

COLORADO CITY METROPOLITAN DISTRICT

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2016



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Colorado City Metropolitan District
Colorado City, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Colorado City Metropolitan District (the District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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.

Auditors' 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 error or fraud. 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 and each major fund of the Colorado City Metropolitan District as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 3 through 10 and pages 34 through 35 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 historic 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Colorado City Metropolitan District's basic financial statements. The accompanying additional information included on pages 36-39 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The additional information on pages 36-39 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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.

Garrett Rost & *DeNardo, LLC*

July 11, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Colorado City Metropolitan District Management's Discussion and Analysis Year Ended December 31, 2016

This discussion and analysis of the Colorado City Metropolitan District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2016. Please read this discussion and analysis together with the financial statements, the notes to financial statements and the supplementary information provided.

This annual financial report consists of a series of financial statements. The Statement of Net Position (page 11) and the Statement of Activities (page 12) provide information about the activities of the District as a whole and presents a broader picture of the District's finances. The fund financial statements start at page 13. These statements present how the services were financed in the short term as well as what remains for future operations. Fund financial statements also report the District's operations in more detail by displaying the individual fund activities.

These two statements (Statement of Net Position and Statement of Activities) report the District's net position and changes in it. You can think of the net position, the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the net position is one indicator of whether its financial health is improving or deteriorating. Assessment of other non-financial factors should also be considered to assess the health of the District, such as changes in the District's property tax base, conditions of its roads, water quality and availability, and the quality of the recreational programs and facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- **Governmental Activities** – This includes the general administration, recreational facilities and programs, the roads maintenance services and the Hollydot golf course.
- **Business-type Activities** – The District charges fees to customers to help cover all or most of the cost of certain services it provides. The District's water and sewer systems and the property management fund are reported here and also referred to as "enterprise funds".

Some funds/accounts are required by state law and debt requirements. However, the District's board of Directors establishes other funds/accounts to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes, grants, and other money (such as grants from the Colorado Department of Local Affairs). The District's two kinds of funds, governmental and proprietary (business-type), use different accounting approaches.

- **Governmental Funds** --- The District's basic services are reported in governmental funds which focuses on how money flows into and out of the funds and the balances left at year-end that are available for spending. These funds are reported using the current financial resources measurement focus and modified accrual accounting, so as to measure cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

- **Proprietary (business-type) Funds** --- When the District charges customers for the services it provides, whether to outside customers or to other units of the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities, but provide more detail and additional information, such as cash flows.

One of the most important questions asked about the District's finances is "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities present information about the District, as a whole, and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

FINANCIAL HIGHLIGHTS

- The District's net position did not significantly change as a result of the 2016 operations. The net position of the governmental activities increased \$55 thousand, or 0.7%; the net position of the business type activities decreased by \$167 thousand or 1.9%.

- The governmental activities program revenues show a decrease of \$37 thousand or 7.0%. The governmental activities expenses decreased \$45 thousand, or 4.2%.

- The business-type activities net position decreased by \$167 thousand, compared to the prior year decrease of \$342 thousand. The business-type activities revenues, decreased 7.1% or \$110 thousand. The Water Fund lost \$202 thousand, the Sewer Fund gained \$28 thousand, and the Property Management Fund gained \$7 thousand. An increase in utilities and operating parts, materials and supplies were a drain on revenues for the Water Fund.

THE DISTRICT AS A WHOLE

The District's combined net assets did not change substantially from a year ago, decreasing from \$16,710 million to \$16,598 million (0.7%). The analysis of the Net Position (Table 1) and Changes in Net Position (Table 2) follows:

Table 1
NET POSITION (in thousands)

	Governmental		Business-type		Total Primary	
	Activities		Activities		Government	
	2016	2015	2016	2015	2016	2015
Cash and investments	\$ 856	\$ 689	\$ 284	\$ 383	\$ 1,140	\$ 1,072
Capital assets	7,300	7,445	10,455	10,731	17,755	18,176
Other assets	379	337	1,496	1,519	1,875	1,856
Total assets	8,535	8,471	12,235	12,633	20,770	21,104
Long -term debt outstanding	175	185	3,506	3,644	3,681	3,829
Other liabilities	28	15	90	183	118	198
Total liabilities	203	200	3,596	3,827	3,799	4,027
Deferred inflows-property taxes	373	367	-	-	373	367
Net position:						
Net investment in capital assets	7,291	7,445	6,949	7,088	14,240	14,533
Restricted	60	47	284	383	344	430
Unrestricted	608	412	1,406	1,335	2,014	1,747
Total net position	\$ 7,959	\$ 7,904	\$ 8,639	\$ 8,806	\$ 16,598	\$ 16,710

The net position of the District's governmental activities increased by \$55 thousand (0.7%). That portion of the net position available to finance day-to-day operations (without restrictions by debt commitments or grantors) increased by \$196 thousand to \$608 thousand at the end of the year.

The net position of our business-type activities decreased by \$167 thousand (1.9%). This will be reviewed in more detail in the funds sections below.

Table 2
CHANGES IN NET POSITION (in thousands)

	Governmental		Business-type		Total Primary	
	Activities		Activities		Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues:						
Charges for Services	\$ 489	\$ 526	\$ 1,654	\$ 1,545	\$ 2,143	\$ 2,071
Grants & Contributions	13	11	-	79	13	90
General Revenues:						
Property Taxes	356	352	-	-	356	352
Other Taxes	48	46	-	-	48	46
Other Revenues	184	5	2	2	186	7
Total Revenues	1,090	940	1,656	1,626	2,746	2,566
Program Expenses						
Administration	310	289	-	-	310	289
Recreation and Parks	268	295	-	-	268	295
Roads Operation	61	52	-	-	61	52
Water fund	-	-	1,146	1,199	1,146	1,199
Sewer fund	-	-	670	671	670	671
Golf Course	396	444	-	-	396	444
Property Management	-	-	6	98	6	98
Total expenses	1,035	1,080	1,823	1,968	2,858	3,048
Excess(deficiency) before special items	55	(140)	(167)	(342)	(112)	(482)
Transfers	-	-	-	-	-	-
Sale Of Assets	-	-	-	-	-	-
Increase (Decrease) in Net Position	\$ 55	\$ (140)	\$ (167)	\$ (342)	\$ (112)	\$ (482)

The District's total revenues increased by \$180 thousand (7.0%); expenses decreased by \$190 thousand (6.2%). Our analysis below separately considers the operations of government and business-type activities.

Governmental Activities:

Property and other taxes increased by \$6 thousand. Franchise fees remained stable and program revenues decreased by \$34 thousand. The amount the District taxpayers financed for the government activities through taxes was \$404 thousand (\$398 thousand in 2015) because some of the cost was paid by those who directly benefited from the programs or by other governments that subsidized certain programs with grants. The District received grants of \$13 thousand this year.

