

COLORADO CITY METROPOLITAN DISTRICT

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Colorado City Metropolitan District
Colorado City, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Colorado City Metropolitan District (the District) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Colorado City Metropolitan District as of December 31, 2013, and the respective changes in financial position and, where applicable cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 3 through 10 and pages 34 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The additional information on pages 36-39 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

McPherson, Braybogle, Daveline & Goodwin, PC

June 23, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Colorado City Metropolitan District Management's Discussion and Analysis Year Ended December 31, 2013

This discussion and analysis of the Colorado City Metropolitan District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2013. Please read this discussion and analysis together with the financial statements, the notes to financial statements and the supplementary information provided.

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

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

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

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

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

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

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

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

FINANCIAL HIGHLIGHTS

- The District’s net position did not significantly change as a result of the 2013 operations. The net position of the governmental activities decreased \$143 thousand, or 1.7%; the net position of the business type activities decreased by \$245 thousand or 2.5%.

- The governmental activities program revenues show a decreased due to the transfer of the golf course to the general fund in 2012. The decrease for actual revenues was \$29 thousand or 5.6%. The governmental activities expenses decreased \$59 thousand, or 5.5%.

- The business-type activities incurred a total operating loss of \$245 thousand, compared to the prior year loss of \$983 thousand. The business-type activities revenues, excluding the golf course from both years, actually decreased 6.7% or \$118 thousand. Although, the sewer fund actually ended the year with a small gain, the water department lost revenue due to the continuance of the drought and the slow economy.

THE DISTRICT AS A WHOLE

The District’s combined net assets did not change substantially from a year ago, decreasing from \$ 18.008 million to \$ 17.620 million (2.2%). The analysis of the Net Position (Table 1) and Changes in Net Position (Table 2) follows:

Table 1
NET POSITION (in thousands)

	Governmental		Business-type		Total Primary	
	Activities		Activities		Government	
	2013	2012	2013	2012	2013	2012
Cash and investments	\$ 745	\$ 673	\$ 762	\$ 773	\$ 1,507	\$ 1,446
Capital assets	7,646	7,785	11,164	11,578	18,810	19,363
Other assets	<u>246</u>	<u>339</u>	<u>1,590</u>	<u>1,504</u>	<u>1,836</u>	<u>1,843</u>
Total assets	8,637	8,797	13,516	13,855	22,153	22,652
Long-term debt outstanding	164	171	3,960	4,037	4,124	4,208
Other liabilities	<u>12</u>	<u>12</u>	<u>42</u>	<u>59</u>	<u>54</u>	<u>71</u>
Total liabilities	176	183	4,002	4,096	4,178	4,279
Deferred inflows-property taxes	355	365	-	-	355	365
Net position:						
Net investment in capital assets	7,646	7,785	7,728	7,505	15,374	15,290
Restricted	55	42	-	-	55	42
Unrestricted	<u>405</u>	<u>422</u>	<u>1,786</u>	<u>2,254</u>	<u>2,191</u>	<u>2,676</u>
Total net position	<u>\$ 8,106</u>	<u>\$ 8,249</u>	<u>\$ 9,514</u>	<u>\$ 9,759</u>	<u>\$ 17,620</u>	<u>\$ 18,008</u>

The net position of the District's governmental activities decreased by \$143 thousand (1.8%). That portion of the net position available to finance day-to-day operations (without restrictions by debt commitments or grantors) decreased by \$17 thousand to \$405 thousand at the end of the year.

The net position of our business-type activities decreased by \$246 thousand (1.5%). Capital contributions helped offset the losses for the business-type activities. This will be reviewed in more detail in the funds sections below.

Table 2
CHANGES IN NET POSITION (in thousands)

	Governmental		Business-type		Total Primary	
	Activities		Activities		Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 467	\$ 497	\$ 1,372	\$ 1,379	\$ 1,839	\$ 1,876
Grants & Contributions	12	1,270	26	23	38	1,293
General Revenues:						
Property Taxes	353	366	-	-	353	366
Other Taxes	42	48	-	-	42	48
Other Revenues	<u>3</u>	<u>4</u>	<u>3</u>	<u>1</u>	<u>6</u>	<u>5</u>
Total Revenues	877	2,185	1,401	1,403	2,278	3,588
Program Expenses						
Administration	262	254	-	-	262	254
Recreation and Parks	265	273	-	-	265	273
Roads Operation	52	63	-	-	52	63
Water fund	-	-	1,061	1,183	1,061	1,183
Sewer fund	-	-	581	580	581	580
Golf Course	441	490	-	1,259	441	1,749
Property Management	<u>-</u>	<u>-</u>	<u>5</u>	<u>2</u>	<u>5</u>	<u>2</u>
Total expenses	<u>1,020</u>	<u>1,080</u>	<u>1,647</u>	<u>3,024</u>	<u>2,667</u>	<u>4,104</u>
Excess(deficiency) before special items	(143)	1,105	(246)	(1,621)	(389)	(516)
Transfers	-	(638)	-	638	-	-
Sale Of Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>\$ (143)</u>	<u>\$ 467</u>	<u>\$ (246)</u>	<u>\$ (983)</u>	<u>\$ (389)</u>	<u>\$ (516)</u>

The District's total revenues, minus the golf course transfer in 2012, decreased by \$17 thousand (7.4%); expenses decreased by \$1,079 thousand (29.8%). Our analysis below separately considers the operations of government and business-type activities.

Governmental Activities:

Removing the golf course transfer items from 2012, the District’s revenues decreased by \$49 thousand (5.3%). The cost of programs increased by \$192 thousand (1.8%).

