

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

**Financial Statements
December 31, 2022**

**Copper Mountain Consolidated Metropolitan District
Financial Report
December 31, 2022**

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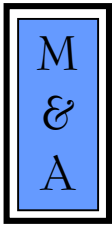
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MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of Copper Mountain Consolidated Metropolitan District (the "District"), as of and for the year ended December 31, 2022, which collectively comprise the District's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of Copper Mountain Consolidated Metropolitan District, as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

The District adopted Governmental Accounting Standards Board Statement No. 87, *Leases*, as detailed in note V.G. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
MATTHEW D. MILLER, CPA

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

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Copper Mountain Consolidated Metropolitan District

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

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

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Copper Mountain Consolidated Metropolitan District

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Copper Mountain Consolidated Metropolitan District's basic financial statements. The individual fund budgetary comparison information listed in the accompanying table of contents in Section F are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information in Section F are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in Section F is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
July 15, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Copper Mountain Consolidated Metropolitan District

Management's Discussion and Analysis

December 31, 2022

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, 2022.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

Overview of the Financial Statements (continued)

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

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

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

The basic proprietary fund financial statements can be found on pages C6 through C8 of this report. The District adopts an annual appropriated budget for its Proprietary Funds and budgetary comparison schedules have been provided on pages F3-F6 of this report to demonstrate compliance with these budgets.

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

Government-wide Financial Analysis

Copper Mountain Consolidated Metropolitan District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets & Deferred Outflows:						
Current assets	\$ 5,595,358	\$ 4,610,353	9,250,975	7,781,077	14,846,333	12,391,430
Capital assets & def outflows	6,400,300	6,808,417	11,051,574	11,695,922	17,451,874	18,504,339
Total Assets	11,995,658	11,418,770	20,302,549	19,476,999	32,298,207	30,895,769
Liabilities & Deferred Inflows:						
Current liab & def inflows	2,839,876	2,624,705	1,116,755	893,112	3,956,631	3,517,817
Long-term liab & def inflows	1,937,295	2,772,385	3,820,075	4,511,600	5,757,370	7,283,985
Total Liabilities & Def Inflows	4,777,171	5,397,090	4,936,830	5,404,712	9,714,001	10,801,802
Net Position:						
Net investment in capital assets	4,015,300	3,427,882	6,566,574	6,540,922	10,581,874	9,968,804
Restricted	52,297	57,710	-	-	52,297	57,710
Unrestricted	3,150,890	2,536,088	8,799,145	7,531,365	11,950,035	10,067,453
Total Net Position	\$ 7,218,487	\$ 6,021,680	15,365,719	14,072,287	22,584,206	20,093,967

The largest portion of the District's net position is reflected in the net investment in capital assets (i.e. land, buildings, infrastructure, machinery, and equipment). At the end of 2022 this accounted for 47% of the total net position. Accordingly, this portion of the net position is not an available source for payment of future spending. Of the remaining net position 3% of the governmental activities annual budget is restricted for use in the event of an emergency.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	31,706	20,463	4,737,454	3,889,984	4,769,160	3,910,447
Operating grants & contributions	-	-	-	-	-	-
Capital grants & contributions	2,087	2,356	648,590	138,710	650,677	141,066
General revenues:						
Property taxes	1,969,769	2,266,470	-	-	1,969,769	2,266,470
Other taxes	94,438	120,930	-	-	94,438	120,930
Gain (Loss) on disposed assets	-	-	-	-	-	-
Interest and other revenue	185,899	55,379	-	-	185,899	55,379
Total Revenues	<u>2,283,899</u>	<u>2,465,598</u>	<u>5,386,044</u>	<u>4,028,694</u>	<u>7,669,943</u>	<u>6,494,292</u>
Expenses:						
Fire protection	-	1,617,370	-	-	-	1,617,370
Public works	43,495	52,343	-	-	43,495	52,343
General government	830,455	468,211	-	-	830,455	468,211
Interest on long-term debt	77,142	81,628	-	-	77,142	81,628
Television	-	-	1,536,588	311,947	1,536,588	311,947
Water and sanitation	-	-	2,692,024	2,555,883	2,692,024	2,555,883
Transfers	136,000	33,000	(136,000)	(33,000)	-	-
Total Expenses	<u>1,087,092</u>	<u>2,252,552</u>	<u>4,092,612</u>	<u>2,834,830</u>	<u>5,179,704</u>	<u>5,087,382</u>
Change in Net Position	<u>1,196,807</u>	<u>213,046</u>	<u>1,293,432</u>	<u>1,193,864</u>	<u>2,490,239</u>	<u>1,406,910</u>
Net Position - Beginning	<u>6,021,680</u>	<u>5,808,634</u>	<u>14,072,287</u>	<u>12,878,423</u>	<u>20,093,967</u>	<u>18,687,057</u>
Net Position - Ending	<u><u>7,218,487</u></u>	<u><u>6,021,680</u></u>	<u><u>15,365,719</u></u>	<u><u>14,072,287</u></u>	<u><u>22,584,206</u></u>	<u><u>20,093,967</u></u>

Governmental activities: Net position of the governmental activities increased by \$1,196,807 in 2022 and \$213,046 in 2021 due to District using property taxes collected to make the scheduled payments on long-term debt and funds being held in reserve for future capital projects.

Business-type activities: Net position of the business-type activities increased \$1,293,432 in 2022 and \$1,193,864 in 2021 due to the District using fees collected to make the scheduled payments on long-term debt and funds being held in reserve for future capital projects. These increases are largely due to tap fees and other revenues being greater than operating costs and depreciation expense with the excess funds held in reserve for upcoming capital projects.

Financial Analysis of the District's Funds

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

Financial Analysis of the District's Funds (Continued)

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

The ending fund balances of governmental funds increased by \$613,360 during 2022. The reason for this increase is the District setting aside funds on an annual basis for future year operating and capital expenditures.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,227,873. Of this balance, \$19,251 is non-spendable, \$52,297 is restricted for emergencies as required by TABOR, \$71,550 is restricted for debt service, \$2,073,135 is assigned for future capital projects/equipment, and the remaining \$1,011,640 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 \$4,737,454 were more than operational expenses of \$4,072,262, resulting in operating income of \$665,192.