Table 3 presents the cost of each of the District's programs as well as each program's net cost (total costs less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

**Table 3
NET COST TO TAXPAYERS (in thousands)**

	2016			2015		
	Expenses	Service Charges & Operating Grants	Net Costs	Expenses	Service Charges & Operating Grants	Net Costs
Administration	\$ 310	\$ 10	\$ 300	\$ 289	\$ 10	\$ 279
Parks & Recreation:						
Community Center	-	-	-	2	-	2
Recreation Center	12	-	12	13	-	13
Swimming Pool	68	12	56	74	10	64
Parks & Recreation	<u>171</u>	<u>31</u>	<u>140</u>	<u>185</u>	<u>48</u>	<u>137</u>
Sub-total	251	43	208	274	58	216
Golf Course Operations	396	406	(10)	444	441	3
Roads Operations	61	31	30	52	17	35
Lottery	<u>17</u>	<u>13</u>	<u>4</u>	<u>21</u>	<u>11</u>	<u>10</u>
Total Government Activities	<u>\$1,035</u>	<u>\$ 503</u>	532	<u>\$1,080</u>	<u>\$ 537</u>	543
Less Investment Earnings			(6)			(5)
Less Gain on Property Sales			(177)			(1)
Net Cost to Taxpayers			<u>\$ 323</u>			<u>\$ 537</u>
Property & Other Taxes			<u>\$ 404</u>			<u>\$ 398</u>

Business Type Activities:

Revenues for the District’s business type activities (see Table 2) decreased 1.9% and expenses decreased by 7.4%. All business-type activities continue to operate at or near a deficit, as they have for the previous five years (see Table 4). A portion of the losses are offset by non-operating revenues. Non-operating revenues are funds received for investment in future infrastructure. These include water and sewer impact fees and new investments. Non-operating expenses include interest expense.

**Table 4
BUSINESS TYPE ACTIVITY DEFICITS (in thousands)**

	2016	2015	2014	2013	2012
Water Fund					
Operating Revenues	\$ 912	\$ 813	\$ 807	\$ 786	\$ 828
Operating Expenses	<u>1,145</u>	<u>1,199</u>	<u>1,161</u>	<u>1,061</u>	<u>1,194</u>
Net Operating Income (Loss)	(233)	(386)	(354)	(275)	(366)
Capital Contributions/Other	31	14	27	21	11
Net Increase (Decrease) in Net Position	<u>\$ (202)</u>	<u>\$ (372)</u>	<u>\$ (327)</u>	<u>\$ (254)</u>	<u>\$ (355)</u>
Sewer Fund					
Operating Revenues	\$ 674	\$ 652	\$ 633	\$ 584	\$ 550
Operating Expenses	<u>670</u>	<u>671</u>	<u>679</u>	<u>581</u>	<u>579</u>
Net Operating Income (Loss)	4	(19)	(46)	3	(29)
Capital Contributions	24	16	8	8	12
Net Increase (Decrease) in Net Position	<u>\$ 28</u>	<u>\$ (3)</u>	<u>\$ (38)</u>	<u>\$ 11</u>	<u>\$ (17)</u>
Property Management Fund					
Operating Revenues	\$ 13	\$ 80	\$ 5	\$ 2	\$ -
Operating Expenses	<u>6</u>	<u>49</u>	<u>6</u>	<u>5</u>	<u>2</u>
Net Operating Income (Loss)	7	31	(1)	(3)	(2)
Capital Contributions/Other	-	-	-	-	-
Net Increase (Decrease) in Net Position	<u>\$ 7</u>	<u>\$ 31</u>	<u>\$ (1)</u>	<u>\$ (3)</u>	<u>\$ (2)</u>

Budgetary Highlights:

Generally the District revises its budget several times during the year. These budget amendments are a result of 1) reflecting actual beginning balances, versus the amounts estimated in October, 2015; 2) accounting for changes during the year such as the increased need for infrastructure upgrades & repairs, and; 3) any adjustments necessary to prevent budget overruns.

The actual revenues for the General Fund were \$39 thousand over budget, and expenditures were \$171 thousand under budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

In 2016, the District invested \$217 thousand in various capital assets. (See Table 5 below)

Table 5
CAPITAL ASSETS AT YEAR END (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 6,283	\$ 6,308	\$ 327	\$ 327	\$ 6,610	\$ 6,635
Buildings and Improvements	3,022	3,017	-	-	3,022	3,017
Infrastructure	532	532	18,914	18,814	19,346	19,346
Water Rights	-	-	358	358	358	358
Augmentation Plans	-	-	205	205	205	205
Machinery and Equipment	1,816	1,816	965	860	2,781	2,676
Construction in Progress	-	-	141	320	141	320
	<u>\$ 11,654</u>	<u>\$ 11,673</u>	<u>\$20,910</u>	<u>\$20,884</u>	<u>\$32,564</u>	<u>\$32,557</u>

This year's major additions include (in thousands):

Golf Course Restaurant Equipment	\$ 11
Husquvarna Mower	3
Construction of Chloride Dioxide Room	20
SCADA, PLC & Battery – Cold Springs	35
Membranes, Compressor, Pump Motors, SCADA – Lake Beckwith	34
Tank #1 Water Lines	4
Well Rebuild Rodeo Grounds	18
Caselle Utility Software	15
Headgate – Weir	7
Tuthill Blower	6
Raptor Screen Rebuild	14
340' Sewer Line – Applewood	50
	<u>\$ 217</u>

At the end of 2016, the District had \$3.5 million in outstanding debt. The anticipated debt carryover from 2016 presents long term debt commitments as follows:

Lease purchase for golf carts from Exchange Bank	\$ 9,240
Wastewater treatment plant loan from the Colorado Water Resources And Power Development Authority	\$ 790,963
Water and Wastewater Revenue Refunding and Improvement Bonds	<u>\$2,715,000</u>
Total current debt commitments	<u>\$3,515,203</u>

The wastewater treatment plant loans will be paid from the sewer availability of service fees and the debt service fees over the next 15 to 17 years. The water treatment plant loan will be paid from water availability of service fees and increased water usage rates. More detailed information about the District's long-term liabilities is presented in Note III F in the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As required by Colorado Statutes, the District determines the property tax mill levy using prior years Denver-Boulder-Greeley Consumer Price Index (CPI) or the Colorado Office of State Planning and Budget (OSBP) projected inflation rates and the rate of local growth. The CPI for the 2016 budget is 2.47%. Other limits are placed by the Taxpayer's Bill of Rights (TABOR) and the 1982 Gallagher Amendment. TABOR reduces government growth by limiting spending, revenues and debt. The Gallagher Amendment limits residential property tax assessment rates.

With the CPI and growth rates considered, the 2016 property taxes are expected to be \$373,159 an increase of 1.70%.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to report the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Director of Finance at Colorado City Metropolitan District, 4497 Bent Brothers Blvd., P. O. Box 20229, Colorado City, Colorado 81019.

