

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

**Financial Statements
December 31, 2017**

E

RECEIVED

Office of the State Auditor

July 10, 2018

**Copper Mountain Consolidated Metropolitan District
Financial Report
December 31, 2017**

Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 - A2
Management's Discussion and Analysis	B1 – B4
Government-wide Financial Statements:	
Statement of Net Position	C1
Statement of Activities	C2
Fund Financial Statements:	
Balance Sheet - Governmental Funds	C3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	C4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C5
Statement of Net Position - Proprietary Funds	C6
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	C7
Statement of Cash Flows - Proprietary Funds	C8
Statement of Assets and Liabilities – Agency Fund	C9
Notes to the Financial Statements	D1 – D31
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - General Fund	E1 - E2
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Conservation Trust Fund	E3
Schedule of Employer's Proportionate Share of Net Pension Asset/Liability – Statewide Defined Benefit Pension Plan	E4
Schedule of District Contributions – Statewide Defined Benefit Pension Plan	E5

**Copper Mountain Consolidated Metropolitan District
Financial Report
December 31, 2017**

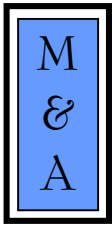
**Table of Contents
(Continued)**

Required Supplementary Information:

Notes to Required Supplementary Information – Statewide Defined Benefit Plan	E6
Schedule of Changes in Total Pension Liability – Volunteer Firefighter’s Pension	E7
Schedule of Employer’s Total Pension Liability – Volunteer Firefighter’s Pension	E8

Supplementary Information:

Schedule of Revenues, and Expenditures - Budget and Actual – Debt Service Fund	F1
Schedule of Revenues, and Expenditures - Budget and Actual – Capital Projects Fund	F2
Schedule of Revenues, Expenses and Transfers - Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis – Proprietary Funds:	
Television Fund	F3
Water and Sanitation Fund	F4 – F5
Schedule of Changes in Fiduciary Net Position - Budget and Actual - Pension Fund	F6



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Copper Mountain Consolidated Metropolitan District

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Copper Mountain Consolidated Metropolitan District (the "District"), as of and for the year ended December 31, 2017, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Copper Mountain Consolidated Metropolitan District as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with U.S. generally accepted accounting principles.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

Other Matters

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

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

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

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
July 6, 2018**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Copper Mountain Consolidated Metropolitan District

Management's Discussion and Analysis

December 31, 2017

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, 2017.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

Overview of the Financial Statements (continued)

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

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

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

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

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

The Fiduciary Fund financial statement can be found on page C9 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	
	2017	2016	2017	2016	2017	2016
Assets & Deferred Outflows:						
Current assets	\$ 4,543,489	\$ 4,890,999	5,298,003	3,432,779	9,841,492	8,323,778
Capital assets & def outflows	8,721,019	8,271,083	12,436,221	9,372,356	21,157,240	17,643,439
Total Assets	13,264,508	13,162,082	17,734,224	12,805,135	30,998,732	25,967,217
Liabilities & Deferred Inflows:						
Current liab & def inflows	3,001,049	2,993,887	339,278	268,225	3,340,327	3,262,112
Long-term liab & def inflows	6,108,587	6,199,123	7,721,074	3,848,042	13,829,661	10,047,165
Total Liabilities & Def Inflows	9,109,636	9,193,010	8,060,352	4,116,267	17,169,988	13,309,277
Net Position:						
Net investment in capital assets	2,737,779	2,719,603	4,636,741	5,562,219	7,374,520	8,281,822
Restricted	541,235	348,346	-	-	541,235	348,346
Unrestricted	875,858	901,123	5,037,131	3,126,649	5,912,989	4,027,772
Total Net Position	\$ 4,154,872	\$ 3,969,072	9,673,872	8,688,868	13,828,744	12,657,940

The largest portion of the District's net position is reflected in the net investment in capital assets (i.e. land, buildings, infrastructure, machinery, and equipment). At the end of 2017 this accounted for 53% of the total net position. Accordingly, this portion of the net position is not an available source for payment of future spending. Of the remaining net position 3% of the governmental activities annual budget is restricted for use in the event of an emergency and \$450,764 is restricted for future pension costs.

Copper Mountain Consolidated Metropolitan District's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	325,091	237,711	3,042,681	2,724,912	3,367,772	2,962,623
Operating grants & contributions	85,170	81,026	-	-	85,170	81,026
Capital grants & contributions	6,792	2,208	290,870	203,525	297,662	205,733
General revenues:						
Property taxes	2,907,388	2,097,365	-	-	2,907,388	2,097,365
Other taxes	172,818	109,484	-	-	172,818	109,484
Gain on disposal of fixed assets	56,900	3,000	-	-	56,900	3,000
Interest and other revenue	109,966	183,505	-	-	109,966	183,505
Total Revenues	3,664,125	2,714,299	3,333,551	2,928,437	6,997,676	5,642,736
Expenses:						
Fire protection	2,428,701	2,032,700	-	-	2,428,701	2,032,700
Public works	56,284	62,234	-	-	56,284	62,234
General government	396,724	360,500	-	-	396,724	360,500
Interest on long-term debt	219,341	214,864	-	-	219,341	214,864
Television	-	-	160,409	169,106	160,409	169,106
Water and sanitation	-	-	2,157,138	2,070,855	2,157,138	2,070,855
Transfers	(31,000)	2,749,807	31,000	(2,749,807)	-	-
Total Expenses	3,070,050	5,420,105	2,348,547	(509,846)	5,418,597	4,910,259
Change in Net Position	594,075	(2,705,806)	985,004	3,438,283	1,579,079	732,477
Net Position - Beginning	3,969,072	6,674,878	8,688,868	5,250,585	12,657,940	11,925,463
Prior Period Adjustment	(408,275)	-	-	-	(408,275)	-
Net Position - Beginning	3,560,797	6,674,878	8,688,868	5,250,585	12,249,665	11,925,463
Net Position - Ending	4,154,872	3,969,072	9,673,872	8,688,868	13,828,744	12,657,940

Governmental activities: Net position of the governmental activities increased by \$594,075 due to District using property taxes collected to make the scheduled payments on long-term debt and funds being held in reserve for future capital projects. In 2016, the decrease of \$2,705,806 was due to the capital reserves of the Business-type activities of \$2,779,807 being transferred from the capital fund to the Television and Water/Sewer funds, netting to an actual increase of \$74,001.

Business-type activities: Net position of the business-type activities increased \$985,004 in 2017 District using fees collected to make the scheduled payments on long-term debt and funds being held in reserve for future capital projects. In 2016, the net position of the business-type activities increased \$3,438,283, which is netted to \$688,476 without the transfer. These increases are largely due to tap fees and other revenues being greater than operating costs and depreciation expense with the excess funds held in reserve for upcoming capital projects.

Financial Analysis of the District's Funds

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

Financial Analysis of the District's Funds (Continued)

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

The ending fund balances of governmental funds decreased by \$265,562 during 2017. The reason for this decrease is capital lease proceeds received in 2016 that were used to purchase fire apparatus in early 2017.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,631,550. Of this balance, \$90,471 is restricted for emergencies as required by TABOR, \$40,082 is restricted for debt service and recreational projects, \$852,195 is assigned for future capital projects/equipment, and the remaining \$648,812 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 \$3,043,521 were more than operational expenses of \$1,993,983, resulting in operating income of \$1,049,538. This operating income decreased after debt service and bond issuance costs to \$322,724 but increased due to tap fees and transfers to \$985,004 for the year.

As of the end of the current fiscal year, the District's Proprietary Funds reported an ending net position balance of \$9,673,872 which consisted of \$4,636,741 in net investment in capital assets and the remaining \$4,908,222 being unrestricted for use by the District in future years, primarily for upcoming infrastructure projects.