As of the end of the current fiscal year, the District's Proprietary Funds reported an ending net position balance of \$15,365,719 which consisted of \$6,566,574 in net investment in capital assets and the remaining \$8,799,145 being unrestricted for use by the District in future years, primarily for upcoming infrastructure projects.

Budget variances: There was a budget amendment required during 2022. Details of the variances by fund can be seen on pages E1 through E3 and F1 through F6 of this report.

Capital assets: The District's total capital assets decreased by \$1,052,465 as a result of capital additions being less than depreciation expense and net value of disposed assets. 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 D17 through D18 of this report.

Long-term debts: During 2022 the District continued to make scheduled payments on all of its long-term debts and also paid off two fire apparatus leases. Details of the District's long-term obligations are contained on pages D18 through D20 of this report.

Request for Information

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Copper Mountain Consolidated Metropolitan District
Statement of Net Position
December 31, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and investments	3,252,597	8,241,787	11,494,384
Receivables, net:			
Property tax	2,016,563	-	2,016,563
Accounts	26,241	918,608	944,849
Leases	273,873	-	273,873
Other governments	6,833	-	6,833
Prepaid expenses	19,251	90,580	109,831
Capital assets, net	6,400,300	10,370,609	16,770,909
Phosphorous credits (sewer rights)	-	636,000	636,000
Water rights	-	44,965	44,965
Total Assets	<u>11,995,658</u>	<u>20,302,549</u>	<u>32,298,207</u>
Liabilities:			
Accounts payable	77,049	362,296	439,345
Accrued interest payable	4,194	47,743	51,937
Accrued compensated absences:			
Due within one year	8,197	16,716	24,913
Due in more than one year	12,295	25,075	37,370
Notes payable:			
Due within one year	460,000	690,000	1,150,000
Due in more than one year	1,925,000	3,795,000	5,720,000
Total Liabilities	<u>2,486,735</u>	<u>4,936,830</u>	<u>7,423,565</u>
Deferred Inflow of Resources:			
Unavailable property tax revenue	2,016,563	-	2,016,563
Unavailable lease revenue	273,873	-	273,873
Total Deferred Inflow of Resources	<u>2,290,436</u>	<u>-</u>	<u>2,290,436</u>
Net Position:			
Net investment in capital assets	4,015,300	6,566,574	10,581,874
Restricted for emergencies	52,297	-	52,297
Unrestricted	3,150,890	8,799,145	11,950,035
Total Net Position	<u>7,218,487</u>	<u>15,365,719</u>	<u>22,584,206</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, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental Activities:							
Public works	43,495	-	-	2,087	(41,408)		(41,408)
General government	830,455	31,706	-	-	(798,749)		(798,749)
Interest on debt	77,142	-	-	-	(77,142)		(77,142)
Total Governmental Activities	951,092	31,706	-	2,087	(917,299)		(917,299)
Business-type Activities:							
Television and internet	1,536,588	1,321,128	-	-		(215,460)	(215,460)
Water and sanitation	2,692,024	3,416,326	-	648,590		1,372,892	1,372,892
Total Business-type Activities	4,228,612	4,737,454	-	648,590		1,157,432	1,157,432
Total	5,179,704	4,769,160	-	650,677	(917,299)	1,157,432	240,133
General Revenues:							
Taxes:							
Property tax					1,969,769	-	1,969,769
Specific ownership tax					94,438	-	94,438
Investment earnings					150,931	-	150,931
Lease revenue					34,647	-	34,647
Transfers in (out)					(136,000)	136,000	-
Miscellaneous					321	-	321
Total General Revenues and Transfers					2,114,106	136,000	2,250,106
Change in Net Position					1,196,807	1,293,432	2,490,239
Net Position - January 1					6,021,680	14,072,287	20,093,967
Net Position - December 31					7,218,487	15,365,719	22,584,206

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, 2022**

	<u>General</u>	<u>Conservation Trust</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets:					
Cash and investments	1,087,963	-	69,767	2,094,867	3,252,597
Due from County Treasurer	5,050	-	1,783	-	6,833
Accounts receivable	26,241	-	-	-	26,241
Leases receivable	273,873	-	-	-	273,873
Prepaid expenses	19,251	-	-	-	19,251
Property tax receivable	1,502,052	-	514,511	-	2,016,563
Total Assets	<u>2,914,430</u>	<u>-</u>	<u>586,061</u>	<u>2,094,867</u>	<u>5,595,358</u>
Liabilities, Deferred Inflows and Fund Balances:					
Liabilities:					
Accounts payable	55,317	-	-	21,732	77,049
Total Liabilities	<u>55,317</u>	<u>-</u>	<u>-</u>	<u>21,732</u>	<u>77,049</u>
Deferred Inflow of Resources:					
Unavailable property tax revenue	1,502,052	-	514,511	-	2,016,563
Unavailable lease revenue	273,873	-	-	-	273,873
Total Deferred Inflow of Resources	<u>1,775,925</u>	<u>-</u>	<u>514,511</u>	<u>-</u>	<u>2,290,436</u>
Fund Balances:					
Nonspendable	19,251	-	-	-	19,251
Restricted for TABOR reserve	52,297	-	-	-	52,297
Restricted for debt service	-	-	71,550	-	71,550
Assigned for capital projects	-	-	-	2,073,135	2,073,135
Unassigned	1,011,640	-	-	-	1,011,640
Total Fund Balances	<u>1,083,188</u>	<u>-</u>	<u>71,550</u>	<u>2,073,135</u>	<u>3,227,873</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>2,914,430</u>	<u>-</u>	<u>586,061</u>	<u>2,094,867</u>	<u>5,595,358</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					6,400,300
Long-term liabilities and deferred inflows, including debt payable, interest payable, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.					<u>(2,409,686)</u>
Net Position of Governmental Activities					<u>7,218,487</u>

