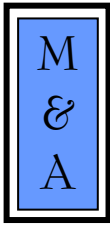


**Copper Mountain Consolidated Metropolitan District  
Copper Mountain, Colorado**

**Financial Statements  
December 31, 2012**



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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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 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, 2012, 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 accounting principles generally accepted in the United States of America; 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 auditing standards generally accepted in the United States of America. 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 fund, and the aggregate remaining fund information of the Copper Mountain Consolidated Metropolitan District as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Member: American Institute of Certified Public Accountants*

D. JERRY MCMAHAN, C.P.A.  
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**Other Matters**

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 accounting principles generally accepted in the United States of America. 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 auditing standards generally accepted in the United States of America. 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 auditing standards generally accepted in the United States of America. 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.  
June 4, 2013**

**Copper Mountain Consolidated Metropolitan District  
Financial Report  
December 31, 2012**

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**Copper Mountain Consolidated Metropolitan District  
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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# Copper Mountain Consolidated Metropolitan District

## Management's Discussion and Analysis

December 31, 2012

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, 2012.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

## Overview of the Financial Statements (continued)

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

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

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

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

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

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

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

## Government-wide Financial Analysis

### Copper Mountain Consolidated Metropolitan District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2011 (Restated)	2012	2011	2012	2011 (Restated)
<b>Assets:</b>						
Current assets	\$ 5,616,688	\$ 5,338,402	888,959	1,211,050	6,505,647	6,549,452
Capital and other assets	8,815,695	9,145,503	10,001,313	10,363,902	18,817,008	19,509,405
<b>Total Assets</b>	<b>14,432,383</b>	<b>14,483,905</b>	<b>10,890,272</b>	<b>11,574,952</b>	<b>25,322,655</b>	<b>26,058,857</b>
<b>Liabilities &amp; Deferred Inflows:</b>						
Current liab & def inflows	2,083,902	2,207,246	85,723	97,969	2,169,625	2,305,215
Long-term liabilities	6,191,335	6,477,744	5,111,031	5,432,822	11,302,366	11,910,566
<b>Total Liabilities &amp; Def Inflows</b>	<b>8,275,237</b>	<b>8,684,990</b>	<b>5,196,754</b>	<b>5,530,791</b>	<b>13,471,991</b>	<b>14,215,781</b>
<b>Net Position:</b>						
Net investment in capital assets	2,690,695	2,725,503	4,874,365	4,908,761	7,565,060	7,634,264
Restricted	58,021	57,093	-	-	58,021	57,093
Unrestricted	3,408,430	3,016,319	819,153	1,135,400	4,227,583	4,151,719
<b>Total Net Postion</b>	<b>\$ 6,157,146</b>	<b>\$ 5,798,915</b>	<b>5,693,518</b>	<b>6,044,161</b>	<b>11,850,664</b>	<b>11,843,076</b>



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 2012, this accounted for 64% of the total net position. Accordingly, this portion of the net position is not an available source for payment of future spending. Of the remaining net position 3% of the governmental activities annual budget is restricted for use in the event of an emergency.

### Copper Mountain Consolidated Metropolitan District's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2011 (Restated)	2012	2011	2012	2011 (Restated)
	<b>Revenues:</b>					
Program revenues:						
Charges for services	\$ 231,387	\$ 87,079	1,432,672	1,883,044	1,664,059	1,970,123
Operating grants & contributions	1,500	3,773	-	-	1,500	3,773
Capital grants & contributions	3,027	1,589	398,926	408,517	401,953	410,106
General revenues:						
Property taxes	2,171,950	2,244,955	-	-	2,171,950	2,244,955
Other taxes	89,086	79,347	-	-	89,086	79,347
Interest and other revenue	74,638	83,121	-	-	74,638	83,121
<b>Total Revenues</b>	<b>2,571,588</b>	<b>2,499,864</b>	<b>1,831,598</b>	<b>2,291,561</b>	<b>4,403,186</b>	<b>4,791,425</b>
<b>Expenses:</b>						
Fire protection	1,716,683	1,743,494	-	-	1,716,683	1,743,494
Public works	64,453	54,353	-	-	64,453	54,353
General government	324,606	292,469	-	-	324,606	292,469
Interest on long-term debt	259,014	272,641	-	-	259,014	272,641
Television	-	-	121,771	654,497	121,771	654,497
Water and sanitation	-	-	1,909,071	1,852,314	1,909,071	1,852,314
Loss on disposal of fixed assets	-	19,935	-	56,658	-	76,593
Transfers	(151,399)	(139,802)	151,399	139,802	-	-
<b>Total Expenses</b>	<b>2,213,357</b>	<b>2,243,090</b>	<b>2,182,241</b>	<b>2,703,271</b>	<b>4,395,598</b>	<b>4,946,361</b>
<b>Change in Net Position</b>	<b>358,231</b>	<b>256,774</b>	<b>(350,643)</b>	<b>(411,710)</b>	<b>7,588</b>	<b>(154,936)</b>
<b>Net Position - Beginning</b>	<b>5,798,915</b>	<b>5,542,141</b>	<b>6,044,161</b>	<b>6,455,871</b>	<b>11,843,076</b>	<b>11,998,012</b>
<b>Net Position - Ending</b>	<b>\$ 6,157,146</b>	<b>\$ 5,798,915</b>	<b>5,693,518</b>	<b>6,044,161</b>	<b>11,850,664</b>	<b>11,843,076</b>

**Governmental activities:** Net position of the governmental activities increased \$358,231 during 2012 after an increase of \$256,744 during 2011. This change is largely due to the District receiving funds from the business type activities to be held for future capital replacements and using property taxes collected to make the scheduled payments on long-term debt.

**Business-type activities:** Net position of the business-type activities decreased \$350,643 during 2012 after a decrease of \$411,710 during 2011. The declines are largely due to depreciation expense on capital assets as well as transfers to the governmental activities to set aside funds for future capital replacements.

#### Financial Analysis of the District's Funds

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

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

## **Financial Analysis of the District's Funds (Continued)**

The ending fund balances of governmental funds increased by \$400,634 during 2012 which is primarily due to the District collecting more in property taxes than costs incurred and capital reserve funding transfers from the proprietary funds. Such excess is held in reserve for spending in future years as the District is anticipating significant declines in the future revenues due to the decline in property values within the District.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,553,458. Of this balance, \$58,021 is restricted for emergencies as required by TABOR, \$2,783,860 is assigned for future capital projects, debt service, and recreational projects, and the remaining \$711,577 is unassigned.

