

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

**Financial Statements
December 31, 2011**

**Copper Mountain Consolidated Metropolitan District
Financial Report
December 31, 2011**

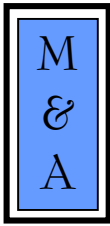
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Copper Mountain Consolidated Metropolitan District Summit County, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Copper Mountain Consolidated Metropolitan District (the "District"), as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Copper Mountain Consolidated Metropolitan District, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

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

The budgetary fund information for the General Fund and major special revenue fund in Section E is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Member: American Institute of Certified Public Accountants

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**To the Board of Directors
Copper Mountain Consolidated Metropolitan District**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying financial information in Section F is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in Section F is the responsibility of management and was derived from and relates 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**McMahan and Associates, L.L.C.
September 6, 2012**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Copper Mountain Consolidated Metropolitan District

Management's Discussion and Analysis

December 31, 2011

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, 2011.

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 Assets presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

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

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

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

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

Overview of the Financial Statements (continued)

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

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

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

The basic proprietary fund financial statements can be found on pages C6 through C8 of this report. The District adopts an annual appropriated budget for its Proprietary Fund. A budgetary comparison statement has been provided for the Proprietary Fund on page F1 of this report to demonstrate compliance with this budget.

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

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

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

Government-wide Financial Analysis

Copper Mountain Consolidated Metropolitan District's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current assets	\$ 5,338,402	\$ 5,215,259	1,211,050	1,511,624	6,549,452	6,726,883
Capital and other assets	9,181,276	9,473,740	10,363,902	10,876,027	19,545,178	20,349,767
Total Assets	14,519,678	14,688,999	11,574,952	12,387,651	26,094,630	27,076,650
Liabilities:						
Current liabilities	2,207,246	2,352,026	97,969	183,931	2,305,215	2,535,957
Long-term liabilities	6,477,744	6,756,823	5,432,822	5,747,849	11,910,566	12,504,672
Total Liabilities	8,684,990	9,108,849	5,530,791	5,931,780	14,215,781	15,040,629
Net Assets:						
Invested in capital assets, net of debt	2,725,503	2,735,731	4,908,761	5,107,965	7,634,264	7,843,696
Restricted	57,093	52,069	-	-	57,093	52,069
Unrestricted	3,052,092	2,792,350	1,135,400	1,347,906	4,187,492	4,140,256
Total Net Assets	\$ 5,834,688	\$ 5,580,150	6,044,161	6,455,871	11,878,849	12,036,021

The largest portion of the District's assets is reflected in the investment in capital assets (i.e. land, buildings, machinery, and equipment). At the end of 2011, this accounted for 64% of the total net assets. Accordingly, this portion of the net assets is not an available source for payment of future spending. Of the remaining assets 3% of the governmental activities annual budget is restricted for use in the event of an emergency.

Copper Mountain Consolidated Metropolitan District's Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 87,079	\$ 42,343	1,883,044	2,128,758	1,970,123	2,171,101
Operating grants & contributions	3,773	-	-	-	3,773	-
Capital grants & contributions	1,589	3,825	408,517	432,851	410,106	436,676
General revenues:						
Property taxes	2,244,955	2,102,544	-	-	2,244,955	2,102,544
Other taxes	79,347	78,813	-	-	79,347	78,813
Interest and other revenue	83,121	75,793	-	-	83,121	75,793
Total Revenues	<u>2,499,864</u>	<u>2,303,318</u>	<u>2,291,561</u>	<u>2,561,609</u>	<u>4,791,425</u>	<u>4,864,927</u>
Expenses:						
Fire protection	1,743,494	1,747,400	-	-	1,743,494	1,747,400
Public works	54,353	60,909	-	-	54,353	60,909
General government	294,705	318,100	-	-	294,705	318,100
Interest on long-term debt	272,641	283,610	-	-	272,641	283,610
Television	-	-	654,497	787,421	654,497	787,421
Water and sanitation	-	-	1,852,314	2,096,927	1,852,314	2,096,927
Loss on disposal of fixed assets	19,935	-	56,658	-	76,593	-
Transfers	(139,802)	(579,996)	139,802	579,996	-	-
Total Expenses	<u>2,245,326</u>	<u>1,830,023</u>	<u>2,703,271</u>	<u>3,464,344</u>	<u>4,948,597</u>	<u>5,294,367</u>
Change in Net Assets	254,538	473,295	(411,710)	(902,735)	(157,172)	(429,440)
Net Assets - Beginning	5,580,150	5,106,855	6,455,871	7,358,606	12,036,021	12,465,461
Net Assets - Ending	<u>\$ 5,834,688</u>	<u>\$ 5,580,150</u>	<u>6,044,161</u>	<u>6,455,871</u>	<u>11,878,849</u>	<u>12,036,021</u>

Governmental activities: Net assets of the governmental activities increased \$254,538 during 2011 after an increase of \$473,295 during 2010. This change is largely due to the District receiving funds from the business type activities to be held for future capital replacements and using property taxes collected to make the scheduled payments on long-term debt.

Business-type activities: Net assets of the business-type activities decreased \$411,710 during 2011 after a decrease of \$902,735 during 2010. The declines are largely due to depreciation expense on capital assets as well as transfers to the governmental activities to set aside funds for future capital replacements.

Financial Analysis of the District's Funds

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

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

The ending fund balances of governmental funds increased by \$266,976 during 2011 which is primarily due to the District collecting more in property taxes than costs incurred. Such excess is held in reserve for spending in future years as the District is anticipating significant declines in the future revenues due to the decline in property values within the District.

Financial Analysis of the District's Funds (Continued)

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,152,824. Of this balance, \$57,093 is restricted for emergencies as required by TABOR, \$2,451,609 is assigned for future capital projects, debt service, and recreational projects, and the remaining \$644,122 is unassigned.

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

The Proprietary Funds operating revenues of \$1,883,044 were exceeded by operational expenses of \$2,278,158, resulting in an operating loss of \$395,114. This operating loss increased slightly after capital fees net of debt service and capital reserve transfers which caused the change in net assets to total a decrease of \$411,710. However, depreciation expense on capital assets of \$698,165 was the primary expense which caused this decrease in net assets.

