receiving funds from the business type activities to be held for future capital replacements and using property taxes collected to make the scheduled payments on long-term debt.

Business-type activities: Net position of the business-type activities decreased \$338,115 during 2013 after a decrease of \$350,643 during 2011. The declines are largely due to depreciation expense on capital assets as well as transfers to the governmental activities to set aside funds for future capital replacements.

Financial Analysis of the District's Funds

As mentioned early, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The ending fund balances of governmental funds decreased by \$40,679 during 2013 as a result of revenues and capital reserve funding transfers from the proprietary funds being less than expenditures.

Financial Analysis of the District's Funds (Continued)

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,512,779. Of this balance, \$56,158 is restricted for emergencies as required by TABOR, \$2,783,225 is assigned for future capital projects, debt service, and recreational projects, and the remaining \$673,396 is unassigned.

Proprietary funds: The District's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Proprietary Funds operating revenues of \$1,450,619 were exceeded by operational expenses of \$1,931,842, resulting in an operating loss of \$481,223. This operating loss decreased after capital fees net of debt service and capital reserve transfers which caused the change in net position to total a decrease of \$338,115. However, depreciation expense on capital assets of \$691,190 was the primary expense which caused this decrease in net position.

As of the end of the current fiscal year, the District's Proprietary Funds reported an ending net position balance of \$5,335,403 which consisted of \$4,685,257 in net investment in capital assets and the remaining \$670,146 being unrestricted for use by the District in future years.

Budget variances: One budget amendment was required during 2013 to account for additional expenditures in several funds. Details of the variances by fund can be seen on pages E1 through F6 of this report.

Capital assets: The District's total capital assets decreased by \$878,051 as a result of capital additions being less than depreciation expense and capital deletions. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements on pages D13 through D15 of this report.

Long-term debts: During 2013 the District continued to make scheduled payments on all of its long-term debts. Details of the District's long term obligations are contained on pages D15 through D17 of this report.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Copper Mountain Consolidated Metropolitan District, PO Box 3002, 477 Copper Road, Copper Mountain, Colorado 80443, phone (970) 968-2537.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Copper Mountain Consolidated Metropolitan District
Statement of Net Position
December 31, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	3,527,370	613,827	4,141,197
Receivables, net:			
Property tax	1,982,956	-	1,982,956
Accounts	-	148,506	148,506
Other governments	7,984	-	7,984
Capital assets, net	8,465,091	8,792,901	17,257,992
Phosphorous credits (sewer rights)	-	636,000	636,000
Water rights	-	44,965	44,965
Total Assets	<u>13,983,401</u>	<u>10,236,199</u>	<u>24,219,600</u>
Liabilities:			
Vouchers/accounts payable	22,575	29,374	51,949
Accrued interest payable	19,643	72,892	92,535
Accrued compensated absences:			
Due within one year	55,739	62,813	118,552
Loan payable:			
Due within one year	-	355,000	355,000
Due in more than one year	-	4,360,717	4,360,717
Bonds payable:			
Due within one year	315,000	-	315,000
Due in more than one year	5,505,000	-	5,505,000
Total Liabilities	<u>5,917,957</u>	<u>4,880,796</u>	<u>10,798,753</u>
Deferred Inflow of Resources:			
Unavailable property tax revenue	1,982,956	-	1,982,956
Total Deferred Inflow of Resources	<u>1,982,956</u>	<u>-</u>	<u>1,982,956</u>
Net Position:			
Net investment in capital assets	2,645,091	4,685,257	7,330,348
Restricted for emergencies	56,158	-	56,158
Unrestricted	3,381,239	670,146	4,051,385
Total Net Position	<u>6,082,488</u>	<u>5,355,403</u>	<u>11,437,891</u>

The accompanying notes are an integral part of these financial statements.

**Copper Mountain Consolidated Metropolitan District
Statement of Activities
For the Year Ended December 31, 2013**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental Activities:							
Fire operations	1,861,873	84,489	2,000	-	(1,775,384)		(1,775,384)
Public works	58,641	-	-	5,676	(52,965)		(52,965)
General government	458,005	30,882	-	-	(427,123)		(427,123)
Interest on debt	247,034	-	-	-	(247,034)		(247,034)
Total Governmental Activities	2,625,553	115,371	2,000	5,676	(2,502,506)		(2,502,506)
Business-type Activities:							
Television	126,385	196,393	-	-		70,008	70,008
Water and sanitation	2,010,806	1,254,226	-	478,089		(278,491)	(278,491)
Total Business-type Activities	2,137,191	1,450,619	-	478,089		(208,483)	(208,483)
Total	4,762,744	1,565,990	2,000	483,765	(2,502,506)	(208,483)	(2,710,989)
General Revenues:							
Taxes:							
Property tax					2,052,550	-	2,052,550
Specific ownership tax					96,756	-	96,756
Investment earnings					27,557	-	27,557
Transfers in (out)					300,000	(300,000)	-
Capital transfers in (out)					(170,368)	170,368	-
Miscellaneous					121,353	-	121,353
Total General Revenues and Transfers					2,427,848	(129,632)	2,298,216
Change in Net Position					(74,658)	(338,115)	(412,773)
Net Position - Beginning					6,157,146	5,693,518	11,850,664
Net Position - Ending					6,082,488	5,355,403	11,437,891

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

**Copper Mountain Consolidated Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2013**

	<u>General</u>	<u>Conservation Trust</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	745,682	10,989	32,921	2,737,778	3,527,370
Due from County Treasurer	5,951	-	2,033	-	7,984
Property tax receivable	1,440,099	-	542,857	-	1,982,956
Total Assets	<u>2,191,732</u>	<u>10,989</u>	<u>577,811</u>	<u>2,737,778</u>	<u>5,518,310</u>
Liabilities and Fund Balances:					
Liabilities:					
Vouchers/accounts payable	22,079	-	-	496	22,575
Total Liabilities	<u>22,079</u>	<u>-</u>	<u>-</u>	<u>496</u>	<u>22,575</u>
Deferred Inflow of Resources:					
Unavailable property tax revenue	1,440,099	-	542,857	-	1,982,956
Total Deferred Inflow of Resources	<u>1,440,099</u>	<u>-</u>	<u>542,857</u>	<u>-</u>	<u>1,982,956</u>
Fund Balances:					
Restricted for TABOR reserve	56,158	-	-	-	56,158
Assigned	-	10,989	34,954	2,737,282	2,783,225
Unassigned	673,396	-	-	-	673,396
Total Fund Balances	<u>729,554</u>	<u>10,989</u>	<u>34,954</u>	<u>2,737,282</u>	<u>3,512,779</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>2,191,732</u>	<u>10,989</u>	<u>577,811</u>	<u>2,737,778</u>	<u>5,518,310</u>

**Amounts reported for governmental activities in the Statement
of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,465,091
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,895,382)</u>
Net Position of Governmental Activities	<u>6,082,488</u>

The accompanying notes are an integral part of these financial statements.