BASIC FINANCIAL STATEMENTS

COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 644,799	\$ -	\$ 644,799
Investments	211,000	-	211,000
Receivables	379,282	380,195	759,477
Prepaid expenses	16,632	23,819	40,451
Internal balances	(434,152)	434,152	-
Inventories	408,925	657,835	1,066,760
Due from other governmental agencies	7,835	-	7,835
Restricted cash	-	284,179	284,179
Capital assets			
Land, water rights and construction in progress	6,283,026	826,999	7,110,025
Other capital assets net of depreciation	<u>1,017,157</u>	<u>9,627,877</u>	<u>10,645,034</u>
Total capital assets	<u>7,300,183</u>	<u>10,454,876</u>	<u>17,755,059</u>
TOTAL ASSETS	<u>8,534,504</u>	<u>12,235,056</u>	<u>20,769,560</u>
LIABILITIES			
Accounts payable and accrued expenses	27,528	64,013	91,541
Long-term liabilities			
Due within one year -	21,623	150,788	172,411
Due in more than one year -	<u>153,382</u>	<u>3,380,981</u>	<u>3,534,363</u>
TOTAL LIABILITIES	<u>202,533</u>	<u>3,595,782</u>	<u>3,798,315</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	<u>373,159</u>	<u>-</u>	<u>373,159</u>
NET POSITION			
Net investment in capital assets	7,290,943	6,948,913	14,239,856
Restricted	59,559	284,179	343,738
Unrestricted	<u>608,310</u>	<u>1,406,182</u>	<u>2,014,492</u>
TOTAL NET POSITION	<u>\$ 7,958,812</u>	<u>\$ 8,639,274</u>	<u>\$ 16,598,086</u>

The accompanying notes are an integral part of this statement.

COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED December 31, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Administration	\$ 309,669	\$ 9,600	-	-	\$ (300,069)	-	\$ (300,069)
Community center	-	-	-	-	-	-	-
Recreation center	11,793	275	-	-	(11,518)	-	(11,518)
Swimming pool operations	68,546	12,355	-	-	(56,191)	-	(56,191)
Parks and recreation	171,843	31,212	-	-	(140,631)	-	(140,631)
Lottery	17,000	-	29,794	-	12,794	-	12,794
Golf course	395,567	388,505	-	-	(7,062)	-	(7,062)
Roads	60,592	30,547	-	-	(30,045)	-	(30,045)
Total governmental activities	<u>1,035,010</u>	<u>472,494</u>	<u>29,794</u>	<u>-</u>	<u>(532,722)</u>	<u>-</u>	<u>(532,722)</u>
Business-type activities							
Water fund	1,146,355	912,197	-	31,200	-	(202,958)	(202,958)
Sewer fund	670,218	673,963	-	23,650	-	27,395	27,395
Property management fund	6,210	13,510	-	-	-	7,300	7,300
Total business-type activities	<u>1,822,783</u>	<u>1,599,670</u>	<u>-</u>	<u>54,850</u>	<u>-</u>	<u>(168,263)</u>	<u>(168,263)</u>
TOTAL	<u>\$ 2,857,793</u>	<u>\$ 2,072,164</u>	<u>\$ 29,794</u>	<u>\$ 54,850</u>	<u>(532,722)</u>	<u>(168,263)</u>	<u>(700,985)</u>
General revenues -							
Taxes-							
Property taxes					355,568	-	355,568
Specific ownership taxes and other taxes					48,340	-	48,340
Gain on sale of capital assets					177,801	-	177,801
Unrestricted investment earnings					5,788	1,623	7,411
Total general revenues and transfers					<u>587,497</u>	<u>1,623</u>	<u>589,120</u>
Change in net position					54,775	(166,640)	(111,865)
Net position - January 1					<u>7,904,037</u>	<u>8,805,914</u>	<u>16,709,951</u>
Net position - December 31					<u>\$ 7,958,812</u>	<u>\$ 8,639,274</u>	<u>\$ 16,598,086</u>

The accompanying notes are an integral part of this statement.

**COLORADO CITY METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2016**

	General Fund	Total
ASSETS		
Cash and cash equivalents	\$ 644,799	\$ 644,799
Investments	211,000	211,000
Taxes receivable	379,282	379,282
Due from other funds	-	-
Receivable from other governments	7,835	7,835
Prepaid items	16,632	16,632
Inventories	<u>408,925</u>	<u>408,925</u>
TOTAL ASSETS	<u>\$ 1,668,473</u>	<u>\$ 1,668,473</u>
LIABILITIES		
Accounts payable	\$ 21,283	\$ 21,283
Accrued liabilities	6,124	6,124
Due to other funds	<u>434,152</u>	<u>434,152</u>
TOTAL LIABILITIES	<u>461,559</u>	<u>461,559</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes	<u>373,159</u>	<u>373,159</u>
FUND BALANCES		
Nonspendable		
Prepaid items	16,632	16,632
Inventories for sale	408,925	408,925
Restricted		
Tabor	30,000	30,000
Conservation trust fund	29,559	29,559
Unassigned	<u>348,639</u>	<u>348,639</u>
Total Fund Balances	<u>833,755</u>	<u>833,755</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 1,668,473</u>	<u>\$ 1,668,473</u>

The accompanying notes are an integral part of this statement.

**COLORADO CITY METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2016**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental fund		\$ 833,755
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	11,653,917	
Accumulated depreciation is	<u>(4,353,734)</u>	7,300,183

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.

Long-term liabilities at year end consist of:

Gravel pit reclamation cost	(140,999)	
Golf cart lease	(9,240)	
Accrued interest on golf cart lease	(121)	
Accrued compensated absences	<u>(24,766)</u>	<u>(175,126)</u>

Total net position - governmental activities		<u>\$ 7,958,812</u>
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The accompanying notes are an integral part of this statement.

COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
YEAR ENDED December 31, 2016

	<u>General Fund</u>	<u>Total</u>
REVENUES		
Property taxes	\$ 355,568	\$ 355,568
Specific ownership taxes	30,796	30,796
Franchise taxes	17,544	17,544
Charges for services	411,634	411,634
Intergovernmental	29,794	29,794
Investment earnings	5,788	5,788
Other	263,883	263,883
TOTAL REVENUES	<u>1,115,007</u>	<u>1,115,007</u>
EXPENDITURES		
Current -		
Administration	323,486	323,486
Community center	-	-
Recreation center	10,433	10,433
Swimming pool operations	59,563	59,563
Parks and recreation	105,463	105,463
Golf course	353,327	353,327
Roads	51,258	51,258
Capital outlay	12,134	12,134
Debt service		
Principal	8,840	8,840
Interest	730	730
TOTAL EXPENDITURES	<u>925,234</u>	<u>925,234</u>
EXCESS OF REVENUES OVER EXPENDITURES	189,773	189,773
OTHER FINANCING SOURCES		
Transfers In	-	-
Transfers Out	-	-
TOTAL TRANSFERS	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	189,773	189,773
FUND BALANCE, January 1	<u>643,982</u>	<u>643,982</u>
FUND BALANCE, December 31	<u>\$ 833,755</u>	<u>\$ 833,755</u>

The accompanying notes are an integral part of this statement.

**COLORADO CITY METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED December 31, 2016**

Amounts reported for governmental activities are different because:

Net change in fund balance - governmental fund	\$	189,773
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Capital outlays are reported in the governmental funds as expenditures. However, for governmental activities these costs are reported in the statement of net position and allocated over their estimated useful lives as depreciation expense.