As of the end of the current fiscal year, the District's Proprietary Funds reported an ending net assets balance of \$6,044,161 which consisted of \$4,908,761 invested in capital assets net of related debt and the remaining \$1,135,400 being unrestricted for use by the District in future years.

Budget variances: One budget amendment was required during 2011 to account for additional expected expenditures in several funds. Details of the variances by fund can be seen on pages E1 through F-6 of this report.

Capital assets: The District's total capital assets decreased by \$802,353 as a result of capital additions being less than depreciation expense and capital deletions. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements on pages D13 and D14 of this report.

Long-term debts: During 2011 the District continued to make scheduled payments on all of its long-term debts. Details of the District's long term obligations are contained on pages D15 and D16 of this report.

Economic Conditions and Outlook: The County Assessor reassessed the value of the property in the District effective January 1, 2012 which are used to set 2011 property taxes collected by the District in 2012. The valuations reflect a reduction in the District's assessed value of 20%. For the 2012 budget the District increased the mill levy rate slightly to offset a portion of the reduction in assessed values and anticipates the remainder to be covered through decreases in expenditures and use of accumulated reserves.

Request for Information

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Copper Mountain Consolidated Metropolitan District
Statement of Net Assets
December 31, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	3,154,487	1,033,907	4,188,394
Receivables, net:			
Property tax	2,176,171	-	2,176,171
Accounts	590	177,143	177,733
Other governments	7,154	-	7,154
Capital assets, net	9,145,503	9,682,937	18,828,440
Bond issuance costs, net	35,773	-	35,773
Phosphorous credits (sewer rights)	-	636,000	636,000
Water rights	-	44,965	44,965
Total Assets	<u>14,519,678</u>	<u>11,574,952</u>	<u>26,094,630</u>
Liabilities:			
Vouchers/accounts payable	9,407	5,940	15,347
Retainage payable	-	1,700	1,700
Liability for performance bonds	-	8,470	8,470
Accrued interest payable	21,668	81,859	103,527
Property taxes assessed, but not collectible until subsequent year	2,176,171	-	2,176,171
Accrued compensated absences:			
Due within one year	19,246	19,844	39,090
Due in more than one year	38,498	39,696	78,194
Loan payable:			
Due within one year	-	325,000	325,000
Due in more than one year	-	5,048,282	5,048,282
Bonds payable:			
Due within one year	295,000	-	295,000
Due in more than one year	6,125,000	-	6,125,000
Total Liabilities	<u>8,684,990</u>	<u>5,530,791</u>	<u>14,215,781</u>
Net Assets:			
Invested in capital assets, net of related debt	2,725,503	4,908,761	7,634,264
Restricted for emergencies	57,093	-	57,093
Unrestricted	3,052,092	1,135,400	4,187,492
Total Net Assets	<u>5,834,688</u>	<u>6,044,161</u>	<u>11,878,849</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, 2011**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental Activities:							
Fire operations	1,743,494	55,814	3,773	-	(1,683,907)		(1,683,907)
Public works	54,353	-	-	1,589	(52,764)		(52,764)
General government	294,705	31,265	-	-	(263,440)		(263,440)
Interest on debt	272,641	-	-	-	(272,641)		(272,641)
Total Governmental Activities	2,365,193	87,079	3,773	1,589	(2,272,752)		(2,272,752)
Business-type Activities:							
Television	654,497	595,345	-	-		(59,152)	(59,152)
Water and sanitation	1,852,314	1,287,699	-	408,517		(156,098)	(156,098)
Total Business-type Activities	2,506,811	1,883,044	-	408,517		(215,250)	(215,250)
Total	4,872,004	1,970,123	3,773	410,106	(2,272,752)	(215,250)	(2,488,002)
General Revenues:							
Taxes:							
Property tax					2,244,955	-	2,244,955
Specific ownership tax					79,347	-	79,347
Investment earnings					44,961	-	44,961
Transfers in (out)					400,000	(400,000)	-
Capital transfers in (out)					(260,198)	260,198	-
Loss on disposal of assets					(19,935)	(56,658)	(76,593)
Miscellaneous					38,160	-	38,160
Total General Revenues and Transfers					2,527,290	(196,460)	2,330,830
Change in Net Assets					254,538	(411,710)	(157,172)
Net Assets - Beginning					5,580,150	6,455,871	12,036,021
Net Assets - Ending					5,834,688	6,044,161	11,878,849

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, 2011**

	<u>General</u>	<u>Conservation Trust</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	703,006	7,060	15,304	2,429,117	3,154,487
Due from County Treasurer	5,323	-	1,831	-	7,154
Accounts receivable	590	-	-	-	590
Property taxes assessed but not collected until subsequent year	1,564,330	-	611,841	-	2,176,171
Total Assets	<u>2,273,249</u>	<u>7,060</u>	<u>628,976</u>	<u>2,429,117</u>	<u>5,338,402</u>
Liabilities and Fund Balances:					
Liabilities:					
Vouchers/accounts payable	7,704	-	-	1,703	9,407
Property taxes assessed but not collected until subsequent year	1,564,330	-	611,841	-	2,176,171
Total Liabilities	<u>1,572,034</u>	<u>-</u>	<u>611,841</u>	<u>1,703</u>	<u>2,185,578</u>
Fund Balances:					
Restricted for TABOR reserve	57,093	-	-	-	57,093
Assigned	-	7,060	17,135	2,427,414	2,451,609
Unassigned	644,122	-	-	-	644,122
Total Fund Balances	<u>701,215</u>	<u>7,060</u>	<u>17,135</u>	<u>2,427,414</u>	<u>3,152,824</u>
Total Liabilities and Fund Balances	<u>2,273,249</u>	<u>7,060</u>	<u>628,976</u>	<u>2,429,117</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,145,503
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(6,463,639)</u>
Net Assets of Governmental Activities	<u>5,834,688</u>

