

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

**Financial Statements
December 31, 2016**

**Copper Mountain Consolidated Metropolitan District
Financial Report
December 31, 2016**

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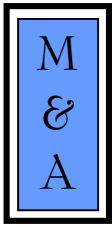
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INDEPENDENT AUDITOR'S REPORT

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, 2016, 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, 2016, 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.

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Other Matters

U.S. generally accepted accounting principles require that Management's Discussion and Analysis in Section B, the Pension Trust Schedules of Funding Progress and Employer Contributions in Section E 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 Management's Discussion and Analysis in Section B, the Pension Trust Schedules of Funding Progress and Employer Contributions in Section E 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.

**McMahan and Associates, L.L.C.
June 26, 2017**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Copper Mountain Consolidated Metropolitan District

Management's Discussion and Analysis

December 31, 2016

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, 2016.

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/high speed internet and water/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/high speed internet and water/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 Volunteer Firefighter 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	
	2016	2015	2016	2015	2016	2015
Assets & Deferred Outflows:						
Current assets	\$ 4,890,999	\$ 5,984,683	3,432,779	613,555	8,323,778	6,598,238
Capital assets & def outflows	8,271,083	8,076,937	9,372,356	8,939,364	17,643,439	17,016,301
Total Assets	13,162,082	14,061,620	12,805,135	9,552,919	25,967,217	23,614,539
Liabilities & Deferred Inflows:						
Current liab & def inflows	2,993,887	2,124,407	268,225	41,664	3,262,112	2,166,071
Long-term liab & def inflows	6,199,123	5,262,335	3,848,042	4,260,670	10,047,165	9,523,005
Total Liabilities & Def Inflows	9,193,010	7,386,742	4,116,267	4,302,334	13,309,277	11,689,076
Net Position:						
Net investment in capital assets	2,719,603	2,632,638	5,562,219	4,713,252	8,281,822	7,345,890
Restricted	348,346	215,301	-	-	348,346	215,301
Unrestricted	901,123	3,826,939	3,126,649	537,333	4,027,772	4,364,272
Total Net Position	\$ 3,969,072	\$ 6,674,878	8,688,868	5,250,585	12,657,940	11,925,463

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 2016 this accounted for 65% 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 and \$284,604 is restricted for future pension costs.

Copper Mountain Consolidated Metropolitan District's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	237,711	208,076	2,724,912	2,359,668	2,962,623	2,567,744
Operating grants & contributions	81,026	-	-	-	81,026	-
Capital grants & contributions	2,208	309,199	203,525	45	205,733	309,244
General revenues:						
Property taxes	2,097,365	1,999,397	-	-	2,097,365	1,999,397
Other taxes	109,484	106,780	-	-	109,484	106,780
Gain on disposal of fixed assets	3,000	-	-	-	3,000	-
Interest and other revenue	183,505	68,535	-	-	183,505	68,535
Total Revenues	<u>2,714,299</u>	<u>2,691,987</u>	<u>2,928,437</u>	<u>2,359,713</u>	<u>5,642,736</u>	<u>5,051,700</u>
Expenses:						
Fire protection	2,032,700	1,894,662	-	-	2,032,700	1,894,662
Public works	62,234	126,564	-	-	62,234	126,564
General government	360,500	356,300	-	-	360,500	356,300
Interest on long-term debt	214,864	221,840	-	-	214,864	221,840
Television	-	-	169,106	145,980	169,106	145,980
Water and sanitation	-	-	2,070,855	1,921,884	2,070,855	1,921,884
Transfers	2,749,807	(216,489)	(2,749,807)	216,489	-	-
Total Expenses	<u>5,420,105</u>	<u>2,382,877</u>	<u>(509,846)</u>	<u>2,284,353</u>	<u>4,910,259</u>	<u>4,667,230</u>
Change in Net Position	(2,705,806)	309,110	3,438,283	75,360	732,477	384,470
Net Position - Beginning	6,674,878	6,151,304	5,250,585	5,175,225	11,925,463	11,326,529
Prior Period Adjustment	-	214,464	-	-	-	214,464
Net Position - Beginning	<u>6,674,878</u>	<u>6,365,768</u>	<u>5,250,585</u>	<u>5,175,225</u>	<u>11,925,463</u>	<u>11,540,993</u>
Net Position - Ending	<u>3,969,072</u>	<u>6,674,878</u>	<u>8,688,868</u>	<u>5,250,585</u>	<u>12,657,940</u>	<u>11,925,463</u>

Governmental activities: Net position of the governmental activities decreased \$2,705,806 during 2016 due to the capital reserves of the Business-type activities of \$2,779,807 being transferred from the capital fund to the Television and Water/Sewer funds, netting to an actual increase of \$74,001 which is slightly less than the net increase of \$92,621 during 2015. This change is largely due to the District using property taxes collected to make the scheduled payments on long-term debt.

Business-type activities: Conversely, the net position of the business-type activities increased \$3,438,283 during 2016, which is netted to \$688,476 without the transfer, which is comparable to a net increase of \$291,849 during 2015. The increase is largely due to tap fees and other revenues being greater than operating costs and depreciation expense with the excess funds held in reserve for upcoming capital projects.

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.

Financial Analysis of the District's Funds (Continued)

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 \$1,963,164 during 2016, however after netting out the transfer of accumulated capital reserves of the Television and Water/Sewer fund, results in an actual increase of \$816,643. The reason for this is increase in capital lease proceeds received in 2016 that will be used to purchase fire apparatus in early 2017.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,897,112. Of this balance, \$63,742 is restricted for emergencies as required by TABOR, \$847,937 is restricted lease proceeds to be used for apparatus purchase in 2017, \$38,437 is restricted for debt service and recreational projects, \$410,958 is assigned for future capital projects/equipment, and the remaining \$536,038 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 \$2,724,912 were more than operational expenses of \$2,060,390, resulting in operating income of \$664,522. This operating income decreased after debt service to \$484,951, but increased due to tap fees, other revenues, and a one-time transfer from the capital projects fund to \$3,438,283 for the year.

As of the end of the current fiscal year, the District's Proprietary Funds reported an ending net position balance of \$8,688,868 which consisted of \$5,562,219 in net investment in capital assets and the remaining \$3,126,649 being unrestricted for use by the District in future years, primarily for upcoming infrastructure projects.

Budget variances: One budget amendment was required during 2016 to account for the transfer of accumulated Television and Water/Sewer reserves from the Capital Projects fund to the respective funds as well as additional expenditures in several funds. Details of the variances by fund can be seen on pages E1 through E3 and F1 through F6 of this report.

Capital assets: The District's total capital assets increased by \$607,340 as a result of capital additions being more 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 D15 through D17 of this report.

