

COLORADO CITY METROPOLITAN DISTRICT
COLORADO CITY, COLORADO
BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
AND CERTAIN SUPPLEMENTAL INFORMATION

December 31, 2017

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis - required supplementary information	3 - 10
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Governmental Fund Financial Statements	
Balance Sheet	13
Reconciliation of Balance Sheet to Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances	15
Reconciliation of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	16
Proprietary Fund Financial Statements	
Statement of Net Position	17
Statement of Revenues, Expenses and Changes in Net Position	18
Statement of Cash Flows	19
Notes to Financial Statements	20 - 31
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	32
Notes to Required Supplementary Information	33
Other Supplementary Information	
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Water Fund	34
Sewer Fund	35
Property Management Fund	36
Schedule of Conservation Trust Fund - Assets and Fund Balance	37
Schedule of Conservation Trust Fund - Revenues, Expenditures and Change in Fund Balance	37

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Independent Auditor's Report

August 28, 2018

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, each major fund, and the aggregate remaining fund information of Colorado City Metropolitan District (the District) as of and for the year ended December 31, 2017, 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.

Auditor's 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 from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 34-35 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 historical context. We have applied certain limited procedures to the management's discussion and analysis 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 for the general fund 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 budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Colorado City Metropolitan District's basic financial statements. The accompanying additional information included on pages 34-37 is presented for purposes of additional analysis and are not a required part of the basic financial statements. The additional information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Garrett, Ross & DeMarco, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Colorado City Metropolitan District
Management's Discussion and Analysis
Year Ended December 31, 2017**

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, 2017. Please read this discussion and analysis together with the financial statements, the notes to financial statements and the supplementary information provided.

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

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

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

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

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

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

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

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

FINANCIAL HIGHLIGHTS

- The District's net position did not significantly change as a result of the 2016 operations. The net position of the governmental activities decreased \$73 thousand, or 0.9%; the net position of the business type activities decreased by \$371 thousand or 4.5%.
- The governmental activities program revenues show an increase of \$17 thousand or 3.4%. The governmental activities expenses increased \$42 thousand, or 4.1%.
- The business-type activities net position decreased by \$371 thousand, compared to the prior year decrease of \$167 thousand. The business-type activities revenues, decreased 1.6% or \$27 thousand. The Water Fund lost \$319 thousand, the Sewer Fund lost \$108 thousand, and the Property Management Fund lost \$9 thousand. An increase in utilities and operating parts, materials and supplies were a drain on revenues for the Water Fund.

THE DISTRICT AS A WHOLE

The District's combined net assets did not change substantially from a year ago, decreasing from \$16,598 million to \$16,154 million. 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	
	2017	2016	2017	2016	2017	2016
Cash and investments	\$ 585	\$ 856	\$ 285	\$ 284	\$ 870	\$ 1,140
Capital assets	7,320	7,300	10,071	10,455	17,391	17,755
Other assets	589	379	1,357	1,496	1,946	1,875
Total assets	8,494	8,535	11,713	12,235	20,207	20,770
Long -term debt outstanding	188	175	3,397	3,506	3,585	3,681
Other liabilities	50	28	48	90	98	118
Total liabilities	238	203	3,445	3,596	3,683	3,799
Deferred inflows-property taxes	370	373	-	-	370	373
Net position:						
Net investment in capital assets	7,297	7,291	6,703	6,949	14,000	14,240
Restricted	63	60	285	284	348	344
Unrestricted	526	608	1,280	1,406	1,806	2,014
Total net position	<u>\$ 7,886</u>	<u>\$ 7,959</u>	<u>\$ 8,268</u>	<u>\$ 8,639</u>	<u>\$ 16,154</u>	<u>\$ 16,598</u>

The net position of the District's governmental activities decreased by \$73 thousand (0.9%). That portion of the net position available to finance day-to-day operations (without restrictions by debt commitments or grantors) decreased by \$82 thousand to \$526 thousand at the end of the year.