**Copper Mountain Consolidated Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011**

	<u>General</u>	<u>Conservation Trust</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:					
Taxes	1,729,112	-	595,190	-	2,324,302
Fees	55,814	-	-	-	55,814
Intergovernmental	-	1,589	-	-	1,589
Other	118,158	1	-	-	118,159
Total Revenues	<u>1,903,084</u>	<u>1,590</u>	<u>595,190</u>	<u>-</u>	<u>2,499,864</u>
Expenditures:					
Fire operations	1,459,335	-	-	-	1,459,335
Public works	54,353	-	-	-	54,353
Administration	179,209	-	28,735	-	207,944
Debt service	-	-	551,350	-	551,350
Capital outlay	-	-	-	359,906	359,906
Total Expenditures	<u>1,692,897</u>	<u>-</u>	<u>580,085</u>	<u>359,906</u>	<u>2,632,888</u>
(Deficiency) of Revenues Over Expenditures	<u>210,187</u>	<u>1,590</u>	<u>15,105</u>	<u>(359,906)</u>	<u>(133,024)</u>
Other Financing Sources (Uses):					
Transfers in (out)	-	-	-	400,000	400,000
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Change in Fund Balances	<u>210,187</u>	<u>1,590</u>	<u>15,105</u>	<u>40,094</u>	<u>266,976</u>
Fund Balances - Beginning	<u>491,028</u>	<u>5,470</u>	<u>2,030</u>	<u>2,387,320</u>	<u>2,885,848</u>
Fund Balances - Ending	<u><u>701,215</u></u>	<u><u>7,060</u></u>	<u><u>17,135</u></u>	<u><u>2,427,414</u></u>	<u><u>3,152,824</u></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, 2011**

Net Change in Fund Balances of Governmental Funds	266,976
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.	(289,335)
Capital transfers from business-type activities to governmental activities increase the net assets of governmental activities, but have no effect on current financial resources. This is the amount of capital transfers from business-type activities to governmental activities.	19,042
A loss on the disposal of assets decreases net assets, but has no effect on current financial resources. This is the amount of loss on disposal of assets.	(19,935)
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 assets. 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	278,709
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds.	<u>(919)</u>
Change in Net Assets of Governmental Activities	<u><u>254,538</u></u>

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

**Copper Mountain Consolidated Metropolitan District
Statement of Net Assets
Proprietary Funds
December 31, 2011**

	<u>Television Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
Assets:			
Current Assets:			
Cash	101,862	932,045	1,033,907
Accounts receivable, net of allowance for uncollectibles	3,775	173,368	177,143
Total Current Assets	<u>105,637</u>	<u>1,105,413</u>	<u>1,211,050</u>
Non-current Assets:			
Property, plant, and equipment, net of accumulated depreciation	70,639	9,612,298	9,682,937
Phosphorous credits (sewer rights)	-	636,000	636,000
Water rights	-	44,965	44,965
Total Non-current Assets	<u>70,639</u>	<u>10,293,263</u>	<u>10,363,902</u>
Total Assets	<u>176,276</u>	<u>11,398,676</u>	<u>11,574,952</u>
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	-	5,940	5,940
Deferred revenue	1,700	-	1,700
Liability for performance bond	-	8,470	8,470
Compensated absences	3,771	16,073	19,844
Accrued interest payable	-	81,859	81,859
Loan payable - Current	-	325,000	325,000
Total Current Liabilities	<u>5,471</u>	<u>437,342</u>	<u>442,813</u>
Non-current Liabilities:			
Compensated absences	7,544	32,152	39,696
Loan payable - Net of unamortized discount	-	5,048,282	5,048,282
Total Non-current Liabilities	<u>7,544</u>	<u>5,080,434</u>	<u>5,087,978</u>
Total Liabilities	<u>13,015</u>	<u>5,517,776</u>	<u>5,530,791</u>
Net Assets:			
Invested in capital assets, net of related debt	70,639	4,838,122	4,908,761
Unrestricted	92,622	1,042,778	1,135,400
Total Net Assets	<u>163,261</u>	<u>5,880,900</u>	<u>6,044,161</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 Assets
Proprietary Funds
For the Year Ended December 31, 2011

	<u>Television Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services	594,891	1,284,683	1,879,574
Other	454	3,016	3,470
Total Operating Revenues	<u>595,345</u>	<u>1,287,699</u>	<u>1,883,044</u>
Operating Expenses:			
Payroll and benefits	157,980	517,427	675,407
Repair, maintenance, and operations	468,854	158,501	627,355
Utilities	3,038	174,063	177,101
Supplies and equipment	2,333	38,287	40,620
General and administrative	13,350	46,160	59,510
Depreciation	8,942	689,223	698,165
Total Operating Expenses	<u>654,497</u>	<u>1,623,661</u>	<u>2,278,158</u>
Operating (Loss)	<u>(59,152)</u>	<u>(335,962)</u>	<u>(395,114)</u>
Non-operating Revenues (Expenses):			
Loss on disposal of assets	(56,658)	-	(56,658)
Interest expense	-	(228,653)	(228,653)
Total Non-operating Revenues (Expenses)	<u>(56,658)</u>	<u>(228,653)</u>	<u>(285,311)</u>
Income (Loss) Before Contributions and Transfers	<u>(115,810)</u>	<u>(564,615)</u>	<u>(680,425)</u>
Capital Contributions and Transfers:			
Tap fees	-	42,800	42,800
Capital fees	-	365,393	365,393
Other contributions	-	324	324
Capital transfers in	22,720	256,520	279,240
Capital transfers out	-	(19,042)	(19,042)
Transfers out	-	(400,000)	(400,000)
Total Capital Contributions and Transfers	<u>22,720</u>	<u>245,995</u>	<u>268,715</u>
Change in Net Assets	(93,090)	(318,620)	(411,710)
Net Assets - Beginning	256,351	6,199,520	6,455,871
Net Assets - Ending	<u>163,261</u>	<u>5,880,900</u>	<u>6,044,161</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, 2011