Long-term debts: During 2016 the District continued to make scheduled payments on all of its long-term debts and entered into two new lease purchase agreements for fire apparatus which are reported as long-term liabilities. Details of the District's long-term obligations are contained on pages D17 through D20 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, 0800 Copper Road, Box 3002, Copper Mountain, Colorado 80443, phone (970) 968-2537.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Copper Mountain Consolidated Metropolitan District
Statement of Net Position
December 31, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	1,844,266	2,784,477	4,628,743
Receivables, net:			
Property tax	2,905,529	-	2,905,529
Accounts	33,780	648,302	682,082
Other governments	9,814	-	9,814
Prepaid expenses	97,610	-	97,610
Net pension asset	2,540	-	2,540
Capital assets, net	7,981,986	8,691,391	16,673,377
Phosphorous credits (sewer rights)	-	636,000	636,000
Water rights	-	44,965	44,965
Total Assets	<u>12,875,525</u>	<u>12,805,135</u>	<u>25,680,660</u>
Deferred Outflows of Resources:			
Pension related deferred outflows	286,557	-	286,557
Total Deferred Outflows	<u>286,557</u>	<u>-</u>	<u>286,557</u>
Liabilities:			
Vouchers/accounts payable	88,358	268,225	356,583
Accrued interest payable	22,742	57,347	80,089
Accrued compensated absences	61,568	37,905	99,473
Lease payable:			
Due within one year	103,401	32,047	135,448
Due in more than one year	1,176,919	101,074	1,277,993
Loan payable:			
Due within one year	-	391,345	391,345
Due in more than one year	-	3,228,324	3,228,324
Bonds payable:			
Due within one year	360,000	-	360,000
Due in more than one year	4,470,000	-	4,470,000
Total Liabilities	<u>6,282,988</u>	<u>4,116,267</u>	<u>10,399,255</u>
Deferred Inflow of Resources:			
Unavailable property tax revenue	2,905,529	-	2,905,529
Pension related deferred inflows	4,493	-	4,493
Total Deferred Inflow of Resources	<u>2,910,022</u>	<u>-</u>	<u>2,910,022</u>
Net Position:			
Net investment in capital assets	2,719,603	5,562,219	8,281,822
Restricted for future pension costs	284,604	-	284,604
Restricted for emergencies	63,742	-	63,742
Unrestricted	901,123	3,126,649	4,027,772
Total Net Position	<u>3,969,072</u>	<u>8,688,868</u>	<u>12,657,940</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, 2016**

	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	2,032,700	218,466	81,026	-	(1,733,208)		(1,733,208)
Public works	62,234	-	-	2,208	(60,026)		(60,026)
General government	360,500	19,245	-	-	(341,255)		(341,255)
Interest on debt	214,864	-	-	-	(214,864)		(214,864)
Total Governmental Activities	2,670,298	237,711	81,026	2,208	(2,349,353)		(2,349,353)
Business-type Activities:							
Television	169,106	282,737	-	-		113,631	113,631
Water and sanitation	2,070,855	2,442,175	-	203,525		574,845	574,845
Total Business-type Activities	2,239,961	2,724,912	-	203,525		688,476	688,476
Total	4,910,259	2,962,623	81,026	205,733	(2,349,353)	688,476	(1,660,877)
General Revenues:							
Taxes:							
Property tax					2,097,365	-	2,097,365
Specific ownership tax					109,484	-	109,484
Investment earnings					38,305	-	38,305
Cell tower lease					31,416	-	31,416
Gain (Loss) on sale of assets					3,000	-	3,000
Transfers in (out)					30,000	(30,000)	-
Capital transfers in (out)					(2,779,807)	2,779,807	-
Miscellaneous					113,784	-	113,784
Total General Revenues and Transfers					(356,453)	2,749,807	2,393,354
Change in Net Position					(2,705,806)	3,438,283	732,477
Net Position - January 1					6,674,878	5,250,585	11,925,463
Net Position - December 31					3,969,072	8,688,868	12,657,940

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, 2016**

	<u>General</u>	<u>Conservation Trust</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	482,119	4,057	31,782	1,326,308	1,844,266
Due from County Treasurer	7,216	-	2,598	-	9,814
Accounts receivable	33,780	-	-	-	33,780
Prepaid expenses	97,610	-	-	-	97,610
Property tax receivable	2,349,715	-	555,814	-	2,905,529
Total Assets	<u>2,970,440</u>	<u>4,057</u>	<u>590,194</u>	<u>1,326,308</u>	<u>4,890,999</u>
Liabilities and Fund Balances:					
Liabilities:					
Vouchers/accounts payable	20,945	-	-	67,413	88,358
Total Liabilities	<u>20,945</u>	<u>-</u>	<u>-</u>	<u>67,413</u>	<u>88,358</u>
Deferred Inflow of Resources:					
Unavailable property tax revenue	2,349,715	-	555,814	-	2,905,529
Total Deferred Inflow of Resources	<u>2,349,715</u>	<u>-</u>	<u>555,814</u>	<u>-</u>	<u>2,905,529</u>
Fund Balances:					
Restricted for TABOR reserve	63,742	-	-	-	63,742
Restricted	-	4,057	34,380	847,937	886,374
Assigned	-	-	-	410,958	410,958
Unassigned	536,038	-	-	-	536,038
Total Fund Balances	<u>599,780</u>	<u>4,057</u>	<u>34,380</u>	<u>1,258,895</u>	<u>1,897,112</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>2,970,440</u>	<u>4,057</u>	<u>590,194</u>	<u>1,326,308</u>	<u>4,890,999</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.	7,981,986
Other long-term assets and deferred outflows are not available for current period expenditures and, therefore, are not reported in the funds.	289,097
Long-term liabilities and deferred inflows, including debt payable, interest payable, compensated absences and pension related deferred inflows, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(6,199,123)</u>
Net Position of Governmental Activities	<u>3,969,072</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, 2016

	<u>General</u>	<u>Conservation Trust</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:					
Taxes	1,622,591	-	584,258	-	2,206,849
Fees	80,744	-	-	-	80,744
Intergovernmental	81,026	2,208	-	-	83,234
Other	340,384	88	-	-	340,472
Total Revenues	<u>2,124,745</u>	<u>2,296</u>	<u>584,258</u>	<u>-</u>	<u>2,711,299</u>
Expenditures:					
Fire operations	1,740,148	-	-	-	1,740,148
Public works	55,790	-	-	-	55,790
Administration	253,924	-	27,964	-	281,888
Debt service	-	-	554,588	-	554,588
Capital outlay	-	-	-	575,562	575,562
Total Expenditures	<u>2,049,862</u>	<u>-</u>	<u>582,552</u>	<u>575,562</u>	<u>3,207,976</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>74,883</u>	<u>2,296</u>	<u>1,706</u>	<u>(575,562)</u>	<u>(496,677)</u>
Other Financing Sources (Uses):					
Proceeds from sale of assets	-	-	-	3,000	3,000
Leas proceeds	-	-	-	1,280,320	1,280,320
Capital transfers in (out)	(175,000)	-	-	(2,604,807)	(2,779,807)
Transfers in (out)	30,000	-	-	-	-
Total Other Financing Sources	<u>(145,000)</u>	<u>-</u>	<u>-</u>	<u>(1,321,487)</u>	<u>(1,496,487)</u>
Change in Fund Balances	<u>(70,117)</u>	<u>2,296</u>	<u>1,706</u>	<u>(1,897,049)</u>	<u>(1,963,164)</u>
Fund Balances - Beginning	<u>669,897</u>	<u>1,761</u>	<u>32,674</u>	<u>3,155,944</u>	<u>3,860,276</u>
Fund Balances - Ending	<u>599,780</u>	<u>4,057</u>	<u>34,380</u>	<u>1,258,895</u>	<u>1,897,112</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, 2016**