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

The Proprietary Funds operating revenues of \$1,432,672 were exceeded by operational expenses of \$2,030,842, resulting in an operating loss of \$380,782. This operating loss decreased slightly after capital fees net of debt service and capital reserve transfers which caused the change in net position to total a decrease of \$350,643. However, depreciation expense on capital assets of \$691,190 was the primary expense which caused this decrease in net position.

As of the end of the current fiscal year, the District's Proprietary Funds reported an ending net position balance of \$5,693,518 which consisted of \$4,874,365 net investment in capital assets and the remaining \$819,153 being unrestricted for use by the District in future years.

**Budget variances:** One budget amendment was required during 2012 to account for additional expected expenditures in several funds. Details of the variances by fund can be seen on pages E1 through F6 of this report.

**Capital assets:** The District's total capital assets decreased by \$692,397 as a result of capital additions being less than depreciation expense and capital deletions. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements on pages D13 through D15 of this report.

**Long-term debts:** During 2012 the District continued to make scheduled payments on all of its long-term debts. Details of the District's long term obligations are contained on pages D15 through D17 of this report.

### **Request for Information**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Copper Mountain Consolidated Metropolitan District**  
**Statement of Net Position**  
**December 31, 2012**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	3,436,907	727,371	4,164,278
Receivables, net:			
Property tax	2,043,202	-	2,043,202
Accounts	20,000	161,588	181,588
Other governments	6,365	-	6,365
Prepaid expenses	110,214	-	110,214
Capital assets, net	8,815,695	9,320,348	18,136,043
Phosphorous credits (sewer rights)	-	636,000	636,000
Water rights	-	44,965	44,965
<b>Total Assets</b>	<u>14,432,383</u>	<u>10,890,272</u>	<u>25,322,655</u>
<b>Liabilities:</b>			
Vouchers/accounts payable	20,028	8,230	28,258
Accrued interest payable	20,672	77,493	98,165
Accrued compensated absences:			
Due within one year	66,335	61,576	127,911
Loan payable:			
Due within one year	-	335,000	335,000
Due in more than one year	-	4,714,455	4,714,455
Bonds payable:			
Due within one year	305,000	-	305,000
Due in more than one year	5,820,000	-	5,820,000
<b>Total Liabilities</b>	<u>6,232,035</u>	<u>5,196,754</u>	<u>11,428,789</u>
<b>Deferred Inflow of Resources:</b>			
Unavailable property tax revenue	2,043,202	-	2,043,202
<b>Total Deferred Inflow of Resources</b>	<u>2,043,202</u>	<u>-</u>	<u>2,043,202</u>
<b>Net Position:</b>			
Net investment in capital assets	2,690,695	4,874,365	7,565,060
Restricted for emergencies	58,021	-	58,021
Unrestricted	3,408,430	819,153	4,227,583
<b>Total Net Position</b>	<u>6,157,146</u>	<u>5,693,518</u>	<u>11,850,664</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, 2012**

	<b>Program Revenues</b>				<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Functions/Programs:</b>							
<b>Governmental Activities:</b>							
Fire operations	1,716,683	198,314	1,500	-	(1,516,869)		(1,516,869)
Public works	64,453	-	-	3,027	(61,426)		(61,426)
General government	324,606	33,073	-	-	(291,533)		(291,533)
Interest on debt	259,014	-	-	-	(259,014)		(259,014)
<b>Total Governmental Activities</b>	<b>2,364,756</b>	<b>231,387</b>	<b>1,500</b>	<b>3,027</b>	<b>(2,128,842)</b>		<b>(2,128,842)</b>
<b>Business-type Activities:</b>							
Television	121,771	186,696	-	-		64,925	64,925
Water and sanitation	1,909,071	1,245,976	-	398,926		(264,169)	(264,169)
<b>Total Business-type Activities</b>	<b>2,030,842</b>	<b>1,432,672</b>	<b>-</b>	<b>398,926</b>		<b>(199,244)</b>	<b>(199,244)</b>
<b>Total</b>	<b>4,395,598</b>	<b>1,664,059</b>	<b>1,500</b>	<b>401,953</b>	<b>(2,128,842)</b>	<b>(199,244)</b>	<b>(2,328,086)</b>
<b>General Revenues:</b>							
Taxes:							
Property tax					2,171,950	-	2,171,950
Specific ownership tax					89,086	-	89,086
Investment earnings					24,391	-	24,391
Transfers in (out)					480,000	(480,000)	-
Capital transfers in (out)					(328,601)	328,601	-
Miscellaneous					50,247	-	50,247
<b>Total General Revenues and Transfers</b>					<b>2,487,073</b>	<b>(151,399)</b>	<b>2,335,674</b>
<b>Change in Net Position</b>					<b>358,231</b>	<b>(350,643)</b>	<b>7,588</b>
<b>Net Position - Beginning (Restated)</b>					<b>5,798,915</b>	<b>6,044,161</b>	<b>11,843,076</b>
<b>Net Position - Ending</b>					<b>6,157,146</b>	<b>5,693,518</b>	<b>11,850,664</b>

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, 2012**

	<u>General</u>	<u>Conservation Trust</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Assets:</b>					
Cash and cash equivalents	645,512	8,899	65,306	2,717,190	3,436,907
Due from County Treasurer	4,575	-	1,790	-	6,365
Accounts receivable	20,000	-	-	-	20,000
Prepaid expenses	110,214	-	-	-	110,214
Property tax receivable	1,523,162	-	520,040	-	2,043,202
<b>Total Assets</b>	<u>2,303,463</u>	<u>8,899</u>	<u>587,136</u>	<u>2,717,190</u>	<u>5,616,688</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Vouchers/accounts payable	10,703	-	-	9,325	20,028
<b>Total Liabilities</b>	<u>10,703</u>	<u>-</u>	<u>-</u>	<u>9,325</u>	<u>20,028</u>
<b>Deferred Inflow of Resources:</b>					
Unavailable property tax revenue	1,523,162	-	520,040	-	2,043,202
<b>Total Deferred Inflow of Resources</b>	<u>1,523,162</u>	<u>-</u>	<u>520,040</u>	<u>-</u>	<u>2,043,202</u>
<b>Fund Balances:</b>					
Restricted for TABOR reserve	58,021	-	-	-	58,021
Assigned	-	8,899	67,096	2,707,865	2,783,860
Unassigned	711,577	-	-	-	711,577
<b>Total Fund Balances</b>	<u>769,598</u>	<u>8,899</u>	<u>67,096</u>	<u>2,707,865</u>	<u>3,553,458</u>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balances</b>	<u>2,303,463</u>	<u>8,899</u>	<u>587,136</u>	<u>2,717,190</u>	<u>5,616,688</u>
<b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					8,815,695
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					<u>(6,212,007)</u>
<b>Net Position of Governmental Activities</b>					<u>6,157,146</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, 2012**