	<u>Television Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers	622,668	1,349,921	1,972,589
Cash paid for goods and services	(524,931)	(428,029)	(952,960)
Cash paid to employees	(158,147)	(523,436)	(681,583)
Net Cash Provided by Operating Activities	<u>(60,410)</u>	<u>398,456</u>	<u>338,046</u>
Cash Flows from Non-capital Financing Activities:			
Cash refunded on performance bonds	-	324	324
Transfers to other funds	-	(400,000)	(400,000)
Net Cash (Used) by Non-capital Financing Activities	<u>-</u>	<u>(399,676)</u>	<u>(399,676)</u>
Cash Flows from Capital and Related Financing Activities:			
Tap fees	-	42,800	42,800
Capital fees received	-	365,393	365,393
Cash received from disposal of asset	17,500	-	17,500
Loan principal paid	-	(310,000)	(310,000)
Loan interest paid	-	(231,574)	(231,574)
Net Cash (Used) by Capital and Related Financing Activities	<u>17,500</u>	<u>(133,381)</u>	<u>(115,881)</u>
Net Change in Cash	(42,910)	(134,601)	(177,511)
Cash and Cash Equivalents - Beginning	144,772	1,066,646	1,211,418
Cash and Cash Equivalents - Ending	<u>101,862</u>	<u>932,045</u>	<u>1,033,907</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	(59,152)	(335,962)	(395,114)
Adjustments:			
(Increase) decrease in accounts receivable	27,323	62,222	89,545
(Increase) decrease in prepaid expenses	5,419	28,099	33,518
Increase (decrease) in accounts payable and accrued liabilities	(42,775)	(39,117)	(81,892)
Increase (decrease) in compensated absences	(167)	(6,009)	(6,176)
Depreciation	8,942	689,223	698,165
Total Adjustments	<u>(1,258)</u>	<u>734,418</u>	<u>733,160</u>
Net Cash Provided by Operating Activities	<u>(60,410)</u>	<u>398,456</u>	<u>338,046</u>
Schedule of Non-cash Transactions			
Capital transfer in	22,720	256,520	279,240
Capital transfer out	-	(19,042)	(19,042)
	<u>22,720</u>	<u>237,478</u>	<u>260,198</u>

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

**Copper Mountain Consolidated Metropolitan District
Statement of Fiduciary Net Assets
Fiduciary Fund - Pension Fund
For the Year Ended December 31, 2011**

Assets:	
Cash and investments	<u>548,158</u>
Total assets	<u><u>548,158</u></u>
Net Assets:	
Held in trust for pension benefits	<u><u>548,158</u></u>

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

**Copper Mountain Consolidated Metropolitan District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund - Pension Fund
For the Year Ended December 31, 2011**

Additions:	
District contribution	12,991
State contribution	11,925
Investment income	21,918
Total Additions	<u>46,834</u>
Deductions:	
Insurance premiums	1,544
Administration	984
Benefit payments	5,059
Total Deductions	<u>7,587</u>
Change in Net Assets	39,247
Net Assets - Beginning	<u>508,911</u>
Net Assets - Ending	<u><u>548,158</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011

I. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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

C. Fund Financial Statements

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

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

The District reports the following governmental funds:

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

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

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

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

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

The *Television Fund* accounts for television service operations.

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

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

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

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

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

3. Financial Statement Presentation

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

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

E. Financial Statement Accounts

1. Cash and Cash Equivalents

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

2. Investments

Investments are stated at fair market value.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts. No allowance is recorded at December 31, 2011, as all accounts are considered to be collectible.

4. Property Taxes

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

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.

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:

Assets	Years
Buildings	20-50
Improvements	10-20
Equipment and vehicles	5-20

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

7. 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.

8. 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.

9. 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, 2011 as revenue in the accompanying financial statements.

10. 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.

11. 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, 2011
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

12. Fund Balance

The District classifies governmental fund balances as follows:

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

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

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

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

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

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

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 Assets

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net assets of governmental activities* as reported in the government-wide Statement of Net Assets. 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 \$9,145,503 difference is related to property, plant and equipment of \$11,101,249 less accumulated depreciation of \$1,955,746.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011
(Continued)

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

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets (continued)

Another element of that reconciliation explains "Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of the \$6,463,639 difference are as follows:

Bonds payable	6,420,000
Accrued interest payable	21,668
Bond issuance costs, net	(35,773)
Accrued compensated absences	57,744
	6,463,639

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 assets 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 \$289,335 difference is depreciation expense \$347,012 less capital outlay of \$57,677.

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 assets. 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 \$278,709 difference are as follows:

Principal payment	(280,000)
Change in accrued interest	(945)
Amortization of bond issuance costs	2,236
	(278,709)

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 \$919 difference is the change in accrued compensated absences during 2011.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011
(Continued)

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 2011.

1. For the 2011 budget year, prior to August 25, 2010, 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, 2010, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
3. Prior to December 15, 2010, 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 2010 were collected in 2011 and taxes certified in 2011 will be collected in 2012. 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.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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 \$57,093 which is the approximate required reserve at December 31, 2011.

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

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

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

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?"

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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

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

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits (continued)

<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		\$ 315,959		
<i>Investments:</i>				
Csafe	AAAm	307,265	307,265	
Colotrust	AAAm	510,135	510,135	
Money Market	Not rated	3,088,696		3,088,696
Money Market (Pension Fund)	Not rated	144,959	144,959	
Mortgage-backed securities (Pension Fund)	Not rated	369,538		369,538
		<u>\$ 4,736,552</u>		
Financial Statement Captions:				
Cash and cash equivalents		\$ 4,188,394		
Cash and investments (Pension Fund)		548,158		
		<u>\$ 4,736,552</u>		

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

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

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

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

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

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits (continued)

1. Pools

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

2. Mortgage-backed Securities

The District is authorized by statute to invest in mortgage-backed securities. During 2011, the District had pension funds invested in mortgage-backed securities, which are recorded at a market value of \$369,538.