Budget variances: One budget amendment was required during 2017 to account for the revenues and expenses of wildland fire deployments, additional conservation trust funds available for spending, additional volunteer pension benefits paid, and increased capital costs for water well #4 and the water distribution system. Details of the variances by fund can be seen on pages E1 through E3 and F1 through F6 of this report.

Capital assets: The District's total capital assets increased by \$3,466,580 as a result of capital additions, largely financed through Bond and leases, being more than depreciation expense and capital deletions. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements on pages D15 through D17 of this report.

Long-term debts: During 2017 the District continued to make scheduled payments on all of its long-term debts, refinanced the existing Enterprise fund Notes, and issued additional Enterprise Fund Notes to fund infrastructure projects. Details of the District's long term obligations are contained on pages D17 through D20 of this report.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Copper Mountain Consolidated Metropolitan District, 0800 Copper Road, Box 3002, Copper Mountain, Colorado 80443, phone (970) 968-2537.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Copper Mountain Consolidated Metropolitan District
Statement of Net Position
December 31, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	1,569,619	4,584,020	6,153,639
Receivables, net:			
Property tax	2,898,360	-	2,898,360
Accounts	35,492	713,983	749,475
Other governments	13,474	-	13,474
Prepaid expenses	26,544	-	26,544
Capital assets, net	8,384,698	11,755,256	20,139,954
Phosphorous credits (sewer rights)	-	636,000	636,000
Water rights	-	44,965	44,965
Total Assets	<u>12,928,187</u>	<u>17,734,224</u>	<u>30,662,411</u>
Deferred Outflows of Resources:			
Pension related deferred outflows	336,321	-	336,321
Total Deferred Outflows	<u>336,321</u>	<u>-</u>	<u>336,321</u>
Liabilities:			
Vouchers/accounts payable	13,579	229,701	243,280
Accrued interest payable	22,217	78,406	100,623
Accrued compensated absences	66,893	31,171	98,064
Net pension liability - Cost share	54,113	-	54,113
Total pension liability - Volunteer	396,651	-	396,651
Lease payable:			
Due within one year	152,946	32,855	185,801
Due in more than one year	1,023,973	68,219	1,092,192
Notes payable:			
Due within one year	370,000	585,000	955,000
Due in more than one year	4,100,000	7,035,000	11,135,000
Total Liabilities	<u>6,200,372</u>	<u>8,060,352</u>	<u>14,260,724</u>
Deferred Inflow of Resources:			
Unavailable property tax revenue	2,898,360	-	2,898,360
Pension related deferred inflows	10,904	-	10,904
Total Deferred Inflow of Resources	<u>2,909,264</u>	<u>-</u>	<u>2,909,264</u>
Net Position:			
Net investment in capital assets	2,737,779	4,636,741	7,374,520
Restricted for future pension costs	450,764	-	450,764
Restricted for emergencies	90,471	-	90,471
Unrestricted	875,858	5,037,131	5,912,989
Total Net Position	<u>4,154,872</u>	<u>9,673,872</u>	<u>13,828,744</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, 2017**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental Activities:							
Fire operations	2,428,701	298,448	85,170	-	(2,045,083)		(2,045,083)
Public works	56,284	-	-	6,792	(49,492)		(49,492)
General government	396,724	26,643	-	-	(370,081)		(370,081)
Interest on debt	219,341	-	-	-	(219,341)		(219,341)
Total Governmental Activities	3,101,050	325,091	85,170	6,792	(2,683,997)		(2,683,997)
Business-type Activities:							
Television	160,409	299,609	-	-		139,200	139,200
Water and sanitation	2,157,138	2,743,912	-	290,030		876,804	876,804
Total Business-type Activities	2,317,547	3,043,521	-	290,030		1,016,004	1,016,004
Total	5,418,597	3,368,612	85,170	296,822	(2,683,997)	1,016,004	(1,667,993)
General Revenues:							
Taxes:							
Property tax					2,907,388	-	2,907,388
Specific ownership tax					172,818	-	172,818
Investment earnings					76,290	-	76,290
Cell tower lease					29,886	-	29,886
Gain (Loss) on sale of assets					56,900	-	56,900
Transfers in (out)					31,000	(31,000)	-
Miscellaneous					3,790	-	3,790
Total General Revenues and Transfers					3,278,072	(31,000)	3,247,072
Change in Net Position					594,075	985,004	1,579,079
Net Position - January 1 (Restated)					3,560,797	8,688,868	12,249,665
Net Position - December 31					4,154,872	9,673,872	13,828,744

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, 2017**

	<u>General</u>	<u>Conservation Trust</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	680,181	-	37,503	851,935	1,569,619
Due from County Treasurer	10,895	-	2,579	-	13,474
Accounts receivable	35,242	-	-	250	35,492
Prepaid expenses	26,544	-	-	-	26,544
Property tax receivable	2,384,682	-	513,678	-	2,898,360
Total Assets	<u>3,137,544</u>	<u>-</u>	<u>553,760</u>	<u>852,185</u>	<u>4,543,489</u>
Liabilities and Fund Balances:					
Liabilities:					
Vouchers/accounts payable	13,579	-	-	-	13,579
Total Liabilities	<u>13,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,579</u>
Deferred Inflow of Resources:					
Unavailable property tax revenue	2,384,682	-	513,678	-	2,898,360
Total Deferred Inflow of Resources	<u>2,384,682</u>	<u>-</u>	<u>513,678</u>	<u>-</u>	<u>2,898,360</u>
Fund Balances:					
Restricted for TABOR reserve	90,471	-	-	-	90,471
Restricted for debt service	-	-	40,082	-	40,082
Assigned for capital projects	-	-	-	852,185	852,185
Unassigned	648,812	-	-	-	648,812
Total Fund Balances	<u>739,283</u>	<u>-</u>	<u>40,082</u>	<u>852,185</u>	<u>1,631,550</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>3,137,544</u>	<u>-</u>	<u>553,760</u>	<u>852,185</u>	<u>4,543,489</u>

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,384,698
Other long-term assets and deferred outflows are not available for current period expenditures and, therefore, are not reported in the funds.	336,321
Long-term liabilities and deferred inflows, including debt payable, interest payable, net pension liability, compensated absences and pension related deferred inflows, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(6,197,697)</u>
Net Position of Governmental Activities	<u>4,154,872</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, 2017

	<u>General</u>	<u>Conservation Trust</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:					
Taxes	2,490,876	-	589,330	-	3,080,206
Fees	84,624	-	-	-	84,624
Intergovernmental	85,170	1,992	-	-	87,162
Other	355,040	193	-	-	355,233
Total Revenues	<u>3,015,710</u>	<u>2,185</u>	<u>589,330</u>	<u>-</u>	<u>3,607,225</u>
Expenditures:					
Fire operations	1,989,358	-	-	-	1,989,358
Public works	50,042	6,242	-	-	56,284
Administration	289,807	-	28,013	-	317,820
Debt service	-	-	555,615	127,652	683,267
Capital outlay	-	-	-	913,958	913,958
Total Expenditures	<u>2,329,207</u>	<u>6,242</u>	<u>583,628</u>	<u>1,041,610</u>	<u>3,960,687</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>686,503</u>	<u>(4,057)</u>	<u>5,702</u>	<u>(1,041,610)</u>	<u>(353,462)</u>
Other Financing Sources (Uses):					
Proceeds from sale of assets	-	-	-	56,900	56,900
Capital transfers in (out)	(578,000)	-	-	578,000	-
Transfers in (out)	31,000	-	-	-	31,000
Total Other Financing Sources	<u>(547,000)</u>	<u>-</u>	<u>-</u>	<u>634,900</u>	<u>87,900</u>
Change in Fund Balances	<u>139,503</u>	<u>(4,057)</u>	<u>5,702</u>	<u>(406,710)</u>	<u>(265,562)</u>
Fund Balances - Beginning	<u>599,780</u>	<u>4,057</u>	<u>34,380</u>	<u>1,258,895</u>	<u>1,897,112</u>
Fund Balances - Ending	<u>739,283</u>	<u>-</u>	<u>40,082</u>	<u>852,185</u>	<u>1,631,550</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, 2017**