Copper Mountain Consolidated Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	<u>General</u>	<u>Conservation Trust</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:					
Taxes	1,602,055	-	547,251	-	2,149,306
Fees	84,489	-	-	-	84,489
Intergovernmental	-	2,076	-	-	2,076
Other	185,378	14	-	-	185,392
Total Revenues	<u>1,871,922</u>	<u>2,090</u>	<u>547,251</u>	<u>-</u>	<u>2,421,263</u>
Expenditures:					
Fire operations	1,592,433	-	-	-	1,592,433
Public works	52,197	-	-	-	52,197
Administration	217,336	-	26,330	-	243,666
Debt service	-	-	553,063	-	553,063
Capital outlay	-	-	-	320,583	320,583
Total Expenditures	<u>1,861,966</u>	<u>-</u>	<u>579,393</u>	<u>320,583</u>	<u>2,761,942</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>9,956</u>	<u>2,090</u>	<u>(32,142)</u>	<u>(320,583)</u>	<u>(340,679)</u>
Other Financing Sources (Uses):					
Transfers in (out)	(50,000)	-	-	350,000	300,000
Total Other Financing Sources	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>350,000</u>	<u>300,000</u>
Change in Fund Balances	<u>(40,044)</u>	<u>2,090</u>	<u>(32,142)</u>	<u>29,417</u>	<u>(40,679)</u>
Fund Balances - Beginning	<u>769,598</u>	<u>8,899</u>	<u>67,096</u>	<u>2,707,865</u>	<u>3,553,458</u>
Fund Balances - Ending	<u>729,554</u>	<u>10,989</u>	<u>34,954</u>	<u>2,737,282</u>	<u>3,512,779</u>

The accompanying notes are an integral part of these financial statements.

**Copper Mountain Consolidated Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2013**

Net Change in Fund Balances of Governmental Funds	(40,679)
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Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay during the year.	(350,604)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas those amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	306,029
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds.	<u>10,596</u>
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Change in Net Position of Governmental Activities	<u><u>(74,658)</u></u>
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**Copper Mountain Consolidated Metropolitan District
Statement of Net Position
Proprietary Funds
December 31, 2013**

	<u>Television Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
Assets:			
Current Assets:			
Cash	54,054	559,773	613,827
Accounts receivable, net of allowance for uncollectibles	6,495	142,011	148,506
Total Current Assets	<u>60,549</u>	<u>701,784</u>	<u>762,333</u>
Non-current Assets:			
Property, plant, and equipment, net of accumulated depreciation	48,862	8,744,039	8,792,901
Phosphorous credits (sewer rights)	-	636,000	636,000
Water rights	-	44,965	44,965
Total Non-current Assets	<u>48,862</u>	<u>9,425,004</u>	<u>9,473,866</u>
Total Assets	<u>109,411</u>	<u>10,126,788</u>	<u>10,236,199</u>
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	450	28,924	29,374
Compensated absences	3,588	17,346	20,934
Accrued interest payable	-	72,892	72,892
Loan payable - Current	-	355,000	355,000
Total Current Liabilities	<u>4,038</u>	<u>474,162</u>	<u>478,200</u>
Non-current Liabilities:			
Compensated absences	7,179	34,700	41,879
Loan payable - Net of unamortized discount	-	4,360,717	4,360,717
Total Non-current Liabilities	<u>7,179</u>	<u>4,395,417</u>	<u>4,402,596</u>
Total Liabilities	<u>11,217</u>	<u>4,869,579</u>	<u>4,880,796</u>
Net Position:			
Net investment in capital assets	48,862	4,636,395	4,685,257
Unrestricted	49,332	620,814	670,146
Total Net Position	<u>98,194</u>	<u>5,257,209</u>	<u>5,355,403</u>

The accompanying notes are an integral part of these financial statements.

Copper Mountain Consolidated Metropolitan District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2013

	<u>Television Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services	195,655	1,252,960	1,448,615
Other	738	1,266	2,004
Total Operating Revenues	<u>196,393</u>	<u>1,254,226</u>	<u>1,450,619</u>
Operating Expenses:			
Payroll and benefits	103,801	633,654	737,455
Repair, maintenance, and operations	1,994	148,332	150,326
Utilities	1,123	222,065	223,188
Supplies and equipment	3,079	38,365	41,444
General and administrative	5,608	76,006	81,614
Depreciation	10,780	687,035	697,815
Total Operating Expenses	<u>126,385</u>	<u>1,805,457</u>	<u>1,931,842</u>
Operating Income (Loss)	<u>70,008</u>	<u>(551,231)</u>	<u>(481,223)</u>
Non-operating Revenues (Expenses):			
Interest expense	-	(205,349)	(205,349)
Total Non-operating Revenues (Expenses)	-	(205,349)	(205,349)
Income (Loss) Before Contributions and Transfers	<u>70,008</u>	<u>(756,580)</u>	<u>(686,572)</u>
Capital Contributions and Transfers:			
Tap fees	-	111,800	111,800
Capital fees	-	366,229	366,229
Other contributions	-	60	60
Capital transfers in	-	170,368	170,368
Transfers out	(100,000)	(200,000)	(300,000)
Total Capital Contributions and Transfers	<u>(100,000)</u>	<u>448,457</u>	<u>348,457</u>
Change in Net Position	(29,992)	(308,123)	(338,115)
Net Position - Beginning	128,186	5,565,332	5,693,518
Net Position - Ending	<u>98,194</u>	<u>5,257,209</u>	<u>5,355,403</u>

The accompanying notes are an integral part of these financial statements.

Copper Mountain Consolidated Metropolitan District
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013

	<u>Television Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers	196,871	1,266,830	1,463,701
Cash paid for goods and services	(11,983)	(463,445)	(475,428)
Cash paid to employees	(103,053)	(633,165)	(736,218)
Net Cash Provided by Operating Activities	<u>81,835</u>	<u>170,220</u>	<u>252,055</u>
Cash Flows from Non-capital Financing Activities:			
Cash refunded on performance bonds	-	60	60
Transfers to other funds	(100,000)	(200,000)	(300,000)
Net Cash (Used) by Non-capital Financing Activities	<u>(100,000)</u>	<u>(199,940)</u>	<u>(299,940)</u>
Cash Flows from Capital and Related Financing Activities:			
Tap fees	-	111,800	111,800
Capital fees received	-	366,229	366,229
Loan principal paid	-	(335,000)	(335,000)
Loan interest paid	-	(208,688)	(208,688)
Net Cash (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(65,659)</u>	<u>(65,659)</u>
Net Change in Cash	(18,165)	(95,379)	(113,544)
Cash and Cash Equivalents - Beginning	72,219	655,152	727,371
Cash and Cash Equivalents - Ending	<u>54,054</u>	<u>559,773</u>	<u>613,827</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	70,008	(551,231)	(481,223)
Adjustments:			
(Increase) decrease in accounts receivable	478	12,604	13,082
Increase (decrease) in accounts payable and accrued liabilities	(179)	21,323	21,144
Increase (decrease) in compensated absences	748	489	1,237
Depreciation	10,780	687,035	697,815
Total Adjustments	<u>11,827</u>	<u>721,451</u>	<u>733,278</u>
Net Cash Provided by Operating Activities	<u>81,835</u>	<u>170,220</u>	<u>252,055</u>
Schedule of Non-cash Transactions			
Capital transfer in	-	170,368	170,368
	<u>-</u>	<u>170,368</u>	<u>170,368</u>

The accompanying notes are an integral part of these financial statements.