B. Receivables

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

	<u>General</u>	<u>Water and Sanitation</u>	<u>Total</u>
Receivables:			
Property tax	\$ 2,176,171	-	2,176,171
Accounts	590	177,143	177,733
Other governments	<u>7,154</u>	<u>-</u>	<u>7,154</u>
Gross receivables	2,183,915	177,143	2,361,058
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net receivables	<u><u>\$ 2,183,915</u></u>	<u><u>177,143</u></u>	<u><u>2,361,058</u></u>

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings	10,033,652	57,677	-	10,091,329
Improvements	262,527	-	(66,453)	196,074
Equipment and vehicles	794,804	19,042	-	813,846
Total Capital Assets Being Depreciated	<u>11,090,983</u>	<u>76,719</u>	<u>(66,453)</u>	<u>11,101,249</u>
Less accumulated depreciation for:				
Buildings	(673,436)	(336,378)	-	(1,009,814)
Improvements	(220,413)	(6,444)	46,518	(180,339)
Equipment and vehicles	(761,403)	(4,190)	-	(765,593)
Total Accumulated Depreciation	<u>(1,655,252)</u>	<u>(347,012)</u>	<u>46,518</u>	<u>(1,955,746)</u>
Governmental Activities Capital Assets, Net	<u>9,435,731</u>	<u>(270,293)</u>	<u>(19,935)</u>	<u>9,145,503</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
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	732,743	22,720	(156,654)	598,809
Water plant, property, and equipment	5,410,247	123,262	(11,278)	5,522,231
Sewer plant, property, and equipment	14,496,503	133,258	(87,445)	14,542,316
Total Capital Assets Being Depreciated	<u>20,639,493</u>	<u>279,240</u>	<u>(255,377)</u>	<u>20,663,356</u>
Less: accumulated depreciation for:				
Television plant, property, and equipment	(601,724)	(8,942)	82,496	(528,170)
Water plant, property, and equipment	(3,446,154)	(139,291)	11,278	(3,574,167)
Sewer plant, property, and equipment	(6,473,112)	(549,932)	68,403	(6,954,641)
Total Accumulated Depreciation	<u>(10,520,990)</u>	<u>(698,165)</u>	<u>162,177</u>	<u>(11,056,978)</u>
Total Capital Assets, Being Depreciated, Net	<u>10,118,503</u>	<u>(418,925)</u>	<u>(93,200)</u>	<u>9,606,378</u>
Business-type Activities Capital Assets, Net	<u>\$ 10,876,028</u>	<u>(418,925)</u>	<u>(93,200)</u>	<u>10,363,903</u>

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Capital Assets (continued)

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.

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

Governmental Activities:

General government	\$ 86,715
Fire operations	260,297
Total Depreciation Expense - Governmental Activities	<u>\$ 347,012</u>

Business-type Activities:

Television	\$ 8,942
Water and sanitation	689,223
Total Depreciation - Business-type Activities	<u>\$ 698,165</u>

D. Interfund Receivables, Payables, and Transfers

Transfer In	Transfer Out	Amount
Capital Projects Fund	Water and Sanitation Fund	\$ 400,000

The purpose of the transfer to the Capital Projects Fund was to set aside funds for the future capital requirements of the District in the water and sewer functions.

Capital Transfer In	Capital Transfer Out	Amount
Business-type Activities	Governmental Activities	\$ 279,240
Governmental Activities	Business-type Activities	(19,042)
		<u>\$ 260,198</u>

The purpose of the capital transfer to the Business-type Activities was to recognize capital assets in the Television Fund and Water and Sanitation Fund that were acquired through expenditures of the Capital Projects Fund. The purpose of the capital transfer to the Governmental Activities was to recognize the primary use of an asset in the fire department that was previously used in the water and sewer department.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on all Funds (continued)

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.

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

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

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

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

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

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

	Governmental-type Activities		Business-type Activities		Total Debt Service
	Principal	Interest	Principal	Interest	
2012	\$ 295,000	260,010	325,000	220,637	1,100,647
2013	305,000	248,063	335,000	208,799	1,096,862
2014	315,000	235,710	355,000	196,358	1,102,068
2015	330,000	222,953	365,000	183,009	1,100,962
2016	345,000	209,588	380,000	169,109	1,103,697
2017-2021	1,940,000	827,213	2,130,000	606,102	5,503,315
2022-2026	2,360,000	401,558	1,500,000	134,378	4,395,936
2027	530,000	21,465	-	-	551,465
	\$ 6,420,000	2,426,560	\$ 5,390,000	1,718,392	15,954,952

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Long-term Liabilities (continued)

5. Compensated Absences

The District employees receive two weeks of paid vacation after each year of employment. After five and ten years, the employees receive three and four weeks of vacation, 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 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.

6. Long-term liability activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
2008 G. O. bonds payable	\$ 6,700,000	-	(280,000)	6,420,000	295,000
Compensated absences	65,716	-	(7,972)	57,744	19,246
Total Governmental Activities Long-term Liabilities	\$ 6,765,716	-	(287,972)	6,477,744	314,246
Business-type Activities:					
Loans payable:					
Principal (2004 & 2005)	\$ 5,700,000	-	(310,000)	5,390,000	325,000
Original issue discount (2004)	(26,305)	-	1,599	(24,706)	1,547
Original issue premium (2005)	8,438	-	(450)	7,988	(436)
Compensated absences	56,823	2,717	-	59,540	19,844
Total Business-type Activities Long-term Liabilities	\$ 5,738,956	2,717	(308,851)	5,432,822	345,955

V. Other Information

A. Related Party Transactions

Copper Mountain, Inc. ("CMI") is the primary developer in Copper Mountain Resort and is presently the largest taxpayer within the District. During 2011, CMI provided certain general services to the District and was reimbursed for these services at contracted rates.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011
(Continued)

V. Other Information (continued)

B. Pension Plans

1. Deferred Compensation Plan - IRC Section 457

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

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

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

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

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

The Plan is administered by ICMA Retirement Corporation.