Net Change in Fund Balances of Governmental Funds	(265,562)
 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.	402,712
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.	463,926
Some expenses (revenues) reported in the Statement of Activities do not require the use of current financial resources and therefore, are not recorded as expenditures (revenues) in governmental funds.	<u>(7,001)</u>
 Change in Net Position of Governmental Activities	 <u><u>594,075</u></u>

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

**Copper Mountain Consolidated Metropolitan District
Statement of Net Position
Proprietary Funds
December 31, 2017**

	<u>Television Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
Assets:			
Current Assets:			
Cash	127,147	4,456,873	4,584,020
Accounts receivable, net of allowance for uncollectibles	12,456	701,527	713,983
Total Current Assets	<u>139,603</u>	<u>5,158,400</u>	<u>5,298,003</u>
Non-current Assets:			
Property, plant, and equipment, net of accumulated depreciation	526,726	11,228,530	11,755,256
Phosphorous credits (sewer rights)	-	636,000	636,000
Water rights	-	44,965	44,965
Total Non-current Assets	<u>526,726</u>	<u>11,909,495</u>	<u>12,436,221</u>
Total Assets	<u>666,329</u>	<u>17,067,895</u>	<u>17,734,224</u>
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	168	229,533	229,701
Accrued interest payable	-	78,406	78,406
Loan payable - Current	32,855	585,000	617,855
Total Current Liabilities	<u>33,023</u>	<u>892,939</u>	<u>925,962</u>
Non-current Liabilities:			
Compensated absences	10,526	20,645	31,171
Loan payable - Net of unamortized discount	68,219	7,035,000	7,103,219
Total Non-current Liabilities	<u>78,745</u>	<u>7,055,645</u>	<u>7,134,390</u>
Total Liabilities	<u>111,768</u>	<u>7,948,584</u>	<u>8,060,352</u>
Net Position:			
Net investment in capital assets	425,652	4,211,089	4,636,741
Unrestricted	128,909	4,908,222	5,037,131
Total Net Position	<u>554,561</u>	<u>9,119,311</u>	<u>9,673,872</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, 2017

	<u>Television Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services	298,019	2,741,613	3,039,632
Other	1,590	2,299	3,889
Total Operating Revenues	<u>299,609</u>	<u>2,743,912</u>	<u>3,043,521</u>
Operating Expenses:			
Payroll and benefits	110,578	618,824	729,402
Repair, maintenance, and operations	4,812	147,658	152,470
Utilities	687	196,441	197,128
Supplies and equipment	2,376	30,722	33,098
General and administrative	3,913	94,800	98,713
Depreciation	34,684	748,488	783,172
Total Operating Expenses	<u>157,050</u>	<u>1,836,933</u>	<u>1,993,983</u>
Operating Income (Loss)	<u>142,559</u>	<u>906,979</u>	<u>1,049,538</u>
Non-operating Revenues (Expenses):			
Interest expense	(3,359)	(241,683)	(245,042)
Bond issuance costs	-	(78,522)	(78,522)
Total Non-operating Revenues (Expenses)	<u>(3,359)</u>	<u>(320,205)</u>	<u>(323,564)</u>
Income (Loss) Before Contributions and Transfers	<u>139,200</u>	<u>586,774</u>	<u>725,974</u>
Capital Contributions and Transfers:			
Tap fees	-	290,030	290,030
Transfers in (out)	(31,000)	-	(31,000)
Total Capital Contributions and Transfers	<u>(31,000)</u>	<u>290,030</u>	<u>259,030</u>
Change in Net Position	108,200	876,804	985,004
Net Position - Beginning	446,361	8,242,507	8,688,868
Net Position - Ending	<u><u>554,561</u></u>	<u><u>9,119,311</u></u>	<u><u>9,673,872</u></u>

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

Copper Mountain Consolidated Metropolitan District
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	<u>Television Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers	299,304	2,678,536	2,977,840
Cash paid for goods and services	(64,911)	(455,022)	(519,933)
Cash paid to employees	(111,269)	(624,867)	(736,136)
Net Cash Provided by Operating Activities	<u>123,124</u>	<u>1,598,647</u>	<u>1,721,771</u>
Cash Flows from Non-capital Financing Activities:			
Transfers (to) from other funds	(31,000)	-	(31,000)
Net Cash (Used) by Non-capital Financing Activities	<u>(31,000)</u>	<u>-</u>	<u>(31,000)</u>
Cash Flows from Capital and Related Financing Activities:			
Tap fees	-	290,030	290,030
Paid for capital assets	-	(3,847,037)	(3,847,037)
Proceeds from bond issuance		8,180,000	
Principal paid	(32,047)	(4,190,000)	(4,222,047)
Interest paid	(3,359)	(210,293)	(213,652)
Bond issuance costs paid	-	(78,522)	(78,522)
Net Cash (Used) by Capital and Related Financing Activities	<u>(35,406)</u>	<u>144,178</u>	<u>108,772</u>
Net Change in Cash	56,718	1,742,825	1,799,543
Cash and Cash Equivalents - Beginning	70,429	2,714,048	2,784,477
Cash and Cash Equivalents - Ending	<u>127,147</u>	<u>4,456,873</u>	<u>4,584,020</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	142,559	906,979	1,049,538
Adjustments:			
(Increase) decrease in accounts receivable	(305)	(65,376)	(65,681)
Increase (decrease) in accounts payable and accrued liabilities	(53,123)	14,599	(38,524)
Increase (decrease) in compensated absences	(691)	(6,043)	(6,734)
Depreciation	34,684	748,488	783,172
Total Adjustments	<u>(19,435)</u>	<u>691,668</u>	<u>672,233</u>
Net Cash Provided by Operating Activities	<u>123,124</u>	<u>1,598,647</u>	<u>1,721,771</u>

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

**Copper Mountain Consolidated Metropolitan District
Statement of Assets and Liabilities
Volunteer Firefighters Pension Agency Fund
December 31, 2017**

Assets

Cash and investments	572,101
Accounts receivable	396
Total assets	<u>572,497</u>

Liabilities

Pension obligations	572,497
Total liabilities	<u>572,497</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, 2017

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements

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

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

The District reports the following governmental funds:

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

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

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

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

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

The *Television Fund* accounts for television service operations.

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

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

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

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

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

1. Long-term Economic Focus and Accrual Basis

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Current Financial Focus and Modified Accrual Basis

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

3. Financial Statement Presentation

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

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

E. Financial Statement Accounts

1. Cash and Investments

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

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

1. Cash and Cash Equivalents (continued)

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

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

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. No allowance is recorded at December 31, 2017, as all accounts are considered to be collectible.

3. Property Taxes

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

4. Prepaid Expenses

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

5. Interfund Receivables and Payables

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

6. Capital Assets

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

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

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

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

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

7. Pensions

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(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, 2017 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, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

13. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resource (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. Accordingly, the item, Pension-related deferred outflows of resources, is deferred and recognized as an outflow of resource in the period that amounts become expended.