	<u>General</u>	<u>Conservation Trust</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Revenues:</b>					
Taxes	1,625,331	-	635,705	-	2,261,036
Fees	198,314	-	-	-	198,314
Intergovernmental	-	1,827	-	-	1,827
Other	110,399	12	-	-	110,411
<b>Total Revenues</b>	<u>1,934,044</u>	<u>1,839</u>	<u>635,705</u>	<u>-</u>	<u>2,571,588</u>
<b>Expenditures:</b>					
Fire operations	1,447,189	-	-	-	1,447,189
Public works	58,009	-	-	-	58,009
Administration	210,463	-	30,734	-	241,197
Debt service	-	-	555,010	-	555,010
Capital outlay	-	-	-	349,549	349,549
<b>Total Expenditures</b>	<u>1,715,661</u>	<u>-</u>	<u>585,744</u>	<u>349,549</u>	<u>2,650,954</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>218,383</u>	<u>1,839</u>	<u>49,961</u>	<u>(349,549)</u>	<u>(79,366)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in (out)	(150,000)	-	-	630,000	480,000
<b>Total Other Financing Sources</b>	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>630,000</u>	<u>480,000</u>
<b>Change in Fund Balances</b>	<u>68,383</u>	<u>1,839</u>	<u>49,961</u>	<u>280,451</u>	<u>400,634</u>
<b>Fund Balances - Beginning</b>	<u>701,215</u>	<u>7,060</u>	<u>17,135</u>	<u>2,427,414</u>	<u>3,152,824</u>
<b>Fund Balances - Ending</b>	<u>769,598</u>	<u>8,899</u>	<u>67,096</u>	<u>2,707,865</u>	<u>3,553,458</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, 2012**

<b>Net Change in Fund Balances of Governmental Funds</b>	400,634
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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.	(329,808)
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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.	295,996
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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>(8,591)</u>
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<b>Change in Net Position of Governmental Activities</b>	<u><u>358,231</u></u>
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**Copper Mountain Consolidated Metropolitan District  
Statement of Net Position  
Proprietary Funds  
December 31, 2012**

	<u>Television Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash	72,219	655,152	727,371
Accounts receivable, net of allowance for uncollectibles	6,973	154,615	161,588
<b>Total Current Assets</b>	<u>79,192</u>	<u>809,767</u>	<u>888,959</u>
<b>Non-current Assets:</b>			
Property, plant, and equipment, net of accumulated depreciation	59,642	9,260,706	9,320,348
Phosphorous credits (sewer rights)	-	636,000	636,000
Water rights	-	44,965	44,965
<b>Total Non-current Assets</b>	<u>59,642</u>	<u>9,941,671</u>	<u>10,001,313</u>
<b>Total Assets</b>	<u>138,834</u>	<u>10,751,438</u>	<u>10,890,272</u>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued liabilities	629	7,601	8,230
Compensated absences	3,339	17,184	20,523
Accrued interest payable	-	77,493	77,493
Loan payable - Current	-	335,000	335,000
<b>Total Current Liabilities</b>	<u>3,968</u>	<u>437,278</u>	<u>441,246</u>
<b>Non-current Liabilities:</b>			
Compensated absences	6,680	34,373	41,053
Loan payable - Net of unamortized discount	-	4,714,455	4,714,455
<b>Total Non-current Liabilities</b>	<u>6,680</u>	<u>4,748,828</u>	<u>4,755,508</u>
<b>Total Liabilities</b>	<u>10,648</u>	<u>5,186,106</u>	<u>5,196,754</u>
<b>Net Position:</b>			
Net investment in capital assets	59,642	4,814,723	4,874,365
Unrestricted	68,544	750,609	819,153
<b>Total Net Position</b>	<u>128,186</u>	<u>5,565,332</u>	<u>5,693,518</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, 2012**

	<u>Television Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Charges for services	185,096	1,244,739	1,429,835
Other	1,600	1,237	2,837
<b>Total Operating Revenues</b>	<u>186,696</u>	<u>1,245,976</u>	<u>1,432,672</u>
<b>Operating Expenses:</b>			
Payroll and benefits	95,221	566,040	661,261
Repair, maintenance, and operations	2,218	145,651	147,869
Utilities	976	178,117	179,093
Supplies and equipment	2,345	30,911	33,256
General and administrative	10,014	90,771	100,785
Depreciation	10,997	680,193	691,190
<b>Total Operating Expenses</b>	<u>121,771</u>	<u>1,691,683</u>	<u>1,813,454</u>
<b>Operating (Loss)</b>	<u>64,925</u>	<u>(445,707)</u>	<u>(380,782)</u>
<b>Non-operating Revenues (Expenses):</b>			
Interest expense	-	(217,388)	(217,388)
<b>Total Non-operating Revenues (Expenses)</b>	-	(217,388)	(217,388)
<b>Income (Loss) Before Contributions and Transfers</b>	<u>64,925</u>	<u>(663,095)</u>	<u>(598,170)</u>
<b>Capital Contributions and Transfers:</b>			
Tap fees	-	24,700	24,700
Capital fees	-	365,344	365,344
Other contributions	-	8,882	8,882
Capital transfers in	-	328,601	328,601
Transfers out	(100,000)	(380,000)	(480,000)
<b>Total Capital Contributions and Transfers</b>	<u>(100,000)</u>	<u>347,527</u>	<u>247,527</u>
<b>Change in Net Position</b>	(35,075)	(315,568)	(350,643)
<b>Net Position - Beginning</b>	163,261	5,880,900	6,044,161
<b>Net Position - Ending</b>	<u>128,186</u>	<u>5,565,332</u>	<u>5,693,518</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, 2012**