Capital outlay	12,654		
Basis in capital assets sold	(25,222)		
Depreciation expense	<u>(131,983)</u>		(144,551)

The governmental funds report payment of principal on capital leases as an expenditure. Proceeds from capital leases are reported as an other financing source in the statement of revenues, expenditures and changes in fund balance but are considered a liability in the statement of net position. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. In the statement of activities, certain operating activities such as compensated absences (vacation and excused leave) are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by amounts actually paid. The net effect of the above items are as follows:

Principal payments on capital lease	8,840		
Change in accrued interest payable	539		
Change in compensated absence liability	<u>174</u>		<u>9,553</u>

Change in net position - governmental activities	\$	<u>54,775</u>
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The accompanying notes are an integral part of this statement.

COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2016

	Business-Type Activities			Total
	Enterprise Funds			
	Water Fund	Sewer Fund	Property Mgmt Fund	
<u>ASSETS</u>				
CURRENT ASSETS				
Accounts receivable, net	\$ 199,288	\$ 180,907	\$ -	\$ 380,195
Due from other funds	191,789	202,478	39,885	434,152
Prepaid expenses	13,859	9,960	-	23,819
Inventories	64,819	1,186	591,830	657,835
TOTAL CURRENT ASSETS	<u>469,755</u>	<u>394,531</u>	<u>631,715</u>	<u>1,496,001</u>
NONCURRENT ASSETS				
CAPITAL ASSETS				
Land	317,201	10,500	-	327,701
Infrastructure	11,568,164	7,537,200	-	19,105,364
Machinery and equipment	706,014	259,073	-	965,087
Water rights	358,407	-	-	358,407
Augmentation plans	74,202	130,505	-	204,707
Accumulated depreciation	(6,357,512)	(4,289,769)	-	(10,647,281)
Construction in progress	133,550	7,341	-	140,891
TOTAL CAPITAL ASSETS	<u>6,800,026</u>	<u>3,654,850</u>	<u>-</u>	<u>10,454,876</u>
OTHER ASSETS				
Restricted cash	241,549	42,630	-	284,179
TOTAL OTHER ASSETS	<u>241,549</u>	<u>42,630</u>	<u>-</u>	<u>284,179</u>
TOTAL NONCURRENT ASSETS	<u>7,041,575</u>	<u>3,697,480</u>	<u>-</u>	<u>10,739,055</u>
TOTAL ASSETS	<u>7,511,330</u>	<u>4,092,011</u>	<u>631,715</u>	<u>12,235,056</u>
<u>LIABILITIES AND NET POSITION</u>				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	36,930	27,083	-	64,013
Accrued compensated absences	8,723	4,180	-	12,903
Notes payable	42,500	95,385	-	137,885
TOTAL CURRENT LIABILITIES	<u>88,153</u>	<u>126,648</u>	<u>-</u>	<u>214,801</u>
NONCURRENT LIABILITIES				
Notes payable	2,265,250	1,102,828	-	3,368,078
Accrued compensated absences	8,723	4,180	-	12,903
TOTAL NONCURRENT LIABILITIES	<u>2,273,973</u>	<u>1,107,008</u>	<u>-</u>	<u>3,380,981</u>
TOTAL LIABILITIES	<u>2,362,126</u>	<u>1,233,656</u>	<u>-</u>	<u>3,595,782</u>
NET POSITION				
Net investment in capital assets	4,492,276	2,456,637	-	6,948,913
Restricted	241,549	42,630	-	284,179
Unrestricted	415,379	294,088	631,715	1,341,182
TOTAL NET POSITION	<u>\$ 5,149,204</u>	<u>\$ 2,858,355</u>	<u>\$ 631,715</u>	<u>\$ 8,639,274</u>

The accompanying notes are an integral part of this statement.

COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED December 31, 2016

	Business-Type Activities Enterprise Funds			Total
	Water Fund	Sewer Fund	Property Mgmt Fund	
OPERATING REVENUES				
Charges for services	\$ 895,947	\$ 668,713	\$ -	\$ 1,564,660
Tap connection fees	14,250	5,250	-	19,500
Other	2,000	-	13,510	15,510
TOTAL OPERATING REVENUES	<u>912,197</u>	<u>673,963</u>	<u>13,510</u>	<u>1,599,670</u>
OPERATING EXPENSES				
Salaries	222,942	142,836	-	365,778
Compensated absences	482	2,750	-	3,232
Payroll taxes	17,395	11,232	-	28,627
Pension and benefits	72,667	51,424	-	124,091
Cost of sales	-	-	6,210	6,210
Advertising	796	24	-	820
Bad debt expense	23,395	31,068	-	54,463
Bank fees and other penalties	1,226	3,239	-	4,465
Outside services	82,932	101,208	-	184,140
Memberships	200	-	-	200
Taxes and licenses	1,315	2,360	-	3,675
Professional fees - legal	2,983	9,381	-	12,364
Professional fees - engineering	-	-	-	-
Insurance	32,146	17,899	-	50,045
Operating parts, materials and supplies	122,684	21,629	-	144,313
Repairs and maintenance	3,837	4,283	-	8,120
Utilities	130,569	67,703	-	198,272
Depreciation	335,878	157,650	-	493,528
TOTAL OPERATING EXPENSES	<u>1,051,447</u>	<u>624,686</u>	<u>6,210</u>	<u>1,682,343</u>
OPERATING INCOME (LOSS)	<u>(139,250)</u>	<u>49,277</u>	<u>7,300</u>	<u>(82,673)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	1,263	360	-	1,623
Interest expense	(94,908)	(45,532)	-	(140,440)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(93,645)</u>	<u>(45,172)</u>	<u>-</u>	<u>(138,817)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>(232,895)</u>	<u>4,105</u>	<u>7,300</u>	<u>(221,490)</u>
Capital contributions	31,200	23,650	-	54,850
Transfer in	-	-	-	-
Transfer out	-	-	-	-
CHANGES IN NET POSITION	<u>(201,695)</u>	<u>27,755</u>	<u>7,300</u>	<u>(166,640)</u>
TOTAL NET POSITION - January 1	<u>5,350,899</u>	<u>2,830,600</u>	<u>624,415</u>	<u>8,805,914</u>
TOTAL NET POSITION - December 31	<u>\$ 5,149,204</u>	<u>\$ 2,858,355</u>	<u>\$ 631,715</u>	<u>\$ 8,639,274</u>

The accompanying notes are an integral part of this statement.

COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED December 31, 2016

	Business-Type Activities Enterprise Funds			Total
	Water Fund	Sewer Fund	Property Mgmt Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 881,355	\$ 624,648	\$ 13,510	\$ 1,519,513
Cash paid for goods and services	(424,943)	(222,183)	(13,510)	(660,636)
Cash paid to employees	(313,194)	(205,405)	-	(518,599)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>143,218</u>	<u>197,060</u>	<u>-</u>	<u>340,278</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions received	31,200	23,650	-	54,850
Acquisition of capital assets	(131,367)	(85,465)	-	(216,832)
Principal paid on notes payable	(42,500)	(95,385)	-	(137,885)
Interest and fees paid on notes payable	(94,908)	(45,532)	-	(140,440)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(237,575)</u>	<u>(202,732)</u>	<u>-</u>	<u>(440,307)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	1,263	360	-	1,623
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,263</u>	<u>360</u>	<u>-</u>	<u>1,623</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(93,094)	(5,312)	-	(98,406)
CASH AND CASH EQUIVALENTS, January 1	<u>334,643</u>	<u>47,942</u>	<u>-</u>	<u>382,585</u>
CASH AND CASH EQUIVALENTS, December 31	<u>\$ 241,549</u>	<u>\$ 42,630</u>	<u>\$ -</u>	<u>\$ 284,179</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (139,250)	\$ 49,277	\$ 7,300	\$ (82,673)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -				
Depreciation	335,878	157,650	-	493,528
Bad debt expense	23,395	31,068	-	54,463
Change in assets and liabilities -				
Accounts receivable	(30,841)	(49,315)	-	(80,156)
Due from other funds	40,772	5,924	(13,510)	33,186
Inventories	2,869	23	6,210	9,102
Prepaid expenses	6,823	(489)	-	6,334
Accounts payable	(96,720)	85	-	(96,635)
Accrued payroll	(190)	87	-	(103)
Accrued compensated absences	482	2,750	-	3,232
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 143,218</u>	<u>\$ 197,060</u>	<u>\$ -</u>	<u>\$ 340,278</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Colorado City Metropolitan District (the District) operates as a special district under the laws of the State of Colorado and is governed by an elected five-member board of directors. The District provides the following services as allowed by special districts: roads, parks and recreation, and water and sewer sanitation services.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

A. Reporting Entity

As required by generally accepted accounting principles (GAAP), the accompanying financial statements present the District (the primary government) and includes, if applicable, component units in its financial statements based upon financial accountability. Since no component unit meets the criteria for inclusion, no component unit financial statements have been included.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The government-wide financial statements, which include the statement of net position and the statement of activities, report information on all the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a function or activity. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or activity; (2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost by function or business-type activity is normally covered by general revenue such as property taxes, franchise and other taxes, or other unrestricted revenues.

Separate fund financial statements are provided for the governmental fund and proprietary funds. The major individual governmental fund and major individual enterprise funds are reported in separate columns in the fund financial statements.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fund financial statements for the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied, while grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay the liabilities of the current period. For this purpose, the District considers revenues to be available if collected within 60 days from the end of the fiscal year. Expenditures generally are recorded when a liability is incurred as is the case with accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due. General capital asset acquisitions are reported as expenditures in governmental funds, while issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, franchise taxes, interest and charges for services are considered revenues susceptible to accrual. Specific ownership taxes collected and held by the County of Pueblo at year-end on behalf of the District are also recognized as revenue. Contributions and miscellaneous revenues are recorded as revenues when received in cash because they are not generally measurable until received at that time. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used for guidance. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and other grant requirements have been met, including the availability criteria. Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met.

Business-type activities and all proprietary funds are accounted for using the flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, and liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operation. The principal operating revenues of the District's water utility and sewer utility 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 of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS

The District reports the following major governmental fund:

- The general fund is the primary operating fund of the District and is always classified as a major fund. The general fund is used to account for all financial resources of the District except those required to be accounted for in a separate fund. Major revenue sources include property taxes, specific ownership taxes, franchise taxes, charges for services, intergovernmental revenues, and investment revenues. Primary expenditures include general administration, community center, recreation center, swimming pool operations, parks and recreation, lottery, golf course operations, and roads.

PROPRIETARY FUNDS

The following is a description of the major proprietary funds of the District:

- *Water Fund* – The water fund is used to account for the operations of the District’s water services.
- *Sewer Fund* – The sewer fund is used to account for the operations of the District’s sewer sanitation services.
- *Property Management Fund* – The property management fund is used to account for property contributed by taxpayers or purchased since December 2005.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this rule is the charges for services from the enterprise funds to the general fund.

D. Cash, Cash Equivalents and Investments

Cash and cash equivalents consist of cash on hand, and interest and non-interest bearing demand deposits.

For the purposes of the statement of cash flows, the District considers cash and cash equivalents to be cash on hand, demand deposits and all highly liquid investments with original maturities of three months or less when acquired.

E. Property Taxes

Property taxes are assessed on property located within the District’s boundaries in accordance with Colorado law. The taxes are assessed, allocated and collected by the Pueblo County Treasurer. Taxes assessed in the current year are generally collected in the following year and thus, the property tax receivable is offset by deferred inflows of resources.

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Interfund Receivable/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. In the fund financial statements, these receivables and payables are classified as “due from other funds” and “due to other funds” on the balance sheet and statement of net position.

G. Inventories

Inventory in the water and sewer funds consists of consumable supplies held for consumption. Consumable supplies inventories are reported at the lower of cost or fair value and cost is determined using the first-in, first-out method. Inventories in the general and property management funds consist of real estate held for resale. Land held for resale is reported at the lower of cost or fair value, fair value determined as estimated net realizable value. The inventory of consumable supplies for the golf course is also held in the general fund.

H. Prepaid Items/Expenses

Prepaid items/expenses represent payments made for expenditures/expenses to be charged to a future accounting period.

I. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, infrastructure, other improvements, machinery and equipment and construction in-progress are reported in the applicable governmental or business-type activities column of the government-wide financial statements. The capitalization level has been set at \$1,000 in order to maintain a balance between accountability and managing the costs of recording and tracking these assets. Capital assets are recorded at cost if purchased or constructed. Contributed capital assets are recorded at estimated fair value at the time received. Normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

If proprietary fund assets are constructed, net interest expense is capitalized as part of the cost of the asset. No interest expense was capitalized in 2016.

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

<u>Asset Type</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Infrastructure	20-40	3-50
Building, systems and improvements	7-40	5-40
Machinery and equipment	3-20	3-30

COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

The District affords all full time employees vacation and sick pay benefits. Vacation benefits generally vest after one year of service and sick pay vests after 10 years of continued service. It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees are allowed to accumulate these benefits up to predetermined maximums and are compensated for these accumulated benefits either through paid time off or at termination or retirement.

Accumulated vacation and sick leave is accrued when earned in the government-wide and the proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured and are expected to be liquidated with expendable available financial resources.

K. Long-term Obligations

In the government-wide financial statements and the fund financial statements for the proprietary funds, long-term debt and other similar long-term obligations are reported as liabilities in the applicable statement of net position.

In the governmental fund financial statements, debt premium and discounts, as well as debt issue costs, are recognized during the current period. The face amount of the debt issue, along with the related discount or premium, if any, is reported as other financing sources while debt issue costs are reported as debt service expenditures.

L. Fund Equity

Governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance of the District's governmental fund may consist of the following:

- Nonspendable – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories of consumable supplies, prepaid items and long-term receivables.
- Restricted – includes amounts that are restricted for specific purposes determined by external resource providers constitutionally or through enabling legislation.
- Committed – includes amounts that can only be used for specific purposes determined by the passage of a resolution of the District's board of directors. Commitments may be modified or changed only by the District's board of directors approving a new resolution.
- Assigned – includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by a designee of the District's board of directors to which the assigned amounts are to be used for specific purposes.

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Unassigned – this is the residual classification for the general fund.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, fund balance is reduced in the order of restricted, committed, assigned and unassigned.