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

14. Categories and Classification of Fund Balance

The District classifies governmental fund balances as follows:

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

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

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

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

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

14. Categories and Classification of Fund Balance (continued)

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

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

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." This \$8,384,698 difference is related to property, plant and equipment of \$11,828,955 less accumulated depreciation of \$3,444,257. Another element of that reconciliation explains "Other long-term assets and deferred outflows are not available for current period expenditures and, therefore, are not reported in the funds." This \$336,321 difference is a result of pension related deferred outflows.

The final element of that reconciliation explains "Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of the \$6,197,697 difference are as follows:

Bonds payable	\$	4,470,000
Leases payable		1,176,919
Net pension liability - cost share		54,113
Total pension liability - volunteer		396,651
Accrued interest payable		22,217
Accrued compensated absences		66,893
Pension related deferred outflows		10,904
	<u>\$</u>	<u>6,197,697</u>

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

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

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between *net change in fund balances of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense." The \$402,712 difference is \$461,682 of depreciation expense less \$864,394 capital outlay.

Another element of that reconciliation states that "the issuance of long-term debt (e.g. bonds, leases) provides current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas those amounts are deferred and amortized in the statement of activities." The details of this \$463,926 difference are as follows:

Principal payment	\$ (463,401)
Change in accrued interest	(525)
	\$ (463,926)

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 \$7,001 difference is change in accrued compensated absences of \$5,325 and pension related expenses of \$1,676.

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 2017.

1. For the 2017 budget year, prior to August 25, 2016, 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, 2016, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

3. Prior to December 15, 2016, a public hearing was held for the budget, the Board certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2016 were collected in 2017 and taxes certified in 2017 will be collected in 2018. 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 \$90,471 which is the approximate required reserve at December 31, 2017.

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

The District has no authorized but unissued debt.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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

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

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

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

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

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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

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

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

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

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

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

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

IV. Detailed Notes on all Funds

A. Deposits

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was \$379,599 at year end.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits (continued)

Fair Value of Investments

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

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

At December 31, 2017, the District had the following recurring fair value measurements:

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit		-	1,470,000	-
Mortgage backed securities		-	-	446,228
Total		<u>\$ -</u>	<u>1,470,000</u>	<u>446,228</u>
<u>Investments Measured at Net Asset Value</u>	<u>Total</u>			
Colostrust	<u>\$ 3,022,983</u>			
<u>Investments Measured at Amortized Cost</u>	<u>Total</u>			
Csafe	<u>\$ 29,637</u>			

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

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

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

The Investment Pool represents investments in COLOTRUST and C-SAFE. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. At December 31, 2017, the District's investments in Colostrust represented 48% of the District's investment portfolio. CSAFE was less than 1% of the investment portfolio.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits (continued)

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

Credit Risk. District's investment policy limits investments to those authorized by State statutes as listed in Note 1C. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. At December 31, 2017, the District's investments in Certificates of deposit and mortgage backed securities were 23%, and 7% of the District's investment portfolio, respectively.

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

<u>Type</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>More Than One Year</u>
<i>Deposits:</i>				
Checking and savings		\$ 379,599		
<i>Investments:</i>				
Csafe	AAAm	29,637	29,637	
Colotrust	AAAm	3,022,983	3,022,983	
Money Market	Not rated	1,249,879	1,249,879	
Money Market (Pension Fund)	Not rated	127,414	127,414	
Certificates of deposit	Not rated	1,470,000	1,470,000	-
Mortgage-backed securities (Pension Fund)	Not rated	446,228		446,228
		<u>\$ 6,725,740</u>		
Financial Statement Captions:				
Cash and cash equivalents		\$ 6,153,639		
Cash and investments (Pension Fund)		572,101		
		<u>\$ 6,725,740</u>		

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

B. Receivables

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

	General	Television	Water and Sanitation	Total
Receivables:				
Property tax	\$2,898,360	-	-	2,898,360
Accounts	35,242	12,456	701,527	749,225
Other governments	13,474	-	-	13,474
Gross receivables	<u>2,947,076</u>	<u>12,456</u>	<u>701,527</u>	<u>3,661,059</u>
Less: allowance for uncollectibles	-	-	-	-
Net receivables	<u>\$2,947,076</u>	<u>12,456</u>	<u>701,527</u>	<u>3,661,059</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Buildings	\$ 9,968,453	-	-	\$ 9,968,453
Improvements	196,074	-	-	196,074
Equipment and vehicles	1,168,129	864,394	(368,095)	1,664,428
Total Capital Assets Being Depreciated	<u>11,332,656</u>	<u>864,394</u>	<u>(368,095)</u>	<u>11,828,955</u>
Less accumulated depreciation for:				
Buildings	(2,624,982)	(335,216)	-	(2,960,198)
Improvements	(196,074)	-	-	(196,074)
Equipment and vehicles	(529,615)	(126,465)	368,095	(287,985)
Total Accumulated Depreciation	<u>(3,350,671)</u>	<u>(461,681)</u>	<u>368,095</u>	<u>(3,444,257)</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,981,985</u>	<u>402,713</u>	<u>-</u>	<u>8,384,698</u>

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Water rights	\$ 44,965	-	-	44,965
Land	76,560	-	-	76,560
Phosphorous credits (sewer rights)	636,000	-	-	636,000
Total Capital Assets, Not Being Depreciated	<u>757,525</u>	<u>-</u>	<u>-</u>	<u>757,525</u>
Capital assets, being depreciated:				
Television plant, property, and equipment	1,167,758	-	-	1,167,758
Water plant, property, and equipment	6,913,489	3,847,038	-	10,760,527
Sewer plant, property, and equipment	15,112,744	-	-	15,112,744
Total Capital Assets Being Depreciated	<u>23,193,991</u>	<u>3,847,038</u>	<u>-</u>	<u>27,041,029</u>
Less: accumulated depreciation for:				
Television plant, property, and equipment	(606,348)	(34,684)	-	(641,032)
Water plant, property, and equipment	(4,322,830)	(236,531)	-	(4,559,361)
Sewer plant, property, and equipment	(9,649,984)	(511,956)	-	(10,161,940)
Total Accumulated Depreciation	<u>(14,579,162)</u>	<u>(783,171)</u>	<u>-</u>	<u>(15,362,333)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,614,829</u>	<u>3,063,867</u>	<u>-</u>	<u>11,678,696</u>
Business-type Activities Capital Assets, Net	<u>\$ 9,372,354</u>	<u>3,063,867</u>	<u>-</u>	<u>12,436,221</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, 2017
(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	\$ 77,146
Fire operations	384,535
Total Depreciation Expense - Governmental Activities	\$ 461,681

Business-type Activities:

Television	\$ 34,684
Water and sanitation	748,488
Total Depreciation - Business-type Activities	\$ 783,172

D. Interfund Receivables, Payables, and Transfers

Transfer In	Transfer Out	Amount
General Fund	Television Fund	\$ 31,000

E. Long-term Liabilities

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

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

This loan was refunded in March of 2017 (see Note E.3. on page D18).

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

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

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

This loan was refunded in March of 2017 (see Note E.3. on page D18). The present value savings on the refunding of the 2004 and 2005 CWRPDA Loans totaled \$178,777.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Long-term Liabilities (continued)

3. Series 2017A Water Activity Enterprise Revenue Refunding Note

On March 29, 2017, the District issued a Refunding Note in the principal amount of \$3,680,000, payable semiannually on March 1 and September 1. The Note bears interest at a rate of 2.79% and matures September 1, 2024. This note was obtained to refund the 2004 and 2005 Colorado Resources and Power Development Authority Loan Payable.

4. Series 2017B Water Activity Enterprise Revenue Note

On March 29, 2017, the District issued a Note in the principal amount of \$4,500,000, payable semiannually on March 1 and September 1. The Note bears interest at a rate of 3.31% and matures September 1, 2036. This note was obtained to drill a new well and perform work needed for the distribution system.