	<u>Television Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	181,798	1,264,729	1,446,527
Cash paid for goods and services	(14,924)	(443,789)	(458,713)
Cash paid to employees	(96,517)	(562,708)	(659,225)
<b>Net Cash Provided by Operating Activities</b>	<u>70,357</u>	<u>258,232</u>	<u>328,589</u>
<b>Cash Flows from Non-capital Financing Activities:</b>			
Cash refunded on performance bonds	-	412	412
Transfers to other funds	(100,000)	(380,000)	(480,000)
<b>Net Cash (Used) by Non-capital Financing Activities</b>	<u>(100,000)</u>	<u>(379,588)</u>	<u>(479,588)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Tap fees	-	24,700	24,700
Capital fees received	-	365,344	365,344
Loan principal paid	-	(325,000)	(325,000)
Loan interest paid	-	(220,581)	(220,581)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<u>-</u>	<u>(155,537)</u>	<u>(155,537)</u>
<b>Net Change in Cash</b>	(29,643)	(276,893)	(306,536)
<b>Cash and Cash Equivalents - Beginning</b>	101,862	932,045	1,033,907
<b>Cash and Cash Equivalents - Ending</b>	<u>72,219</u>	<u>655,152</u>	<u>727,371</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	64,925	(445,707)	(380,782)
<b>Adjustments:</b>			
(Increase) decrease in accounts receivable	(3,198)	18,753	15,555
Increase (decrease) in accounts payable and accrued liabilities	629	1,661	2,290
Increase (decrease) in deferred revenue	(1,700)	-	(1,700)
Increase (decrease) in compensated absences	(1,296)	3,332	2,036
Depreciation	10,997	680,193	691,190
<b>Total Adjustments</b>	<u>5,432</u>	<u>703,939</u>	<u>709,371</u>
<b>Net Cash Provided by Operating Activities</b>	<u>70,357</u>	<u>258,232</u>	<u>328,589</u>
<b>Schedule of Non-cash Transactions</b>			
Capital transfer in	-	328,601	328,601
	<u>-</u>	<u>328,601</u>	<u>328,601</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, 2012**

<b>Assets:</b>	
Cash and investments	<u>561,500</u>
<b>Total assets</b>	<u><u>561,500</u></u>
<b>Net Position:</b>	
Held in trust for pension benefits	<u><u>561,500</u></u>

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, 2012**

<b>Additions:</b>	
District contribution	2,431
State contribution	11,692
Investment income	5,639
<b>Total Additions</b>	<u>19,762</u>
<b>Deductions:</b>	
Benefit payments	<u>6,420</u>
<b>Total Deductions</b>	<u>6,420</u>
<b>Change in Net Position</b>	13,342
<b>Net Position - Beginning</b>	<u>548,158</u>
<b>Net Position - Ending</b>	<u><u>561,500</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, 2012**

**I. Summary of Significant Accounting Policies**

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

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

**A. Reporting Entity**

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

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

**B. Government-wide and Fund Financial Statements**

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

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



**Copper Mountain Consolidated Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

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

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

**C. Fund Financial Statements**

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

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

The District reports the following governmental funds:

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

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

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

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

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

The *Television Fund* accounts for television service operations.

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

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

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

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

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

**Copper Mountain Consolidated Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

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

**1. Long-term Economic Focus and Accrual Basis**

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

**2. Current Financial Focus and Modified Accrual Basis**

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

**3. Financial Statement Presentation**

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

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

**E. Financial Statement Accounts**

**1. Cash and Cash Equivalents**

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

**2. Investments**

Investments are stated at fair market value.

**Copper Mountain Consolidated Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**E. Financial Statement Accounts (continued)**

**3. Receivables**

Receivables are reported net of an allowance for uncollectible accounts. No allowance is recorded at December 31, 2012, as all accounts are considered to be collectible.

**4. Property Taxes**

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

**5. Prepaid Expenses**

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

**6. Interfund Receivables and Payables**

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

**7. Capital Assets**

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

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

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

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

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

**Copper Mountain Consolidated Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(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, 2012 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, 2012**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**E. Financial Statement Accounts (continued)**

**13. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resource (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category at December 31, 2012.

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

**14. Categories and Classification of Fund Balance**

The District classifies governmental fund balances as follows:

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

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

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

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

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

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

**Copper Mountain Consolidated Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**E. Financial Statement Accounts (continued)**

**14. Categories and Classification of Fund Balance (continued)**

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

**II. Reconciliation of Government-wide and Fund Financial Statements**

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

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." This \$8,815,695 difference is related to property, plant and equipment of \$11,122,046 less accumulated depreciation of \$2,306,351.

Another element of that reconciliation explains "Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of the \$6,212,007 difference are as follows:

Bonds payable	6,125,000
Accrued interest payable	20,672
Accrued compensated absences	66,335
	<u>6,212,007</u>

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between *net change in fund balances of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense." The \$329,808 difference is depreciation expense \$350,605 less capital outlay of \$20,797.

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 \$295,996 difference are as follows:

**Copper Mountain Consolidated Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

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

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

Principal payment	(295,000)
Change in accrued interest	<u>(996)</u>
	<u><u>(295,996)</u></u>

Another element of that reconciliation explains "Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds." This \$8,591 difference is the change in accrued compensated absences during 2012.

**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 2012.

1. For the 2012 budget year, prior to August 25, 2011, 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, 2011, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
3. Prior to December 15, 2011, a public hearing was held for the budget, the Board certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

**Copper Mountain Consolidated Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**A. Budgetary Information (continued)**

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2011 were collected in 2012 and taxes certified in 2012 will be collected in 2013. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

**B. TABOR Amendment**

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

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The District has reserved \$58,021 which is the approximate required reserve at December 31, 2012.

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

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



**Copper Mountain Consolidated Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment (continued)**

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

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

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

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

The District has no authorized but unissued debt.

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

**Copper Mountain Consolidated Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Detailed Notes on all Funds**

**A. Deposits**

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

<u>Type</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>More Than One Year</u>
<i>Deposits:</i>				
Checking and savings		\$ 175,462		
<i>Investments:</i>				
Csafe	AAAm	411,853	411,853	
Colostrust	AAAm	511,785	511,785	
Money Market	Not rated	3,065,178		3,065,178
Money Market (Pension Fund)	Not rated	182,410	182,410	
Mortgage-backed securities (Pension Fund)	Not rated	379,090		379,090
		<u>\$ 4,725,778</u>		
<b><u>Financial Statement Captions:</u></b>				
Cash and cash equivalents		\$ 4,164,278		
Cash and investments (Pension Fund)		561,500		
		<u>\$ 4,725,778</u>		

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

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

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

**Copper Mountain Consolidated Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**V. Detailed Notes on all Funds (continued)**

**A. Deposits (continued)**

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

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

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

**1. Pools**

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

**2. Mortgage-backed Securities**

The District is authorized by statute to invest in mortgage-backed securities. During 2012, the District had pension funds invested in mortgage-backed securities, which are recorded at a market value of \$379,090.