Property taxes decreased by \$19 thousand. Franchise fees remained stable and program revenues decreased by \$30 thousand. The amount the District taxpayers financed for the government activities through taxes was \$395 thousand (\$414 thousand in 2012) because some of the cost was paid by those who directly benefited from the programs or by other governments that subsidized certain programs with grants. The District received grants of \$12 thousand this year.

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

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

	2013			2012		
	Expenses	Service Charges & Operating Grants	Net Costs	Expenses	Service Charges & Operating Grants	Net Costs
Administration	\$ 262	\$ 17	\$ 245	\$ 254	\$ 1	\$ 253
Parks & Recreation:						
Community Center	4	-	4	6	4	2
Recreation Center	11	-	11	9	-	9
Swimming Pool	71	13	58	67	15	52
Parks & Recreation	<u>179</u>	<u>27</u>	<u>152</u>	<u>191</u>	<u>29</u>	<u>162</u>
Sub-total	265	40	225	273	48	225
Golf Course Operations	441	393	48	490	427	63
Roads Operations	52	17	35	63	21	42
Lottery	<u>-</u>	<u>12</u>	<u>(12)</u>	<u>-</u>	<u>11</u>	<u>(11)</u>
Total Government Activities	<u>\$ 1,020</u>	<u>\$ 479</u>	541	<u>\$1,080</u>	<u>\$ 508</u>	572
Less Investment Earnings			<u>(3)</u>			<u>(4)</u>
Net Cost to Taxpayers			<u>\$ 538</u>			<u>\$ 568</u>
Property & Other Taxes			<u>\$ 395</u>			<u>\$ 414</u>

Business Type Activities:

Revenues for the District’s business type activities (see Table 2) decreased .1% and expenses decreased by 6.7% when excluding the golf course for 2012. All business-type activities continue to operate at or near a deficit, as they have for the previous five years (see Table 4). A portion of the losses are offset by non-operating revenues. Non-operating revenues are funds received for investment in future infrastructure. These include water and sewer impact fees and new investments. Non-operating expenses include interest expense.

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

	2013	2012	2011	2010	2009
Water Fund					
Operating Revenues	\$ 786	\$ 828	\$ 791	\$ 791	\$ 856
Operating Expenses	<u>1,061</u>	<u>1,194</u>	<u>1,030</u>	<u>978</u>	<u>880</u>
Net Operating Income (Loss)	(275)	(366)	(239)	(187)	(24)
Capital Contributions/Other	<u>21</u>	<u>11</u>	<u>22</u>	<u>1,231</u>	<u>584</u>
Net Increase (Decr) in Net Position	<u>\$ (254)</u>	<u>\$ (355)</u>	<u>\$ (217)</u>	<u>\$ 1,044</u>	<u>\$ 560</u>
Sewer Fund					
Operating Revenues	\$ 584	\$ 550	\$ 522	\$ 481	\$ 445
Operating Expenses	<u>581</u>	<u>579</u>	<u>549</u>	<u>578</u>	<u>569</u>
Net Operating Income (Loss)	3	(29)	(27)	(97)	(124)
Capital Contributions	<u>8</u>	<u>12</u>	<u>8</u>	<u>24</u>	<u>112</u>
Net Increase (Decr) in Net Position	<u>\$ 11</u>	<u>\$ (17)</u>	<u>\$ (19)</u>	<u>\$ (73)</u>	<u>\$ (12)</u>
Property Management Fund					
Operating Revenues	\$ 2	\$ -	\$ -	\$ 2	\$ -
Operating Expenses	<u>5</u>	<u>2</u>	<u>-</u>	<u>11</u>	<u>-</u>
Net Operating Income (Loss)	(3)	(2)	-	(9)	-
Capital Contributions/Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Net Position	<u>\$ (3)</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ (9)</u>	<u>\$ -</u>

Budgetary Highlights:

Generally the District revises its budget several times during the year. These budget amendments are a result of 1) reflecting actual beginning balances, versus the amounts estimated in October, 2012; 2) accounting for changes during the year such as the increased need for infrastructure upgrades & repairs, and; 3) any adjustments necessary to prevent budget overruns.

The actual revenues for the General Fund were \$239 thousand under budget, and expenditures were \$228 thousand under budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

In 2013, the District invested \$74 thousand in various capital assets. (See Table 5 below)

Table 5
CAPITAL ASSETS AT YEAR END (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 6,308	\$ 6,315	\$ 327	\$ 327	\$ 6,635	\$ 6,642
Buildings and Improvements	2,973	2,968	-	-	2,973	2,968
Infrastructure	532	532	18,705	18,674	19,237	19,206
Water Rights	-	-	358	358	358	358
Augmentation Plans	-	-	205	205	205	205
Machinery and Equipment	1,835	1,828	681	675	2,516	2,503
Construction in Progress	-	-	95	71	95	71
	<u>\$ 11,648</u>	<u>\$ 11,643</u>	<u>\$20,371</u>	<u>\$20,310</u>	<u>\$32,019</u>	<u>\$31,953</u>

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

New dugouts in park area	\$ 3
Repair roof at pool	3
Bedknife grinder	7
Dixit Well #2 repairs	31
Engineering for Hicklin Ditch Diversion Dam	24
Chlorine analyzer for WTP	6
	<u>\$ 74</u>

The District has budgeted additional funding for capital additions for the 2014 year (in thousands):

Recreational and athletic fields in Greenhorn Meadows Park	\$ 220
Hicklin Ditch Diversion Dam	300
Accounting and Utility Billing Software	32
Vehicles and Equipment	67
Sewer line for Lakeview Circle	50
	<u>\$ 669</u>

At the end of 2013, the District had \$3.9 million in outstanding debt. The anticipated debt carryover from 2013 presents long term debt commitments as follows:

Wastewater treatment plant loan from the Colorado Water Resources And Power Development Authority	\$1,054,618
Water and Wastewater Revenue Refunding and Improvement Bonds	<u>\$2,865,000</u>
Total current debt commitments	<u>\$3,919,618</u>

The wastewater treatment plant loans will be paid from the sewer availability of service fees and the debt service fees over the next 16 to 18 years. The water treatment plant loan will be paid from water availability of service fees and increased water usage rates. More detailed information about the District's long-term liabilities is presented in Note III F in the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As required by Colorado Statutes, the District determines the property tax mill levy using prior years Denver-Boulder-Greeley Consumer Price Index (CPI) or the Colorado Office of State Planning and Budget (OSBP) projected inflation rates and the rate of local growth. The CPI for the 2013 budget is 2.307%; the OSPB for 2013 is 2.9%. The growth rates are 2.2% for 2013; 2.8% for 2014. Other limits are placed by the Taxpayer's Bill of Rights (TABOR) and the 1982 Gallagher Amendment. TABOR reduces government growth by limiting spending, revenues and debt. The Gallagher Amendment limits residential property tax assessment rates.

With the CPI and growth rates considered, the 2014 property taxes are expected to be \$355,254, a decrease of 2.67%.

For 2014 the District is anticipating an additional \$200 thousand in grants. These funds will be used to fund recreational facilities and athletic fields in Greenhorn Meadows Park.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2013

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 536,681	\$ -	\$ 536,681
Investments	208,099	-	208,099
Receivables	360,119	318,096	678,215
Prepaid items	8,095	6,389	14,484
Internal balances	(592,522)	592,522	-
Inventories	463,516	673,295	1,136,811
Due from other governmental agencies	6,300	-	6,300
Restricted cash	-	762,347	762,347
Capital assets			
Land, water rights and construction in progress	6,307,506	781,066	7,088,572
Other capital assets net of depreciation	<u>1,338,823</u>	<u>10,382,999</u>	<u>11,721,822</u>
Total capital assets	<u>7,646,329</u>	<u>11,164,065</u>	<u>18,810,394</u>
TOTAL ASSETS	<u>8,636,617</u>	<u>13,516,714</u>	<u>22,153,331</u>
LIABILITIES			
Accounts payable and accrued expenses	11,396	42,374	53,770
Long-term liabilities			
Due within one year -	11,728	166,475	178,203
Due in more than one year -	<u>152,726</u>	<u>3,793,782</u>	<u>3,946,508</u>
TOTAL LIABILITIES	<u>175,850</u>	<u>4,002,631</u>	<u>4,178,481</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	<u>355,251</u>	<u>-</u>	<u>355,251</u>
NET POSITION			
Net investment in capital assets	7,646,329	7,727,759	15,374,088
Restricted for labor	30,000	-	30,000
Restricted for conservation trust fund	25,211	-	25,211
Unrestricted	<u>403,976</u>	<u>1,786,324</u>	<u>2,190,300</u>
TOTAL NET POSITION	<u>\$ 8,105,516</u>	<u>\$ 9,514,083</u>	<u>\$ 17,619,599</u>

The accompanying notes are an integral part of this statement.

**COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED December 31, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities				
Administration	\$ 262,441	\$ 16,521	\$ -	\$ -
Community center	3,602	125	-	-
Recreation center	11,421	75	-	-
Swimming pool operations	70,823	13,382	-	-
Parks and recreation	178,766	26,508	-	-
Lottery	-	-	12,269	-
Golf course	441,268	393,278	-	-
Roads	<u>52,234</u>	<u>16,902</u>	-	-
Total governmental activities	<u>1,020,555</u>	<u>466,791</u>	<u>12,269</u>	<u>-</u>
Business-type activities				
Water fund	1,061,077	786,090	-	18,300
Sewer fund	580,946	583,848	-	8,000
Property management fund	<u>5,000</u>	<u>2,450</u>	-	-
Total business-type activities	<u>1,647,023</u>	<u>1,372,388</u>	<u>-</u>	<u>26,300</u>
 TOTAL	 <u>\$ 2,667,578</u>	 <u>\$ 1,839,179</u>	 <u>\$ 12,269</u>	 <u>\$ 26,300</u>
General revenues -				
Taxes-				
Property taxes				
Specific ownership taxes and other taxes				
Unrestricted investment earnings				
Total general revenues and transfers				
Change in net position				
Net position - January 1				
Net position - December 31				

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ (245,920)	\$ -	\$ (245,920)
(3,477)	-	(3,477)
(11,346)	-	(11,346)
(57,441)	-	(57,441)
(152,258)	-	(152,258)
12,269	-	12,269
(47,990)	-	(47,990)
(35,332)	-	(35,332)
<u>(541,495)</u>	<u>-</u>	<u>(541,495)</u>
-	(256,687)	(256,687)
-	10,902	10,902
-	(2,550)	(2,550)
<u>-</u>	<u>(248,335)</u>	<u>(248,335)</u>
<u>(541,495)</u>	<u>(248,335)</u>	<u>(789,830)</u>
353,060	-	353,060
41,830	-	41,830
<u>3,486</u>	<u>3,464</u>	<u>6,950</u>
<u>398,376</u>	<u>3,464</u>	<u>401,840</u>
(143,119)	(244,871)	(387,990)
<u>8,248,635</u>	<u>9,758,954</u>	<u>18,007,589</u>
<u>\$ 8,105,516</u>	<u>\$ 9,514,083</u>	<u>\$ 17,619,599</u>