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

Copper Mountain Consolidated Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	<u>General</u>	<u>Conservation Trust</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:					
Taxes	1,525,695	-	538,512	-	2,064,207
Intergovernmental	-	2,087	-	-	2,087
Other	217,531	74	-	-	217,605
Total Revenues	<u>1,743,226</u>	<u>2,161</u>	<u>538,512</u>	<u>-</u>	<u>2,283,899</u>
Expenditures:					
Public works	43,495	-	-	-	43,495
Administration	303,718	-	25,990	-	329,708
Debt service	-	-	509,819	565,889	1,075,708
Grant refunds	-	46,162	-	-	46,162
Capital outlay	-	-	-	39,466	39,466
Total Expenditures	<u>347,213</u>	<u>46,162</u>	<u>535,809</u>	<u>605,355</u>	<u>1,534,539</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,396,013</u>	<u>(44,001)</u>	<u>2,703</u>	<u>(605,355)</u>	<u>749,360</u>
Other Financing Sources (Uses):					
Transfers in	-	44,001	-	1,218,158	1,262,159
Transfers (out)	(1,398,159)	-	-	-	(1,398,159)
Total Other Financing Sources	<u>(1,398,159)</u>	<u>44,001</u>	<u>-</u>	<u>1,218,158</u>	<u>(136,000)</u>
Change in Fund Balances	<u>(2,146)</u>	<u>-</u>	<u>2,703</u>	<u>612,803</u>	<u>613,360</u>
Fund Balances - Beginning	<u>1,085,334</u>	<u>-</u>	<u>68,847</u>	<u>1,460,332</u>	<u>2,614,513</u>
Fund Balances - Ending	<u>1,083,188</u>	<u>-</u>	<u>71,550</u>	<u>2,073,135</u>	<u>3,227,873</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, 2022**

**Net Change in Fund Balances of
Governmental Funds** 613,360

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. (408,117)

The issuance of long-term debt (e.g. bonds, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-
term debt consumes the current financial resources of governmental funds.
Neither transaction, however, has any effect on net position. Also, changes in
accrued interest have no impact on current available resources but do change
government-wide net position. This amount is the net effect of these
differences in the treatment of long-term debt and related items. 998,566

Some expenses (revenues) reported in the Statement of Activities do not
require the use of current financial resources and therefore, are not
recorded as expenditures (revenues) in governmental funds. (7,002)

Change in Net Position of Governmental Activities 1,196,807

Copper Mountain Consolidated Metropolitan District
Statement of Net Position
Proprietary Funds
December 31, 2022

	<u>Television and Internet Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
Assets:			
Current Assets:			
Cash and investments	215,457	8,026,330	8,241,787
Accounts receivable, net of allowance for uncollectibles	91,922	826,686	918,608
Prepaid expense	12,292	78,288	90,580
Total Current Assets	<u>319,671</u>	<u>8,931,304</u>	<u>9,250,975</u>
Non-current Assets:			
Property, plant, and equipment, net of accumulated depreciation	898,882	9,471,727	10,370,609
Phosphorous credits (sewer rights)	-	636,000	636,000
Water rights	-	44,965	44,965
Total Non-current Assets	<u>898,882</u>	<u>10,152,692</u>	<u>11,051,574</u>
Total Assets	<u>1,218,553</u>	<u>19,083,996</u>	<u>20,302,549</u>
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	275,498	86,798	362,296
Accrued interest payable	-	47,743	47,743
Compensated absences - Current	1,931	14,785	16,716
Loan payable - Current	-	690,000	690,000
Total Current Liabilities	<u>277,429</u>	<u>839,326</u>	<u>1,116,755</u>
Non-current Liabilities:			
Compensated absences	2,897	22,178	25,075
Loan payable	-	3,795,000	3,795,000
Total Non-current Liabilities	<u>2,897</u>	<u>3,817,178</u>	<u>3,820,075</u>
Total Liabilities	<u>280,326</u>	<u>4,656,504</u>	<u>4,936,830</u>
Net Position:			
Net investment in capital assets	898,882	5,667,692	6,566,574
Unrestricted	39,345	8,759,800	8,799,145
Total Net Position	<u>938,227</u>	<u>14,427,492</u>	<u>15,365,719</u>

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

Copper Mountain Consolidated Metropolitan District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	<u>Television and Internet Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services	1,301,526	3,401,535	4,703,061
Other	19,602	14,791	34,393
Total Operating Revenues	<u>1,321,128</u>	<u>3,416,326</u>	<u>4,737,454</u>
Operating Expenses:			
Payroll and benefits	177,928	952,344	1,130,272
Repair, maintenance, and operations	1,064,595	242,331	1,306,926
Utilities	2,177	193,684	195,861
Supplies and equipment	66,606	55,461	122,067
General and administrative	69,617	130,535	200,152
Depreciation	155,665	961,319	1,116,984
Total Operating Expenses	<u>1,536,588</u>	<u>2,535,674</u>	<u>4,072,262</u>
Operating Income (Loss)	<u>(215,460)</u>	<u>880,652</u>	<u>665,192</u>
Non-operating Revenues (Expenses):			
Interest expense	-	(156,350)	(156,350)
Total Non-operating Revenues (Expenses)	<u>-</u>	<u>(156,350)</u>	<u>(156,350)</u>
Income (Loss) Before Contributions and Transfers	<u>(215,460)</u>	<u>724,302</u>	<u>508,842</u>
Capital Contributions and Transfers:			
Tap fees	-	648,590	648,590
Transfers in	136,000	-	136,000
Total Capital Contributions and Transfers	<u>136,000</u>	<u>648,590</u>	<u>784,590</u>
Change in Net Position	<u>(79,460)</u>	<u>1,372,892</u>	<u>1,293,432</u>
Net Position - Beginning	<u>1,017,687</u>	<u>13,054,600</u>	<u>14,072,287</u>
Net Position - Ending	<u><u>938,227</u></u>	<u><u>14,427,492</u></u>	<u><u>15,365,719</u></u>