**Copper Mountain Consolidated Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**B. Receivables**

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

	<u>General</u>	<u>Water and Sanitation</u>	<u>Total</u>
Receivables:			
Property tax	\$ 2,043,202	-	2,043,202
Accounts	20,000	161,588	181,588
Other governments	6,365	-	6,365
Gross receivables	<u>2,069,567</u>	<u>161,588</u>	<u>2,231,155</u>
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 2,069,567</u>	<u>161,588</u>	<u>2,231,155</u>

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, being depreciated:				
Buildings	10,091,329	-	-	10,091,329
Improvements	196,074	-	-	196,074
Equipment and vehicles	813,846	20,797	-	834,643
Total Capital Assets Being Depreciated	<u>11,101,249</u>	<u>20,797</u>	<u>-</u>	<u>11,122,046</u>
Less accumulated depreciation for:				
Buildings	(1,002,043)	(336,379)	-	(1,338,422)
Improvements	(163,852)	(6,444)	-	(170,296)
Equipment and vehicles	(789,851)	(7,782)	-	(797,633)
Total Accumulated Depreciation	<u>(1,955,746)</u>	<u>(350,605)</u>	<u>-</u>	<u>(2,306,351)</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>9,145,503</u>	<u>(329,808)</u>	<u>-</u>	<u>8,815,695</u>

**Copper Mountain Consolidated Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**C. Capital Assets (continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Water rights	\$ 44,965	-	-	44,965
Land	76,560	-	-	76,560
Phosphorous credits (sewer rights)	636,000	-	-	636,000
Total Capital Assets, Not Being Depreciated	<u>757,525</u>	<u>-</u>	<u>-</u>	<u>757,525</u>
Capital assets, being depreciated:				
Television plant, property, and equipment	598,809	-	-	598,809
Water plant, property, and equipment	5,522,231	246,930	-	5,769,161
Sewer plant, property, and equipment	14,542,316	81,671	-	14,623,987
Total Capital Assets Being Depreciated	<u>20,663,356</u>	<u>328,601</u>	<u>-</u>	<u>20,991,957</u>
Less: accumulated depreciation for:				
Television plant, property, and equipment	(528,169)	(10,997)	-	(539,166)
Water plant, property, and equipment	(3,574,169)	(139,395)	-	(3,713,564)
Sewer plant, property, and equipment	(6,954,641)	(540,798)	-	(7,495,439)
Total Accumulated Depreciation	<u>(11,056,979)</u>	<u>(691,190)</u>	<u>-</u>	<u>(11,748,169)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,606,377</u>	<u>(362,589)</u>	<u>-</u>	<u>9,243,788</u>
<b>Business-type Activities Capital Assets, Net</b>	<u><u>\$ 10,363,902</u></u>	<u><u>(362,589)</u></u>	<u><u>-</u></u>	<u><u>10,001,313</u></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, 2012**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**C. Capital Assets (continued)**

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

**Governmental Activities:**

General government	\$ 82,828
Fire operations	261,333
Public works	6,444
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 350,605</b>

**Business-type Activities:**

Television	\$ 10,997
Water and sanitation	680,193
<b>Total Depreciation - Business-type Activities</b>	<b>\$ 691,190</b>

**D. Interfund Receivables, Payables, and Transfers**

<b>Transfer In</b>	<b>Transfer Out</b>	<b>Amount</b>
Capital Projects Fund	Water and Sanitation Fund	\$ 380,000
Capital Projects Fund	General Fund	200,000
Capital Projects Fund	Television Fund	50,000
General Fund	Television Fund	50,000

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

<b>Capital Transfer In</b>	<b>Capital Transfer Out</b>	<b>Amount</b>
Business-type Activities	Governmental Activities	\$ 328,601

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

**E. Long-term Liabilities**

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

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

**Copper Mountain Consolidated Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**E. Long-term Liabilities (continued)**

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

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

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

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

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

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

	<b>Governmental-type Activities</b>		<b>Business-type Activities</b>		<b>Total Debt Service</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2013	305,000	248,063	335,000	208,799	1,096,862
2014	315,000	235,710	355,000	196,358	1,102,068
2015	330,000	222,953	365,000	183,009	1,100,962
2016	345,000	209,588	380,000	169,109	1,103,697
2017	360,000	195,615	390,000	154,449	1,100,064
2018-2022	2,015,000	748,634	2,220,000	517,814	5,501,448
2023-2027	2,455,000	305,978	1,020,000	68,217	3,849,195
	<u>\$ 6,125,000</u>	<u>2,166,541</u>	<u>\$ 5,065,000</u>	<u>1,497,755</u>	<u>14,854,296</u>

**5. Compensated Absences**

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

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

**Copper Mountain Consolidated Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**E. Long-term Liabilities (continued)**

6. Long-term liability activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
2008 G. O. bonds payable	\$ 6,420,000	-	(295,000)	6,125,000	305,000
<b>Total Governmental Activities Long-term Liabilities</b>	<b>\$ 6,420,000</b>	<b>-</b>	<b>(295,000)</b>	<b>6,125,000</b>	<b>305,000</b>
<b>Business-type Activities:</b>					
Loans payable:					
Principal (2004 & 2005)	\$ 5,390,000	-	(325,000)	5,065,000	335,000
Original issue discount (2004)	(24,706)	-	1,650	(23,056)	1,754
Original issue premium (2005)	7,988	-	(478)	7,510	(492)
<b>Total Business-type Activities Long-term Liabilities</b>	<b>\$ 5,373,282</b>	<b>-</b>	<b>(323,828)</b>	<b>5,049,454</b>	<b>336,262</b>

**V. Other Information**

**A. Related Party Transactions**

Copper Mountain, Inc. ("CMI") is the primary developer in Copper Mountain Resort and is presently the largest taxpayer within the District. During 2012, CMI provided certain general services to the District and was reimbursed for these services at contracted rates.

**B. Pension Plans**

**1. Deferred Compensation Plan - IRC Section 457**

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

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

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



**Copper Mountain Consolidated Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**V. Other Information (continued)**

**B. Pension Plans (continued)**

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

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

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

The Plan is administered by ICMA Retirement Corporation.