5. 2015 U.S. Bank Capital Lease

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

6. 2016 U.S. Bank Capital Leases

A. Type 1 Fire Engine Lease

On July 15, 2016, the District obtained a capital lease through U.S. Bank in the principal amount of \$437,109, payable annually on April 30. The interest rate is 2.04% and the lease matures on April 30, 2022. The lease was obtained for the purchase of a new fire engine for use by the District fire department.

B. Quint/Aerial Pumper Lease

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

7. \$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.

These bonds were refunded in January 2018.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Long-term Liabilities (continued)

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

	Governmental-type Activities		Business-type Activities		Total Debt Service
	Principal	Interest	Principal	Interest	
2018	\$ 522,946	205,464	\$ 617,855	237,769	1,584,034
2019	541,167	187,258	638,685	219,786	1,586,896
2020	564,456	168,377	664,535	201,198	1,598,566
2021	582,815	148,615	645,000	181,840	1,558,270
2022	601,244	128,176	670,000	162,909	1,562,329
2023-2027	2,834,291	324,471	2,050,000	551,512	5,760,274
2028-2032	-	-	1,255,000	322,891	1,577,891
2033-2036	-	-	1,180,000	99,300	1,279,300
	\$ 5,646,919	\$ 1,162,361	\$ 7,721,075	\$ 1,977,205	\$ 16,507,560

9. 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.

(THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Long-term Liabilities (continued)

10. Long-term liability activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
2008 G. O. bonds payable	\$ 4,830,000	-	(360,000)	4,470,000	370,000
Leases payable:					
Qunit (2016)	437,109	-	(70,353)	366,756	82,545
Pumper (2016)	843,211	-	(33,048)	810,163	70,401
Total Governmental Activities Long-term Liabilities	<u>\$ 6,110,320</u>	<u>-</u>	<u>(463,401)</u>	<u>5,646,919</u>	<u>522,946</u>
Business-type Activities:					
Loans payable:					
Principal (2004 & 2005)	\$ 3,630,000	-	(3,630,000)	-	-
Original issue discount (2004)	(15,731)	-	15,731	-	-
Original issue premium (2005)	5,400	-	(5,400)	-	-
2017 note payable - series A	-	3,680,000	(410,000)	3,270,000	425,000
2017 note payable - series B	-	4,500,000	(150,000)	4,350,000	160,000
Capital lease payable:					
Fiber optic (2015)	133,121	-	(32,047)	101,074	32,855
Total Business-type Activities Long-term Liabilities	<u>\$ 3,752,790</u>	<u>8,180,000</u>	<u>(4,211,716)</u>	<u>7,721,074</u>	<u>617,855</u>

(THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK)

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan

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

Contributions: Determined by state statute or by election of the members, contributions are set at a level that enables all benefits to be fully funded at the retirement date of all members. Employers and employees are contributing at a rate of 8% and 9.5%, respectively of base salary for a total contribution rate of 17.5% through 2017. In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022. Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20.5% of base salary through 2015. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24%.

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

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. Benefits paid to retired members are evaluated and may be re-determined every October 1.

The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

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

The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.70 percent.

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

Net Pension Liability: At December 31, 2017, the District reported a liability of \$54,113 for its proportionate share of the net pension liability. The Plan's fiduciary net position currently is exceeded by the total pension liability, resulting in a liability reported by the District. The net pension liability was measured as of December 31 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The District's proportion of the net pension liability was based on the District's contributions to the Plan for calendar year 2016, relative to the total contributions of participating employers to the Plan.

At December 31, 2016, the District proportion was 0.149754% as compared to 0.144145% at December 31, 2015.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

For the year ended December 31, 2017, the District recognized pension expense of \$13,301. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 48,315	\$ 2,752
Change of assumptions or others inputs	36,963	-
Net difference between projected and actual earnings on pension plan investments	146,059	-
Change in proportionate share of contributions	25,321	8,152
Difference between actual and reported contributions recognized	6,066	-
Contributions subsequent to measurement date	73,596	-
	\$ 336,320	\$ 10,904

Contributions subsequent to the measurement date of December 31, 2016, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31:

	2018	\$	58,879
	2019		58,879
	2020		55,548
	2021		24,456
	2022		12,926
	Thereafter		41,132
			\$ 251,820

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

Actuarial assumptions. The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2016. The valuations used the following actuarial assumption and other inputs.

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment Rate of Return *	7.5%
Projected Salary Increases	4% to 14%
Cost of Living Adjustments	0%
* Includes Inflation at	2.5%

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
Global Equity	36%	9.3%
Equity Long/Short	10%	7.4%
Illiquid Alternatives	23%	10.8%
Fixed Income	15%	4.1%
Absolute Return	10%	6.6%
Managed Futures	4%	5.5%
Cash	2%	0.0%*
Total	<u>100%</u>	

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

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

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15); and the resulting Single Discount Rate is 7.50%.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of net pension liability (asset)	460,404	54,112	(283,334)

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

2. Volunteer Firemen’s Pension Fund

Plan Description The District established a pension fund for volunteer firefighters in 1990. The single-employer plan was initially funded in the year ended December 31, 1992. The plan provides for benefits for injury, death and retirement. The plan is administered by the District’s Board of Directors and two volunteer firefighters.

Funding Obligation The obligation of the Sponsor to pay any benefit under this plan is unfunded and unsecured. The plan does not have a trust for the benefit of participants. Any payments under this Plan are made from the assets of the sponsor and such assets are subject to the claims of creditors.

Benefits The plan covers all Volunteer Firefighters of the District who have completed a full year of service. Participants are not vested in the retirement benefits until they have completed 10 years of service. Upon vesting and reaching normal retirement age, the participant is entitled to a monthly benefit of \$25 for each year of service. The normal retirement date is the date on which the participant attains 50 years of age and completed 20 years of service.

Effective September 1, 2015 the plan was closed to new members.

Participants As of December 31, 2017 the plan has 0 active participants, 3 vested-terminated participants and 10 retired participants and beneficiaries.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

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

2. Volunteer Firemen's Pension Fund (continued)

During the year ended December 31, 2017, the Plan recognized the following changes in the Net pension liability:

Total pension liability September 1, 2016	\$	408,275
Service cost		1,130
Interest		13,634
Changes in benefits terms		-
Difference between expected and actual experience		1
Changes of assumptions		(6,047)
Benefit payments and expenses		(20,342)
Total pension liability August 31, 2017	<u>\$</u>	<u>396,651</u>

For the year ended December 31, 2017, the District recognized pension expense (revenue) of \$(11,625). At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1	\$ -
	<u>\$ 1</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	\$	-
2019		-
2020		-
2021		-
2022		-
Thereafter		(1)
	<u>\$</u>	<u>(1)</u>

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

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

2. Volunteer Firemen’s Pension Fund (continued)

Actuarial Assumptions The total pension liability was determined by an actuarial valuation as of September 1, 2016 rolled forward to August 31, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0.00%
Salary Increases	Not Applicable
Investment rate of return	3.42%
Mortality	No pre-retirement mortality; post retirement RP2000MF with improvement

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability calculated using the discount rate of 3.42 percent, as well as the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower (2.42 percent) or 1-percentage-point higher (4.42 percent) than the current rate:

	1% Decrease (2.42%)	Current Discount Rate (3.42%)	1% Increase (4.42%)
Net pension liability	425,696	396,651	366,962

V. Other Information

A. Related Party Transactions

Powdr – Copper Mountain Participation, LLC and Powdr—Copper Mountain, LLC are presently the largest taxpayers within the District. During 2017, the entities provided certain general services to the District and were reimbursed for these services at contracted rates.