**COLORADO CITY METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2013**

	General <u>Fund</u>	<u>Total</u>
ASSETS		
Cash and cash equivalents	\$ 536,681	\$ 536,681
Investments	208,099	208,099
Taxes receivable	360,119	360,119
Due from other funds	8,625	8,625
Receivable from other governments	6,300	6,300
Prepaid items	8,095	8,095
Inventories	<u>463,516</u>	<u>463,516</u>
TOTAL ASSETS	<u>\$ 1,591,435</u>	<u>\$ 1,591,435</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 9,714	\$ 9,714
Accrued liabilities	1,682	1,682
Due to other funds	<u>601,147</u>	<u>601,147</u>
TOTAL LIABILITIES	<u>612,543</u>	<u>612,543</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes	<u>355,251</u>	<u>355,251</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>355,251</u>	<u>355,251</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
	<u>967,794</u>	<u>967,794</u>
FUND BALANCES		
Nonspendable		
Prepaid items	8,095	8,095
Inventories for sale	463,516	463,516
Restricted		
Tabor	30,000	30,000
Conservation trust fund	25,211	25,211
Unassigned	<u>96,819</u>	<u>96,819</u>
Total Fund Balances	<u>623,641</u>	<u>623,641</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,591,435</u>	<u>\$ 1,591,435</u>

The accompanying notes are an integral part of this statement.

**COLORADO CITY METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2013**

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

Total fund balances - governmental fund	\$	623,641
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		
The cost of capital assets is	\$	11,648,086
Accumulated depreciation is	<u>(4,001,757)</u>	7,646,329
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		
Long-term liabilities at year end consist of:		
Gravel pit reclamation cost	\$	(140,999)
Accrued compensated absences	<u>(23,455)</u>	<u>(164,454)</u>
Total net position - governmental activities	\$	<u>8,105,516</u>

COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
YEAR ENDED December 31, 2013

	<u>General</u> <u>Fund</u>	<u>Total</u>
REVENUES		
Property taxes	\$ 353,060	\$ 353,060
Specific ownership taxes	26,010	26,010
Franchise taxes	15,820	15,820
Charges for services	414,265	414,265
Intergovernmental	12,269	12,269
Investment earnings	3,486	3,486
Other	<u>52,526</u>	<u>52,526</u>
TOTAL REVENUES	<u>877,436</u>	<u>877,436</u>
EXPENDITURES		
Current -		
Administration	250,686	250,686
Community center	3,602	3,602
Recreation center	9,117	9,117
Swimming pool operations	60,998	60,998
Parks and recreation	109,507	109,507
Golf Course	398,931	398,931
Roads	43,150	43,150
Capital outlay	<u>12,525</u>	<u>12,525</u>
TOTAL EXPENDITURES	<u>888,516</u>	<u>888,516</u>
NET CHANGE IN FUND BALANCE	(11,080)	(11,080)
FUND BALANCE, January 1	<u>634,721</u>	<u>634,721</u>
FUND BALANCE, December 31	<u>\$ 623,641</u>	<u>\$ 623,641</u>

The accompanying notes are an integral part of this statement.

**COLORADO CITY METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED December 31, 2013**

Amounts reported for governmental activities are different because:

Net change in fund balance - governmental fund	\$	(11,080)
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Capital outlays are reported in the governmental funds as expenditures. However, for governmental activities these costs are reported in the statement of net position and allocated over their estimated useful lives as depreciation expense. During 2013, the District donated land to the Pueblo City-County Library District to build a new library in the district. The value of the land donated was not reported in the governmental funds as an expenditure. However, for governmental activities the value of the land donated is reported in the statement of activities. This is the amount by which depreciation expense exceeds the capital outlay and the value of the donated land.

Capital outlay	\$	12,525	
Depreciation expense		(143,949)	
Value of donated land		<u>(7,360)</u>	(138,784)

In the statement of activities, certain operating activities such as compensated absences (vacation and excused leave) are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually paid. This year, accrued compensated absences paid (\$26,670) exceeded amounts earned (\$19,925). The net effect of these differences is as follows:

Compensated absences	\$	<u>6,745</u>	<u>6,745</u>
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Change in net position - governmental activities	\$	<u>(143,119)</u>
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COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2013