The net position of our business-type activities decreased by \$371 thousand (4.5%). 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2016</u>	<u>2016</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 400	\$ 489	\$ 1,627	\$ 1,654	\$ 2,027	\$ 2,143
Grants & Contributions	119	13	-	-	119	13
General Revenues:						
Property Taxes	359	356	-	-	359	356
Other Taxes	47	48	-	-	47	48
Other Revenues	<u>51</u>	<u>184</u>	<u>59</u>	<u>2</u>	<u>110</u>	<u>186</u>
Total Revenues	<u>976</u>	<u>1,090</u>	<u>1,686</u>	<u>1,656</u>	<u>2,662</u>	<u>2,746</u>
Program Expenses						
Administration	296	310	-	-	296	310
Recreation and Parks	313	268	-	-	313	269
Roads Operation	84	61	-	-	84	61
Water fund	-	-	1,233	1,147	1,233	1,146
Sewer fund	-	-	822	670	822	670
Golf Course	384	396	-	-	384	396
Property Management	<u>-</u>	<u>-</u>	<u>10</u>	<u>6</u>	<u>10</u>	<u>6</u>
Total expenses	<u>1,077</u>	<u>1,035</u>	<u>2,065</u>	<u>1,823</u>	<u>3,142</u>	<u>2,858</u>
Excess(deficiency) before special items	(101)	55	(379)	(167)	(480)	(112)
Transfers	-	-	-	-	-	-
Sale Of Assets	<u>28</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>36</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>\$ (73)</u>	<u>\$ 55</u>	<u>\$ (371)</u>	<u>\$ (167)</u>	<u>\$ (444)</u>	<u>\$ (112)</u>

The District's total revenues decreased by \$48 thousand (1.7%); expenses increased by \$284 thousand (9.9%). Our analysis below separately considers the operations of government and business-type activities.

Governmental Activities:

Property and other taxes increased by \$2 thousand. Franchise fees remained stable and program revenues increased by \$17 thousand. The amount the District taxpayers financed for the government activities through taxes was \$406 thousand (\$404 thousand in 2016) 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.

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)**

	2017			2016		
	Expenses	Service Charges & Operating Grants	Net Costs	Expenses	Service Charges & Operating Grants	Net Costs
Administration	\$ 297	\$ 10	\$ 287	\$ 310	\$ 10	\$ 300
Parks & Recreation:						
Community Center	-	-	-	-	-	-
Recreation Center	12	-	12	12	-	12
Swimming Pool	98	10	88	68	12	56
Parks & Recreation	<u>202</u>	<u>37</u>	<u>165</u>	<u>171</u>	<u>31</u>	<u>140</u>
Sub-total	312	47	265	251	43	208
Golf Course Operations	384	343	41	396	389	7
Roads Operations	84	-	84	61	31	30
Lottery	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>30</u>	<u>(13)</u>
Total Government Activities	<u>\$1,077</u>	<u>\$ 400</u>	677	<u>\$1,035</u>	<u>\$ 503</u>	532
Less Investment Earnings			(5)			(5)
Less Other Revenues			(46)			
Less Gain on Property Sales			(28)			(177)
Net Cost to Taxpayers			<u>\$ 598</u>			<u>\$ 350</u>
Property & Other Taxes			<u>\$ 406</u>			<u>\$ 404</u>

Business Type Activities:

Revenues for the District's business type activities (see Table 2) increased 1.8% and expenses increased by 13.3%. 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)