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

2. Volunteer Firemen's Pension Fund

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

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011
(Continued)

V. Other Information (continued)

B. Pension Plans (continued)

2. Volunteer Firemen's Pension Fund (continued)

- (a) Injury - It is the duty of the plan to pay a monthly annuity in an amount that is "proper and equitable", but not to exceed one hundred fifty dollars per month for a period of time not to exceed one year; beyond one year, the person shall be compensated in a monthly annuity in such amounts as the plan determines proper and necessary.
- (b) Death benefit - It is the duty of the plan to pay a benefit if the volunteer fireman dies in the line of duty as follows:
- (c) Surviving spouse - an amount not to exceed one hundred fifty dollars per month as long as the surviving spouse remains unmarried;
- (d) Surviving child - an amount not to exceed one hundred fifty dollars per month until the child attains the age of eighteen;
- (e) Surviving dependent parent - if no spouse - an amount not to exceed one hundred fifty dollars per month as long as the surviving dependent parent remains unmarried.
- (e) Retirement - The plan may provide pension income to a volunteer having ten years of active duty and a minimum of thirty-six hours of annual training participation. The maximum retirement benefit is \$500 per month.

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

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

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2011
(Continued)

V. Other Information (continued)

C. Cafeteria Plan

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

D. Significant Taxpayer

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

E. Risk Management

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

F. Contingencies - Claims

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2011.

REQUIRED SUPPLEMENTARY INFORMATION

Copper Mountain Consolidated Metropolitan District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for 2010)

	2011			Final Budget Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
Property taxes	1,580,000	1,580,000	1,666,970	86,970	1,555,646
Specific ownership taxes	58,600	58,600	59,034	434	58,947
Delinquent taxes and interest	1,300	1,300	3,108	1,808	401
Total Taxes	<u>1,639,900</u>	<u>1,639,900</u>	<u>1,729,112</u>	<u>89,212</u>	<u>1,614,994</u>
Fees:					
Fire plan review and response fees	61,000	61,000	55,814	(5,186)	23,923
Total Fees	<u>61,000</u>	<u>61,000</u>	<u>55,814</u>	<u>(5,186)</u>	<u>23,923</u>
Other:					
Recreation assessment fees	-	-	-	-	2,526
Grants	1,500	1,500	3,773	2,273	-
Interest income - Other	52,000	52,000	44,960	(7,040)	54,675
Rental income - Condominium	20,000	20,000	31,265	11,265	18,420
Other	5,000	5,000	38,160	33,160	21,103
Total Other	<u>78,500</u>	<u>78,500</u>	<u>118,158</u>	<u>39,658</u>	<u>96,724</u>
Total Revenues	<u>1,779,400</u>	<u>1,779,400</u>	<u>1,903,084</u>	<u>123,684</u>	<u>1,735,641</u>
Expenditures:					
Administration:					
Salaries and wages	54,500	54,500	33,581	20,919	48,667
Payroll taxes and benefits	19,100	19,100	8,993	10,107	21,152
Audit and accounting	800	800	1,249	(449)	720
Legal	2,000	2,000	9,234	(7,234)	7,240
Board of Directors	2,600	2,600	1,260	1,340	1,767
Election	2,000	2,000	-	2,000	50
Supplies	4,000	4,000	8,992	(4,992)	5,522
Training and development	3,000	3,000	922	2,078	-
Travel and entertainment	2,000	2,000	2,381	(381)	1,789
Dues and subscriptions	5,300	5,300	4,728	572	9,395
Maintenance	200	200	-	200	220
Telephone/Internet	2,200	2,200	3,367	(1,167)	1,805
Insurance	2,600	2,600	2,540	60	2,215
Sheriff deputy rent subsidy	2,400	2,400	2,600	(200)	2,400
Condominium owners' dues	14,100	14,100	12,468	1,632	11,992
Other	7,000	7,000	3,382	3,618	9,427
Treasurer's fees	84,400	84,400	83,512	888	77,802
Total Administration	<u>208,200</u>	<u>208,200</u>	<u>179,209</u>	<u>28,991</u>	<u>202,163</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, 2011
(With Comparative Actual Amounts for 2010)

	2011			Final Budget Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Expenditures (continued):					
Fire Operations:					
Salaries and wages	906,500	906,500	865,843	40,657	908,143
Health insurance	207,700	207,700	166,415	41,285	133,299
Volunteers' benefits	20,000	20,000	13,692	6,308	18,338
Payroll taxes and benefits	68,000	68,000	72,489	(4,489)	64,896
FPPA contribution	75,200	75,200	75,330	(130)	74,667
Payroll tax settlement	-	-	29,711	(29,711)	-
Volunteer pension contribution	13,250	13,250	12,991	259	13,250
Insurance	18,200	18,200	18,164	36	17,414
Professional fees	5,000	5,000	7,116	(2,116)	11,020.00
Vehicle maintenance	40,000	40,000	39,664	336	45,810
Fuel - Vehicles	6,000	6,000	13,543	(7,543)	1,605
Supplies	19,600	19,600	17,033	2,567	14,145
Travel and entertainment	2,000	2,000	4,947	(2,947)	1,926
Training and development	17,000	17,000	10,990	6,010	11,399
Medical supplies	2,000	2,000	1,512	488	1,890
Dues and subscriptions	3,000	3,000	3,221	(221)	2,705
Natural gas	26,000	26,000	24,137	1,863	25,426
Electricity	16,000	16,000	11,123	4,877	15,956
Uniform allowance	8,000	8,000	4,590	3,410	6,479
Firefighter wellness	7,200	7,200	3,304	3,896	6,405
Grant expenses	-	-	-	-	84
Equipment expense	12,330	12,330	11,637	693	9,096
Telephone/Internet	8,000	8,000	9,005	(1,005)	7,062
Building maintenance	5,000	5,000	6,962	(1,962)	4,404
Summit Fire Authority	23,000	23,000	22,092	908	23,860
Communications	14,000	14,000	13,824	176	15,778
Total Fire Operations	<u>1,522,980</u>	<u>1,522,980</u>	<u>1,459,335</u>	<u>63,645</u>	<u>1,435,057</u>
Public Works:					
Snowplowing	27,000	27,000	23,591	3,409	30,147
Road maintenance	31,000	31,000	30,762	238	30,762
Total Public Works	<u>58,000</u>	<u>58,000</u>	<u>54,353</u>	<u>3,647</u>	<u>60,909</u>
Total Expenditures	<u>1,789,180</u>	<u>1,789,180</u>	<u>1,692,897</u>	<u>96,283</u>	<u>1,698,129</u>
Other Financing Sources (Uses):					
Transfers out	(20,000)	(30,000)	-	30,000	-
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Change in Fund Balance	(29,780)	(39,780)	210,187	249,967	37,512
Beginning Fund Balance	519,951	519,951	491,028	(28,923)	453,516
Ending Fund Balance	<u>490,171</u>	<u>480,171</u>	<u>701,215</u>	<u>221,044</u>	<u>491,028</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, 2011
(With Comparative Totals For the Year Ended December 31, 2010)