In the government-wide financial statements, net position is classified in the following categories:

- Net investment in capital assets – this classification consists of capital assets net of accumulated depreciation and reduced by outstanding related debt that is attributed to the acquisition, construction, or improvement of capital assets.
- Restricted net position – this classification consists of restricted amounts created by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation and constitutional provisions.
- Unrestricted net position – this classification represents the remainder of net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first and then use unrestricted resources as they are needed.

M. Interfund Transactions

Interfund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as interfund transfers.

N. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Principles

The District adheres to the following procedures in establishing the budgetary data which are in compliance with Colorado Revised Statutes.

1. Budgets are required by state law for all funds. Prior to October 15, the district manager submits a proposed budget to the Board of Directors for the fiscal year commencing the following January 1. The budget includes proposed expenditures and means of financing them.

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Public hearings are conducted by the Board of Directors to obtain taxpayer comments. Prior to December 31, the budget is adopted by formal resolution.

2. Expenditures may not legally exceed appropriations at the total fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within the general fund rests with the district manager or department heads. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
3. All funds, including the proprietary funds, use the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budgets.
4. Unused appropriations for the annually budgeted funds lapse at the end of the year.

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents and investments are summarized as follows:

Cash and cash equivalents -	
Cash on hand	\$ 150
Cash on deposit with County Treasurer	2,444
Demand deposits	<u>926,384</u>
	<u>\$ 928,978</u>
Investments -	
Certificates of deposit	<u>\$ 211,000</u>

DEPOSITS

At December 31, 2016, the carrying amount of the District’s deposits was \$823,646 and the bank balances totaled \$850,607. Of the bank balances, \$250,000 was covered by federal depository insurance and \$600,607 was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold these deposits. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public fund monies. The depository institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The market value of the collateral that each institution pledges as security must equal at least 102% of the total uninsured deposits held by that institution. Generally, the eligible collateral in the collateral pools is held by the depository institution or its agent in the name of the depository institution.

Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. The District’s does not have a policy for custodial credit risk. At December 31, 2016, deposits with a bank balance of \$600,607 are not insured but are collateralized with securities held by the pledging the financial institution’s agent in the District’s name. Therefore, the District’s deposits are not exposed to custodial credit risk.

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 - RECEIVABLES

Receivables at December 31, 2016 consist of the following:

	<u>Governmental Activities General Fund</u>
Property taxes	\$ 373,159
Specific ownership taxes	6,123
Intergovernmental	7,835
	<u>\$ 387,117</u>

	<u>Business-Type Activities</u>			
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Property Fund</u>	<u>Total</u>
Accounts	\$ 271,809	\$ 240,765	\$ -	\$ 512,574
Less: allowance for uncollectible accounts	<u>(72,521)</u>	<u>(59,858)</u>	<u>-</u>	<u>(132,379)</u>
	<u>\$ 199,288</u>	<u>\$ 180,907</u>	<u>\$ -</u>	<u>\$ 380,195</u>

Governmental funds report deferred inflows of resources in connection with the above receivable for property taxes since the taxes are levied for a future period.

NOTE 5 - INTERFUND RECEIVABLES/PAYABLES/TRANSFERS

The following interfund receivables and payables are included in the fund financial statements at December 31, 2016:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ -	\$ 434,152
Major enterprise funds		
Water fund	191,789	-
Sewer fund	137,478	-
Property management fund	<u>39,885</u>	<u>-</u>
	<u>\$ 434,152</u>	<u>\$ 434,152</u>

The amounts reported as due from other funds and due to other funds are reflective of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts reflected as interfund receivables are expected to be collected in the subsequent year.

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 6 – DUE FROM OTHER GOVERNMENTAL AGENCIES

The amounts reflected as due from other governmental agencies consists generally of state and local government grants receivable.

NOTE 7 – CAPITAL ASSETS

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

	Balance January 1, <u>2016</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	Balance December 31, <u>2016</u>
Governmental Activities –				
Nondepreciable assets –				
Land	\$ 6,307,506	\$ 520	\$ (25,000)	\$ 6,283,026
Depreciable assets –				
Infrastructure	532,434	-	-	532,434
Buildings & improvements	3,016,973	5,025	-	3,021,997
Machinery & equipment	1,815,852	7,109	(6,501)	1,816,460
Total capital assets being depreciated	<u>5,365,258</u>	<u>12,134</u>	<u>(6,501)</u>	<u>5,370,891</u>
Less: accumulated depreciation for				
Infrastructure	(422,986)	(9,170)	-	(432,156)
Buildings & improvements	(2,093,118)	(105,799)	-	(2,198,917)
Machinery & equipment	(1,711,926)	(17,014)	6,279	(1,722,661)
Total accumulated depreciation	<u>(4,228,030)</u>	<u>(131,983)</u>	<u>(222)</u>	<u>(4,353,734)</u>
Capital assets being depreciated, net	<u>1,137,228</u>	<u>(119,849)</u>	<u>(222)</u>	<u>1,017,157</u>
 Total Governmental Activities Capital Assets, net	 <u>\$ 7,444,734</u>	 <u>\$ (119,329)</u>	 <u>\$ (25,222)</u>	 <u>\$ 7,300,183</u>
 Business-Type Activities –				
Nondepreciable assets –				
Land	\$ 327,701	\$ -	\$ -	\$ 327,701
Water rights	358,407	-	-	358,407
Construction in-progress	320,256	12,404	(191,769)	140,891
	<u>1,006,364</u>	<u>12,404</u>	<u>(191,769)</u>	<u>826,999</u>
Depreciable assets –				
Infrastructure	18,814,227	291,137	-	19,105,364
Machinery & equipment	860,031	105,056	-	965,087
Augmentation plans	204,707	-	-	204,707
Total capital assets being depreciated	<u>19,878,965</u>	<u>396,193</u>	<u>-</u>	<u>20,275,158</u>

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 7 – CAPITAL ASSETS (Continued)

	Balance January 1, <u>2016</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	Balance December 31, <u>2016</u>
Less: accumulated depreciation for -				
Infrastructure	(9,322,241)	(452,075)	-	(9,774,316)
Machinery & equipment	(626,805)	(41,453)	-	(668,258)
Augmentation plans	<u>(204,707)</u>	<u>-</u>	<u>-</u>	<u>(204,707)</u>
Total accumulated depreciation	<u>(10,153,753)</u>	<u>(493,528)</u>	<u>-</u>	<u>(10,647,281)</u>
Capital assets being depreciated, net	<u>9,725,212</u>	<u>(97,335)</u>	<u>-</u>	<u>9,627,877</u>
Total Business-Type Activities Capital Assets, net	<u>\$10,731,576</u>	<u>\$ (84,931)</u>	<u>\$ (191,769)</u>	<u>\$10,454,876</u>

Depreciation expense was charged to the following functions for the year ended December 31, 2016:

Governmental Activities:

Administration	\$ 3,877
Recreation center	1,360
Parks and recreation	66,380
Swimming pool	8,983
Golf Course	42,049
Roads	9,334
	<u>\$ 131,983</u>

Business-Type Activities:

Water fund	\$ 335,878
Sewer fund	157,650
	<u>\$ 493,528</u>

At December 31, 2016, the District's water fund had three construction projects in progress. The first project consists of engineering and related costs (\$71,383) for the construction of Reservoir #2. The second project consists of engineering and related costs (\$36,058) for the reconstruction of the Hicklin diversion gate. The third project consists of engineering and related costs (\$26,109) for the Lake Beckwith Dam Outlet Works. No estimates of cost to complete or time for completion for these three are presently known. The District's sewer fund also had one construction project in progress related to the Rye sewer vault (\$7,341). No estimates of cost to complete or time for completion for these three are presently known.