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

**2. Volunteer Firemen's Pension Fund**

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

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

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

**Copper Mountain Consolidated Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**V. Other Information (continued)**

**C. Pension Plans (continued)**

**2. Volunteer Firemen's Pension Fund (continued)**

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

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

	<u>2011</u>	<u>2009</u>	<u>2007</u>	<u>2005</u>	<u>2003</u>
Actuarial value of assets	\$ 468,399	\$ 396,286	\$ 372,942	\$ 309,663	298,890
Less: actuarial accrued liability	<u>(218,065)</u>	<u>(177,317)</u>	<u>(158,000)</u>	<u>(154,228)</u>	<u>(147,398)</u>
Funding excess	<u>\$ 250,334</u>	<u>\$ 218,969</u>	<u>\$ 214,942</u>	<u>\$ 155,435</u>	<u>151,492</u>
Net pension obligation	-	-	-	-	-
Number of plan participants	26	29	25	24	22
Annual covered payroll	-	-	-	-	-
Unfunded actuarial liability as a percentage of covered payroll	-	-	-	-	-
Maximum monthly benefit	\$ 500	\$ 500	\$ 500	\$ 500	500
Funded ratio	215%	223%	236%	201%	203%

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

**C. Cafeteria Plan**

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

**D. Significant Taxpayer**

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

**E. Risk Management**

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

**F. Contingencies - Claims**

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2012.

**Copper Mountain Consolidated Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**V. Other Information (continued)**

**G. Implementation of Government Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities**

The District implemented Governmental Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities, which requires debt issuance costs, previously reported as an asset and amortized, to be recognized as an outflow at the time such costs are incurred. As such, the financial statement report a restatement of the beginning net position in the amount of \$35,773, which was the unamortized debt issuance cost at December 31, 2011.

**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, 2012**  
**(With Comparative Actual Amounts for 2011)**

	<u>2012</u>			<u>Final Budget</u>	<u>2011</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>					
<b>Taxes:</b>					
Property taxes	1,454,000	1,454,000	1,558,955	104,955	1,666,970
Specific ownership taxes	60,000	60,000	64,034	4,034	59,034
Delinquent taxes and interest	2,000	2,000	2,342	342	3,108
<b>Total Taxes</b>	<u>1,516,000</u>	<u>1,516,000</u>	<u>1,625,331</u>	<u>109,331</u>	<u>1,729,112</u>
<b>Fees:</b>					
Fire plan review and response fees	70,400	70,400	198,314	127,914	55,814
<b>Total Fees</b>	<u>70,400</u>	<u>70,400</u>	<u>198,314</u>	<u>127,914</u>	<u>55,814</u>
<b>Other:</b>					
Recreation assessment fees	2,400	2,400	1,200	(1,200)	-
Grants	1,500	1,500	1,500	-	3,773
Interest income - Other	47,000	47,000	24,379	(22,621)	44,960
Rental income - Condominium	38,316	38,316	33,073	(5,243)	31,265
Other	15,000	15,000	50,247	35,247	38,160
<b>Total Other</b>	<u>104,216</u>	<u>104,216</u>	<u>110,399</u>	<u>6,183</u>	<u>118,158</u>
<b>Total Revenues</b>	<u>1,690,616</u>	<u>1,690,616</u>	<u>1,934,044</u>	<u>243,428</u>	<u>1,903,084</u>
<b>Expenditures:</b>					
<b>Administration:</b>					
Salaries and wages	65,500	44,500	49,563	(5,063)	33,581
Payroll taxes and benefits	18,100	18,100	17,799	301	8,993
Audit and accounting	800	21,800	29,111	(7,311)	1,249
Legal	2,000	2,000	468	1,532	9,234
Board of Directors	3,000	3,000	1,710	1,290	1,260
Election	2,000	2,000	1,143	857	-
Supplies	4,000	4,000	3,318	682	8,992
Training and development	200	200	108	92	922
Travel and entertainment	2,000	2,000	1,262	738	2,381
Dues and subscriptions	5,900	5,900	1,601	4,299	4,728
Maintenance	200	200	499	(299)	-
Telephone/Internet	4,000	4,000	3,004	996	3,367
Insurance	2,700	2,700	2,432	268	2,540
Architect fees	-	-	110	(110)	-
Sheriff deputy rent subsidy	2,400	2,400	2,200	200	2,600
Condominium owners' dues	11,600	11,600	12,865	(1,265)	12,468
Other	500	500	5,205	(4,705)	3,382
Treasurer's fees	78,200	78,200	78,065	135	83,512
<b>Total Administration</b>	<u>203,100</u>	<u>203,100</u>	<u>210,463</u>	<u>(7,363)</u>	<u>179,209</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, 2012**  
**(With Comparative Actual Amounts for 2011)**

	2012			2011	
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<b>Expenditures (continued):</b>					
<b>Fire Operations:</b>					
Salaries and wages	916,400	916,400	884,808	31,592	865,843
Health insurance	220,900	220,900	169,792	51,108	166,415
Volunteers' benefits	16,000	16,000	10,523	5,477	13,692
Payroll taxes and benefits	80,700	80,700	80,050	650	72,489
FPPA contribution	78,000	78,000	67,970	10,030	75,330
Payroll tax settlement	-	-	-	-	29,711
Volunteer pension contribution	13,250	13,250	2,431	10,819	12,991
Insurance	19,000	19,000	17,430	1,570	18,164
Professional fees	6,000	6,000	6,777	(777)	7,116
Vehicle maintenance	37,000	37,000	33,871	3,129	39,664
Fuel - Vehicles	6,500	6,500	8,275	(1,775)	13,543
Supplies	17,080	17,080	14,189	2,891	17,033
Travel and entertainment	4,500	4,500	4,680	(180)	4,947
Training and development	13,000	13,000	8,808	4,192	10,990
Medical supplies	1,800	1,800	1,665	135	1,512
Dues and subscriptions	3,000	3,000	3,361	(361)	3,221
Natural gas	24,000	24,000	23,577	423	24,137
Electricity	16,000	16,000	13,110	2,890	11,123
Uniform allowance	6,400	6,400	5,304	1,096	4,590
Firefighter wellness	5,500	5,500	4,181	1,319	3,304
Equipment expense	13,945	13,945	20,220	(6,275)	11,637
Telephone/Internet	9,000	9,000	7,939	1,061	9,005
Building maintenance	4,500	4,500	22,630	(18,130)	6,962
Summit Fire Authority	22,000	22,000	21,054	946	22,092
Communications	15,000	15,000	14,544	456	13,824
<b>Total Fire Operations</b>	<u>1,549,475</u>	<u>1,549,475</u>	<u>1,447,189</u>	<u>102,286</u>	<u>1,459,335</u>
<b>Public Works:</b>					
Snowplowing	30,200	30,200	27,247	2,953	23,591
Road maintenance	31,000	31,000	30,762	238	30,762
<b>Total Public Works</b>	<u>61,200</u>	<u>61,200</u>	<u>58,009</u>	<u>3,191</u>	<u>54,353</u>
<b>Total Expenditures</b>	<u>1,813,775</u>	<u>1,813,775</u>	<u>1,715,661</u>	<u>98,114</u>	<u>1,692,897</u>
<b>Other Financing Sources (Uses):</b>					
Transfers out	-	(200,000)	(150,000)	50,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(200,000)</u>	<u>(150,000)</u>	<u>50,000</u>	<u>-</u>
<b>Change in Fund Balance</b>	(123,159)	(323,159)	68,383	391,542	210,187
<b>Beginning Fund Balance</b>	625,003	625,003	701,215	76,212	491,028
<b>Ending Fund Balance</b>	<u>501,844</u>	<u>301,844</u>	<u>769,598</u>	<u>467,754</u>	<u>701,215</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, 2012  
(With Comparative Totals for the Year Ended December 31, 2011)**