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

Copper Mountain Consolidated Metropolitan District
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	<u>Television and Internet Fund</u>	<u>Water and Sanitation Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers	1,284,871	3,417,934	4,702,805
Cash paid for goods and services	(999,099)	(699,475)	(1,698,574)
Cash paid to employees	(178,199)	(954,615)	(1,132,814)
Net Cash Provided by Operating Activities	<u>107,573</u>	<u>1,763,844</u>	<u>1,871,417</u>
Cash Flows from Non-capital Financing Activities:			
Transfers (to) from other funds	136,000	-	136,000
Net Cash (Used) by Non-capital Financing Activities	<u>136,000</u>	<u>-</u>	<u>136,000</u>
Cash Flows from Capital and Related Financing Activities:			
Tap fees	-	648,589	648,589
Paid for capital assets	(133,010)	(339,626)	(472,636)
Principal paid	-	(670,000)	(670,000)
Interest paid	-	(162,909)	(162,909)
Net Cash (Used) by Capital and Related Financing Activities	<u>(133,010)</u>	<u>(523,946)</u>	<u>(656,956)</u>
Net Change in Cash	110,563	1,239,898	1,350,461
Cash and Cash Equivalents - Beginning	104,894	6,786,432	6,891,326
Cash and Cash Equivalents - Ending	<u>215,457</u>	<u>8,026,330</u>	<u>8,241,787</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	(215,460)	880,652	665,192
Adjustments:			
(Increase) decrease in accounts receivable	(36,257)	1,608	(34,649)
(Increase) decrease in prepaid expense	(10,120)	(74,668)	(84,788)
Increase (decrease) in accounts payable and accrued liabilities	214,016	(2,796)	211,220
Increase (decrease) in compensated absences	(271)	(2,271)	(2,542)
Depreciation	155,665	961,319	1,116,984
Total Adjustments	<u>323,033</u>	<u>883,192</u>	<u>1,206,225</u>
Net Cash Provided by Operating Activities	<u>107,573</u>	<u>1,763,844</u>	<u>1,871,417</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, 2022

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

I. Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements

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

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

The District reports the following governmental funds:

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

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

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

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

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

The *Television and Internet Fund* accounts for television and internet service operations.

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

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

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

1. Long-term Economic Focus and Accrual Basis

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Current Financial Focus and Modified Accrual Basis

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

3. Financial Statement Presentation

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

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

E. Financial Statement Accounts

1. Cash and Investments

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

Investments are stated at fair value, net asset value, or amortized cost, depending on the investment (see Note IV.A.). The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

1. Cash and Investments (continued)

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

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

2. Accounts Receivable and Leases Receivable

Receivables are reported net of an allowance for uncollectible accounts. No allowance is recorded at December 31, 2022, as all accounts are considered to be collectible.

Lease receivables are reported in accordance with GASB Statement No. 87, Leases. Under this standard, the District is required to recognize a lease receivable and deferred inflow of resources. The District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

3. Property Taxes

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

4. Prepaid Expenses

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

5. Interfund Receivables and Payables

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

6. Capital Assets

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

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

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred..

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

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

7. 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.

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.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

9. 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.

10. Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applied to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable property tax revenue is deferred and recognized as an inflow of resources in the period that the amount becomes available and earned. Deferred inflows of resources for leases are measured at the value of the lease receivable related to future periods.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

11. Categories and Classification of Fund Balance

The District classifies governmental fund balances as follows:

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

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

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

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

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

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

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.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." This \$6,400,300 difference is related to property, plant and equipment of \$11,910,204 less accumulated depreciation of \$5,509,904.

The final element of that reconciliation explains "Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of the \$2,409,686 difference are as follows:

Bonds payable	2,385,000
Accrued interest payable	4,194
Accrued compensated absences	20,492
	2,409,686

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between *net change in fund balances of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense." The \$408,117 difference is \$448,522 of depreciation expense less \$40,405 capital outlay.

Another element of that reconciliation states that "the issuance of long-term debt (e.g. bonds, leases) provides current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas those amounts are deferred and amortized in the statement of activities." The details of this \$998,566 difference are as follows:

Principal payment	(995,535)
Change in accrued interest	(3,031)
	(998,566)

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

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

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

The final element of that reconciliation explains "Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds." This (\$7,002) difference is change in accrued compensated absences.

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 2022.

1. For the 2022 budget year, prior to August 25, 2021, 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, 2021, 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, 2021, 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 2021 were collected in 2022 and taxes certified in 2022 will be collected in 2023. 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.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

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

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The District has reserved \$52,297 which is the approximate required reserve at December 31, 2022.

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

The District has no authorized but unissued debt.

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

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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

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

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

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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

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

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

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

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

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

The District's voters approved the following ballot question on November 6, 2018:

Shall Copper Mountain Consolidated Metropolitan District be authorized to increase or decrease its current and all future mill levies only if, on or after November 6, 2018, there are changes in the method of calculating assessed valuation, including but not limited to a change in the percentage of actual valuation used to determine residential assessed valuation due to Article X Section 3 of the Colorado constitution (commonly known as the Gallagher amendment), so that, to the extent possible, the actual tax revenues generated by such mill levies are the same as the actual tax revenues that would have been generated had such changes not occurred?

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

IV. Detailed Notes on all Funds

A. Deposits

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was \$1,814,265 at year end.

Fair Value of Investments

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

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

At December 31, 2022, the District had the following recurring fair value measurements:

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit		-	1,773,626	-
Total		-	1,773,626	-
<u>Investments Measured at Net Asset Value</u>				
Colotrust	7,901,968			
<u>Investments Measured at Amortized Cost</u>				
Csafe	4,525			

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

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

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

The Investment Pool represents investments in COLOTRUST and C-SAFE. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits (continued)

The District had invested \$7,901,968 in the Colorado Local Government Liquid Asset Trust (the "Trust"). The Trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund, measured at net asset value, and each share is equal in value to \$1.00. Investments 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 in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank.

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

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

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. At December 31, 2022, the District's investments in Colotrust represented 82% of the District's investment portfolio. Certificates of Deposit represented 18% of the investment portfolio.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits (continued)

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

<u>Type</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>More Than One Year</u>
<i>Deposits:</i>				
Checking and savings		1,810,313	-	-
Money Market		3,952	-	-
<i>Investments:</i>				
Csafe	AAAm	4,525	4,525	-
Colotrust	AAAm	7,901,968	7,901,968	-
Certificates of deposit	Not rated	1,773,626	1,009,537	764,089
		<u>11,494,384</u>		
Financial Statement Captions:				
<u>Cash and investments</u>		11,494,384		
		<u>11,494,384</u>		

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

IV. Detailed Notes on all Funds (continued)

B. Receivables

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

	General	Television and Internet Fund	Water and Sanitation	Total
Receivables:				
Property tax	2,016,563	-	-	2,016,563
Accounts	26,241	91,922	826,686	944,849
Leases	273,873	-	-	273,873
Other governments	6,833	-	-	6,833
Gross receivables	<u>2,323,510</u>	<u>91,922</u>	<u>826,686</u>	<u>3,242,118</u>
Less: allowance for uncollectibles	-	-	-	-
Net receivables	<u><u>2,323,510</u></u>	<u><u>91,922</u></u>	<u><u>826,686</u></u>	<u><u>3,242,118</u></u>

C. Leases

The District, acting as a lessor, leases land to telecommunication company Verizon for the placement of a cell phone tower under a long-term, noncancelable lease agreement During October, 2015. The lease term expires on September 30, 2030. Payments under the lease range from \$2,400 to \$3,630 per month, including interest at 2.79%. During the year ended December 31, 2022 the District recognized principal payments of \$26,599 and interest payments of \$8,047 pursuant to the contract.