B. Pension Plans

1. Deferred Compensation Plan - IRC Section 457

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

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

V. Other Information (continued)

B. Pension Plans (continued)

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

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

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

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

The Plan is administered by ICMA Retirement Corporation.

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

C. Cafeteria Plan

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

D. Significant Taxpayers

The combined assessed value of property owned by Powdr – Copper Mountain Participation, LLC and Powdr—Copper Mountain, LLC is approximately a quarter of the total assessed value of the District.

E. Risk Management

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

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 is unaware of any such claims at December 31, 2017.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2017
(Continued)

V. Other Information (continued)

G. Summit Fire and EMS Authority Intergovernmental Agreement

On October 10, 2017 the District signed an Intergovernmental Agreement (IGA) with the Lake Dillon Fire Protection District establishing the Summit Fire & Emergency Medical Services Authority (the "Authority"). The agreement combines the staff and resources of each entity's Fire Department and combines them into one Authority. Beginning January 1, 2018, the District will no longer have Fire operations. The Agreement allows for the transfer of property taxes from the District to the Authority in accordance with the Authority's annual budget adopted by the Board. Under the terms of the agreement the Authority will maintain title to and responsibility for all related debt of the building and equipment related to fire operations.

In conjunction with the IGA the District has also entered into an Agreement leasing the Fire Station to the Authority. The term of the lease is 99 years and requires annual lease payments of \$1.00. The District also entered into an Agreement leasing all Fire and EMS related equipment to the Authority, requiring annual lease payments of \$1.00. Under the terms of the Agreement, the Authority is to maintain, repair and insure the equipment and the District is responsible for equipment replacement. The term of the lease is the sooner of (1) mutual written termination of the agreement by both parties, (2) the lessee's written notice of termination to the lessor, which must be provided in writing at least ninety days prior to the date of termination, or (3) the transfer, sale, or other disposition of all apparatus and apparatus equipment.

H. Net Position Restatement

For the year ended December 31, 2017, the District adopted the provisions of GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which is effective for financial statements for periods beginning after June 15, 2016. GASB 73 will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and non-employer contributing entities.

For the District, the effect of implementing this standard was to change how it accounts and reports the total pension liability. Implementation of the standard resulted in a restatement of the prior period Net Position as follows:

	Governmental Activities
Net Position, December 31, 2016, as originally stated	\$ 3,969,072
Net pension liability - volunteer pension plan	(408,275)
Net Position, December 31, 2016, as restated	\$ 3,560,797

I. Subsequent Event – Bond Issuance

On January 2, 2018, the District issued a 2018 General Obligation Refunding Note in the amount of \$4,535,000 to refund outstanding principal of \$4,470,000 on the District's 2008 General Obligation Bonds. The interest rate on the 2018 Note is 2.11% per annum. Interest on the 2018 Note is payable semiannually on June 1 and December 1 through 2027. Principal on the 2018 Note is payable annually on December 1 through 2027. The District realized a net present value savings on the refunding of \$394,755.

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, 2017
(With Comparative Actual Amounts for 2016)

	2017			Final Budget Variance Positive (Negative)	2016
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
Property taxes	2,349,715	2,349,715	2,347,915	(1,800)	1,539,998
Specific ownership taxes	117,486	117,486	139,748	22,262	80,498
Delinquent taxes and interest	2,575	2,575	3,213	638	2,095
Total Taxes	<u>2,469,776</u>	<u>2,469,776</u>	<u>2,490,876</u>	<u>21,100</u>	<u>1,622,591</u>
Fees:					
Fire plan review and response fees	76,920	76,920	84,624	7,704	80,744
Total Fees	<u>76,920</u>	<u>76,920</u>	<u>84,624</u>	<u>7,704</u>	<u>80,744</u>
Other:					
Cellular tower lease	29,886	29,886	29,886	-	31,416
Recreation assessment fees	1,200	1,200	4,800	3,600	-
Interest income - Other	22,704	22,704	76,097	53,393	38,217
Rental income - Condominium	26,381	26,381	26,643	262	19,245
SCAS cost share agreement	80,000	80,000	85,170	5,170	81,026
Wildland fire reimbursement	-	200,000	213,824	13,824	137,722
Other	4,500	4,500	3,790	(710)	113,784
Total Other	<u>164,671</u>	<u>364,671</u>	<u>440,210</u>	<u>75,539</u>	<u>421,410</u>
Total Revenues	<u>2,711,367</u>	<u>2,911,367</u>	<u>3,015,710</u>	<u>104,343</u>	<u>2,124,745</u>
Expenditures:					
Administration:					
Salaries and wages	73,986	73,986	86,347	(12,361)	67,066
Payroll taxes and benefits	18,812	18,812	17,521	1,291	17,541
Audit and accounting	27,530	27,530	25,285	2,245	38,602
Legal	2,500	2,500	552	1,948	1,781
Board of Directors	3,040	3,040	2,394	646	2,546
Election	-	-	56	(56)	14,291
Supplies	2,285	2,285	1,635	650	1,920
Training and development	4,090	4,090	3,917	173	2,873
Travel and entertainment	4,300	4,300	2,925	1,375	4,120
Dues and subscriptions	5,270	5,270	5,353	(83)	5,082
Maintenance	1,000	1,000	3,084	(2,084)	1,491
Telephone/Internet	4,398	4,398	4,308	90	4,447
Insurance	2,809	2,809	2,546	263	2,537
Sheriff deputy rent subsidy	2,400	2,400	2,400	-	2,400
Condominium owners' dues	13,180	13,180	13,495	(315)	10,122
Other	2,000	2,000	433	1,567	-
Treasurer's fees	117,486	117,486	117,556	(70)	77,105
Total Administration	<u>285,086</u>	<u>285,086</u>	<u>289,807</u>	<u>(4,721)</u>	<u>253,924</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, 2017
(With Comparative Actual Amounts for 2016)
(Continued)

	2017			Final Budget Variance Positive (Negative)	2016
	Original Budget	Final Budget	Actual		Actual
Expenditures (continued):					
Fire Operations:					
Salaries and wages	1,166,009	1,246,009	1,265,639	(19,630)	1,095,266
Health insurance	268,946	268,946	227,737	41,209	223,122
Payroll taxes and benefits	101,720	101,720	101,316	404	89,061
FPPA pension contribution	85,405	85,405	96,317	(10,912)	78,926
FPPA death and disability contribution	-	-	-	-	1,743
Insurance	33,637	33,637	32,232	1,405	23,179
Professional fees	8,160	8,160	13,404	(5,244)	9,387
Vehicle maintenance	49,163	49,163	55,052	(5,889)	52,835
Fuel - Vehicles	11,000	11,000	11,778	(778)	9,199
Supplies	7,820	7,820	3,507	4,313	8,363
Travel and entertainment	2,300	2,300	5,412	(3,112)	8,495
Training and development	35,996	35,996	20,181	15,815	9,247
Medical supplies	2,500	2,500	1,739	761	1,084
Dues and subscriptions	6,650	6,650	5,785	865	5,767
Natural gas	20,600	20,600	16,290	4,310	16,664
Electricity	14,420	14,420	15,790	(1,370)	14,334
Uniform allowance	8,350	8,350	8,023	327	8,675
Firefighter wellness	6,000	6,000	2,608	3,392	2,746
Equipment expense	17,910	28,910	17,749	11,161	9,365
Telephone/Internet	7,720	7,720	7,700	20	6,968
Building maintenance	28,840	28,840	35,011	(6,171)	25,182
Summit Fire Authority	22,866	22,866	23,499	(633)	22,855
Communications	20,000	20,000	22,589	(2,589)	17,685
Total Fire Operations	<u>1,926,012</u>	<u>2,017,012</u>	<u>1,989,358</u>	<u>27,654</u>	<u>1,740,148</u>
Public Works:					
Snowplowing	30,000	30,000	26,544	3,456	26,050
Road maintenance	28,118	28,022	23,498	4,524	29,740
Total Public Works	<u>58,118</u>	<u>58,022</u>	<u>50,042</u>	<u>7,980</u>	<u>55,790</u>
Total Expenditures	<u>2,269,216</u>	<u>2,360,120</u>	<u>2,329,207</u>	<u>30,913</u>	<u>2,049,862</u>
Other Financing Sources (Uses):					
Proceeds from sale of assets	4,000	4,000	-	(4,000)	-
Transfers in (out)	31,000	31,000	31,000	-	30,000
Capital transfers in (out)	(460,000)	(569,000)	(578,000)	(9,000)	(175,000)
Total Other Financing Sources (Uses)	<u>(425,000)</u>	<u>(534,000)</u>	<u>(547,000)</u>	<u>(13,000)</u>	<u>(145,000)</u>
Change in Fund Balance	17,151	17,247	139,503	60,430	(70,117)
Beginning Fund Balance	<u>533,109</u>	<u>599,780</u>	<u>599,780</u>	<u>-</u>	<u>669,897</u>
Ending Fund Balance	<u><u>550,260</u></u>	<u><u>617,027</u></u>	<u><u>739,283</u></u>	<u><u>122,256</u></u>	<u><u>599,780</u></u>