	2012		Final Budget Variance Positive (Negative)	2011
	Original and Final Budget	Actual		Actual
<b>Revenues:</b>				
Lottery funds	1,500	1,827	327	1,589
Investment income	50	12	(38)	1
<b>Total Revenues</b>	1,550	1,839	289	1,590
<b>Expenditures:</b>				
Capital outlay - park and recreation	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	1,550	1,839	289	1,590
<b>Fund Balance - Beginning</b>	6,920	7,060	140	5,470
<b>Fund Balance - Ending</b>	8,470	8,899	429	7,060

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

**SUPPLEMENTARY INFORMATION**



**Copper Mountain Consolidated Metropolitan District  
Schedule of Revenues and Expenditures  
Budget and Actual - Debt Service Fund  
For the Year Ended December 31, 2012  
(With Comparative Totals for the Year Ended December 31, 2011)**

	2012		Final Budget Variance Positive Negative	2011
	Original and Final Budget	Actual		Actual
<b>Revenues:</b>				
Property taxes	587,400	610,653	23,253	574,877
Specific ownership taxes	12,000	25,052	13,052	20,313
<b>Total Revenues</b>	599,400	635,705	36,305	595,190
<b>Expenditures:</b>				
Bond principal	295,000	295,000	-	280,000
Bond interest	260,100	260,010	90	271,350
Treasurer's fees	30,600	30,734	(134)	28,735
<b>Total Expenditures</b>	585,700	585,744	(44)	580,085
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	13,700	49,961	36,261	15,105
<b>Fund Balance - Beginning</b>	6,580	17,135	23,715	2,030
<b>Fund Balance - Ending</b>	20,280	67,096	46,816	17,135

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, 2012  
(With Comparative Totals for the Year Ended December 31, 2011)**

	<u>2012</u>			<u>Final Budget Variance Positive (Negative)</u>	<u>2011</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Expenditures:</b>					
Capital outlay	486,000	486,000	349,549	136,451	359,906
<b>Total Expenditures</b>	<u>486,000</u>	<u>486,000</u>	<u>349,549</u>	<u>136,451</u>	<u>359,906</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(486,000)</u>	<u>(486,000)</u>	<u>(349,549)</u>	<u>136,451</u>	<u>(359,906)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	550,000	750,000	650,000	(100,000)	400,000
Transfers out	-	-	(20,000)	(20,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>550,000</u>	<u>750,000</u>	<u>630,000</u>	<u>(120,000)</u>	<u>400,000</u>
<b>Change in Fund Balance</b>	64,000	264,000	280,451	16,451	40,094
<b>Fund Balance - Beginning</b>	<u>2,416,871</u>	<u>2,416,871</u>	<u>2,427,414</u>	<u>10,543</u>	<u>2,387,320</u>
<b>Fund Balance - Ending</b>	<u><u>2,480,871</u></u>	<u><u>2,680,871</u></u>	<u><u>2,707,865</u></u>	<u><u>26,994</u></u>	<u><u>2,427,414</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, 2012**  
**(With Comparative Totals for the Year Ended December 31, 2011)**

	2012		Final Budget Variance Positive (Negative)	2011
	Original and Final Budget	Actual		Actual
<b>Revenues:</b>				
<b>Charges for Services:</b>				
Television user fees	170,000	185,021	15,021	594,846
Hookup fees	100	75	(25)	45
<b>Total Charges for Services</b>	<u>170,100</u>	<u>185,096</u>	<u>14,996</u>	<u>594,891</u>
<b>Other:</b>				
Miscellaneous	500	1,600	1,100	454
Proceeds from disposal of assets	-	-	-	17,500
<b>Total Other</b>	<u>500</u>	<u>1,600</u>	<u>1,100</u>	<u>17,954</u>
<b>Total Revenues</b>	<u>170,600</u>	<u>186,696</u>	<u>16,096</u>	<u>612,845</u>
<b>Expenses and Transfers:</b>				
<b>Expenses:</b>				
Contract labor	2,000	983	1,017	-
Salaries and wages	72,300	67,754	4,546	115,987
Benefits and taxes	30,500	27,467	3,033	41,993
Property and casualty insurance	2,800	1,262	1,538	2,609
Legal	1,000	-	1,000	2,200
Audit and payroll services	5,250	7,591	(2,341)	5,636
Utilities	600	425	175	590
Satellite contract	-	-	-	1,560
Telephone	1,500	551	949	2,448
FCC copyright fees	-	-	-	428
Supplies	1,200	1,727	(527)	979
Line equipment	1,000	618	382	836
Satellite equipment	-	-	-	518
Dues and subscriptions	800	178	622	2,429
Training and development	500	-	500	405
Travel and entertainment	500	-	500	71
Operations contract	3,200	2,218	982	466,866
<b>Total Expenses</b>	<u>123,150</u>	<u>110,774</u>	<u>12,376</u>	<u>645,555</u>
<b>Transfers:</b>				
Transfer to Capital Projects Fund	150,000	100,000	50,000	-
<b>Total Transfers</b>	<u>150,000</u>	<u>100,000</u>	<u>50,000</u>	<u>-</u>
<b>Total Expenses and Transfers</b>	<u>273,150</u>	<u>210,774</u>	<u>62,376</u>	<u>645,555</u>
<b>(Deficiency) of Revenues Over Expenses and Transfers - Non-GAAP Basis</b>	<u>(102,550)</u>	<u>(24,078)</u>	<u>78,472</u>	<u>(32,710)</u>
<b>Adjustment to GAAP Basis:</b>				
Depreciation		(10,997)		(8,942)
Capital transfer in		-		22,720
Net book value of disposed assets		-		(74,158)
<b>Change in Net Position - GAAP Basis</b>		<u>(35,075)</u>		<u>(93,090)</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, 2012**  
**(With Comparative Totals for the Year Ended December 31, 2011)**