	<u>2011</u>		Final Budget Variance Positive (Negative)	<u>2010</u>
	Original and Final Budget	Actual		Actual
Revenues:				
Lottery funds	1,500	1,589	89	1,299
Investment income	50	1	(49)	15
Total Revenues	<u>1,550</u>	<u>1,590</u>	<u>40</u>	<u>1,314</u>
Expenditures:				
Capital outlay - park and recreation	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	1,550	1,590	40	1,314
Fund Balance - Beginning	<u>5,876</u>	<u>5,470</u>	<u>(406)</u>	<u>4,156</u>
Fund Balance - Ending	<u><u>7,426</u></u>	<u><u>7,060</u></u>	<u><u>(366)</u></u>	<u><u>5,470</u></u>

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

SUPPLEMENTARY INFORMATION

**Copper Mountain Consolidated Metropolitan District
Schedule of Revenues and Expenditures
Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2011
(With Comparative Totals For the Year Ended December 31, 2010)**

	<u>2011</u>			Final Budget Variance Positive (Negative)	<u>2010</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Property taxes	557,400	557,400	574,877	17,477	546,497
Specific ownership taxes	19,500	19,500	20,313	813	19,866
Total Revenues	<u>576,900</u>	<u>576,900</u>	<u>595,190</u>	<u>18,290</u>	<u>566,363</u>
Expenditures:					
Bond principal	280,000	280,000	280,000	-	270,000
Bond interest	271,400	271,400	271,350	50	282,285
Treasurer's fees	29,100	29,100	28,735	365	27,325
Contingency	-	10,000	-	10,000	-
Total Expenditures	<u>580,500</u>	<u>590,500</u>	<u>580,085</u>	<u>10,415</u>	<u>579,610</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,600)	(13,600)	15,105	28,705	(13,247)
Fund Balance - Beginning	<u>14,092</u>	<u>14,092</u>	<u>2,030</u>	<u>16,122</u>	<u>15,277</u>
Fund Balance - Ending	<u>10,492</u>	<u>492</u>	<u>17,135</u>	<u>16,643</u>	<u>2,030</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, 2011
(With Comparative Totals For the Year Ended December 31, 2010)**

	2011			Final Budget Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Expenditures:					
Capital outlay	229,981	440,981	359,906	81,075	17,070
Total Expenditures	<u>229,981</u>	<u>440,981</u>	<u>359,906</u>	<u>81,075</u>	<u>17,070</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(229,981)</u>	<u>(440,981)</u>	<u>(359,906)</u>	<u>81,075</u>	<u>(17,070)</u>
Other Financing Sources (Uses):					
Contributions	-	-	-	-	-
Interest income	-	-	-	-	-
Transfers in	420,000	420,000	400,000	(20,000)	579,996
Total Other Financing Sources (Uses)	<u>420,000</u>	<u>420,000</u>	<u>400,000</u>	<u>(20,000)</u>	<u>579,996</u>
 Change in Fund Balance	 190,019	 (20,981)	 40,094	 61,075	 562,926
Fund Balance - Beginning	<u>1,638,349</u>	<u>1,638,349</u>	<u>2,387,320</u>	<u>748,971</u>	<u>1,824,394</u>
Fund Balance - Ending	<u><u>1,828,368</u></u>	<u><u>1,617,368</u></u>	<u><u>2,427,414</u></u>	<u><u>810,046</u></u>	<u><u>2,387,320</u></u>

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

Copper Mountain Consolidated Metropolitan District
Schedule of Revenues, Expenses and Transfers
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
Proprietary Funds - Television Fund
For the Year Ended December 31, 2011
(With Comparative Totals For the Year Ended December 31, 2010)