Total minimum lease payments to be received under the lease agreement are as follows:

	Principal	Interest	Total
2023	28,404	7,283	35,687
2024	30,290	6,466	36,756
2025	32,263	5,596	37,859
2026	34,325	4,670	38,995
2027	36,480	3,685	40,165
2028 - 2030	112,110	4,543	116,653
Minimum lease payments	<u><u>273,872</u></u>	<u><u>32,243</u></u>	<u><u>306,115</u></u>

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

IV. Detailed Notes on all Funds (continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Buildings	10,292,135	40,405	-	10,332,540
Improvements	196,074	-	-	196,074
Equipment and vehicles	1,381,590	-	-	1,381,590
Total Capital Assets Being Depreciated	<u>11,869,799</u>	<u>40,405</u>	<u>-</u>	<u>11,910,204</u>
Less accumulated depreciation for:				
Buildings	(4,352,830)	(360,666)	-	(4,713,496)
Improvements	(196,074)	-	-	(196,074)
Equipment and vehicles	(512,478)	(87,856)	-	(600,334)
Total Accumulated Depreciation	<u>(5,061,382)</u>	<u>(448,522)</u>	<u>-</u>	<u>(5,509,904)</u>
Governmental Activities Capital Assets, Net	<u>6,808,417</u>	<u>(408,117)</u>	<u>-</u>	<u>6,400,300</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Water rights	44,965	-	-	44,965
Land	76,560	-	-	76,560
Phosphorous credits (sewer rights)	636,000	-	-	636,000
Total Capital Assets, Not Being Depreciated	<u>757,525</u>	<u>-</u>	<u>-</u>	<u>757,525</u>
Capital assets, being depreciated:				
Television plant, property, and equipment	1,774,254	133,010	-	1,907,264
Water plant, property, and equipment	13,229,554	200,925	-	13,430,479
Sewer plant, property, and equipment	15,150,470	138,701	-	15,289,171
Total Capital Assets Being Depreciated	<u>30,154,278</u>	<u>472,636</u>	<u>-</u>	<u>30,626,914</u>
Less: accumulated depreciation for:				
Television plant, property, and equipment	(852,717)	(155,665)	-	(1,008,382)
Water plant, property, and equipment	(6,404,929)	(528,817)	-	(6,933,746)
Sewer plant, property, and equipment	(11,958,235)	(432,502)	-	(12,390,737)
Total Accumulated Depreciation	<u>(19,215,881)</u>	<u>(1,116,984)</u>	<u>-</u>	<u>(20,332,865)</u>
Total Capital Assets, Being Depreciated, Net	<u>10,938,397</u>	<u>(644,348)</u>	<u>-</u>	<u>10,294,049</u>
Business-type Activities Capital Assets, Net	<u>11,695,922</u>	<u>(644,348)</u>	<u>-</u>	<u>11,051,574</u>

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

IV. Detailed Notes on all Funds (continued)

D. 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 as follows:

Governmental Activities:	
General government	448,522
Total Depreciation Expense - Governmental Activities	<u>448,522</u>

Business-type Activities:	
Television and Internet	155,665
Water and sanitation	961,319
Total Depreciation - Business-type Activities	<u>1,116,984</u>

E. Interfund Transactions

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Capital Projects	General Fund	1,218,158
Conservation Trust Fund	General Fund	44,001
Television and Internet Fund	General Fund	136,000

F. Long-term Liabilities

1. Series 2017A Water Activity Enterprise Revenue Refunding Note

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

2. Series 2017B Water Activity Enterprise Revenue Note

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

IV. Detailed Notes on all Funds (continued)

F. Long-term Liabilities (continued)

3. 2016 U.S. Bank Finance Purchases

A. Type 1 Fire Engine Finance Purchase

On July 15, 2016, the District obtained a Finance Purchase agreement through U.S. Bank in the principal amount of \$437,109, payable annually on April 30. The interest rate is 2.04% and the agreement matures on April 30, 2022. The agreement was obtained for the purchase of a new fire engine. This was fully repaid during 2022.

B. Quint/Aerial Pumper Finance Purchase

On December 16, 2016, the District obtained a Finance Purchase agreement through U.S. Bank in the principal amount of \$843,211, payable semiannually on May 15 and November 15. The interest rate is 2.140% and the agreement matures on November 15, 2026. The agreement was obtained for the purchase of an Aerial/Quint Fire Engine. This was fully repaid during 2022.

4. \$4,535,000 General Obligation Refunding Note, Series 2018

On January 2, 2018, the District issued a General Obligation Refunding Note, Series 2018, in the amount of \$4,535,000. Principal is payable on December 1, and accrued interest at 2.11% annually, on June 1 and December 1, commencing in 2018, with the last principal and interest payment on December 1, 2027. The Bonds refunded the Series 2008 Bonds and are secured by a debt service mill levy approved by the District's voters on November 1, 2006.

The District realized a net present value savings on the refunding of \$394,755.

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

	Governmental-type Activities		Business-type Activities		Total Debt Service
	Principal	Interest	Principal	Interest	
2023	460,000	50,324	690,000	143,228	1,343,551
2024	465,000	40,618	710,000	122,963	1,338,580
2025	475,000	30,806	210,000	102,114	817,920
2026	490,000	20,784	215,000	95,163	820,946
2027	495,000	10,445	225,000	88,046	818,491
2028-2032	-	-	1,255,000	322,891	1,577,891
2033-2037	-	-	1,180,000	99,310	1,279,310
	2,385,000	152,975	4,485,000	973,713	7,996,688

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

IV. Detailed Notes on all Funds (continued)

F. Long-term Liabilities (continued)

6. Compensated Absences

The District has a policy allowing the accumulation of paid time off, subject to certain maximum limits. In accordance with GAAP, the District's estimated liability for accrued leave at December 31, 2022 has been reflected in the proprietary type fund financial statements and in the governmental activities column of the government-wide financial statements.