Net Change in Fund Balances of Governmental Funds	(1,963,164)
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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.	174,348
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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.	(940,596)
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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>23,606</u>
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Change in Net Position of Governmental Activities	<u><u>(2,705,806)</u></u>
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**Copper Mountain Consolidated Metropolitan District
Statement of Net Position
Proprietary Funds
December 31, 2016**

	<u>Television Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
Assets:			
Current Assets:			
Cash	70,429	2,714,048	2,784,477
Accounts receivable, net of allowance for uncollectibles	12,151	636,151	648,302
Total Current Assets	<u>82,580</u>	<u>3,350,199</u>	<u>3,432,779</u>
Non-current Assets:			
Property, plant, and equipment, net of accumulated depreciation	561,410	8,129,981	8,691,391
Phosphorous credits (sewer rights)	-	636,000	636,000
Water rights	-	44,965	44,965
Total Non-current Assets	<u>561,410</u>	<u>8,810,946</u>	<u>9,372,356</u>
Total Assets	<u>643,990</u>	<u>12,161,145</u>	<u>12,805,135</u>
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	53,291	214,934	268,225
Accrued interest payable	-	57,347	57,347
Loan payable - Current	32,047	391,345	423,392
Total Current Liabilities	<u>85,338</u>	<u>663,626</u>	<u>748,964</u>
Non-current Liabilities:			
Compensated absences	11,217	26,688	37,905
Loan payable - Net of unamortized discount	101,074	3,228,324	3,329,398
Total Non-current Liabilities	<u>112,291</u>	<u>3,255,012</u>	<u>3,367,303</u>
Total Liabilities	<u>197,629</u>	<u>3,918,638</u>	<u>4,116,267</u>
Net Position:			
Net investment in capital assets	428,289	5,133,930	5,562,219
Unrestricted	18,072	3,108,577	3,126,649
Total Net Position	<u>446,361</u>	<u>8,242,507</u>	<u>8,688,868</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, 2016

	<u>Television Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services	282,737	2,438,804	2,721,541
Other	-	3,371	3,371
Total Operating Revenues	<u>282,737</u>	<u>2,442,175</u>	<u>2,724,912</u>
Operating Expenses:			
Payroll and benefits	109,237	575,504	684,741
Repair, maintenance, and operations	6,976	254,639	261,615
Utilities	1,126	189,936	191,062
Supplies and equipment	6,211	38,180	44,391
General and administrative	11,994	126,381	138,375
Depreciation	30,035	710,171	740,206
Total Operating Expenses	<u>165,579</u>	<u>1,894,811</u>	<u>2,060,390</u>
Operating Income (Loss)	<u>117,158</u>	<u>547,364</u>	<u>664,522</u>
Non-operating Revenues (Expenses):			
Interest expense	(3,527)	(164,938)	(168,465)
Bond issuance costs	-	(11,106)	(11,106)
Total Non-operating Revenues (Expenses)	<u>(3,527)</u>	<u>(176,044)</u>	<u>(179,571)</u>
Income (Loss) Before Contributions and Transfers	<u>113,631</u>	<u>371,320</u>	<u>484,951</u>
Capital Contributions and Transfers:			
Tap fees	-	201,760	201,760
Other contributions	-	1,765	1,765
Capital transfers in (out)	90,875	2,688,932	2,779,807
Transfers in (out)	(30,000)	-	(30,000)
Total Capital Contributions and Transfers	<u>60,875</u>	<u>2,892,457</u>	<u>2,953,332</u>
Change in Net Position	174,506	3,263,777	3,438,283
Net Position - Beginning	271,855	4,978,730	5,250,585
Net Position - Ending	<u><u>446,361</u></u>	<u><u>8,242,507</u></u>	<u><u>8,688,868</u></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, 2016

	<u>Television Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers	277,526	2,362,075	2,639,601
Cash paid for goods and services	(29,532)	(432,500)	(462,032)
Cash paid to employees	(109,512)	(571,882)	(681,394)
Net Cash Provided by Operating Activities	<u>138,482</u>	<u>1,357,693</u>	<u>1,496,175</u>
Cash Flows from Non-capital Financing Activities:			
Cash refunded on performance bonds	-	1,765	1,765
Transfers (to) from other funds	60,875	2,688,932	2,749,807
Net Cash (Used) by Non-capital Financing Activities	<u>60,875</u>	<u>2,690,697</u>	<u>2,751,572</u>
Cash Flows from Capital and Related Financing Activities:			
Tap fees	-	201,760	201,760
Paid for capital assets	(131,360)	(988,688)	(1,120,048)
Principal paid	(31,879)	(380,000)	(411,879)
Interest paid	(3,527)	(169,034)	(172,561)
Bond issuance costs paid	-	(11,106)	(11,106)
Net Cash (Used) by Capital and Related Financing Activities	<u>(166,766)</u>	<u>(1,347,068)</u>	<u>(1,513,834)</u>
Net Change in Cash	32,591	2,701,322	2,733,913
Cash and Cash Equivalents - Beginning	37,838	12,726	50,564
Cash and Cash Equivalents - Ending	<u>70,429</u>	<u>2,714,048</u>	<u>2,784,477</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	117,158	547,364	664,522
Adjustments:			
(Increase) decrease in accounts receivable	(5,211)	(80,100)	(85,311)
Increase (decrease) in accounts payable and accrued liabilities	(3,225)	176,636	173,411
Increase (decrease) in compensated absences	(275)	3,622	3,347
Depreciation	30,035	710,171	740,206
Total Adjustments	<u>21,324</u>	<u>810,329</u>	<u>831,653</u>
Net Cash Provided by Operating Activities	<u>138,482</u>	<u>1,357,693</u>	<u>1,496,175</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, 2016**

Assets:

Cash and investments	<u>568,452</u>
Total assets	<u><u>568,452</u></u>

Net Position:

Held in trust for pension benefits	<u><u>568,452</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, 2016**

Additions:	
District contribution	440
State contribution	839
Investment income	12,859
Total Additions	<u>14,138</u>
Deductions:	
Administrative expense	1,630
Benefit payments	15,350
Total Deductions	<u>16,980</u>
Change in Net Position	(2,842)
Net Position - Beginning	<u>571,294</u>
Net Position - Ending	<u><u>568,452</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, 2016

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.

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.

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.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

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.

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.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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 Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the District.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

1. Cash and Cash Equivalents (continued)

Colorado state statutes permit investments in the following type of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 60 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. No allowance is recorded at December 31, 2016, as all accounts are considered to be collectible.

3. 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.

4. Prepaid Expenses

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

5. 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.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

6. 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

7. Pensions

The District participates in the Statewide Defined Benefit Plan, administered by the Fire and Police Pension Association of Colorado ("FPPA"). The Statewide Defined Benefit Plan is a cost-sharing multiple-employer defined benefit pension plan. The net pension asset / liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about fiduciary net pension and additions to/deductions from the fiduciary net pension of the plans have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(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, 2016 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, 2016
(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 has one item that qualifies for reporting in this category. Accordingly, the item, Pension-related deferred outflows of resources, is deferred and recognized as an outflow of resource in the period that amounts become expended.