**Copper Mountain Consolidated Metropolitan District
Statement of Fiduciary Net Position
Fiduciary Fund - Pension Fund
For the Year Ended December 31, 2013**

Assets:

Cash and investments	<u>564,850</u>
Total assets	<u><u>564,850</u></u>

Net Position:

Held in trust for pension benefits	<u><u>564,850</u></u>
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The accompanying notes are an integral part of these financial statements.

**Copper Mountain Consolidated Metropolitan District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund - Pension Fund
For the Year Ended December 31, 2013**

Additions:	
District contribution	3,058
State contribution	2,188
Investment income	8,537
Total Additions	<u>13,783</u>
Deductions:	
Administrative expense	1,189
Insurance premiums	1,144
Benefit payments	8,100
Total Deductions	<u>10,433</u>
Change in Net Position	3,350
Net Position - Beginning	<u>561,500</u>
Net Position - Ending	<u><u>564,850</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013

I. Summary of Significant Accounting Policies

The Copper Mountain Consolidated Metropolitan District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was formed in accordance with an election in November 1995 to consolidate Copper Mountain Metropolitan District and Copper Mountain Water and Sanitation District. The District began operations January 1, 1996. The functions of the District are to provide public parks and recreational services, fire protection services, television relay and translator services, water and sewer services, and street maintenance for the District and its inhabitants.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements. The District has elected to apply FASB pronouncements after that date to its business-type activities and enterprise funds that do not conflict with GASB pronouncements. The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's fire operations, streets and roads, and administration are classified as governmental activities. The District's television and water and sewer utilities are classified as business-type activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (fire operations, utilities, etc.). The functions are also supported by general government revenues (property and specific ownership taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function (fire operations, streets and roads, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Conservation Trust Fund* accounts for state lottery receipts restricted for park and recreation capital expenditures.

The *Debt Service Fund* accounts for property taxes collected for the payment of principal and interest on bonds and related costs.

The *Capital Projects Fund* accounts for funds accumulated for future capital project expenditures.

The District reports the following proprietary or business-type funds:

The *Television Fund* accounts for television service operations.

The *Water and Sanitation Fund* accounts for the operations of the water and sewer plants.

The District reports the following fiduciary fund which is not included in the government-wide financial statements since the resources of the fund are not available to the District:

The *Pension Fund* accounts for the accumulation of resources for pension benefit payments to qualified volunteer firefighters.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers and applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

2. Investments

Investments are stated at fair market value.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts. No allowance is recorded at December 31, 2013, as all accounts are considered to be collectible.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental unit until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as unavailable revenue.

5. Prepaid Expenses

Prepaid expenses are amounts paid in the current year for expenses related to the next year.

6. Interfund Receivables and Payables

Balances at year-end between funds are reported as "due to / from other funds" in the fund financial statements. Any residual balances not eliminated between the governmental and business-type activities are reported as "internal balances" in the government-wide financial statements.

7. Capital Assets

Capital assets, which include water rights, phosphorous credits (sewer rights), buildings, improvements, equipment, vehicles, and infrastructure assets (only infrastructure acquired after January 1, 2003), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements	10-20
Equipment and vehicles	5-20

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

8. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities in the government-wide financial statements. Vested or accumulated vacation leave of the proprietary fund type is recorded as an expense and liability of that fund as the benefits accrue to employees. In accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

9. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of the governmental fund. The remaining portion of such obligations is reported in the governmental activities column of the government-wide financial statements. Long-term obligations for proprietary funds are recognized when the related liability is incurred, regardless of the timing of the related cash flows.

10. Tap Fees

Accounting and Financial Reporting for Nonexchange Transactions, GASB No. 33, requires that government entities that receives tap fees record the tap fees as revenue for accounting periods beginning after June 15, 2000. The District has reported tap fees for the year ended December 31, 2013 as revenue in the accompanying financial statements.

11. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

12. Legal Provisions and Authorization for Deposits

The District is governed by state statutes as to the type of institutions and investments with which it may deposit funds and transact business.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

13. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resource (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category at December 31, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applied to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one item that qualifies for reporting in this category. Accordingly, the item, Unavailable property tax revenue, is deferred and recognized as an inflow of resource in the period that the amounts become available and earned.

14. Categories and Classification of Fund Balance

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

14. Categories and Classification of Fund Balance (continued)

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and management calculates targets and reports them annually to Board of Directors.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." This \$8,465,091 difference is related to property, plant and equipment of \$11,122,046 less accumulated depreciation of \$2,656,955.

Another element of that reconciliation explains "Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of the \$5,895,382 difference are as follows:

Bonds payable	\$ 5,820,000
Accrued interest payable	19,643
Accrued compensated absences	55,739
	<u>\$ 5,895,382</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between *net change in fund balances of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense." The \$350,604 difference is depreciation expense.

Another element of that reconciliation states that "the issuance of long-term debt (e.g. bonds, leases) provides current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas those amounts are deferred and amortized in the statement of activities." The details of this \$306,029 difference are as follows:

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements (continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (continued)

Principal payment	\$ (305,000)
Change in accrued interest	<u>(1,029)</u>
	<u><u>\$ (306,029)</u></u>

Another element of that reconciliation explains "Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds." This \$10,596 difference is the change in accrued compensated absences during 2013.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

As required by Colorado Statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2013.

1. For the 2013 budget year, prior to August 25, 2012, the County Assessor sent to the District an assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10 only once by a single notification to the District.
2. The District Manager submitted to the Board, on or before October 15, 2012, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
3. Prior to December 15, 2012, a public hearing was held for the budget, the Board certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2012 were collected in 2013 and taxes certified in 2013 will be collected in 2014. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The District has reserved \$56,158 which is the approximate required reserve at December 31, 2013.

As a condition of District consolidation, the voters permitted the District to receive, collect, and spend the full amount of revenues generated during 1996 and each subsequent year. The District cannot increase the property tax rate without voter approval.