7. Long-term liability activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
2018 G. O. bonds payable	2,835,000	-	(450,000)	2,385,000	460,000
Finance purchases:					
Quint (2016)	469,173	-	(469,173)	-	-
Pumper (2016)	76,362	-	(76,362)	-	-
Compensated absences	13,490	12,398	(5,396)	20,492	8,197
Total Governmental Activities					
Long-term Liabilities	<u>3,394,025</u>	<u>12,398</u>	<u>(1,000,931)</u>	<u>2,405,492</u>	<u>468,197</u>
Business-type Activities:					
Loans payable:					
2017 note payable - series A	1,485,000	-	(480,000)	1,005,000	495,000
2017 note payable - series B	3,670,000	-	(190,000)	3,480,000	195,000
Compensated absences	44,333	15,191	(17,733)	41,791	16,716
Total Business-type Activities					
Long-term Liabilities	<u>5,199,333</u>	<u>15,191</u>	<u>(687,733)</u>	<u>4,526,791</u>	<u>706,716</u>

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Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

V. Other Information

A. Related Party Transactions

Powdr – Copper Mountain Participation, LLC and Powdr—Copper Mountain, LLC are presently the largest taxpayers within the District. During 2022, the entities provided certain general services to the District and were reimbursed for these services at contracted rates.

B. Pension Plans

1. Deferred Compensation Plan - IRC Section 457

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

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

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 Mission Square Retirement Corporation.

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

C. Cafeteria Plan

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

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

V. Other Information (continued)

D. Significant Taxpayers

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

E. Risk Management

Except as provided within the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; or injuries to employees. The District is insured for such risks as a member of the Colorado Special Districts Property and Liability Pool (“Pool”). The Pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public official’s coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2022 (the latest audited information available) is as follows:

Assets	<u><u>69,212,177</u></u>
Liabilities	45,329,704
Capital and surplus	<u>23,882,473</u>
Total	<u><u>69,212,177</u></u>
Revenue	27,064,468
Underwriting expenses	<u>25,447,966</u>
Underwriting gain	1,616,502
Other income	<u>462,530</u>
Net Income (Loss)	<u><u>2,079,032</u></u>

F. Contingencies - Claims

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District is unaware of any such claims at December 31, 2022.

Copper Mountain Consolidated Metropolitan District
Notes to the Financial Statements
December 31, 2022
(continued)

V. Other Information (continued)

G. Adoption of New Accounting Standard – GASB Statement No. 87, Leases

During 2022, the District adopted GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease assets and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District has applied this standard to the beginning of the earliest comparative period presented.

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, 2022
(With Comparative Actual Amounts for 2021)

	<u>2022</u>			<u>2021</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative) Actual</u>	
Revenues:					
Taxes:					
Property taxes	1,462,515	1,462,515	1,451,930	(10,585)	1,757,648
Specific ownership taxes	61,894	61,894	69,801	7,907	93,625
Delinquent taxes and interest	-	-	3,964	3,964	(3,431)
Total Taxes	<u>1,524,409</u>	<u>1,524,409</u>	<u>1,525,695</u>	<u>1,286</u>	<u>1,847,842</u>
Other:					
Lease revenue	34,647	34,647	34,647	-	33,638
Interest income	10,000	10,000	150,857	140,857	20,720
Rental income - Condominium	33,000	33,000	31,706	(1,294)	20,463
Other	500	500	321	(179)	1,020
Total Other	<u>78,147</u>	<u>78,147</u>	<u>217,531</u>	<u>139,384</u>	<u>75,841</u>
Total Revenues	<u>1,602,556</u>	<u>1,602,556</u>	<u>1,743,226</u>	<u>140,670</u>	<u>1,923,683</u>
Expenditures:					
Administration:					
Salaries and wages	52,281	72,281	67,934	4,347	48,632
Benefits and taxes	13,161	13,161	16,362	(3,201)	12,412
Insurance	6,720	6,720	5,909	811	5,842
Legal, audit, and accounting	18,720	34,720	35,097	(377)	11,901
Board of Directors	1,600	1,600	1,120	480	1,120
Election	12,000	12,000	12,871	(871)	-
Supplies	2,500	2,500	3,305	(805)	1,429
Dues and subscriptions	14,400	14,400	12,672	1,728	2,276
Training, travel, and entertainment	5,150	5,150	1,715	3,435	1,152
Maintenance	5,500	5,500	4,062	1,438	2,739
Telephone/Internet	3,900	3,900	2,422	1,478	2,547
Sheriff deputy rent subsidy	2,400	2,400	2,400	-	2,400
Condominium owners' dues	21,180	21,180	19,360	1,820	13,004
Building maintenance	25,200	25,200	28,923	(3,723)	-
Natural gas	11,000	11,000	8,078	2,922	-
Electricity	15,000	15,000	8,741	6,259	-
Other	12,600	102,600	245	102,355	363
Treasurer's fees	72,817	72,817	72,502	315	87,711
Total Administration	<u>296,129</u>	<u>422,129</u>	<u>303,718</u>	<u>118,411</u>	<u>193,528</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, 2022
(With Comparative Actual Amounts for 2021)
(Continued)