	Business-Type Activities Enterprise Funds			<u>Total</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Property Mgmt Fund</u>	
ASSETS				
CURRENT ASSETS				
Accounts receivable, net	\$ 174,872	\$ 143,224	\$ -	\$ 318,096
Due from other funds	314,157	286,990	-	601,147
Prepaid expenses	3,998	2,391	-	6,389
Inventories	<u>69,241</u>	<u>1,012</u>	<u>603,042</u>	<u>673,295</u>
TOTAL CURRENT ASSETS	<u>562,268</u>	<u>433,617</u>	<u>603,042</u>	<u>1,598,927</u>
NONCURRENT ASSETS				
CAPITAL ASSETS				
Land	317,201	10,500	-	327,701
Infrastructure	11,315,101	7,389,404	-	18,704,505
Machinery and equipment	465,910	215,304	-	681,214
Water rights	358,407	-	-	358,407
Augmentation plans	74,202	130,505	-	204,707
Accumulated depreciation	(5,377,813)	(3,829,614)	-	(9,207,427)
Construction in progress	<u>94,958</u>	<u>-</u>	<u>-</u>	<u>94,958</u>
TOTAL CAPITAL ASSETS	<u>7,247,966</u>	<u>3,916,099</u>	<u>-</u>	<u>11,164,065</u>
OTHER ASSETS				
Restricted cash	<u>720,490</u>	<u>41,857</u>	<u>-</u>	<u>762,347</u>
TOTAL OTHER ASSETS	<u>720,490</u>	<u>41,857</u>	<u>-</u>	<u>762,347</u>
TOTAL NONCURRENT ASSETS	<u>7,968,456</u>	<u>3,957,956</u>	<u>-</u>	<u>11,926,412</u>
TOTAL ASSETS	<u>8,530,724</u>	<u>4,391,573</u>	<u>603,042</u>	<u>13,525,339</u>
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	19,368	20,653	-	40,021
Due to other funds	-	-	8,625	8,625
Accrued payroll	1,637	716	-	2,353
Accrued compensated absences	8,956	3,093	-	12,049
Accrued interest payable	8,075	8,466	-	16,541
Notes payable	<u>42,500</u>	<u>95,385</u>	<u>-</u>	<u>137,885</u>
TOTAL CURRENT LIABILITIES	<u>80,536</u>	<u>128,313</u>	<u>8,625</u>	<u>217,474</u>
NONCURRENT LIABILITIES				
Notes payable	2,392,750	1,388,983	-	3,781,733
Accrued compensated absences	<u>8,956</u>	<u>3,093</u>	<u>-</u>	<u>12,049</u>
TOTAL NONCURRENT LIABILITIES	<u>2,401,706</u>	<u>1,392,076</u>	<u>-</u>	<u>3,793,782</u>
TOTAL LIABILITIES	<u>2,482,242</u>	<u>1,520,389</u>	<u>8,625</u>	<u>4,011,256</u>
NET POSITION				
Net investment in capital assets	5,296,028	2,431,732	-	7,727,760
Unrestricted	<u>752,454</u>	<u>439,452</u>	<u>594,417</u>	<u>1,786,323</u>
TOTAL NET POSITION	<u>\$ 6,048,482</u>	<u>\$ 2,871,184</u>	<u>\$ 594,417</u>	<u>\$ 9,514,083</u>

The accompanying notes are an integral part of this statement.

COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED December 31, 2013

	Business-Type Activities Enterprise Funds			<u>Total</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Property Mgmt Fund</u>	
OPERATING REVENUES				
Charges for services	\$ 772,906	\$ 582,048	\$ -	\$ 1,354,954
Tap connection fees	8,150	1,800	-	9,950
Other	5,034	-	2,450	7,484
TOTAL OPERATING REVENUES	<u>786,090</u>	<u>583,848</u>	<u>2,450</u>	<u>1,372,388</u>
OPERATING EXPENSES				
Salaries	234,512	105,821	-	340,333
Compensated absences	(317)	2,008	-	1,691
Payroll taxes	18,232	8,240	-	26,472
Pension and benefits	66,489	31,748	-	98,237
Cost of sales	-	-	5,000	5,000
Training and education	370	120	-	490
Travel and subsistence	1,883	790	-	2,673
Advertising	380	-	-	380
Bad debt expense	13,574	11,016	-	24,590
Bank fees and other penalties	1,527	3,427	-	4,954
Outside services	38,858	101,583	-	140,441
Memberships	295	-	-	295
Taxes and licenses	1,360	2,454	-	3,814
Professional fees - legal	8,614	1,125	-	9,739
Professional fees - engineering	1,937	-	-	1,937
Insurance	19,171	12,325	-	31,496
Operating parts, materials and supplies	99,475	34,525	-	134,000
Repairs and maintenance	6,640	7,323	-	13,963
Utilities	126,524	59,305	-	185,829
Depreciation	325,099	149,582	-	474,681
TOTAL OPERATING EXPENSES	<u>964,623</u>	<u>531,392</u>	<u>5,000</u>	<u>1,501,015</u>
OPERATING INCOME (LOSS)	<u>(178,533)</u>	<u>52,456</u>	<u>(2,550)</u>	<u>(128,627)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	3,214	250	-	3,464
Interest expense	(96,454)	(49,554)	-	(146,008)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(93,240)</u>	<u>(49,304)</u>	<u>-</u>	<u>(142,544)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(271,773)	3,152	(2,550)	(271,171)
Capital contributions	18,300	8,000	-	26,300
CHANGES IN NET POSITION	(253,473)	11,152	(2,550)	(244,871)
TOTAL NET POSITION - January 1	<u>6,301,955</u>	<u>2,860,032</u>	<u>596,967</u>	<u>9,758,954</u>
TOTAL NET POSITION - December 31	<u>\$ 6,048,482</u>	<u>\$ 2,871,184</u>	<u>\$ 594,417</u>	<u>\$ 9,514,083</u>

The accompanying notes are an integral part of this statement.

**COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED December 31, 2013**

	Business-Type Activities Enterprise Funds			<u>Total</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Property Mgmt Fund</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 761,155	\$ 559,426	\$ 2,450	\$ 1,323,031
Cash paid for goods and services	(324,909)	(287,613)	(2,450)	(614,972)
Cash paid to employees	(318,521)	(145,397)	-	(463,918)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>117,725</u>	<u>126,416</u>	<u>-</u>	<u>244,141</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions received	18,300	8,000	-	26,300
Acquisition of capital assets	(60,483)	-	-	(60,483)
Principal paid on notes payable	-	(82,392)	-	(82,392)
Interest and fees paid on notes payable	(91,516)	(50,873)	-	(142,389)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(133,699)</u>	<u>(125,265)</u>	<u>-</u>	<u>(258,964)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	3,214	250	-	3,464
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>3,214</u>	<u>250</u>	<u>-</u>	<u>3,464</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,760)	1,401	-	(11,359)
CASH AND CASH EQUIVALENTS, January 1	<u>733,250</u>	<u>40,456</u>	<u>-</u>	<u>773,706</u>
CASH AND CASH EQUIVALENTS, December 31	<u>\$ 720,490</u>	<u>\$ 41,857</u>	<u>\$ -</u>	<u>\$ 762,347</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (178,533)	\$ 52,456	\$ (2,550)	\$ (128,627)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -				
Depreciation	325,099	149,582	-	474,681
Bad debt expense	13,574	11,016	-	24,590
Change in assets and liabilities -				
Accounts receivable	(24,935)	(24,422)	-	(49,357)
Due from general fund	2,941	(67,690)	(2,450)	(67,199)
Inventories	(1,252)	(37)	5,000	3,711
Prepaid expenses	808	703	-	1,511
Accounts payable	(20,372)	2,389	-	(17,983)
Accrued payroll	713	412	-	1,125
Accrued compensated absences	(318)	2,007	-	1,689
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 117,725</u>	<u>\$ 126,416</u>	<u>\$ -</u>	<u>\$ 244,141</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