The District has no authorized but unissued debt.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

The District's voters approved the following ballot question on May 7, 2002:

"Shall the revenues generated by the General Fund mill levy for the Copper Mountain Consolidated Metropolitan District be increased by an amount not to exceed \$489,778 annually beginning in 2003 and each fiscal year thereafter to pay costs of operating District departments, facilities and services by imposing an additional tax levy at a rate sufficient to produce the amount specified above, which taxes shall be deposited into the General Fund of the District and shall be in addition to the property taxes that otherwise would be levied for the General Fund, and may be collected and spent without further voter approval, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution or any other law?"

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

The District's voters approved the following ballot question on November 1, 2005:

"Shall the Copper Mountain Consolidated Metropolitan District taxes be increased \$750,000 annually (estimated revenues for calendar year 2006) and by whatever additional amounts are received annually thereafter from an operating mill levy of up to 12.000 mills, which increase is conditioned upon the termination of the current debt service mill levy of 18.251 mills for outstanding District general obligation bonds and is in addition to the District's current operating mill levy of 13.256 mills; shall the proceeds of the tax increase be used to pay permitted expenses of the District as determined by the Board of Directors such as new costs related to the employment of firefighters and the provision of emergency services; and shall the District be permitted to collect, retain and expend such taxes and income thereon (regardless of amount) as a voter-approved revenue change and property tax revenue change under Article X, Section 20 of the Colorado Constitution and to exceed the 5.5% property tax revenue limitation contained in Section 29-1-301, Colorado Revised Statutes and any other revenue limitation contained in the laws of the state?"

The District's voters approved the following ballot question on November 1, 2006:

"Shall Copper Mountain Consolidated Metropolitan District debt be increased up to \$7.5 million, with a maximum repayment cost of up to \$13.73 million, and shall district taxes be increased up to \$670 thousand annually for the purpose of financing the costs of replacing an inadequate facility by constructing and equipping a new fire station and administrative building for the housing of equipment and personnel necessary to the provision of emergency and other district services and to enable the District to adequately meet the current and future needs of the Copper Mountain community; such debt to consist of the issuance and payment of general obligation bonds, which bonds shall bear interest at a maximum net effective interest rate not to exceed 6.25% per annum and be issued, dated and sold at such time or times, at such prices (at, above or below par) and in such manner and containing such terms, not inconsistent herewith, as the Board of Directors may determine; and shall ad valorem property taxes be levied in any year, without limitation as to rate or amount, to pay the principal of, premium, if any, and interest on such bonds and to fund any reserves for the payment thereof; and shall any earnings from the investment of the proceeds of such taxes and bonds (regardless of amount) constitute a voter-approved revenue change?"

The District's voters approved the following ballot question on November 5, 2013:

"Shall Copper Mountain Consolidated Metropolitan District (CMCMD), Summit County, Colorado, be authorized to collect, retain and spend the full dollar amount (regardless of amount) of all property tax revenues generated and collected or received by CMCMD from ad valorem property taxes levies pursuant to CMCMD's mill levy in effect at the time the Taxpayer's Bill of Rights amendment of the Colorado State Constitution became effective on December 31, 1992 (which mill levy is currently, 2.614 mills), without limitation or condition, during 2014 and each fiscal year thereafter, such amounts to constitute a voter-approved property tax revenue change, and to be collected, retained and spent by the District without regard to any spending, revenue raising, or other limitations contained within Article X, Section 20 of the Colorado Constitution or any other law, as it currently exists or may be amended in the future, that purports to limit CMCMD's revenues or expenditures, and without limiting in any year the amount of other revenues that may be collected, retained, and spent by the District?"

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

IV. Detailed Notes on all Funds

A. Deposits

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

<u>Type</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>More Than One Year</u>
<i>Deposits:</i>				
Checking and savings		\$ 244,116		
<i>Investments:</i>				
Csafe	AAAm	295,063	295,063	
Colostrust	AAAm	512,994	512,994	
Money Market	Not rated	3,089,024		3,089,024
Money Market (Pension Fund)	Not rated	290,467	290,467	
Mortgage-backed securities (Pension Fund)	Not rated	274,383		274,383
		<u>\$ 4,706,047</u>		
Financial Statement Captions:				
Cash and cash equivalents		\$ 4,141,197		
Cash and investments (Pension Fund)		564,850		
		<u>\$ 4,706,047</u>		

Interest Rate Risk. Except for the volunteer pension fund, the District limits its investments to savings accounts and investment pools (explained below) where each share is equal to one dollar and the District avoids interest rate risk.

For the volunteer pension fund, the investment maturities are matched with the estimated requirements for fund withdrawals to reduce the risk that increases in the market rate of interest could adversely affect the market value of these securities.

Credit Risk. State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District’s general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

V. Detailed Notes on all Funds (continued)

A. Deposits (continued)

Concentration of Credit Risk. The District invests most funds in 2a7-like pools and thus avoids a concentration of credit risk.

Colorado statutes specify which instruments units of local government may invest and include:

- Obligations of the U.S. and certain U.S. government agencies securities
- Certain international agency securities
- General obligation and revenue bonds for U.S. local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

1. Pools

The District has invested in the Colorado Local Government Liquid Asset Trust ("COLOTRUST"), the Colorado Surplus Asset Fund Trust ("C-SAFE") and the Colorado Diversified Trust ("CDT"). COLOTRUST is a 2a7-like pool. The trusts are investment vehicles established for local government entities in Colorado to pool surplus funds. The trusts operate similarly to a money market fund and each share is equal in value to \$1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to the trusts in connection with their direct investment and withdrawal functions. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the trusts. Investments in pools are not categorized since the underlying investments are not specifically identifiable to the District.

2. Mortgage-backed Securities

The District is authorized by statute to invest in mortgage-backed securities. During 2013, the District had pension funds invested in mortgage-backed securities, which are recorded at a market value of \$274,383.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

IV. Detailed Notes on all Funds (continued)

B. Receivables

Receivables as of year-end for the District's funds, including applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water and Sanitation</u>	<u>Total</u>
Receivables:			
Property tax	\$ 1,982,956	-	1,982,956
Accounts	-	148,506	148,506
Other governments	7,984	-	7,984
Gross receivables	<u>1,990,940</u>	<u>148,506</u>	<u>2,139,446</u>
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 1,990,940</u>	<u>148,506</u>	<u>2,139,446</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings	\$ 10,091,329	-	-	10,091,329
Improvements	196,074	-	-	196,074
Equipment and vehicles	834,643	-	-	834,643
Total Capital Assets Being Depreciated	<u>11,122,046</u>	<u>-</u>	<u>-</u>	<u>11,122,046</u>
Less accumulated depreciation for:				
Buildings	(1,338,422)	(336,378)	-	(1,674,800)
Improvements	(170,296)	(6,444)	-	(176,740)
Equipment and vehicles	(797,633)	(7,782)	-	(805,415)
Total Accumulated Depreciation	<u>(2,306,351)</u>	<u>(350,604)</u>	<u>-</u>	<u>(2,656,955)</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,815,695</u>	<u>(350,604)</u>	<u>-</u>	<u>8,465,091</u>