	<u>2022</u>			Final Budget Variance Positive (Negative)	<u>2021</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures (continued):					
Fire Operations:					
Legal, audit, and accounting	-	-	-	-	3,223
Natural gas	-	-	-	-	9,452
Electricity	-	-	-	-	7,975
Building maintenance	-	-	-	-	28,260
Summit Fire and Emergency Services Authority	-	-	-	-	1,200,000
Total Fire Operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,248,910</u>
Public Works:					
Snowplowing	26,700	26,700	17,696	9,004	26,544
Streets and roads	-	-	-	-	-
Road maintenance	24,000	24,000	25,799	(1,799)	23,442
Total Public Works	<u>50,700</u>	<u>50,700</u>	<u>43,495</u>	<u>7,205</u>	<u>49,986</u>
Total Expenditures	<u>346,829</u>	<u>472,829</u>	<u>347,213</u>	<u>125,616</u>	<u>1,492,424</u>
Excess (Deficiency) of Revenues Over Expenditures	1,255,727	1,129,727	1,396,013	266,286	431,259
Other Financing Sources (Uses):					
Transfers (out)	(1,253,934)	(1,300,434)	(1,398,159)	(97,725)	(485,000)
Total Other Financing Sources (Uses)	<u>(1,253,934)</u>	<u>(1,300,434)</u>	<u>(1,398,159)</u>	<u>(97,725)</u>	<u>(485,000)</u>
Change in Fund Balance	1,793	(170,707)	(2,146)	168,561	(53,741)
Beginning Fund Balance	1,022,231	1,085,334	1,085,334	-	1,139,075
Ending Fund Balance	<u>1,024,024</u>	<u>914,627</u>	<u>1,083,188</u>	<u>168,561</u>	<u>1,085,334</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, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	<u>2022</u>			Final Budget Variance Positive (Negative)	<u>2021</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Lottery funds	2,400	2,400	2,087	(313)	2,356
Interest income	1,000	1,000	74	(926)	1
Total Revenues	<u>3,400</u>	<u>3,400</u>	<u>2,161</u>	<u>(1,239)</u>	<u>2,357</u>
Expenditures:					
Public works - park and recreation	2,500	2,500	-	2,500	2,357
Grant refunds	-	46,500	46,162	338	-
Contingency	900	900	-	900	-
Total Expenditures	<u>3,400</u>	<u>49,900</u>	<u>46,162</u>	<u>3,738</u>	<u>2,357</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(46,500)	(44,001)	2,499	-
Other Financing Sources (Uses):					
Transfers in	-	46,500	44,001	(2,499)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>46,500</u>	<u>44,001</u>	<u>(2,499)</u>	<u>-</u>
Change in Fund Balance	-	-	-	-	-
Fund Balance - Beginning	-	-	-	-	-
Fund Balance - Ending	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<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, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	<u>2022</u>			Final Budget Variance Positive (Negative)	<u>2021</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Property taxes	516,205	516,205	513,875	(2,330)	512,253
Specific ownership taxes	21,846	21,846	24,637	2,791	27,305
Total Revenues	<u>538,051</u>	<u>538,051</u>	<u>538,512</u>	<u>461</u>	<u>539,558</u>
Expenditures:					
Bond principal	450,000	450,000	450,000	-	440,000
Bond interest	59,819	59,819	59,819	-	69,103
Treasurer's fees	26,102	26,102	25,990	112	26,013
Contingency	5,000	5,000	-	5,000	-
Total Expenditures	<u>540,921</u>	<u>540,921</u>	<u>535,809</u>	<u>5,112</u>	<u>535,116</u>
Change in Fund Balance	(2,870)	(2,870)	2,703	5,573	4,442
Fund Balance - Beginning	<u>66,913</u>	<u>66,913</u>	<u>68,847</u>	<u>1,934</u>	<u>64,405</u>
Fund Balance - Ending	<u><u>64,043</u></u>	<u><u>64,043</u></u>	<u><u>71,550</u></u>	<u><u>7,507</u></u>	<u><u>68,847</u></u>

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

Copper Mountain Consolidated Metropolitan District
Schedule of Revenues and Expenditures
Budget and Actual - Capital Projects Fund
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	<u>2022</u>			<u>2021</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u> <u>Actual</u>
Expenditures:				
Debt service	556,666	556,666	565,889	(9,223)
Capital outlay	270,836	270,836	39,466	231,370
Total Expenditures	<u>827,502</u>	<u>827,502</u>	<u>605,355</u>	<u>222,147</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(827,502)</u>	<u>(827,502)</u>	<u>(605,355)</u>	<u>222,147</u>
Other Financing Sources (Uses):				
Transfers in	1,108,934	1,108,934	1,218,158	109,224
Total Other Financing Sources (Uses)	<u>1,108,934</u>	<u>1,108,934</u>	<u>1,218,158</u>	<u>109,224</u>
Change in Fund Balance	281,432	281,432	612,803	331,371
Fund Balance - Beginning	<u>1,490,458</u>	<u>1,490,458</u>	<u>1,460,332</u>	<u>(30,126)</u>
Fund Balance - Ending	<u><u>1,771,890</u></u>	<u><u>1,771,890</u></u>	<u><u>2,073,135</u></u>	<u><u>301,245</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 and Internet Fund
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	2022			Final Budget Variance Positive (Negative)	2021
	Original Budget	Final Budget	Actual		Actual
Operating Revenues:					
Charges for Services:					
Television and internet user fees, net	1,448,700	1,381,700	1,267,191	(114,509)	356,088
DMX revenues	-	-	27,668	27,668	-
Hookup fees	-	-	6,667	6,667	-
Total Charges for services	1,448,700	1,381,700	1,301,526	(80,174)	356,088
Other:					
Miscellaneous	3,500	3,500	19,602	16,102	69,298
Total Other	3,500	3,500	19,602	16,102	69,298
Total Operating Revenues	1,452,200	1,385,200	1,321,128	(64,072)	425,386
Operating Expenses:					
Personnel and Benefits:					
Contract labor	3,000	3,000	-	3,000	150
Salaries and wages	191,842	191,842	143,846	47,996	129,512
Benefits and taxes	61,453	61,453	34,353	27,100	32,397
Total Personnel and Benefits	256,295	256,295	178,199	78,096	162,059
Repairs, maintenance and operations:					
Operations contract, fuel & miscellaneous	808,420	1,040,332	1,067,192	(26,860)	10,203
Capital expenditures	135,000	135,000	130,413	4,587	499,781
Total Repairs, maintenance and operations	943,420	1,175,332	1,197,605	(22,273)	509,984
Utilities:					
Electricity	200	200	48	152	184
Telephone/Internet	4,500	4,500	2,129	2,371	1,928
Total Utilities	4,700	4,700	2,177	2,523	2,112
Supplies and equipment:					
Supplies	5,300	5,300	4,745	555	1,631
Satellite equipment	60,000	60,000	60,000	-	-
Line equipment	7,500	7,500	1,861	5,639	535
Total Supplies and equipment	72,800	72,800	66,606	6,194	2,166

(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 - Television and Internet Fund
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)
(Continued)