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

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

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

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

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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

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

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

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

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

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

GOVERNMENTAL FUNDS

The District reports the following major governmental fund:

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

PROPRIETARY FUNDS

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

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

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

D. Cash, Cash Equivalents and Investments

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

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

E. Property Taxes

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

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

F. Interfund Receivable/Payables

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

G. Inventories

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

H. Prepaid Items

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

I. Capital Assets

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

If proprietary fund assets are constructed, net interest expense is capitalized as part of the cost of the asset. No interest expense was capitalized in 2013.

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

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

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

J. Compensated Absences

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

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

K. Long-term Obligations

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

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

L. Fund Equity

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

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

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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

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

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

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

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

M. Interfund Transactions

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

N. Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Principles

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

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

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Cont'd.)

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

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

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents and investments are summarized as follows:

Cash and cash equivalents -	
Cash on hand	\$ 150
Cash on deposit with County Treasurer	1,922
Demand deposits	<u>1,296,956</u>
	<u>\$ 1,299,028</u>
Investments -	
Certificates of deposit	<u>\$ 208,099</u>

DEPOSITS

At December 31, 2013, the carrying amount of the District's deposits was \$1,507,127 and the bank balances totaled \$1,522,644. Of the bank balances, \$250,000 was covered by federal depository insurance and \$1,272,644 was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold these deposits. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public fund monies. The depository institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The market value of the collateral that each institution pledges as security must equal at least 102% of the total uninsured deposits held by that institution. Generally, the eligible collateral in the collateral pools is held by the depository institution or its agent in the name of the depository institution.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's does not have a policy for custodial credit risk. At December 31, 2013, deposits with a bank balance of \$1,272,644 are not insured but are not exposed to custodial

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd.)

credit risk because they are collateralized with securities held by the pledging financial institution's agent in the District's name.

NOTE 4 - RECEIVABLES

Receivables at December 31, 2013 consist of the following:

	Business-Type Activities			<u>Governmental Activities General Fund</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Property Fund</u>	<u>Total</u>
Property taxes				\$ 355,251
Specific ownership taxes				4,868
Intergovernmental				<u>6,300</u>
				<u>\$ 366,419</u>
Accounts	\$ 213,645	\$ 174,388	\$ -	\$ 388,033
Less: allowance for uncollectible accounts	<u>(38,773)</u>	<u>(31,164)</u>	<u>-</u>	<u>(69,937)</u>
	<u>\$ 174,872</u>	<u>\$ 143,224</u>	<u>\$ -</u>	<u>\$ 318,096</u>

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

NOTE 5 - INTERFUND RECEIVABLES/PAYABLES/TRANSFERS

The following interfund receivables and payables are included in the fund financial statements at December 31, 2013:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 8,625	\$ 601,147
Major enterprise funds		
Water fund	314,157	-
Sewer fund	286,990	-
Property management fund	<u>-</u>	<u>8,625</u>
	<u>\$ 609,772</u>	<u>\$ 609,772</u>

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

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 6 – DUE FROM OTHER GOVERNMENTAL AGENCIES

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

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance January 1, <u>2013</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	Balance December 31, <u>2013</u>
Governmental Activities –				
Nondepreciable assets –				
Land	\$ 6,314,866	\$ -	\$ (7,360)	\$ 6,307,506
Depreciable assets –				
Infrastructure	532,434	-	-	532,434
Buildings & improvements	2,967,594	5,725	-	2,973,319
Machinery & equipment	<u>1,828,027</u>	<u>6,800</u>	-	<u>1,834,827</u>
Total capital assets being depreciated	<u>5,328,055</u>	<u>12,525</u>	-	<u>5,340,580</u>
Less: accumulated depreciation for				
Infrastructure	(394,614)	(9,688)	-	(404,302)
Buildings & improvements	(1,760,421)	(111,338)	-	(1,871,759)
Machinery & equipment	<u>(1,702,773)</u>	<u>(22,923)</u>	-	<u>(1,725,696)</u>
Total accumulated depreciation	<u>(3,857,808)</u>	<u>(143,949)</u>	-	<u>(4,001,757)</u>
Capital assets being depreciated, net	<u>1,470,247</u>	<u>(131,424)</u>	-	<u>1,338,823</u>
 Total Governmental Activities Capital Assets, net	 <u>\$ 7,785,113</u>	 <u>\$ (131,424)</u>	 <u>\$ (7,360)</u>	 <u>\$ 7,646,329</u>
 Business-Type Activities –				
Nondepreciable assets –				
Land	\$ 327,701	\$ -	\$ -	\$ 327,701
Water rights	358,407	-	-	358,407
Construction in-progress	<u>71,383</u>	<u>23,575</u>	-	<u>94,958</u>
	<u>757,491</u>	<u>23,575</u>	-	<u>781,066</u>
Depreciable assets –				
Infrastructure	18,673,750	30,755	-	18,704,505
Machinery & equipment	675,062	6,152	-	681,214
Augmentation plans	<u>204,707</u>	-	-	<u>204,707</u>
Total capital assets being depreciated	<u>19,553,519</u>	<u>36,907</u>	-	<u>19,590,426</u>

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 7 – CAPITAL ASSETS (Cont'd.)