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Water rights	\$ 44,965	-	-	44,965
Land	76,560	-	-	76,560
Phosphorous credits (sewer rights)	636,000	-	-	636,000
Total Capital Assets, Not Being Depreciated	<u>757,525</u>	<u>-</u>	<u>-</u>	<u>757,525</u>
Capital assets, being depreciated:				
Television plant, property, and equipment	598,809	-	-	598,809
Water plant, property, and equipment	5,769,161	45,517	-	5,814,678
Sewer plant, property, and equipment	14,623,987	124,851	-	14,748,838
Total Capital Assets Being Depreciated	<u>20,991,957</u>	<u>170,368</u>	<u>-</u>	<u>21,162,325</u>
Less: accumulated depreciation for:				
Television plant, property, and equipment	(539,166)	(10,780)	-	(549,946)
Water plant, property, and equipment	(3,713,564)	(148,421)	-	(3,861,985)
Sewer plant, property, and equipment	(7,495,439)	(538,614)	-	(8,034,053)
Total Accumulated Depreciation	<u>(11,748,169)</u>	<u>(697,815)</u>	<u>-</u>	<u>(12,445,984)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,243,788</u>	<u>(527,447)</u>	<u>-</u>	<u>8,716,341</u>
Business-type Activities Capital Assets, Net	<u>\$ 10,001,313</u>	<u>(527,447)</u>	<u>-</u>	<u>9,473,866</u>

The District's properties are primarily on land conveyed to the District by Copper Mountain, Inc. as a gift without consideration, pursuant to a perpetual conservation easement deed.

The District entered into a contract with the United States Department of the Interior to purchase water from the Green Mountain Reservoir. The District can annually purchase up to 96 acre feet at \$10 per acre foot, plus a power interference charge of \$226. The contract is renewable annually on June 30.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Capital Assets (continued)

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General government	\$ 82,828
Fire operations	261,332
Public works	6,444
Total Depreciation Expense - Governmental Activities	<u><u>\$ 350,604</u></u>

Business-type Activities:

Television	\$ 10,780
Water and sanitation	687,035
Total Depreciation - Business-type Activities	<u><u>\$ 697,815</u></u>

D. Interfund Receivables, Payables, and Transfers

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Capital Projects Fund	Water and Sanitation Fund	\$ 200,000
Capital Projects Fund	General Fund	100,000
Capital Projects Fund	Television Fund	50,000
General Fund	Television Fund	50,000

The purpose of the transfer to the Capital Projects Fund was to set aside funds for the future capital requirements of the District.

<u>Capital Transfer In</u>	<u>Capital Transfer Out</u>	<u>Amount</u>
Business-type Activities	Governmental Activities	\$ 170,368

The purpose of the capital transfer to the Business-type Activities was to recognize capital assets in the Television Fund and Water and Sanitation Fund that were acquired through expenditures of the Capital Projects Fund.

E. Long-term Liabilities

1. 2004 Colorado Water Resources and Power Development Authority Loan Payable

On September 1, 2004, the District obtained a loan through the Colorado Water Resources and Power Development Authority (the "Authority") in the principal amount of \$3,540,000, payable semiannually on February 1 and August 1. The interest rate is 3.95% and maturity dates range from August 1, 2005 to August 1, 2024. The loan was obtained to expand the wastewater treatment plant.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Long-term Liabilities (continued)

2. 2005 Colorado Water Resources and Power Development Authority Loan Payable

On September 1, 2005, the District obtained a loan through the Colorado Water Resources and Power Development Authority (the "Authority") in the principal amount of \$3,690,000, payable semiannually on March 1 and September 1. The interest rate ranges from 4% to 4.5% and maturity dates range from September 1, 2006 to 2024. The loan was obtained to expand the wastewater treatment plant.

Interest expense on the loans has been directly allocated to the sewer function in the Statement of Activities.

3. \$7,500,000 General Obligation Bonds, Series 2008

On January 31, 2008, the District issued General Obligation Bonds, Series 2008, in the amount of \$7,500,000. Principal is payable on December 1, and accrued interest at 4.05% annually, on June 1 and December 1, commencing in 2008, with the last principal and interest payment on December 1, 2027.

4. The debt service requirements to maturity on the bonds are as follows:

	Governmental-type Activities		Business-type Activities		Total Debt Service
	Principal	Interest	Principal	Interest	
2014	\$ 315,000	235,710	355,000	196,358	1,102,068
2015	330,000	222,953	365,000	183,009	1,100,962
2016	345,000	209,588	380,000	169,109	1,103,697
2017	360,000	195,615	390,000	154,449	1,100,064
2018	370,000	181,035	410,000	138,901	1,099,936
2019-2023	2,100,000	667,035	2,310,000	424,037	5,501,072
2024-2027	2,000,000	206,550	520,000	23,093	2,749,643
	<u>\$ 5,820,000</u>	<u>1,918,486</u>	<u>\$ 4,730,000</u>	<u>1,288,956</u>	<u>13,757,442</u>

5. Compensated Absences

The District employees receive 260 hours paid time off after each year of employment. After five and ten years, the employees receive 286 and 312 hours of paid time off, respectively. In addition, the District implemented a formal sick-leave policy. The employees are granted sick leave absences on a pro rata basis over time of employment. The sick leave does not vest and is not payable upon termination of employment.

The estimated liability for accrued leave for Television Fund and Water and Sanitation Fund employees is recorded on that proprietary fund; and for General Fund employees is recorded in the governmental activities column in the government-wide financial statements

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Long-term Liabilities (continued)

6. Long-term liability activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
2008 G. O. bonds payable	\$ 6,125,000	-	(305,000)	5,820,000	315,000
Total Governmental Activities Long-term Liabilities	\$ 6,125,000	-	(305,000)	5,820,000	315,000
Business-type Activities:					
Loans payable:					
Principal (2004 & 2005)	\$ 5,065,000	-	(335,000)	4,730,000	355,000
Original issue discount (2004)	(23,056)	-	1,754	(21,302)	1,805
Original issue premium (2005)	7,510	-	(492)	7,018	(520)
Total Business-type Activities Long-term Liabilities	\$ 5,049,454	-	(333,738)	4,715,716	356,285

V. Other Information

A. Related Party Transactions

Copper Mountain, Inc. ("CMI") is the primary developer in Copper Mountain Resort and is presently the largest taxpayer within the District. During 2013, CMI provided certain general services to the District and was reimbursed for these services at contracted rates.