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

**Copper Mountain Consolidated Metropolitan District
Schedule of Revenues and Expenditures
Budget and Actual - Conservation Trust Fund
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

	2017			Final Budget Variance Positive (Negative)	2016
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Lottery funds	2,200	2,400	1,992	(408)	2,208
Investment income	100	300	193	(107)	88
Total Revenues	2,300	2,700	2,185	(515)	2,296
Expenditures:					
Public works - park and recreation	6,361	6,757	6,242	515	-
Total Expenditures	6,361	6,757	6,242	515	-
Excess (Deficiency) of Revenues Over Expenditures	(4,061)	(4,057)	(4,057)	-	2,296
Fund Balance - Beginning	4,061	4,057	4,057	-	1,761
Fund Balance - Ending	-	-	-	-	4,057

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's portion of the net pension asset (liability)	(54,113)	2,540	162,628	161,161
District's proportionate share of the net pension asset	0.1498%	0.1441%	0.1441%	0.1428%
District's covered-employee payroll	766,413	698,775	642,225	792,175
District's proportionate share of the net pension asset as a percentage of its covered-employee payroll	7%	0%	25%	20%
Plan fiduciary net position as a percentage of the total pension asset	98.21%	100.10%	106.80%	105.80%

* Information is only available beginning in fiscal year 2014

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	61,313	55,902	51,378
Contributions in relation to the statutorily required contribution	<u>(61,313)</u>	<u>(55,902)</u>	<u>(51,378)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
District's covered-employee payroll	766,413	698,775	642,225
Contributions as a percentage of covered-employee payroll	8.0%	8.0%	8.0%

* Information is only available beginning in fiscal year 2014.

**Copper Mountain Consolidated Metropolitan District
Notes to the Required Supplementary Information
Statewide Defined Benefit Plan
December 31, 2017**

I. Schedule of Employer's Proportionate Share of the Net Pension Liability

A. Changes to assumptions or other inputs

1. Changes Since the January 1, 2015 Actuarial Valuation are as Follows:

- Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

2. Changes Since the January 1, 2014 Actuarial Valuation are as Follows:

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

B. Changes of benefit terms

No changes during the years presented above

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented above.

II. Notes to the Schedule of District Contributions

A. Changes to assumptions or other inputs

No changes during the years presented above.

B. Changes of benefit terms.

No changes during the years presented above.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

**Copper Mountain Consolidated Metropolitan District
Schedule of Changes in Total Pension Liability
Volunteer Firefighter's Pension
Last 10 Fiscal Years***

	2016
Total Pension Liability, beginning	\$ 408,275
Service Cost	1,130
Interest	13,634
Changes in Benefit Terms	-
Difference between expected and actual experience	1
Changes of assumptions	(6,047)
Benefit payments and expenses	(20,342)
Total Pension Liability, ending	\$ 396,651

* Information is only available beginning in fiscal year 2016.

**Copper Mountain Consolidated Metropolitan District
Schedule of Employer's Total Pension Liability
Volunteer Firefighter's Pension
Last 10 Fiscal Years***

	<u>2016</u>
Total pension liability	\$ 396,651
District's covered-employee payroll	N/A
District's proportionate share of the net pension asset as a percentage of its covered-employee payroll	N/A

* Information is only available beginning in fiscal year 2016

There are no assets accumulated in an irrevocable trust to pay pension benefits

SUPPLEMENTARY INFORMATION

Copper Mountain Consolidated Metropolitan District
Schedule of Revenues and Expenditures
Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	<u>2017</u>		<u>Final Budget Variance Positive (Negative)</u>	<u>2016</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Property taxes	556,714	556,260	(454)	555,272
Specific ownership taxes	27,791	33,070	5,279	28,986
Total Revenues	<u>584,505</u>	<u>589,330</u>	<u>4,825</u>	<u>584,258</u>
Expenditures:				
Bond principal	360,000	360,000	-	345,000
Bond interest	195,615	195,615	-	209,588
Treasurer's fees	27,991	28,013	(22)	27,964
Contingency	1,000	-	1,000	-
Total Expenditures	<u>584,606</u>	<u>583,628</u>	<u>978</u>	<u>582,552</u>
Excess (Deficiency) of Revenues Over Expenditures	(101)	5,702	5,803	1,706
Fund Balance - Beginning	<u>33,590</u>	<u>34,380</u>	<u>790</u>	<u>32,674</u>
Fund Balance - Ending	<u><u>33,489</u></u>	<u><u>40,082</u></u>	<u><u>6,593</u></u>	<u><u>34,380</u></u>

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

**Copper Mountain Consolidated Metropolitan District
Schedule of Revenues and Expenditures
Budget and Actual - Capital Projects Fund
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