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 two items that qualify for reporting in this category. Accordingly, the items, Unavailable property tax revenue and pension-related deferred inflows of resources, are deferred and recognized as inflows of resources 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.

**Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)**

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

14. Categories and Classification of Fund Balance (continued)

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.

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 \$7,981,986 difference is related to property, plant and equipment of \$11,332,656 less accumulated depreciation of \$3,350,670. Another element of that reconciliation explains "Other long-term assets and deferred outflows are not available for current period expenditures and, therefore, are not reported in the funds." This \$289,097 difference is related to the net pension asset of \$2,540 and pension related deferred outflows of \$286,557.

The final 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 \$6,199,123 difference are as follows:

Bonds payable	\$	4,830,000
Leases payable		1,280,320
Accrued interest payable		22,742
Accrued compensated absences		61,568
Pension related deferred outflows		4,493
	<u>\$</u>	<u>6,199,123</u>

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(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

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 \$174,348 difference is \$368,395 of depreciation expense less \$542,743 capital outlay.

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 \$940,596 difference are as follows:

Principal payment	\$ (345,000)
Proceeds from issuance of leases	1,280,320
Change in accrued interest	5,276
	\$ 940,596

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 \$23,606 difference is change in accrued compensated absences of \$4,981 and pension related expenses of \$18,625.

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 2016.

1. For the 2016 budget year, prior to August 25, 2015, 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, 2015, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

3. Prior to December 15, 2015, 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.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2015 were collected in 2016 and taxes certified in 2016 will be collected in 2017. 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.

The Pension Fund has expenditures over budget of \$4,672. This may be a violation of state statute.

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 \$63,742 which is the approximate required reserve at December 31, 2016.

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.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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?"

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?"

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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?"

The District's voters approved the following ballot question on November 8, 2016:

Shall the Copper Mountain Consolidated Metropolitan District taxes be increased by \$844,725 in the first full fiscal year (2017) and by whatever amounts are raised annually thereafter by the imposition of an additional mill levy not to exceed 11.4 mills upon taxable real property within the said District, for the purposes to be approved by the Board of Directors which shall include, but not be limited to funding new costs necessary for:

- Adding additional fire firefighters/EMT personnel for ambulance staff;
- Purchasing fire equipment and vehicles;
- Maintaining District infrastructure;
- Eliminating current general fund deficit; and

By collecting, depositing into the General fund, retaining and expending all revenues derived from such tax, and any earning from the investment thereof, as a voted approved revenue change and an exception to limits which would otherwise apply under Article X, Section 20 of the Colorado constitution or any other law, unless a rebate is issued pursuant to a determination by the Board of Directors that such revenue or any part thereof are not needed in any year?

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

IV. Detailed Notes on all Funds

A. Deposits

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was \$1,568,703 at year end.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits (continued)

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At December 31, 2016, the District had the following recurring fair value measurements:

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Colotrust		\$ -	23,052	-
Certificates of deposit		-	2,940,000	-
Mortgage backed securities		-	-	435,071
Total		<u>\$ -</u>	<u>2,963,052</u>	<u>435,071</u>
<u>Investments Measured at Net Asset Value</u>	<u>Total</u>			
Csafe	<u>\$ 124,010</u>			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.

Debt securities, namely mortgage backed securities classified in Level 3 are valued using an appraisal service.

The Investment Pool represents investments in COLOTRUST and C-SAFE. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. At December 31, 2016, the District's investments in CSAFE were 3% of the District's investment portfolio. Colotrust was less than 1% of the investment portfolio.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits (continued)

Credit Risk. District's investment policy limits investments to those authorized by State statutes as listed in Note 1C. 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

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. At December 31, 2016, the District's investments in Certificates of deposit and mortgage backed securities were 81%, and 12% of the District's investment portfolio, respectively.

The District had the following cash and investments with the following maturities:

<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		\$ 1,568,703		
<i>Investments:</i>				
CSafe	AAAm	124,010	124,010	
Colotrust	AAAm	23,052	23,052	
Money Market	Not rated	17,250	17,250	
Money Market (Pension Fund)	Not rated	89,109	89,109	
Certificates of deposit	Not rated	2,940,000	1,470,000	1,470,000
Mortgage-backed securities (Pension Fund)	Not rated	435,071		435,071
		<u>\$ 5,197,195</u>		
Financial Statement Captions:				
Cash and cash equivalents		\$ 4,628,743		
Cash and investments (Pension Fund)		568,452		
		<u>\$ 5,197,195</u>		

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(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:

	General	Television	Water and Sanitation	Total
Receivables:				
Property tax	\$2,905,529	-	-	2,905,529
Accounts	33,780	12,151	636,151	682,082
Other governments	9,814	-	-	9,814
Gross receivables	<u>2,949,123</u>	<u>12,151</u>	<u>636,151</u>	<u>3,597,425</u>
Less: allowance for uncollectibles	-	-	-	-
Net receivables	<u>\$2,949,123</u>	<u>12,151</u>	<u>636,151</u>	<u>3,597,425</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Buildings	\$ 9,968,453	-	-	\$ 9,968,453
Improvements	196,074	-	-	196,074
Equipment and vehicles	875,386	542,743	(250,000)	1,168,129
Total Capital Assets Being Depreciated	<u>11,039,913</u>	<u>542,743</u>	<u>(250,000)</u>	<u>11,332,656</u>
Less accumulated depreciation for:				
Buildings	(2,292,700)	(332,282)	-	(2,624,982)
Improvements	(189,629)	(6,444)	-	(196,073)
Equipment and vehicles	(749,946)	(29,669)	250,000	(529,615)
Total Accumulated Depreciation	<u>(3,232,275)</u>	<u>(368,395)</u>	<u>250,000</u>	<u>(3,350,670)</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,807,638</u>	<u>174,348</u>	<u>-</u>	<u>7,981,986</u>

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(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	983,248	184,510	-	1,167,758
Water plant, property, and equipment	5,934,886	978,604	-	6,913,490
Sewer plant, property, and equipment	15,102,660	10,084	-	15,112,744
Total Capital Assets Being Depreciated	<u>22,020,794</u>	<u>1,173,198</u>	<u>-</u>	<u>23,193,992</u>
Less: accumulated depreciation for:				
Television plant, property, and equipment	(576,313)	(30,035)	-	(606,348)
Water plant, property, and equipment	(4,163,632)	(159,197)	-	(4,322,829)
Sewer plant, property, and equipment	(9,099,010)	(550,974)	-	(9,649,984)
Total Accumulated Depreciation	<u>(13,838,955)</u>	<u>(740,206)</u>	<u>-</u>	<u>(14,579,161)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,181,839</u>	<u>432,992</u>	<u>-</u>	<u>8,614,831</u>
Business-type Activities Capital Assets, Net	<u>\$ 8,939,364</u>	<u>432,992</u>	<u>-</u>	<u>9,372,356</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, 2016
(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	\$ 78,732
Fire operations	283,219
Public works	6,444
Total Depreciation Expense - Governmental Activities	\$ 368,395

Business-type Activities:

Television	\$ 30,035
Water and sanitation	710,171
Total Depreciation - Business-type Activities	\$ 740,206

D. Interfund Receivables, Payables, and Transfers

Transfer In	Transfer Out	Amount
General Fund	Television Fund	\$ 30,000

Capital Transfer In	Capital Transfer Out	Amount
Business-type Activities	Governmental Activities	\$ 2,779,807
Capital Projects Fund	General Fund	175,000

The purpose of the capital transfer to the Business-type Activities was to recognize capital reserves for the benefit of the Television Fund and Water and Sanitation Fund that were transferred from 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.