	2011			2010	
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Charges for Services:					
Television user fees	680,000	680,000	594,846	(85,154)	752,844
Hookup fees	500	500	45	(455)	721
High-speed Internet fees	-	-	-	-	86,752
DMX revenue	-	-	-	-	3,951
Total Charges for Services	<u>680,500</u>	<u>680,500</u>	<u>594,891</u>	<u>(85,609)</u>	<u>844,268</u>
Other:					
Miscellaneous	-	-	454	454	2,107
Proceeds from disposal of assets	-	-	17,500	17,500	-
Finance charges	-	-	-	-	887
Total Other	<u>-</u>	<u>-</u>	<u>17,954</u>	<u>17,954</u>	<u>2,994</u>
Total Revenues	<u>680,500</u>	<u>680,500</u>	<u>612,845</u>	<u>(67,655)</u>	<u>847,262</u>
Expenses and Transfers:					
Expenses:					
Contract labor	-	-	-	-	6,204
Salaries and wages	101,700	116,700	115,987	713	102,386
Benefits and taxes	44,400	44,400	41,993	2,407	32,944
Property and casualty insurance	2,700	2,700	2,609	91	2,650
Legal	1,000	1,000	2,200	(1,200)	7,311
Audit and payroll services	5,300	5,300	5,636	(336)	4,998
Utilities	600	600	590	10	568
Satellite contract	-	-	1,560	(1,560)	528,489
Telephone	4,500	4,500	2,448	2,052	4,006
FCC copyright fees	4,600	4,600	428	4,172	4,589
Supplies	1,200	1,200	979	221	6,823
Line equipment	1,000	1,000	836	164	967
Satellite equipment	-	-	518	(518)	3,630
High-speed Internet	-	-	-	-	55,021
Office rent	-	-	-	-	356
Dues and subscriptions	800	800	2,429	(1,629)	129
Training and development	500	500	405	95	-
Travel and entertainment	500	500	71	429	33
Operations contract	512,300	512,300	466,866	45,434	1,420
Total Expenses	<u>681,100</u>	<u>696,100</u>	<u>645,555</u>	<u>50,545</u>	<u>762,524</u>
Transfers:					
Transfer to Capital Projects Fund	-	-	-	-	30,199
Total Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,199</u>
Total Expenses and Transfers	<u>681,100</u>	<u>696,100</u>	<u>645,555</u>	<u>50,545</u>	<u>792,723</u>
(Deficiency) of Revenues					
Over Expenses and					
Transfers - Non-GAAP Basis	<u>(600)</u>	<u>(15,600)</u>	<u>(32,710)</u>	<u>(17,110)</u>	<u>54,539</u>
Adjustment to GAAP Basis:					
Depreciation			(8,942)		(24,897)
Capital transfer in			22,720		-
Net book value of disposed assets			(74,158)		-
Net (Loss) - GAAP Basis			<u>(93,090)</u>		<u>29,642</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Final Budget Variance Positive (Negative)
Revenues:				
Water and sewer base charges	1,175,000	1,175,000	1,179,185	4,185
Water and sewer tap fees	30,000	30,000	42,800	12,800
Water and sewer capital fee	423,000	423,000	365,393	(57,607)
Water overage charges	80,000	80,000	76,878	(3,122)
Water irrigation charges	45,000	45,000	28,620	(16,380)
Finance charges	2,000	2,000	3,016	1,016
Miscellaneous	100,000	100,000	324	(99,676)
Total Revenues	<u>1,855,000</u>	<u>1,855,000</u>	<u>1,696,216</u>	<u>(158,784)</u>
Expenses and Transfers:				
Personnel:				
Salaries and wages	416,800	416,800	415,335	1,465
Benefits and taxes	132,500	132,500	108,101	24,399
Total Personnel	<u>549,300</u>	<u>549,300</u>	<u>523,436</u>	<u>25,864</u>
Water Operations:				
Insurance	20,300	20,300	20,287	13
Payroll services	1,200	1,200	1,296	(96)
Legal and audit	50,000	50,000	11,071	38,929
Engineering	60,000	60,000	9,801	50,199
Telephone/Internet	8,000	8,000	5,373	2,627
Supplies	1,000	1,000	271	729
Dues and subscriptions	2,000	2,000	3,183	(1,183)
Training, travel, and entertainment	2,500	2,500	4,586	(2,086)
Natural gas	21,500	21,500	22,971	(1,471)
Electricity	190,000	190,000	151,092	38,908
Fuel	5,000	5,000	4,466	534
Permits	7,500	7,500	5,554	1,946
Outside laboratory	25,000	25,000	10,868	14,132
Well maintenance	4,000	4,000	1,043	2,957
Water purchases	2,000	2,000	2,788	(788)
Other repair and maintenance	17,000	17,000	9,678	7,322
Distribution maintenance	41,500	106,500	50,582	55,918
Chemicals	3,000	3,000	2,929	71
Computer maintenance	1,000	1,000	1,421	(421)
Total Water Operations	<u>462,500</u>	<u>527,500</u>	<u>319,260</u>	<u>208,240</u>

(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, 2011

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Expenses and Transfers (continued):				
Sewer Operations:				
Engineering	50,000	50,000	6,742	43,258
Professional fees	5,000	5,000	-	5,000
Permits	-	-	818	(818)
Motor and pump maintenance	5,000	5,000	3,506	1,494
Electrical maintenance	9,000	9,000	4,009	4,991
Collection system	27,000	27,000	24,307	2,693
Repairs and maintenance	-	-	3,300	(3,300)
Sludge disposal	16,000	16,000	16,627	(627)
Laboratory supplies	6,000	6,000	11,310	(5,310)
Chemicals	30,000	30,000	23,777	6,223
Travel and entertainment	-	-	364	(364)
SWQCC Dues	3,000	3,000	2,991	9
Contingencies	3,300	3,300	-	3,300
Debt service	541,700	541,700	541,574	126
Total Sewer Operations	696,000	696,000	639,325	56,675
Total Expenses	1,707,800	1,772,800	1,482,021	290,779
Transfers:				
Transfer to Capital Projects Fund	400,000	400,000	400,000	-
Total Transfers	400,000	400,000	400,000	-
Total Expenses and Transfers	2,107,800	2,172,800	1,882,021	290,779
Excess (Deficiency) of Revenues Over Expenses and Transfers - Non-GAAP Basis			(185,805)	
Adjustments to GAAP Basis:				
Depreciation			(689,223)	
Capital transfers in			256,520	
Capital transfers out			(19,042)	
Change in accrued compensated absences			6,009	
Loan principal payment			310,000	
Change in accrued interest on loan payable			4,070	
Amortization of original issue discount			(1,149)	
Total Adjustments			(132,815)	
Net Income (Loss) - GAAP Basis			(318,620)	

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

Copper Mountain Consolidated Metropolitan District
Schedule of Changes in Fiduciary Net Assets
Budget and Actual - Pension Fund
For the Year Ended December 31, 2011
(With Comparative Totals For the Year Ended December 31, 2010)

	2011		Variance Positive (Negative)	2010
	Original and Final Budget	Actual		Actual
Additions:				
District contribution	13,250	12,991	(259)	15,806
State contribution	11,925	11,925	-	8,870
Refunds and other income	-	-	-	2,185
Investment income	25,000	21,918	(3,082)	22,119
Total Additions	50,175	46,834	(3,341)	48,980
Deductions:				
Administrative expense	1,000	984	16	1,796
Insurance premiums	10,000	1,544	8,456	2,995
Benefit payments	3,600	5,059	(1,459)	3,677
Total Deductions	14,600	7,587	7,013	8,468
Change in Net Assets	35,575	39,247	3,672	40,512
Net Assets - Beginning	502,234	508,911	6,677	468,399
Net Assets - Ending	537,809	548,158	10,349	508,911

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