B. Pension Plans

1. Deferred Compensation Plan - IRC Section 457

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code ("IRC") Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the Plan participants and their beneficiaries.

The accrual basis of accounting is used for the Plan. Revenues are recognized when earned and expenditures are recognized when incurred. Investments are recorded at market value.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

V. Other Information (continued)

B. Pension Plans (continued)

1. Deferred Compensation Plan - IRC Section 457 (continued)

Plan investment purchases are determined by the Plan participant and therefore, the Plan's investment concentration varies between participants.

The District has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor.

The Plan is administered by ICMA Retirement Corporation.

In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, since the District is not a trustee of the deferred compensation plan, it does not report the plan as a fund in the financial statements.

2. Volunteer Firemen's Pension Fund

The District established a pension fund for volunteer firemen in 1990. The single-employer plan was initially funded in the year ended December 31, 1992. The plan provides for benefits for injury, death and retirement. The plan is funded by an annual transfer from the General Fund of the District equal to approximately one-half of a mill on taxable property within the District and a match by the State of Colorado of 90% of the District's contribution to the plan. There were no contributions to the plan by the participants.

The plan is administered by the District's Board of Directors and two volunteer firefighters. The plan provides for benefits for injury, death and retirement as determined by the plan's Board that are "proper and equitable", but not to exceed the benefits established under state statutes. The state statutes provide that the following are maximum benefits:

- (a) Injury - It is the duty of the plan to pay a monthly annuity in an amount that is "proper and equitable", but not to exceed one hundred fifty dollars per month for a period of time not to exceed one year; beyond one year, the person shall be compensated in a monthly annuity in such amounts as the plan determines proper and necessary.
- (b) Death benefit - It is the duty of the plan to pay a benefit if the volunteer fireman dies in the line of duty as follows:
- (c) Surviving spouse - an amount not to exceed one hundred fifty dollars per month as long as the surviving spouse remains unmarried;
- (d) Surviving child - an amount not to exceed one hundred fifty dollars per month until the child attains the age of eighteen;
- (e) Surviving dependent parent - if no spouse - an amount not to exceed one hundred fifty dollars per month as long as the surviving dependent parent remains unmarried.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2013
(Continued)

V. Other Information (continued)

C. Pension Plans (continued)

2. Volunteer Firemen's Pension Fund (continued)

(e) Retirement - The plan may provide pension income to a volunteer having ten years of active duty and a minimum of thirty-six hours of annual training participation. The maximum retirement benefit is \$500 per month.

The plan had actuarial studies using the modified aggregate funding method performed during the years noted in the following table. The studies are the latest and only information available. Information from the studies is as follows:

	<u>2013</u>	<u>2011</u>	<u>2009</u>	<u>2007</u>	<u>2005</u>
Actuarial value of assets	\$ 515,281	\$ 468,399	\$ 396,286	\$ 372,942	309,663
Less: actuarial accrued liability	(291,484)	(218,065)	(177,317)	(158,000)	(154,228)
Funding excess	<u>\$ 223,797</u>	<u>\$ 250,334</u>	<u>\$ 218,969</u>	<u>\$ 214,942</u>	<u>155,435</u>
Net pension obligation	-	-	-	-	-
Number of plan participants	26	26	29	25	24
Annual covered payroll	-	-	-	-	-
Unfunded actuarial liability as a percentage of covered payroll	-	-	-	-	-
Maximum monthly benefit	\$ 500	\$ 500	\$ 500	\$ 500	500
Funded ratio	177%	215%	223%	236%	201%

There were no annual required contributions to the plan over the past ten years.

C. Cafeteria Plan

The District offers a cafeteria compensation plan organized under IRC Section 125 that includes the following benefits: medical disability, accident and/or term life insurance, health expense reimbursement and child care benefits. No cost to the District is recognized because the plan is a salary reduction plan.

D. Significant Taxpayer

The assessed value of property owned by Copper Mountain, Inc. is approximately a quarter of the total assessed value of the District.

E. Risk Management

The District is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions. The District carries commercial coverage for these risks and claims and does not expect claims to exceed their coverage.

F. Contingencies - Claims

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

Copper Mountain Consolidated Metropolitan District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2013
(With Comparative Actual Amounts for 2012)

	2013		Final Budget Variance Positive (Negative)	2012
	Original and Final Budget	Actual		Actual
Revenues:				
Taxes:				
Property taxes	1,473,000	1,522,783	49,783	1,558,955
Specific ownership taxes	65,000	72,114	7,114	64,034
Delinquent taxes and interest	2,500	7,158	4,658	2,342
Total Taxes	<u>1,540,500</u>	<u>1,602,055</u>	<u>61,555</u>	<u>1,625,331</u>
Fees:				
Fire plan review and response fees	74,400	84,489	10,089	198,314
Total Fees	<u>74,400</u>	<u>84,489</u>	<u>10,089</u>	<u>198,314</u>
Other:				
Recreation assessment fees	-	3,600	3,600	1,200
Grants	500	2,000	1,500	1,500
Interest income - Other	41,000	27,543	(13,457)	24,379
Rental income - Condominium	31,962	30,882	(1,080)	33,073
Other	57,400	121,353	63,953	50,247
Total Other	<u>130,862</u>	<u>185,378</u>	<u>54,516</u>	<u>110,399</u>
Total Revenues	<u>1,745,762</u>	<u>1,871,922</u>	<u>126,160</u>	<u>1,934,044</u>
Expenditures:				
Administration:				
Salaries and wages	60,100	57,387	2,713	49,563
Payroll taxes and benefits	19,777	19,155	622	17,799
Audit and accounting	28,800	17,606	11,194	29,111
Legal	2,000	2,482	(482)	468
Board of Directors	3,100	2,242	858	1,710
Election	2,000	3,440	(1,440)	1,143
Supplies	4,000	2,650	1,350	3,318
Training and development	2,500	1,909	591	108
Travel and entertainment	2,000	1,761	239	1,262
Dues and subscriptions	3,900	2,789	1,111	1,601
Maintenance	500	1,475	(975)	499
Telephone/Internet	3,500	3,306	194	3,004
Insurance	2,700	2,411	289	2,432
Architect fees	-	-	-	110
Sheriff deputy rent subsidy	2,400	2,400	-	2,200
Condominium owners' dues	11,100	12,595	(1,495)	12,865
Other	5,500	7,231	(1,731)	5,205
Treasurer's fees	76,100	76,497	(397)	78,065
Total Administration	<u>229,977</u>	<u>217,336</u>	<u>12,641</u>	<u>210,463</u>

(continued)

The accompanying notes are an integral part of these financial statements.