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 8 – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2016:

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2016</u>	Due Within <u>One Year</u>
Governmental activities –					
Mine reclamation costs	\$ 140,999	\$ -	\$ -	\$ 140,999	\$ -
Capital lease	18,080	-	(8,840)	9,240	9,240
Accrued compensated absences	<u>24,940</u>	<u>-</u>	<u>(174)</u>	<u>24,766</u>	<u>12,383</u>
Total governmental activities	<u>\$ 184,019</u>	<u>\$ -</u>	<u>\$ (9,014)</u>	<u>\$ 175,005</u>	<u>\$ 21,623</u>
Business-Type Activities –					
Notes payable –					
Water Fund	\$ 2,350,250	\$ -	\$ (42,500)	\$ 2,307,750	\$ 42,500
Sewer Fund	1,293,598	-	(95,385)	1,198,213	95,385
Accrued compensated absences	<u>22,574</u>	<u>3,232</u>	<u>-</u>	<u>25,806</u>	<u>12,903</u>
Total Business-Type Activities	<u>\$ 3,666,422</u>	<u>\$ 3,232</u>	<u>\$ (137,885)</u>	<u>\$ 3,531,769</u>	<u>\$ 150,788</u>

The following is a description of each individual issue for the governmental activities:

CAPITAL LEASES PAYABLE

\$35,200 lease purchase of golf carts with Exchange Bank
Interest 4.44%, 24 monthly installments of \$1,595 due April through September
beginning April 2014 through September 2017, debt serviced by general fund \$ 9,240

The following is a description of each individual issue for the business-type activities:

BONDS PAYABLE

\$2,865,000 Water and Wastewater Revenue Refunding and Improvement Bonds –
Series 2012, interest rates from 2.25% to 4.5%, interest due semi-annually, principal due
in annual installments starting in December 2014 ranging from \$50,000 to \$270,000
through December 2034, collateralized by service revenues of the water and sewer
funds, debt serviced 85% by the water fund and 15% by the sewer fund \$ 2,715,000

NOTES PAYABLE

\$1,878,538 note payable to Colorado Water Resources and Power Development
Authority, interest rate of 3.26%, due in semi-annual installments including
interest ranging from \$46,783 to \$58,578 through August 2024, collateralized
by service revenues of the sewer fund, debt serviced by sewer fund 790,963

\$ 3,515,203

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 8 – LONG-TERM LIABILITIES (Continued)

The following schedule reflects the estimated debt service requirements to maturity of the District's governmental and business-type activities as of December 31, 2016:

<u>Year ending December,</u>	<u>Capital Lease Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	9,240	330	9,570
	<u>\$ 9,240</u>	<u>\$ 330</u>	<u>\$ 9,570</u>

<u>Year ending December,</u>	<u>Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	50,000	110,625	160,625
2018	55,000	109,500	164,500
2019	55,000	108,124	163,124
2020-2024	295,000	515,900	810,900
2025-2029	1,010,000	405,850	1,415,850
2030-2034	<u>1,250,000</u>	<u>173,250</u>	<u>1,423,250</u>
	<u>\$ 2,715,000</u>	<u>\$ 1,423,249</u>	<u>\$ 4,138,249</u>

<u>Year ending December,</u>	<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	87,885	12,849	100,734
2018	93,378	13,438	106,816
2019	93,378	6,563	99,941
2020-2024	<u>516,322</u>	<u>20,615</u>	<u>536,937</u>
	<u>\$ 790,963</u>	<u>\$ 53,465</u>	<u>\$ 844,428</u>

<u>Year ending December,</u>	<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	147,125	123,474	270,599
2018	148,378	122,938	271,316
2019	148,378	114,687	263,065
2020-2024	811,322	536,515	1,347,837
2025-2029	1,010,000	405,850	1,415,850
2030-2034	<u>1,250,000</u>	<u>173,250</u>	<u>1,423,250</u>
	<u>\$ 3,515,203</u>	<u>\$ 1,477,044</u>	<u>\$ 4,992,247</u>

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 9 – NET POSITION

Restricted net position represents net position whose uses are subject to constraints that are either (1) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or (2) imposed through constitutional provisions or enabling legislation. Restricted net position is as follows:

	Governmental Activities	Business-Type Activities
Tabor / emergencies	\$ 30,000	\$ -
Conservation trust fund	29,559	-
Debt service	<u>-</u>	<u>284,179</u>
Totals	<u>\$ 59,559</u>	<u>\$ 284,179</u>

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, property and casualty, errors and omissions, injuries to employees and health claims. Risk of loss from torts, errors and omissions, and property and casualty are covered by the District’s participation in the Colorado Special Districts Property and Liability Pool which is a separate and independent governmental public entity risk pool formed through intergovernmental agreement by member special districts to provide defined liability and property coverage. The membership agreement provides that the pool be self-sustaining through member premiums and reinsure with commercial companies for claims in excess of \$300,000. For general, auto and public official’s liability coverage, the pool is self-insured for the first \$600,000 per occurrence.

The District purchases workers’ compensation coverage through the Colorado Special Districts Association Workers Compensation Pool which is a separate and independent governmental public entity risk pool formed through intergovernmental agreement by member special districts to provide defined workers’ compensation coverage. The membership agreement provides that the pool be self-sustaining through member premiums and reinsure with commercial companies for claims in excess of \$500,000.

Employee health claims are covered by commercial insurance. The District’s share of the cost is charged to each general fund department or fund, as applicable.

In addition, settlement claims for each of the last three years did not exceed insurance coverage amounts in areas where commercial insurance is used to cover the risk of loss.

NOTE 11 – EMPLOYEE BENEFITS

The District maintains a money-purchase, defined contribution plan covering substantially all employees. The plan is titled “The Colorado City Metro District Money Purchase Pension Plan & Trust” and was established under Internal Revenue Code Section 414(h) as amended. The District has retained a third-party administrator to administer the plan and employees become eligible participants three months after their employment date. Each employee must contribute at least 3% of compensation and the District is required to contribute 6% of each eligible participant’s compensation.

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 11 – EMPLOYEE BENEFITS (Continued)

Eligible participant compensation is defined as W-2 compensation less bonuses and overtime. During 2016, employees contributed \$16,782 to the plan and the Districts' required contribution to the plan was \$33,583.

In conjunction with the above described plan, the District also maintains an Internal Revenue Code Section 457 plan which provides for employee contributions only. During the year ended December 31, 2016, the employees contributed \$1,170 to the plan.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Colorado voters passed an amendment to the state constitution which contains several limitations, including revenue raising, spending abilities, and other specific requirements affecting state and local governments. The amendment, commonly known as the Tabor amendment, is complex and subject to judicial interpretation; however, the District believes it is in compliance with the requirements of the amendment. The District has made certain interpretations of the amendment's language in order to determine its compliance.