This loan was refunded in March of 2017 (see Note V.G. on page D29).

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(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.

This loan was refunded in March of 2017 (see Note V.G. on page D29).

3. 2015 U.S. Bank Capital Lease

On June 30, 2015, the District obtained a capital lease through U.S. Bank in the principal amount of \$165,000, payable annually on April 30. The interest rate is 2.523% and the lease matures on April 30, 2020. The lease was obtained for fiber optic infrastructure to upgrade television and internet services in the District.

4. 2016 U.S. Bank Capital Leases

A. Type 1 Fire Engine Lease

On July 15, 2016, the District obtained a capital lease through U.S. Bank in the principal amount of \$437,109, payable annually on April 30. The interest rate is 2.052% and the lease matures on April 30, 2022. The lease was obtained for the purchase of a new fire engine for use by the District fire department.

B. Quint/Aerial Pumper Lease

On December 16, 2016, the District obtained a capital lease through U.S. Bank in the principal amount of \$843,211, payable semiannually on May 15 and November 15. The interest rate is 2.140% and the lease matures on November 15, 2026. The lease was obtained for the purchase of an Aerial/Quint Fire Engine for use by the District's fire department.

5. \$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.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Long-term Liabilities (continued)

6. The debt service requirements to maturity on the District's debt are as follows:

	Governmental-type Activities		Business-type Activities		Total Debt Service
	Principal	Interest	Principal	Interest	
2017	\$ 463,401	219,866	\$ 422,047	157,808	1,263,122
2018	522,946	205,464	442,855	141,452	1,312,717
2019	541,167	187,258	458,685	123,976	1,311,086
2020	564,456	168,377	479,535	105,565	1,317,933
2021	582,815	148,615	460,000	85,803	1,277,233
2022-2026	2,905,535	431,182	1,500,000	134,378	4,971,095
2027	530,000	21,465	-	-	551,465
	\$ 6,110,320	1,382,227	\$ 3,763,122	748,982	12,004,651

7. 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, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Long-term Liabilities (continued)

8. Long-term liability activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
2008 G. O. bonds payable	\$ 5,175,000	-	(345,000)	4,830,000	360,000
Leases payable:					
Qunit (2016)	-	437,109	-	437,109	33,048
Pumper (2016)	-	843,211	-	843,211	70,353
Total Governmental Activities Long-term Liabilities	<u>\$ 5,175,000</u>	<u>1,280,320</u>	<u>(345,000)</u>	<u>6,110,320</u>	<u>463,401</u>
Business-type Activities:					
Loans payable:					
Principal (2004 & 2005)	\$ 4,010,000	-	(380,000)	3,630,000	390,000
Original issue discount (2004)	(17,640)	-	1,909	(15,731)	2,012
Original issue premium (2005)	5,964	-	(564)	5,400	(577)
Capital lease payable:					
Principal (2015)	165,000		(31,879)	133,121	32,047
Total Business-type Activities Long-term Liabilities	<u>\$ 4,163,324</u>	<u>-</u>	<u>(410,534)</u>	<u>3,752,790</u>	<u>423,482</u>

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

1. FPPA Statewide Defined Benefit Plan

Plan Description The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SDBP may include clerical and other personnel from fire districts whose services are auxiliary to fire protection.

Contributions Determined by state statute or by election of the members, contributions are set at a level that enables all benefits to be fully funded at the retirement date of all members. Employees and employers are contributing at a rate of 8% of base salary for a total contribution rate of 16% through 2015. In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20% of base salary through 2014. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24%.

The contribution rate for members and employers of affiliated social security employers is 4.25% and 4%, respectively of base salary for a total contribution rate of 8.25% in 2015. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4% resulting in a combined contribution rate of 10% in 2022.

Benefits On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Plan to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result, their Separate Retirement Account (SRA) has two components; the standard SRA and the reentry SRA.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.60 percent.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Net Pension Asset At December 31, 2015, the District reported an asset of \$2,540 for its proportionate share of the net pension liability. (The District reported an asset because the Plan's fiduciary net position currently exceeds the total pension liability.) The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The District proportion of the net pension liability was based on District contributions to the Plan for the calendar year 2015 relative to the total contributions of participating employers to the Plan.

At December 31, 2015, the District proportion was 0.144145% as compared to 0.142810% at December 31, 2014.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

For the year ended December 31, 2016, the District recognized pension expense of \$18,625. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 20,551	\$ 3,000
Change of assumptions or others inputs	39,913	-
Net difference between projected and actual earnings on pension plan investments	129,328	-
Change in proportionate share of contributions	28,676	1,493
Difference between actual and reported contributions recognized	6,776	-
Contributions subsequent to measurement date	61,313	-
	\$ 286,557	\$ 4,493

Contributions subsequent to the measurement date of December 31, 2015, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31:	
2017	\$ 43,252
2018	43,252
2019	43,252
2020	40,045
2021	10,118
Thereafter	40,829
	\$ 220,748

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Actuarial assumptions. The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2015. The valuations used the following actuarial assumption and other inputs.

	Total Pension Liability	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2016	January 1, 2015
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Payroll, Open	Level % of Payroll, Open
Amortization Period	30 Years	30 Years
Long-term investment Rate of Return *	7.5%	7.5%
Projected Salary Increases	4% to 14%	4% to 14%
Cost of Living Adjustments	0%	0%
* Includes Inflation at	2.5%	3%

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with a Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuityants, projected with Scale BB are used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the Fire & Police Pension Association's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future.

The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the rollforward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits were actuarial factors are used.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
Global Equity	37%	6.5%
Equity Long/Short	10%	4.7%
Illiquid Alternatives	20%	8.0%
Fixed Income	16%	1.5%
Absolute Return	11%	4.1%
Managed Futures	4%	3.0%
Cash	2%	0.0%*
Total	<u>100%</u>	

*While the expected inflation exceeds the expected rate of return for cash, a 0.0 percent real rate of return is utilized.

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15); and the resulting Single Discount Rate is 7.50%.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of net pension liability (asset)	355,965	(2,541)	(299,910)

Pension plan fiduciary net position. Detailed information about the Plan’s fiduciary net position is available in FPPA’s comprehensive annual financial report which can be obtained at http://www.fppaco.org/annual_reports.htm.