	<u>2017</u>		<u>2016</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Expenditures:				
Capital outlay	1,163,786	913,958	249,828	575,562
Debt service	127,652	127,652	-	-
Total Expenditures	<u>1,291,438</u>	<u>1,041,610</u>	<u>249,828</u>	<u>575,562</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,291,438)</u>	<u>(1,041,610)</u>	<u>249,828</u>	<u>(575,562)</u>
Other Financing Sources (Uses):				
Lease proceeds	-	-	-	1,280,320
Proceeds from sale of assets	-	56,900	56,900	3,000
Capital transfers in (out)	460,000	578,000	118,000	(2,604,807)
Total Other Financing Sources (Uses)	<u>460,000</u>	<u>634,900</u>	<u>174,900</u>	<u>(1,321,487)</u>
Change in Fund Balance	(831,438)	(406,710)	424,728	(1,897,049)
Fund Balance - Beginning	<u>1,253,746</u>	<u>1,258,895</u>	<u>5,149</u>	<u>3,155,944</u>
Fund Balance - Ending	<u>422,308</u>	<u>852,185</u>	<u>429,877</u>	<u>1,258,895</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, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	2017		Final Budget Variance Positive (Negative)	2016
	Original and Final Budget	Actual		Actual
Revenues:				
Charges for Services:				
Television user fees	297,656	296,039	(1,617)	282,612
Hookup fees	150	1,980	1,830	125
Total Charges for Services	<u>297,806</u>	<u>298,019</u>	<u>213</u>	<u>282,737</u>
Other:				
Miscellaneous	-	1,590	1,590	-
Total Other	<u>-</u>	<u>1,590</u>	<u>1,590</u>	<u>-</u>
Total Revenues	<u>297,806</u>	<u>299,609</u>	<u>1,803</u>	<u>282,737</u>
Expenses:				
Contract labor	2,000	-	2,000	795
Salaries and wages	81,882	81,674	208	80,385
Benefits and taxes	29,698	29,595	103	29,127
Property and casualty insurance	1,074	974	100	976
Legal	3,000	1	2,999	5,567
Audit and payroll services	3,237	2,684	553	4,202
Utilities	600	177	423	480
Telephone	851	510	341	646
Supplies	2,095	1,559	536	1,801
Line equipment	3,000	817	2,183	4,410
Dues and subscriptions	175	221	(46)	159
Training and development	2,000	33	1,967	295
Travel and entertainment	500	-	500	-
Operations contract	2,800	1,052	1,748	1,888
Capital expenditures	10,000	3,760	6,240	189,598
Debt service	35,406	35,406	-	35,406
Total Expenses	<u>178,318</u>	<u>158,463</u>	<u>19,855</u>	<u>355,735</u>
Other Financing Sources and (Uses):				
Transfer to (from) General Fund	(31,000)	(31,000)	-	(30,000)
Transfer to (from) Capital Fund	-	-	-	90,875
Total Other Financing Sources	<u>(31,000)</u>	<u>(31,000)</u>	<u>-</u>	<u>60,875</u>
Total Expenses and Other Financing Sources	<u>209,318</u>	<u>189,463</u>	<u>19,855</u>	<u>294,860</u>
(Deficiency) of Revenues Over Expenses and Transfers - Non-GAAP Basis				
	<u>88,488</u>	110,146	<u>21,658</u>	(12,123)
Adjustment to GAAP Basis:				
Depreciation		(34,684)		(30,035)
Principal payment on lease		32,047		31,879
Capitalized expenditures		-		184,510
Change in accrued compensated absences		691		275
Change in Net Position - GAAP Basis		<u>108,200</u>		<u>174,506</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, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	2017			Final Budget Variance Positive (Negative)	2016
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Water and sewer base charges	2,121,067	2,121,067	2,167,878	46,811	1,895,920
Water and sewer tap fees	37,830	37,830	290,030	252,200	201,760
Water overage charges	466,000	466,000	455,786	(10,214)	432,104
Water irrigation charges	96,000	96,000	117,818	21,818	110,780
Bulk water sales	-	-	131	131	-
Finance charges	4,545	4,545	1,459	(3,086)	3,371
Bond proceeds	7,240,000	8,180,000	8,180,000	-	-
Miscellaneous	-	-	840	840	1,765
Total Revenues	9,965,442	10,905,442	11,213,942	308,500	2,645,700
Expenses and Transfers:					
Personnel:					
Salaries and wages	502,601	502,601	478,753	23,848	428,853
Benefits and taxes	173,594	173,594	146,114	27,480	143,029
Total Personnel	676,195	676,195	624,867	51,328	571,882
General Operations:					
Insurance	25,814	25,814	23,400	2,414	23,467
Payroll services	6,992	6,992	4,909	2,083	5,056
Legal, audit, and accounting	63,597	63,597	45,961	17,636	79,189
Engineering	15,000	15,000	2,005	12,995	37,103
Telephone/Internet	7,725	7,725	6,570	1,155	6,834
Supplies	824	824	940	(116)	1,150
Dues and subscriptions	6,500	6,500	5,416	1,084	5,209
Training, travel, and entertainment	12,000	12,000	8,544	3,456	6,626
Natural gas	19,000	19,000	16,592	2,408	15,612
Electricity	185,000	185,000	179,849	5,151	174,324
Fuel	7,210	7,210	5,584	1,626	6,261
Permits	10,000	10,000	7,450	2,550	9,081
Computer maintenance	5,150	5,150	6,543	(1,393)	3,223
Total General Operations	364,812	364,812	313,763	51,049	373,135
Water Operations:					
Outside laboratory	40,000	40,000	23,151	16,849	26,099
Well maintenance	6,090	6,090	4,076	2,014	7,438
Water purchases	3,090	3,090	2,855	235	750
Other repair and maintenance	45,506	45,506	21,699	23,807	26,146
Distribution maintenance	49,709	49,709	37,417	12,292	52,414
Chemicals	32,000	32,000	25,383	6,617	26,552
Total Water Operations	176,395	176,395	114,581	61,814	139,399

(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, 2017
(With Comparative Totals for the Year Ended December 31, 2016)
(Continued)

	2017			2016	
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenses and Transfers (continued):					
Sewer Operations:					
Collection system	15,000	15,000	-	15,000	-
Hazmat collection	3,399	3,399	3,300	99	3,320
Sludge disposal	17,510	17,510	13,944	3,566	15,272
Laboratory supplies	8,755	8,755	4,399	4,356	10,478
SWQCC dues	13,500	13,500	12,468	1,032	6,061
Total Sewer Operations	<u>58,164</u>	<u>58,164</u>	<u>34,111</u>	<u>24,053</u>	<u>35,131</u>
Total Expenses	<u>1,275,566</u>	<u>1,275,566</u>	<u>1,087,322</u>	<u>188,244</u>	<u>1,119,547</u>
Capital and Debt Service:					
Capital expenditures	3,868,530	4,708,530	3,854,203	854,327	1,050,159
Bond issuance costs	50,000	80,000	78,522	1,478	11,106
Debt service	4,184,724	4,400,493	4,400,293	200	549,034
Total Capital and Debt Service	<u>8,103,254</u>	<u>9,189,023</u>	<u>8,333,018</u>	<u>856,005</u>	<u>1,610,299</u>
Transfers:					
Transfer to (from) Capital Projects Fund	-	-	-	-	(2,688,932)
Total Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,688,932)</u>
Total Expenses and Transfers	<u>9,378,820</u>	<u>10,464,589</u>	<u>9,420,340</u>	<u>1,044,249</u>	<u>40,914</u>
Excess (Deficiency) of Revenues Over Expenses and Transfers - Non-GAAP Basis	<u>586,622</u>	<u>440,853</u>	1,793,602	<u>1,352,749</u>	2,604,786
Adjustments to GAAP Basis:					
Depreciation			(748,488)		(710,171)
Change in accrued compensated absences			6,043		(3,622)
Loan principal payment			4,190,000		380,000
Proceeds from bond issuance			(8,180,000)		-
Change in accrued interest on loan payable			(21,059)		5,441
Capitalized expenditures			3,847,037		988,688
Amortization of original issue discount			(10,331)		(1,345)
Total Adjustments			<u>(916,798)</u>		<u>658,991</u>
Change in Net Position - GAAP Basis			<u>876,804</u>		<u>3,263,777</u>

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

Copper Mountain Consolidated Metropolitan District
Schedule of Changes in Assets
Budget and Actual - Pension Fund
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	2017			Variance Positive (Negative)	2016
	Original Budget	Final Budget	Actual		Actual
Additions:					
District contribution	500	500	-	(500)	440
State contribution	2,400	2,400	396	(2,004)	839
Investment income	18,250	18,250	19,842	1,592	12,859
Total Additions	21,150	21,150	20,238	(912)	14,138
Deductions:					
Administrative expense	1,500	1,500	2,130	(630)	1,630
Insurance premiums	1,350	1,350	-	1,350	-
Benefit payments	10,000	16,000	14,063	1,937	15,350
Contingency	-	5,000	-	5,000	-
Total Deductions	12,850	23,850	16,193	7,657	16,980
Change in Assets	8,300	(2,700)	4,045	6,745	(2,842)
Assets - Beginning	579,875	568,452	568,452	-	571,294
Assets - Ending	588,175	565,752	572,497	6,745	568,452

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