The bond resolution for the 2012 Water & Wastewater Enterprise Revenue Refunding and Improvement Bonds discussed in Note 8 contains a covenant whereby the District is obligated to establish charge rates for the water and sewer funds such that the related revenues exceed the operating costs (total costs less interest and depreciation) by 120% of the annual debt service on the 2012 bonds. The District believes it is in compliance with this requirement for 2016.

The District's actual expenditures on a budgetary basis exceeded appropriated amounts by \$4,315 in the sewer fund. This may be a violation of Colorado Budget Law.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**COLORADO CITY METROPOLITAN DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED December 31, 2016**

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 392,916	\$ 392,916	\$ 386,364	\$ (6,552)
Charges for services	419,600	419,600	411,634	(7,966)
Grant revenue	209,600	209,600	29,794	(179,806)
Investment revenue	3,000	3,000	5,788	2,788
Proceeds from borrowings	-	-	-	-
Other	51,350	51,350	281,427	230,077
TOTAL REVENUES	<u>1,076,466</u>	<u>1,076,466</u>	<u>1,115,007</u>	<u>38,541</u>
EXPENDITURES				
Current -				
Administration	243,261	243,261	323,486	(80,225)
Community center	-	-	-	-
Recreation center	11,005	11,005	10,433	572
Swimming pool operations	62,379	62,379	59,563	2,816
Parks and recreation	117,721	117,721	105,463	12,258
Golf course	394,100	394,100	353,327	40,773
Roads	46,000	46,000	51,258	(5,258)
Debt service				
Principal	-	-	8,840	(8,840)
Interest	-	-	730	(730)
Capital outlay	222,000	222,000	12,134	209,866
TOTAL EXPENDITURES	<u>1,096,466</u>	<u>1,096,466</u>	<u>925,234</u>	<u>171,232</u>
OTHER FINANCING (USES)				
Transfers in	20,000	20,000	-	20,000
Transfers out	-	-	-	-
	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	189,773	189,773
FUND BALANCE, January 1	<u>111,946</u>	<u>111,946</u>	<u>643,981</u>	<u>581,421</u>
FUND BALANCE, December 31	<u>\$ 111,946</u>	<u>\$ 111,946</u>	<u>\$ 833,754</u>	<u>\$ 771,194</u>

COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

The District adheres to the following procedures in establishing the budgetary data reflected in the budgetary comparison schedule.

Prior to October 15, the district manager submits a proposed budget to the Board of Directors for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Directors to obtain taxpayer comments. The District adopts budgets for all funds and all funds, including proprietary funds, use the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budgets.

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation resolution. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within the general fund rests with the District Manager or department heads. The Board of Directors may amend the original adopted budget during the year by passing a new resolution to reflect current needs.

The legal level of budgetary control for all funds is at the total fund level. That is to say, total expenditures in each fund cannot legally exceed appropriations for that fund.

Unused appropriations for all of the annually budgeted funds lapse at the end of the year. Therefore, encumbrances are not presented as a reservation of fund balance and the District appropriates funds in the subsequent year to honor these commitments.

ADDITIONAL INFORMATION

COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WATER FUND
YEAR ENDED December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES AND OTHER				
FINANCING SOURCES				
Charges for services	\$ 853,500	\$ 928,500	\$ 927,147	\$ (1,353)
Note proceeds	2,000	2,000	-	(2,000)
Fund Balance Reserve	-	75,000	75,000	-
Other	<u>1,500</u>	<u>1,500</u>	<u>17,513</u>	<u>16,013</u>
TOTAL REVENUES AND OTHER				
FINANCING SOURCES	<u>857,000</u>	<u>1,007,000</u>	<u>1,019,660</u>	<u>12,660</u>
EXPENDITURES				
Personnel costs	330,136	330,136	313,486	16,650
Operating and maintenance	456,641	456,641	402,083	54,558
Capital outlay/projects	27,723	177,723	131,365	46,358
Debt service	<u>42,500</u>	<u>42,500</u>	<u>137,408</u>	<u>(94,908)</u>
TOTAL EXPENDITURES	<u>857,000</u>	<u>1,007,000</u>	<u>984,342</u>	<u>22,658</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,318</u>	<u>\$ 35,318</u>
EXPENDITURES ON GAAP BASIS			\$ 1,146,355	
Depreciation			(335,878)	
Capital expenditures			131,365	
Principal paid on debt			<u>42,500</u>	
EXPENDITURES ON BUDGETARY BASIS			<u>\$ 984,342</u>	

COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEWER FUND
YEAR ENDED December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES AND OTHER FINANCING SOURCES				
Charges for services	\$ 653,700	\$ 688,700	\$ 692,363	\$ 3,663
Loan Proceeds	400	400	-	(400)
Other	-	-	5,610	5,610
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>654,100</u>	<u>689,100</u>	<u>697,973</u>	<u>8,873</u>
EXPENDITURES				
Personnel costs	195,450	195,450	208,242	(12,792)
Operating and maintenance	305,544	305,544	258,793	46,751
Capital outlay	42,603	77,603	85,463	(7,860)
Debt service	110,503	110,503	140,917	(30,414)
TOTAL EXPENDITURES	<u>654,100</u>	<u>689,100</u>	<u>693,415</u>	<u>(4,315)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,558</u>	<u>\$ 4,558</u>
EXPENDITURES ON GAAP BASIS			\$ 670,218	
Depreciation			(157,650)	
Capital expenditures			85,463	
Principal paid on debt			<u>95,384</u>	
EXPENDITURES ON BUDGETARY BASIS			<u>\$ 693,415</u>	

**COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PROPERTY MANAGEMENT FUND
YEAR ENDED December 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Gain on assets sold	<u>-</u>	<u>-</u>	<u>7,300</u>	<u>7,300</u>
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>7,300</u>	<u>7,300</u>
EXPENDITURES				
Operating and maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,300</u>	<u>\$ 7,300</u>

**COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF CONSERVATION TRUST FUND ASSETS AND FUND BALANCE
December 31, 2016**

ASSETS		
Cash and cash equivalents		\$ 29,559
TOTAL ASSETS		<u>\$ 29,559</u>
FUND BALANCE		
Restricted		
Parks, recreation and conservation projects		<u>\$ 29,559</u>
TOTAL FUND BALANCE		<u>\$ 29,559</u>

**COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF CONSERVATION TRUST FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED December 31, 2016**

REVENUES		
Intergovernmental		\$ 29,794
Investment earnings		<u>6</u>
TOTAL REVENUES		<u>29,800</u>
EXPENDITURES		
Current-		
Parks, recreation and conservation projects		<u>(17,000)</u>
TOTAL EXPENDITURES		<u>(17,000)</u>
NET CHANGE IN FUND BALANCE		12,800
FUND BALANCE, January 1		<u>16,759</u>
FUND BALANCE, December 31		<u>\$ 29,559</u>