V. Other Information

A. Related Party Transactions

Powdr – Copper Mountain Participation, LLC and Powdr—Copper Mountain, LLC are presently the largest taxpayers within the District. During 2016, the entities provided certain general services to the District and were 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.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

B. Pension Plans (continued)

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

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.

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 firefighters 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;

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

B. Pension Plans

2. Volunteer Firemen's Pension Fund

- (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.
- (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.

	<u>2015</u>	<u>2013</u>	<u>2011</u>	<u>2009</u>	<u>2007</u>
Actuarial value of assets	\$ 526,270	\$ 515,281	\$ 468,399	\$ 396,286	372,942
Less: actuarial accrued liability	(407,180)	(291,484)	(218,065)	(177,317)	(158,000)
Funding excess	<u>\$ 119,090</u>	<u>\$ 223,797</u>	<u>\$ 250,334</u>	<u>\$ 218,969</u>	<u>214,942</u>
Net pension obligation	-	-	-	-	-
Number of plan participants	13	26	26	29	25
Annual covered payroll	-	-	-	-	-
Unfunded actuarial liability as a percentage of covered payroll	-	-	-	-	-
Maximum monthly benefit	\$ 500	\$ 500	\$ 500	\$ 500	500
Funded ratio	129%	177%	215%	223%	236%

There were no annual required contributions to the plan over the past ten years. The plan has no funding obligation, nor has a trust been created by setting aside plan assets.

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 Taxpayers

The combined assessed value of property owned by Powdr – Copper Mountain Participation, LLC and Powdr—Copper Mountain, LLC 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 worker's 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.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

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, 2016.

G. Subsequent Event – Bond Issuance

The District issued new bonds totaling \$8,180,000 during March of 2017. The bonds were issued in two series. Series A is in the total amount of \$3,680,000 and refunded existing series 2004 and 2005 bonds. Series B is new debt for the total amount of \$4,500,000 for the purpose of improving the District water treatment facilities.

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, 2016
(With Comparative Actual Amounts for 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
Property taxes	1,541,253	1,541,253	1,539,998	(1,255)	1,442,256
Specific ownership taxes	73,980	73,980	80,498	6,518	77,123
Delinquent taxes and interest	2,575	2,575	2,095	(480)	2,332
Total Taxes	<u>1,617,808</u>	<u>1,617,808</u>	<u>1,622,591</u>	<u>4,783</u>	<u>1,521,711</u>
Fees:					
Fire plan review and response fees	69,920	69,920	80,744	10,824	74,199
Total Fees	<u>69,920</u>	<u>69,920</u>	<u>80,744</u>	<u>10,824</u>	<u>74,199</u>
Other:					
Cellular tower lease	28,800	28,800	31,416	2,616	26,000
Recreation assessment fees	19,200	19,200	-	(19,200)	6,000
Interest income - Other	33,014	33,014	38,217	5,203	35,428
Rental income - Condominium	26,797	26,797	19,245	(7,552)	25,911
SCAS cost share agreement	57,500	57,500	81,026	23,526	1,372
Wildland fire reimbursement	-	135,000	137,722	2,722	106,594
Other	4,848	109,500	113,784	4,284	7,082
Total Other	<u>170,159</u>	<u>409,811</u>	<u>421,410</u>	<u>11,599</u>	<u>208,387</u>
Total Revenues	<u>1,857,887</u>	<u>2,097,539</u>	<u>2,124,745</u>	<u>27,206</u>	<u>1,804,297</u>
Expenditures:					
Administration:					
Salaries and wages	66,613	66,613	67,066	(453)	83,330
Payroll taxes and benefits	24,800	24,800	17,541	7,259	28,645
Audit and accounting	19,925	42,725	38,602	4,123	29,445
Legal	2,500	2,500	1,781	719	2,986
Board of Directors	3,040	3,040	2,546	494	2,698
Election	10,000	10,000	14,291	(4,291)	52
Supplies	2,000	2,000	1,920	80	1,502
Training and development	4,000	4,000	2,873	1,127	1,814
Travel and entertainment	4,300	4,300	4,120	180	2,704
Dues and subscriptions	7,200	7,200	5,082	2,118	560
Maintenance	1,150	1,150	1,491	(341)	1,132
Telephone/Internet	4,598	4,598	4,447	151	4,032
Insurance	2,554	2,554	2,537	17	2,322
Sheriff deputy rent subsidy	2,400	2,400	2,400	-	2,400
Condominium owners' dues	11,217	11,217	10,122	1,095	14,524
Other	2,000	2,000	-	2,000	81
Treasurer's fees	77,063	77,063	77,105	(42)	72,229
Total Administration	<u>245,360</u>	<u>268,160</u>	<u>253,924</u>	<u>14,236</u>	<u>250,456</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, 2016
(With Comparative Actual Amounts for 2015)
(Continued)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Expenditures (continued):					
Fire Operations:					
Salaries and wages	1,022,417	1,097,417	1,095,266	2,151	1,002,793
Health insurance	213,876	228,876	223,122	5,754	228,814
Volunteers' benefits	-	-	-	-	3,313
Payroll taxes and benefits	88,716	92,954	89,061	3,893	83,164
FPPA pension contribution	80,847	80,847	78,926	1,921	73,689
FPPA death and disability contribution	-	-	1,743	(1,743)	-
Insurance	22,001	22,001	23,179	(1,178)	21,360
Professional fees	8,035	8,035	9,387	(1,352)	5,353
Vehicle maintenance	43,037	43,037	52,835	(9,798)	46,658
Fuel - Vehicles	10,000	10,000	9,199	801	9,163
Supplies	10,925	10,925	8,363	2,562	15,666
Travel and entertainment	4,200	4,200	8,495	(4,295)	9,237
Training and development	15,200	15,200	9,247	5,953	20,614
Medical supplies	2,000	2,000	1,084	916	1,512
Dues and subscriptions	7,000	7,000	5,767	1,233	3,663
Natural gas	26,780	26,780	16,664	10,116	15,653
Electricity	16,480	16,480	14,334	2,146	12,740
Uniform allowance	7,500	7,500	8,675	(1,175)	10,619
Firefighter wellness	5,800	5,800	2,746	3,054	4,336
Equipment expense	16,150	16,150	9,365	6,785	25,080
Telephone/Internet	7,498	7,498	6,968	530	7,780
Building maintenance	28,840	28,840	25,182	3,658	27,525
Summit Fire Authority	22,200	22,200	22,855	(655)	21,763
Communications	17,732	17,732	17,685	47	20,957
Total Fire Operations	<u>1,677,234</u>	<u>1,771,472</u>	<u>1,740,148</u>	<u>31,324</u>	<u>1,671,452</u>
Public Works:					
Snowplowing	28,840	28,840	26,050	2,790	25,606
Road maintenance	33,475	33,475	29,740	3,735	19,300
Total Public Works	<u>62,315</u>	<u>62,315</u>	<u>55,790</u>	<u>6,525</u>	<u>44,906</u>
Total Expenditures	<u>1,984,909</u>	<u>2,101,947</u>	<u>2,049,862</u>	<u>52,085</u>	<u>1,966,814</u>
Other Financing Sources (Uses):					
Proceeds from sale of assets	1,000	1,000	-	(1,000)	-
Transfers in (out)	30,000	30,000	30,000	-	(7,000)
Capital transfers in (out)	-	(175,000)	(175,000)	-	-
Total Other Financing Sources (Uses)	<u>31,000</u>	<u>(144,000)</u>	<u>(145,000)</u>	<u>(1,000)</u>	<u>(7,000)</u>
Change in Fund Balance	(96,022)	(148,408)	(70,117)	(25,879)	(169,517)
Beginning Fund Balance	662,044	669,897	669,897	-	839,414
Ending Fund Balance	<u>566,022</u>	<u>521,489</u>	<u>599,780</u>	<u>78,291</u>	<u>669,897</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, 2016
(With Comparative Totals for the Year Ended December 31, 2015)**