	2012		Final Budget Variance Positive (Negative)	2011
	Original and Final Budget	Actual		Actual
<b>Revenues:</b>				
Water and sewer base charges	1,184,400	1,176,782	(7,618)	1,179,185
Water and sewer tap fees	30,000	24,700	(5,300)	42,800
Water and sewer capital fee	366,600	365,344	(1,256)	365,393
Water overage charges	70,000	30,032	(39,968)	76,878
Water irrigation charges	50,000	37,925	(12,075)	28,620
Finance charges	2,000	1,237	(763)	3,016
Miscellaneous	-	8,882	8,882	324
<b>Total Revenues</b>	1,703,000	1,644,902	(58,098)	1,696,216
<b>Expenses and Transfers:</b>				
<b>Personnel:</b>				
Salaries and wages	486,800	445,992	40,808	415,335
Benefits and taxes	141,800	116,716	25,084	108,101
<b>Total Personnel</b>	628,600	562,708	65,892	523,436
<b>Water Operations:</b>				
Insurance	22,000	19,308	2,692	20,287
Payroll services	1,100	1,143	(43)	1,296
Legal and audit	15,000	57,890	(42,890)	11,071
Engineering	5,000	7,391	(2,391)	9,801
Telephone/Internet	6,000	6,801	(801)	5,373
Supplies	500	310	190	271
Dues and subscriptions	2,000	3,720	(1,720)	3,183
Training, travel, and entertainment	2,500	1,909	591	4,586
Natural gas	21,500	17,893	3,607	22,971
Electricity	170,000	160,224	9,776	151,092
Fuel	5,000	6,778	(1,778)	4,466
Permits	7,500	4,475	3,025	5,554
Outside laboratory	20,000	23,899	(3,899)	10,868
Well maintenance	4,000	6,366	(2,366)	1,043
Water purchases	2,500	2,776	(276)	2,788
Other repair and maintenance	16,000	19,527	(3,527)	9,678
Distribution maintenance	45,100	40,669	4,431	50,582
Chemicals	3,000	22,339	(19,339)	2,929
Computer maintenance	2,500	1,713	787	1,421
<b>Total Water Operations</b>	351,200	405,131	(53,931)	319,260

(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, 2012**  
**(With Comparative Totals for the Year Ended December 31, 2011)**

	2012		Final Budget Variance Positive (Negative)	2011
	Original and Final Budget	Actual		Actual
<b>Expenses and Transfers (continued):</b>				
<b>Sewer Operations:</b>				
Engineering	5,000	-	5,000	6,742
Professional fees	5,000	-	5,000	-
Motor and pump maintenance	5,000	-	5,000	3,506
Electrical maintenance	9,000	1,895	7,105	4,009
Collection system	27,000	-	27,000	24,307
Repairs and maintenance	-	5,357	(5,357)	3,300
Sludge disposal	16,000	21,814	(5,814)	16,627
Laboratory supplies	6,000	3,987	2,013	11,310
Chemicals	25,000	4,275	20,725	23,777
SWQCC Dues	3,500	2,991	509	2,991
Contingencies	3,300	-	3,300	1,182
Debt service	545,700	545,581	119	541,574
<b>Total Sewer Operations</b>	<u>650,500</u>	<u>585,900</u>	<u>64,600</u>	<u>639,325</u>
<b>Total Expenses</b>	<u>1,630,300</u>	<u>1,553,739</u>	<u>76,561</u>	<u>1,482,021</u>
<b>Transfers:</b>				
Transfer to Capital Projects Fund	400,000	380,000	20,000	400,000
<b>Total Transfers</b>	<u>400,000</u>	<u>380,000</u>	<u>20,000</u>	<u>400,000</u>
<b>Total Expenses and Transfers</b>	<u>2,030,300</u>	<u>1,933,739</u>	<u>96,561</u>	<u>1,882,021</u>
<b>Excess (Deficiency) of Revenues Over Expenses and Transfers - Non-GAAP Basis</b>		(288,837)		(185,805)
<b>Adjustments to GAAP Basis:</b>				
Depreciation		(680,193)		(689,223)
Capital transfers in		328,601		256,520
Capital transfers out		-		(19,042)
Change in accrued compensated absences		(3,332)		6,009
Loan principal payment		325,000		310,000
Change in accrued interest on loan payable		4,366		4,070
Amortization of original issue discount		(1,173)		(1,149)
<b>Total Adjustments</b>		<u>(26,731)</u>		<u>(132,815)</u>
<b>Change in Net Position - GAAP Basis</b>		<u>(315,568)</u>		<u>(318,620)</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, 2012**  
**(With Comparative Totals for the Year Ended December 31, 2011)**

	2012		Variance Positive (Negative)	2011
	Original and Final Budget	Actual		Actual
<b>Additions:</b>				
District contribution	13,250	2,431	(10,819)	12,991
State contribution	9,900	11,692	1,792	11,925
Investment income	21,000	5,639	(15,361)	21,918
<b>Total Additions</b>	44,150	19,762	(24,388)	46,834
<b>Deductions:</b>				
Administrative expense	1,000	-	1,000	984
Insurance premiums	3,000	-	3,000	1,544
Benefit payments	7,100	6,420	680	5,059
<b>Total Deductions</b>	11,100	6,420	4,680	7,587
<b>Change in Net Position</b>	33,050	13,342	(19,708)	39,247
<b>Net Position - Beginning</b>	548,536	548,158	(378)	508,911
<b>Net Position - Ending</b>	581,586	561,500	(20,086)	548,158

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