	2022			Final Budget Variance Positive (Negative)	2021
	Original Budget	Final Budget	Actual		Actual
Operating Expenses (continued):					
General and administrative:					
Insurance	8,636	8,636	7,594	1,042	7,510
Payroll services	3,560	3,560	2,152	1,408	2,134
Legal, audit, accounting, and engineering	72,720	72,720	35,708	37,012	21,195
Dues and subscriptions	6,500	6,500	4,057	2,443	3,255
Training, travel, and entertainment	5,500	5,500	1,486	4,014	536
Other	1,200	1,200	18,620	(17,420)	-
Total General and administrative	<u>98,116</u>	<u>98,116</u>	<u>69,617</u>	<u>28,499</u>	<u>34,630</u>
Total Operating Expenses	<u>1,375,331</u>	<u>1,607,243</u>	<u>1,514,204</u>	<u>93,039</u>	<u>710,951</u>
Operating Income (Loss):	76,869	(222,043)	(193,076)	28,967	(285,565)
Capital Contributions and Transfers:					
Transfers in	145,000	145,000	136,000	(9,000)	33,000
Total Capital Contributions and Transfers	<u>145,000</u>	<u>145,000</u>	<u>136,000</u>	<u>(9,000)</u>	<u>33,000</u>
Change in net position	<u>221,869</u>	<u>(77,043)</u>	<u>(57,076)</u>	<u>19,967</u>	<u>(252,565)</u>
Adjustment to GAAP Basis:					
Depreciation			(155,665)		(99,460)
Capitalized expenditures			133,010		495,537
Change in accrued compensated absences			271		2,927
Total Adjustments			<u>(22,384)</u>		<u>399,004</u>
Change in Net Position - GAAP Basis			<u>(79,460)</u>		<u>146,439</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, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	2022			Final Budget Variance Positive (Negative)	2021
	Original Budget	Final Budget	Actual		Actual
Operating Revenues:					
Charges for Services:					
Water and sewer base charges	2,711,833	2,711,833	2,687,246	(24,587)	2,672,135
Water overage charges	579,000	579,000	600,360	21,360	582,792
Water irrigation charges	152,000	152,000	101,882	(50,118)	157,393
Bulk water sales	10,000	10,000	12,047	2,047	39,744
Total Charges for services	3,452,833	3,452,833	3,401,535	(51,298)	3,452,064
Other:					
Property transfer fee	600	600	400	(200)	550
Finance charges	4,000	4,000	85	(3,915)	2,762
Miscellaneous	2,000	2,000	14,306	12,306	9,222
Total Other	6,600	6,600	14,791	8,191	12,534
Total Operating Revenues	3,459,433	3,459,433	3,416,326	(43,107)	3,464,598
Operating Expenses:					
Personnel and Benefits:					
Salaries and wages	737,429	737,429	733,843	3,586	647,131
Benefits and taxes	228,471	228,471	220,772	7,699	197,594
Total Personnel and Benefits	965,900	965,900	954,615	11,285	844,725
Repairs, maintenance and operations:					
Distribution maintenance	37,500	37,500	46,743	(9,243)	46,561
Engineering	30,000	30,000	6,750	23,250	18,471
Fuel	5,000	5,000	8,728	(3,728)	6,573
Permits	10,000	10,000	5,539	4,461	7,568
Computer maintenance	10,500	10,500	9,771	729	9,232
Outside laboratory	34,000	34,000	26,786	7,214	23,951
Well maintenance	5,000	5,000	940	4,060	6,308
Water purchases	3,000	3,000	2,987	13	2,865
Other repair and maintenance	72,600	72,600	59,084	13,516	73,359
Hazmat collection, wastewater, HVAC and other	17,000	17,000	28,638	(11,638)	12,216
Sludge disposal	24,000	24,000	25,410	(1,410)	19,065
SWQCC dues	3,996	3,996	7,065	(3,069)	3,996
Capital expenditures	1,133,500	1,133,500	353,516	779,984	814,540
Total Repairs, maintenance and operations	1,386,096	1,386,096	581,957	804,139	1,044,705
Utilities:					
Natural gas	19,000	19,000	22,793	(3,793)	18,319
Electricity	160,000	160,000	163,626	(3,626)	151,678
Telephone/Internet	6,500	6,500	7,265	(765)	6,998
Total Utilities	185,500	185,500	193,684	(8,184)	176,995

(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, 2022
(With Comparative Totals for the Year Ended December 31, 2021)
(Continued)

	2022			Final Budget Variance Positive (Negative)	2021
	Original Budget	Final Budget	Actual		Actual
Operating Expenses (continued):					
Supplies and equipment:					
Laboratory supplies	5,000	5,000	15,921	(10,921)	10,290
Postage	700	700	1,384	(684)	503
Chemicals	27,600	27,600	38,156	(10,556)	20,155
Total Supplies and equipment	<u>33,300</u>	<u>33,300</u>	<u>55,461</u>	<u>(22,161)</u>	<u>30,948</u>
General and administrative:					
Insurance	52,524	52,524	46,148	6,376	45,673
Payroll services	9,980	9,980	8,878	1,102	8,030
Legal, audit, and accounting	50,160	50,160	53,947	(3,787)	38,792
Dues and subscriptions	12,900	12,900	14,864	(1,964)	9,844
Training, travel, and entertainment	13,500	13,500	6,698	6,802	6,926
Total General and administrative	<u>139,064</u>	<u>139,064</u>	<u>130,535</u>	<u>8,529</u>	<u>109,265</u>
Total Operating Expenses	<u>2,709,860</u>	<u>2,709,860</u>	<u>1,916,252</u>	<u>793,608</u>	<u>2,206,638</u>
Operating Income (Loss):	749,573	749,573	1,500,074	750,501	1,257,960
Non-operating Revenue (Expense)					
Water and sewer tap fees	322,628	322,628	648,590	325,962	138,710
Principal payments	(670,000)	(670,000)	(670,000)	-	(645,000)
Interest expense	(162,909)	(162,909)	(162,909)	-	(181,840)
Total Non-operating Revenue (Expense)	<u>(510,281)</u>	<u>(510,281)</u>	<u>(184,319)</u>	<u>325,962</u>	<u>(688,130)</u>
Change in net position	<u>239,292</u>	<u>239,292</u>	<u>1,315,755</u>	<u>1,076,463</u>	<u>569,830</u>
Adjustments to GAAP Basis:					
Depreciation			(961,319)		(955,033)
Change in accrued compensated absences			2,271		(4,519)
Loan principal payment			670,000		645,000
Change in accrued interest on loan payable			6,559		6,311
Capitalized expenditures			339,626		785,836
Total Adjustments			<u>57,137</u>		<u>477,595</u>
Change in Net Position - GAAP Basis			<u>1,372,892</u>		<u>1,047,425</u>

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