	2016		Final Budget Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
Revenues:				
Lottery funds	2,060	2,208	148	1,867
Investment income	22	88	66	25
Total Revenues	2,082	2,296	214	1,892
Expenditures:				
Capital outlay - park and recreation	-	-	-	13,000
Total Expenditures	-	-	-	13,000
Excess (Deficiency) of Revenues Over Expenditures	2,082	2,296	214	(11,108)
Fund Balance - Beginning	1,890	1,761	(129)	12,869
Fund Balance - Ending	3,972	4,057	85	1,761

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

Copper Mountain Consolidated Metropolitan District
Schedule of Employer's Proportionate Share of net Pension Asset / Liability
Statewide Defined Benefit Pension Plan
Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's portion of the net pension asset	2,541	162,678	161,172
District's proportionate share of the net pension asset	0.1441%	0.1441%	0.1428%
District's covered-employee payroll	698,775	642,225	792,175
District's proportionate share of the net pension asset as a percentage of its covered-employee payroll	0%	25%	20%
Plan fiduciary net position as a percentage of the total pension asset	100.10%	106.80%	105.80%

* Information is only available beginning in fiscal year 2014

**Notes to the Schedule of Employer's Proportionate Share of the Net Pension Asset / Liability for
the Year Ended December 31, 2016**

Note 1. Changes of assumptions

No changes during the years presented above.

Note 2. Changes of benefit terms

No changes during the years presented above.

Note 3. Changes of size of composition of population covered by benefit terms

No changes during the years presented above.

**Copper Mountain Consolidated Metropolitan District
Schedule of District Contributions
Statewide Defined Benefit Pension Plan
Last 10 Years***

	<u>2015</u>	<u>2014</u>
Statutorily required contribution	55,902	51,378
Contributions in relation to the statutorily required contribution	<u>(55,902)</u>	<u>(51,378)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
District's covered-employee payroll	698,775	642,225
Contributions as a percentage of covered-employee payroll	8.0%	8.0%

* Information is only available beginning in fiscal year 2014.

Notes to the Schedule of District Contributions for the Year Ended December 31, 2016:

Note 1. Changes of assumptions

No changes during the years presented above.

Note 2. Changes of benefit terms

No changes during the years presented above.

Note 3. Changes of size of composition of population covered by benefit terms

No changes during the years presented above.

SUPPLEMENTARY INFORMATION

**Copper Mountain Consolidated Metropolitan District
Schedule of Revenues and Expenditures
Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)**

	<u>2016</u>			<u>Final Budget Variance Positive (Negative)</u>	<u>2015</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Property taxes	555,593	555,593	555,272	(321)	554,809
Specific ownership taxes	26,631	26,631	28,986	2,355	29,657
Total Revenues	<u>582,224</u>	<u>582,224</u>	<u>584,258</u>	<u>2,034</u>	<u>584,466</u>
Expenditures:					
Bond principal	345,000	345,000	345,000	-	330,000
Bond interest	209,588	209,588	209,588	-	222,953
Treasurer's fees	27,946	27,947	27,964	(17)	27,940
Contingency	-	1,000	-	1,000	-
Total Expenditures	<u>582,534</u>	<u>583,535</u>	<u>582,552</u>	<u>983</u>	<u>580,893</u>
Excess (Deficiency) of Revenues Over Expenditures	(310)	(1,311)	1,706	3,017	3,573
Fund Balance - Beginning	<u>33,652</u>	<u>32,674</u>	<u>32,674</u>	<u>-</u>	<u>29,101</u>
Fund Balance - Ending	<u><u>33,342</u></u>	<u><u>31,363</u></u>	<u><u>34,380</u></u>	<u><u>3,017</u></u>	<u><u>32,674</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 - Capital Projects Fund
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)**