Copper Mountain Consolidated Metropolitan District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2013
(With Comparative Actual Amounts for 2012)

	2013		Final Budget Variance Positive (Negative)	2012
	Original and Final Budget	Actual		Actual
Expenditures (continued):				
Fire Operations:				
Salaries and wages	972,200	993,432	(21,232)	884,808
Health insurance	200,100	196,395	3,705	169,792
Volunteers' benefits	12,500	5,301	7,199	10,523
Payroll taxes and benefits	84,700	86,924	(2,224)	80,050
FPPA contribution	75,000	69,713	5,287	67,970
Volunteer pension contribution	5,000	2,071	2,929	2,431
Insurance	18,500	17,852	648	17,430
Professional fees	6,000	5,308	692	6,777
Vehicle maintenance	37,000	38,287	(1,287)	33,871
Fuel - Vehicles	8,000	10,086	(2,086)	8,275
Supplies	17,600	7,531	10,069	14,189
Travel and entertainment	4,800	7,055	(2,255)	4,680
Training and development	13,000	11,406	1,594	8,808
Medical supplies	2,500	1,115	1,385	1,665
Dues and subscriptions	5,100	4,180	920	3,361
Natural gas	25,000	28,683	(3,683)	23,577
Electricity	15,000	15,951	(951)	13,110
Uniform allowance	6,300	4,907	1,393	5,304
Firefighter wellness	5,300	1,975	3,325	4,181
Equipment expense	24,545	19,477	5,068	20,220
Telephone/Internet	8,600	7,932	668	7,939
Building maintenance	13,000	21,642	(8,642)	22,630
Summit Fire Authority	21,200	21,204	(4)	21,054
Communications	14,000	14,006	(6)	14,544
Total Fire Operations	<u>1,594,945</u>	<u>1,592,433</u>	<u>2,512</u>	<u>1,447,189</u>
Public Works:				
Snowplowing	27,000	21,435	5,565	27,247
Road maintenance	31,000	30,762	238	30,762
Total Public Works	<u>58,000</u>	<u>52,197</u>	<u>5,803</u>	<u>58,009</u>
Total Expenditures	<u>1,882,922</u>	<u>1,861,966</u>	<u>20,956</u>	<u>1,715,661</u>
Other Financing Sources (Uses):				
Transfers in (out)	(50,000)	(50,000)	-	(150,000)
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>(150,000)</u>
Change in Fund Balance	(187,160)	(40,044)	147,116	68,383
Beginning Fund Balance	<u>722,691</u>	<u>769,598</u>	<u>46,907</u>	<u>701,215</u>
Ending Fund Balance	<u><u>535,531</u></u>	<u><u>729,554</u></u>	<u><u>194,023</u></u>	<u><u>769,598</u></u>

The accompanying notes are an integral part of these financial statements.

Copper Mountain Consolidated Metropolitan District
Schedule of Revenues and Expenditures
Budget and Actual - Conservation Trust Fund
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	<u>2013</u>		Final Budget Variance Positive (Negative)	<u>2012</u>
	Original and Final Budget	Actual		Actual
Revenues:				
Lottery funds	1,700	2,076	376	1,827
Investment income	10	14	4	12
Total Revenues	<u>1,710</u>	<u>2,090</u>	<u>380</u>	<u>1,839</u>
Expenditures:				
Capital outlay - park and recreation	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	1,710	2,090	380	1,839
Fund Balance - Beginning	<u>8,770</u>	<u>8,899</u>	<u>129</u>	<u>7,060</u>
Fund Balance - Ending	<u><u>10,480</u></u>	<u><u>10,989</u></u>	<u><u>509</u></u>	<u><u>8,899</u></u>

The accompanying notes are an integral part of these financial statements.

SUPPLEMENTARY INFORMATION

**Copper Mountain Consolidated Metropolitan District
Schedule of Revenues and Expenditures
Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)**

	2013		Final Budget Variance Positive Negative	2012
	Original and Final Budget	Actual		Actual
Revenues:				
Property taxes	500,700	522,609	21,909	610,653
Specific ownership taxes	20,000	24,642	4,642	25,052
Total Revenues	520,700	547,251	26,551	635,705
Expenditures:				
Bond principal	305,000	305,000	-	295,000
Bond interest	248,100	248,063	37	260,010
Treasurer's fees	26,200	26,330	(130)	30,734
Total Expenditures	579,300	579,393	(93)	585,744
Excess (Deficiency) of Revenues Over Expenditures	(58,600)	(32,142)	26,458	49,961
Fund Balance - Beginning	68,324	67,096	(1,228)	17,135
Fund Balance - Ending	9,724	34,954	25,230	67,096

The accompanying notes are an integral part of these financial statements.

**Copper Mountain Consolidated Metropolitan District
Schedule of Revenues and Expenditures
Budget and Actual - Capital Projects Fund
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)**

	<u>2013</u>			<u>Final Budget Variance Positive (Negative)</u>	<u>2012</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures:					
Capital outlay	505,500	516,900	320,583	196,317	349,549
Total Expenditures	<u>505,500</u>	<u>516,900</u>	<u>320,583</u>	<u>196,317</u>	<u>349,549</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(505,500)</u>	<u>(516,900)</u>	<u>(320,583)</u>	<u>196,317</u>	<u>(349,549)</u>
Other Financing Sources (Uses):					
Transfers in	350,000	350,000	350,000	-	650,000
Transfers out	(60,000)	(60,000)	-	60,000	(20,000)
Total Other Financing Sources (Uses)	<u>290,000</u>	<u>290,000</u>	<u>350,000</u>	<u>60,000</u>	<u>630,000</u>
Change in Fund Balance	(215,500)	(226,900)	29,417	256,317	280,451
Fund Balance - Beginning	<u>2,672,913</u>	<u>2,672,913</u>	<u>2,707,865</u>	<u>34,952</u>	<u>2,427,414</u>
Fund Balance - Ending	<u><u>2,457,413</u></u>	<u><u>2,446,013</u></u>	<u><u>2,737,282</u></u>	<u><u>291,269</u></u>	<u><u>2,707,865</u></u>

The accompanying notes are an integral part of these financial statements.