	Balance January 1, <u>2013</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	Balance December 31, <u>2013</u>
Less: accumulated depreciation for -				
Infrastructure	(7,978,628)	(447,268)	-	(8,425,896)
Machinery & equipment	(549,411)	(27,413)	-	(576,824)
Augmentation plans	<u>(204,707)</u>	<u>-</u>	<u>-</u>	<u>(204,707)</u>
Total accumulated depreciation	<u>(8,732,746)</u>	<u>(474,681)</u>	<u>-</u>	<u>(9,207,427)</u>
Capital assets being depreciated, net	<u>10,820,773</u>	<u>(437,774)</u>	<u>-</u>	<u>10,382,999</u>
Total Business-Type Activities Capital Assets, net	<u>\$11,578,264</u>	<u>\$ (414,199)</u>	<u>\$ -</u>	<u>\$11,164,065</u>

Depreciation expense was charged to the following functions for the year ended December 31, 2013:

Governmental Activities:

Administration	\$ 11,140
Community center	2,304
Parks and recreation	69,259
Swimming pool	9,825
Golf Course	42,337
Roads	<u>9,084</u>
	<u>\$ 143,949</u>

Business-Type Activities:

Water fund	\$ 325,099
Sewer fund	<u>149,582</u>
	<u>\$ 474,681</u>

At December 31, 2013, the District's water fund had two construction projects in progress. The first project consists of engineering and related costs (\$71,383) for the construction of Reservoir #2. The second project consists of engineering and related costs (\$23,575) for the reconstruction of the Hicklin diversion gate. No estimates of cost to complete or time for completion are presently known.

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 8 – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2013:

	Balance January 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2013</u>	Due Within <u>One Year</u>
Governmental activities –					
Mine reclamation costs	\$ 140,999	\$ -	\$ -	\$ 140,999	\$ -
Accrued compensated absences	<u>30,200</u>	<u>19,925</u>	<u>(26,670)</u>	<u>23,455</u>	<u>11,728</u>
Total	<u>\$ 171,199</u>	<u>\$ 19,925</u>	<u>\$ (26,670)</u>	<u>\$ 164,454</u>	<u>\$ 11,728</u>
Business-Type Activities –					
Notes payable –					
Water Fund	\$ 2,435,250	\$ -	\$ -	\$ 2,435,250	\$ 42,500
Sewer Fund	1,566,760	-	(82,392)	1,484,368	95,385
Accrued compensated absences	<u>22,408</u>	<u>19,600</u>	<u>(17,909)</u>	<u>24,099</u>	<u>12,050</u>
Total Business-Type Activities	<u>\$ 4,024,418</u>	<u>\$ 19,600</u>	<u>\$ (100,301)</u>	<u>\$ 3,943,717</u>	<u>\$ 149,935</u>

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

BONDS PAYABLE

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

\$ 2,865,000

NOTES PAYABLE

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

1,054,618

\$ 3,919,618

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 8 – LONG-TERM LIABILITIES (Cont'd.)

The following schedule reflects the estimated debt service requirements to maturity of the District's business-type activities as of December 31, 2013:

<u>Year ending December,</u>	<u>Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 50,000	\$ 114,000	\$ 164,000
2015	50,000	112,875	162,875
2016	50,000	111,750	161,750
2017	50,000	110,625	160,625
2018	55,000	109,500	164,500
2019-2023	285,000	524,775	809,775
2024-2028	855,000	440,050	1,295,050
2029-2033	1,200,000	226,150	1,426,150
2034	270,000	12,150	282,150
	<u>\$ 2,865,000</u>	<u>\$ 1,761,875</u>	<u>\$ 4,626,875</u>

<u>Year ending December,</u>	<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 87,885	\$ 16,899	\$ 104,784
2015	87,885	15,774	103,659
2016	87,885	14,249	102,134
2017	87,885	12,849	100,734
2018	93,378	13,438	106,816
2019-2023	494,352	27,178	521,530
2024	115,348	-	115,348
	<u>\$ 1,054,618</u>	<u>\$ 100,387</u>	<u>\$ 1,155,005</u>

<u>Year ending December,</u>	<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 137,885	\$ 130,899	\$ 268,784
2015	137,885	128,649	266,534
2016	137,885	125,999	263,884
2017	137,885	123,474	261,359
2018	148,378	122,938	271,316
2019-2023	779,352	551,953	1,331,305
2024-2028	970,349	440,050	1,410,399
2029-2033	1,200,000	226,150	1,426,150
2034	270,000	12,150	282,150
	<u>\$ 3,919,618</u>	<u>\$ 1,862,262</u>	<u>\$ 5,781,880</u>

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 9 – NET POSITION

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

Tabor / emergencies	<u>\$ 30,000</u>
Conservation trust fund	<u>\$ 25,211</u>

NOTE 10 – RISK MANAGEMENT

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

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

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

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

NOTE 11 – EMPLOYEE BENEFITS

The District maintains a money-purchase, defined contribution plan covering substantially all employees. The plan is titled "The Colorado City Metro District Money Purchase Pension Plan & Trust" and was established under Internal Revenue Code Section 414(h) as amended. The District has retained a third-party administrator to administer the plan and employees become eligible participants three months after their employment date. Each employee must contribute at least 3% of compensation and the District is required to contribute 6% of each eligible participant's compensation. Eligible participant compensation is defined as W-2 compensation less bonuses and overtime. During 2013, employees contributed \$15,818 to the plan and the Districts' required contribution to the plan was \$33,298.