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Expenditures:					
Capital outlay	2,786,090	1,540,700	575,562	965,138	649,736
Debt service	35,406	-	-	-	-
Total Expenditures	<u>2,821,496</u>	<u>1,540,700</u>	<u>575,562</u>	<u>965,138</u>	<u>649,736</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,821,496)</u>	<u>(1,540,700)</u>	<u>(575,562)</u>	<u>965,138</u>	<u>(649,736)</u>
Other Financing Sources (Uses):					
Water and sewer tap fees	239,396	-	-	-	301,332
Lease proceeds	1,485,000	1,485,000	1,280,320	(204,680)	-
Proceeds from sale of assets	-	-	3,000	3,000	-
Capital transfers in (out)	608,000	(2,604,807)	(2,604,807)	-	787,000
Total Other Financing Sources (Uses)	<u>2,332,396</u>	<u>(1,119,807)</u>	<u>(1,321,487)</u>	<u>(201,680)</u>	<u>1,088,332</u>
Change in Fund Balance	(489,100)	(2,660,507)	(1,897,049)	763,458	438,596
Fund Balance - Beginning	<u>2,888,175</u>	<u>3,155,944</u>	<u>3,155,944</u>	<u>-</u>	<u>2,717,348</u>
Fund Balance - Ending	<u><u>2,399,075</u></u>	<u><u>495,437</u></u>	<u><u>1,258,895</u></u>	<u><u>763,458</u></u>	<u><u>3,155,944</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, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Charges for Services:					
Television user fees	216,017	290,609	282,612	(7,997)	208,760
Hookup fees	-	-	125	125	150
Total Charges for Services	<u>216,017</u>	<u>290,609</u>	<u>282,737</u>	<u>(7,872)</u>	<u>208,910</u>
Other:					
Miscellaneous	21	21	-	(21)	520
Total Other	<u>21</u>	<u>21</u>	<u>-</u>	<u>(21)</u>	<u>520</u>
Total Revenues	<u>216,038</u>	<u>290,630</u>	<u>282,737</u>	<u>(7,893)</u>	<u>209,430</u>
Expenses:					
Contract labor	2,000	2,000	795	1,205	1,081
Salaries and wages	80,138	80,138	80,385	(247)	80,601
Benefits and taxes	25,669	25,669	29,127	(3,458)	30,919
Property and casualty insurance	957	957	976	(19)	929
Legal	1,500	1,500	5,567	(4,067)	3,510
Audit and payroll services	2,376	4,176	4,202	(26)	3,190
Utilities	600	600	480	120	538
Telephone	875	875	646	229	777
Supplies	2,050	2,050	1,801	249	1,260
Line equipment	4,500	4,500	4,410	90	2,910
Dues and subscriptions	150	150	159	(9)	167
Training and development	500	500	295	205	-
Travel and entertainment	50	50	-	50	14
Operations contract	2,300	2,300	1,888	412	5,486
Capital expenditures	0	217,817	189,598	28,219	-
Debt service	-	35,406	35,406	-	-
Total Expenses	<u>123,665</u>	<u>378,688</u>	<u>355,735</u>	<u>22,953</u>	<u>131,382</u>
Other Financing Sources and (Uses):					
Lease proceeds	-	-	-	-	165,000
Transfer to (from) General Fund	30,000	(30,000)	(30,000)	-	(30,000)
Transfer to (from) Capital Fund	63,000	90,875	90,875	-	(214,000)
Total Other Financing Sources	<u>93,000</u>	<u>60,875</u>	<u>60,875</u>	<u>-</u>	<u>(79,000)</u>
Total Expenses and Other Financing Sources	<u>216,665</u>	<u>317,813</u>	<u>294,860</u>	<u>22,953</u>	<u>210,382</u>
(Deficiency) of Revenues Over Expenses and Transfers - Non-GAAP Basis	<u>(627)</u>	<u>(27,183)</u>	<u>(12,123)</u>	<u>15,060</u>	<u>(952)</u>
Adjustment to GAAP Basis:					
Depreciation			(30,035)		(15,586)
Capital transfer in			-		384,439
Principal payment on lease			31,879		-
Capitalized expenditures			184,510		-
Lease proceeds			-		(165,000)
Change in accrued compensated absences			275		988
Change in Net Position - GAAP Basis			<u>174,506</u>		<u>203,889</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, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Water and sewer base charges	1,821,251	1,821,251	1,895,920	74,669	1,671,477
Water and sewer tap fees	-	239,396	201,760	(37,636)	-
Water overage charges	403,000	403,000	432,104	29,104	399,861
Water irrigation charges	69,000	69,000	110,780	41,780	77,605
Finance charges	1,546	1,546	3,371	1,825	1,295
Bond proceeds	3,750,000	-	-	-	-
Miscellaneous	-	-	1,765	1,765	45
Total Revenues	6,044,797	2,534,193	2,645,700	111,507	2,150,283
Expenses and Transfers:					
Personnel:					
Salaries and wages	466,060	466,060	428,853	37,207	463,464
Benefits and taxes	157,609	157,609	143,029	14,580	139,251
Total Personnel	623,669	623,669	571,882	51,787	602,715
General Operations:					
Insurance	23,510	23,510	23,467	43	22,825
Payroll services	2,941	2,941	5,056	(2,115)	2,066
Legal, audit, and accounting	54,449	89,849	79,189	10,660	65,795
Engineering	7,500	7,500	37,103	(29,603)	22,994
Telephone/Internet	7,725	7,725	6,834	891	6,248
Supplies	824	824	1,150	(326)	937
Dues and subscriptions	6,500	6,500	5,209	1,291	3,512
Training, travel, and entertainment	7,500	7,500	6,626	874	5,467
Natural gas	22,660	22,660	15,612	7,048	17,565
Electricity	195,700	195,700	174,324	21,376	165,544
Fuel	7,210	7,210	6,261	949	5,341
Permits	6,512	6,512	9,081	(2,569)	8,324
Computer maintenance	5,150	5,150	3,223	1,927	2,792
Total General Operations	348,181	383,581	373,135	10,446	329,410
Water Operations:					
Outside laboratory	66,240	66,240	26,099	40,141	27,234
Well maintenance	3,290	3,290	7,438	(4,148)	3,337
Water purchases	3,090	3,090	750	2,340	2,851
Other repair and maintenance	32,885	32,885	26,146	6,739	14,517
Distribution maintenance	43,159	43,159	52,414	(9,255)	37,650
Chemicals	30,385	30,385	26,552	3,833	33,187
Total Water Operations	179,049	179,049	139,399	39,650	118,776

(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, 2016
(With Comparative Totals for the Year Ended December 31, 2015)
(Continued)

	<u>2016</u>			Final Budget Variance Positive (Negative)	<u>2015</u>
	Original Budget	Final Budget	Actual		Actual
Expenses and Transfers (continued):					
Sewer Operations:					
Collection system	15,000	15,000	-	15,000	14,865
Hazmat collection	3,399	3,399	3,320	79	3,300
Sludge disposal	17,510	17,510	15,272	2,238	16,091
Laboratory supplies	8,754	8,755	10,478	(1,723)	5,455
SWQCC dues	5,162	5,162	6,061	(899)	3,261
Total Sewer Operations	<u>49,825</u>	<u>49,826</u>	<u>35,131</u>	<u>14,695</u>	<u>42,972</u>
Total Expenses	<u>1,200,724</u>	<u>1,236,125</u>	<u>1,119,547</u>	<u>116,578</u>	<u>1,093,873</u>
Capital and Debt Service:					
Capital expenditures	-	1,245,390	1,050,159	195,231	-
Bond issuance costs	-	-	11,106	(11,106)	-
Debt service	4,299,200	549,200	549,034	166	547,997
Total Capital and Debt Service	<u>4,299,200</u>	<u>1,794,590</u>	<u>1,610,299</u>	<u>184,291</u>	<u>547,997</u>
Transfers:					
Transfer to (from) Capital Projects Fund	545,000	(2,688,932)	(2,688,932)	-	536,000
Total Transfers	<u>545,000</u>	<u>(2,688,932)</u>	<u>(2,688,932)</u>	<u>-</u>	<u>536,000</u>
Total Expenses and Transfers	<u>6,044,924</u>	<u>341,783</u>	<u>40,914</u>	<u>300,869</u>	<u>2,177,870</u>
Excess (Deficiency) of Revenues Over Expenses and Transfers - Non-GAAP Basis	<u>(127)</u>	<u>2,192,410</u>	2,604,786	<u>412,376</u>	(27,587)
Adjustments to GAAP Basis:					
Depreciation			(710,171)		(689,665)
Capital transfers in			-		179,072
Change in accrued compensated absences			(3,622)		40,814
Loan principal payment			380,000		365,000
Change in accrued interest on loan payable			5,441		5,159
Capitalized expenditures			988,688		-
Amortization of original issue discount			(1,345)		(1,322)
Total Adjustments			<u>658,991</u>		<u>(100,942)</u>
Change in Net Position - GAAP Basis			<u>3,263,777</u>		<u>(128,529)</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, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	2016		Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
Additions:				
District contribution	206	440	234	932
State contribution	2,343	839	(1,504)	2,393
Investment income	12,556	12,859	303	6,484
Total Additions	15,105	14,138	(967)	9,809
Deductions:				
Administrative expense	1,235	1,630	(395)	976
Insurance premiums	1,288	-	1,288	-
Benefit payments	9,785	15,350	(5,565)	8,650
Total Deductions	12,308	16,980	(4,672)	9,626
Change in Net Position	2,797	(2,842)	(5,639)	183
Net Position - Beginning	563,755	571,294	7,539	571,111
Net Position - Ending	566,552	568,452	1,900	571,294

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