Copper Mountain Consolidated Metropolitan District
Schedule of Revenues, Expenses and Transfers
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
Proprietary Funds - Television Fund
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	2013		2012	
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Charges for Services:				
Television user fees	197,000	195,405	(1,595)	185,021
Hookup fees	100	250	150	75
Total Charges for Services	<u>197,100</u>	<u>195,655</u>	<u>(1,445)</u>	<u>185,096</u>
Other:				
Miscellaneous	200	738	538	1,600
Total Other	<u>200</u>	<u>738</u>	<u>538</u>	<u>1,600</u>
Total Revenues	<u>197,300</u>	<u>196,393</u>	<u>(907)</u>	<u>186,696</u>
Expenses and Transfers:				
Expenses:				
Contract labor	2,000	2,190	(190)	983
Salaries and wages	74,000	73,614	386	69,050
Benefits and taxes	30,650	29,439	1,211	27,467
Property and casualty insurance	1,500	1,307	193	1,262
Legal	1,000	-	1,000	-
Audit and payroll services	8,300	1,935	6,365	7,591
Utilities	600	592	8	425
Telephone	1,500	531	969	551
Supplies	1,400	1,434	(34)	1,727
Line equipment	1,000	1,645	(645)	618
Dues and subscriptions	200	176	24	178
Training and development	500	-	500	-
Travel and entertainment	500	-	500	-
Operations contract	2,800	1,994	806	2,218
Total Expenses	<u>125,950</u>	<u>114,857</u>	<u>11,093</u>	<u>112,070</u>
Transfers:				
Transfer to Capital Projects Fund	100,000	100,000	-	100,000
Total Transfers	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total Expenses and Transfers	<u>225,950</u>	<u>214,857</u>	<u>11,093</u>	<u>212,070</u>
(Deficiency) of Revenues				
Over Expenses and Transfers - Non-GAAP Basis	<u>(28,650)</u>	(18,464)	<u>10,186</u>	(25,374)
Adjustment to GAAP Basis:				
Depreciation		(10,780)		(10,997)
Change in accrued compensated absences		(748)		1,296
Change in Net Position - GAAP Basis		<u>(29,992)</u>		<u>(35,075)</u>

The accompanying notes are an integral part of these financial statements.

Copper Mountain Consolidated Metropolitan District
Schedule of Revenues, Expenses and Transfers
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
Proprietary Funds - Water and Sanitation Fund
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	2013		Final Budget Variance Positive (Negative)	2012
	Original and Final Budget	Actual		Actual
Revenues:				
Water and sewer base charges	1,184,000	1,180,477	(3,523)	1,176,782
Water and sewer tap fees	75,000	111,800	36,800	24,700
Water and sewer capital fee	367,000	366,229	(771)	365,344
Water overage charges	65,000	36,440	(28,560)	30,032
Water irrigation charges	50,000	36,043	(13,957)	37,925
Finance charges	2,000	1,266	(734)	1,237
Miscellaneous	-	60	60	8,882
Total Revenues	1,743,000	1,732,315	(10,685)	1,644,902
Expenses and Transfers:				
Personnel:				
Salaries and wages	495,800	491,794	4,006	445,992
Benefits and taxes	145,000	141,371	3,629	116,716
Total Personnel	640,800	633,165	7,635	562,708
Water Operations:				
Insurance	20,600	20,406	194	19,308
Payroll services	1,200	1,194	6	1,143
Legal and audit	64,000	37,242	26,758	57,890
Engineering	10,000	7,663	2,337	7,391
Telephone/Internet	6,500	6,777	(277)	6,801
Supplies	500	811	(311)	310
Dues and subscriptions	3,000	5,632	(2,632)	3,720
Training, travel, and entertainment	3,500	4,755	(1,255)	1,909
Natural gas	22,000	24,837	(2,837)	17,893
Electricity	175,000	197,228	(22,228)	160,224
Fuel	5,500	6,510	(1,010)	6,778
Permits	7,500	6,445	1,055	4,475
Outside laboratory	28,000	17,338	10,662	23,899
Well maintenance	4,000	4,724	(724)	6,366
Water purchases	3,000	2,851	149	2,776
Other repair and maintenance	22,000	25,391	(3,391)	19,527
Distribution maintenance	36,700	39,699	(2,999)	40,669
Chemicals	36,000	33,426	2,574	22,339
Computer maintenance	3,000	4,393	(1,393)	1,713
Total Water Operations	452,000	447,322	4,678	405,131

(continued)

The accompanying notes are an integral part of these financial statements.

Copper Mountain Consolidated Metropolitan District
Schedule of Revenues, Expenses and Transfers
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
Proprietary Funds - Water and Sanitation Fund
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	<u>2013</u>		<u>2012</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Expenses and Transfers (continued):				
Sewer Operations:				
Electrical maintenance	-	-	-	1,895
Collection system	34,500	9,627	24,873	-
Repairs and maintenance	-	3,300	(3,300)	5,357
Sludge disposal	25,000	17,399	7,601	21,814
Laboratory supplies	7,000	4,128	2,872	3,987
Chemicals	-	-	-	4,275
SWQCC Dues	4,000	2,992	1,008	2,991
Contingencies	3,300	-	3,300	-
Debt service	543,800	543,688	112	545,581
Total Sewer Operations	<u>617,600</u>	<u>581,134</u>	<u>36,466</u>	<u>585,900</u>
Total Expenses	<u>1,710,400</u>	<u>1,661,621</u>	<u>48,779</u>	<u>1,553,739</u>
Transfers:				
Transfer to Capital Projects Fund	140,000	200,000	(60,000)	380,000
Total Transfers	<u>140,000</u>	<u>200,000</u>	<u>(60,000)</u>	<u>380,000</u>
Total Expenses and Transfers		<u>1,861,621</u>		<u>1,933,739</u>
Excess (Deficiency) of Revenues Over Expenses and Transfers - Non-GAAP Basis		(129,306)		(288,837)
Adjustments to GAAP Basis:				
Depreciation		(687,035)		(680,193)
Capital transfers in		170,368		328,601
Change in accrued compensated absences		(489)		(3,332)
Loan principal payment		335,000		325,000
Change in accrued interest on loan payable		4,601		4,366
Amortization of original issue discount		(1,262)		(1,173)
Total Adjustments		<u>(178,817)</u>		<u>(26,731)</u>
Change in Net Position - GAAP Basis		<u>(308,123)</u>		<u>(315,568)</u>

The accompanying notes are an integral part of these financial statements.

Copper Mountain Consolidated Metropolitan District
Schedule of Changes in Fiduciary Net Position
Budget and Actual - Pension Fund
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	<u>2013</u>		<u>Variance Positive (Negative)</u>	<u>2012</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Additions:				
District contribution	5,000	3,058	(1,942)	2,431
State contribution	3,800	2,188	(1,612)	11,692
Investment income	20,000	8,537	(11,463)	5,639
Total Additions	<u>28,800</u>	<u>13,783</u>	<u>(15,017)</u>	<u>19,762</u>
Deductions:				
Administrative expense	1,000	1,189	(189)	-
Insurance premiums	2,000	1,144	856	-
Benefit payments	8,000	8,100	(100)	6,420
Total Deductions	<u>11,000</u>	<u>10,433</u>	<u>567</u>	<u>6,420</u>
Change in Net Position	17,800	3,350	(14,450)	13,342
Net Position - Beginning	<u>575,294</u>	<u>561,500</u>	<u>(13,794)</u>	<u>548,158</u>
Net Position - Ending	<u><u>593,094</u></u>	<u><u>564,850</u></u>	<u><u>(28,244)</u></u>	<u><u>561,500</u></u>

The accompanying notes are an integral part of these financial statements.