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 11 – EMPLOYEE BENEFITS (Cont'd.)

In conjunction with the above described plan, the District also maintains an Internal Revenue Code Section 457 plan which provides for employee contributions only. During the year ended December 31, 2013, the employees contributed \$540 to the plan.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

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

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**COLORADO CITY METROPOLITAN DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 394,989	\$ 394,989	\$ 379,070	\$ (15,919)
Charges for services	438,400	438,400	430,085	(8,315)
Grant revenue	230,000	230,000	12,269	(217,731)
Investment revenue	4,020	4,020	3,486	(534)
Other	<u>69,180</u>	<u>69,180</u>	<u>52,526</u>	<u>(16,654)</u>
TOTAL REVENUES	<u>1,136,589</u>	<u>1,136,589</u>	<u>877,436</u>	<u>(259,153)</u>
EXPENDITURES				
Current -				
Administration	234,406	234,406	250,686	(16,280)
Community center	2,000	2,000	3,602	(1,602)
Recreation center	9,911	9,911	9,117	794
Swimming pool operations	60,530	60,530	60,998	(468)
Parks and recreation	142,742	142,742	109,507	33,235
Golf course	403,000	403,000	398,931	4,069
Roads	55,000	55,000	43,150	11,850
Capital outlay	<u>229,000</u>	<u>229,000</u>	<u>12,525</u>	<u>216,475</u>
TOTAL EXPENDITURES	<u>1,136,589</u>	<u>1,136,589</u>	<u>888,516</u>	<u>248,073</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(11,080)	\$ (11,080)
FUND BALANCE, January 1	<u>112,773</u>	<u>112,773</u>	<u>634,721</u>	<u>521,948</u>
FUND BALANCE, December 31	<u>\$ 112,773</u>	<u>\$ 112,773</u>	<u>\$ 623,641</u>	<u>\$ 510,868</u>

**COLORADO CITY METROPOLITAN DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013**

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

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

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

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

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

ADDITIONAL INFORMATION

COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WATER FUND
YEAR ENDED December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES AND OTHER FINANCING SOURCES				
Charges for services	\$ 843,300	\$ 843,300	\$ 804,390	\$ (38,910)
Note proceeds	-	23,575	-	(23,575)
Other	<u>2,500</u>	<u>2,500</u>	<u>3,214</u>	<u>714</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>845,800</u>	<u>869,375</u>	<u>807,604</u>	<u>(61,771)</u>
EXPENDITURES				
Personnel costs	311,228	311,228	318,916	(7,688)
Operating and maintenance	389,572	389,572	417,062	(27,490)
Capital outlay/projects	<u>145,000</u>	<u>168,575</u>	<u>60,482</u>	<u>108,093</u>
TOTAL EXPENDITURES	<u>845,800</u>	<u>869,375</u>	<u>796,460</u>	<u>72,915</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,144</u>	<u>\$ 11,144</u>

COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEWER FUND
YEAR ENDED December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES AND OTHER FINANCING SOURCES				
Charges for services	\$ 564,800	\$ 564,800	\$ 591,848	\$ 27,048
Other	<u>500</u>	<u>500</u>	<u>250</u>	<u>(250)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>565,300</u>	<u>565,300</u>	<u>592,098</u>	<u>26,798</u>
EXPENDITURES				
Personnel costs	137,462	137,462	147,817	(10,355)
Operating and maintenance	261,233	261,233	283,547	(22,314)
Capital outlay	84,213	84,213	-	84,213
Debt service	<u>82,392</u>	<u>82,392</u>	<u>82,392</u>	<u>-</u>
TOTAL EXPENDITURES	<u>565,300</u>	<u>565,300</u>	<u>513,756</u>	<u>51,544</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,342</u>	<u>\$ 78,342</u>

COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PROPERTY MANAGEMENT FUND
YEAR ENDED December 31, 2013

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Budget	Final Budget
			<u>Basis</u>	Positive
				<u>(Negative)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Other	<u>-</u>	<u>-</u>	<u>2,450</u>	<u>2,450</u>
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>2,450</u>	<u>2,450</u>
EXPENDITURES				
Operating and maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	2,450	<u>\$ 2,450</u>
Adjustment from Budgetary Basis to Generally Accepted Accounting Principles -				
Cost of sales			<u>(5,000)</u>	
NET CHANGE IN FUND BALANCE				
- Generally Accepted Accounting Principles			<u>\$ (2,550)</u>	

**COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF CONSERVATION TRUST FUND ASSETS AND FUND BALANCE
DECEMBER 31, 2013**

ASSETS		
Cash and cash equivalents	\$	<u>25,210</u>
TOTAL ASSETS	\$	<u>25,210</u>
FUND BALANCE		
Restricted		
Parks, recreation and conservation projects	\$	<u>25,210</u>
TOTAL FUND BALANCE	\$	<u>25,210</u>

**COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF CONSERVATION TRUST FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2013**

REVENUES		
Intergovernmental	\$	12,269
Investment earnings		<u>9</u>
TOTAL REVENUES		<u>12,278</u>
EXPENDITURES		
Current-		
Parks, recreation and conservation projects		<u>-</u>
TOTAL EXPENDITURES		<u>-</u>
NET CHANGE IN FUND BALANCE		12,278
FUND BALANCE, January 1		<u>12,932</u>
FUND BALANCE, December 31	\$	<u>25,210</u>