	2017	2016	2015	2014	2013
Water Fund					
Operating Revenues	\$ 868	\$ 912	\$ 813	\$ 807	\$ 786
Operating Expenses	<u>1,233</u>	<u>1,145</u>	<u>1,199</u>	<u>1,161</u>	<u>1,061</u>
Net Operating Income (Loss)	(365)	(233)	(386)	(354)	(275)
Capital Contributions/Other	<u>45</u>	<u>31</u>	<u>14</u>	<u>27</u>	<u>21</u>
Net Increase (Decrease) in Net Position	<u>\$ (320)</u>	<u>\$ (202)</u>	<u>\$ (372)</u>	<u>\$ (327)</u>	<u>\$ (254)</u>
Sewer Fund					
Operating Revenues	\$ 678	\$ 674	\$ 652	\$ 633	\$ 584
Operating Expenses	<u>822</u>	<u>670</u>	<u>671</u>	<u>679</u>	<u>581</u>
Net Operating Income (Loss)	(144)	4	(19)	(46)	3
Capital Contributions	<u>36</u>	<u>24</u>	<u>16</u>	<u>8</u>	<u>8</u>
Net Increase (Decrease) in Net Position	<u>\$ (108)</u>	<u>\$ 28</u>	<u>\$ (3)</u>	<u>\$ (38)</u>	<u>\$ 11</u>
Property Management Fund					
Operating Revenues	\$ -	\$ 13	\$ 80	\$ 5	\$ 2
Operating Expenses	<u>9</u>	<u>6</u>	<u>49</u>	<u>6</u>	<u>5</u>
Net Operating Income (Loss)	(9)	7	31	(1)	(3)
Capital Contributions/Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Net Position	<u>\$ (9)</u>	<u>\$ 7</u>	<u>\$ 31</u>	<u>\$ (1)</u>	<u>\$ (3)</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, 2016; 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 \$88 thousand under budget, and expenditures were \$5 thousand under budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

In 2017, the District invested \$272 thousand in various capital assets. (See Table 5 below)

Table 5
CAPITAL ASSETS AT YEAR END (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2016	2015
Land	\$ 6,283	\$ 6,283	\$ 328	\$ 328	\$ 6,611	\$ 6,611
Buildings and Improvements	3,022	3,022	17,649	17,594	20,671	20,616
Infrastructure	545	532	1,522	1,511	2,067	2,043
Water Rights	-	-	358	358	358	358
Augmentation Plans	-	-	205	205	205	205
Machinery and Equipment	1,864	1,816	1,009	965	2,873	2,781
Construction in Progress	91	-	152	141	243	141
	<u>\$ 11,805</u>	<u>\$ 11,654</u>	<u>\$21,223</u>	<u>\$21,102</u>	<u>\$33,028</u>	<u>\$32,756</u>

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

Golf Course Mowers / Tractor	\$ 44
Caselle Accounting Software	12
Construction in progress - trailhead	91
SCADA, PLC, Software	35
Access Gate – tank 4	11
Controller, orifice, injection kit, treatment plant	11
Radio system and storage tank	7
Eone and Barnes pumps	12
South Park water line	9
2004 GMC 2500	5
Chlorine dioxide analyzer	6
Various other assets	29
	<u>\$ 272</u>

At the end of 2017, the District had \$3.4 million in outstanding debt. The anticipated debt carryover from 2017 presents long term debt commitments as follows:

Lease purchase for golf carts from Wells Fargo	\$ 23,113
Wastewater treatment plant loan from the Colorado Water Resources And Power Development Authority	\$ 703,078
Water and Wastewater Revenue Refunding and Improvement Bonds	<u>\$2,665,000</u>
Total current debt commitments	<u>\$3,391,191</u>

The wastewater treatment plant loans will be paid from the sewer availability of service fees and the debt service fees over the next 15 to 17 years. The water treatment plant loan will be paid from water availability of service fees and increased water usage rates. More detailed information about the District's long-term liabilities is presented in Note 10 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 2017 budget is 3.386%. 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 2017 property taxes are expected to be \$370,083.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 373,596	\$ -	\$ 373,596
Investments	211,679	-	211,679
Accounts receivable	61,963	402,278	464,241
Taxes receivable	376,724	-	376,724
Prepaid expenses	14,852	21,954	36,806
Internal balances	(281,610)	281,610	-
Inventories	417,146	651,436	1,068,582
Total Current Assets	<u>1,174,350</u>	<u>1,357,278</u>	<u>2,531,628</u>
Non Current Assets			
Restricted cash	-	284,577	284,577
Capital assets - net of depreciation	7,320,131	10,071,589	17,391,720
Total Non Current Assets	<u>7,320,131</u>	<u>10,356,166</u>	<u>17,676,297</u>
Total Assets	<u>8,494,481</u>	<u>11,713,444</u>	<u>20,207,925</u>
Liabilities			
Current Liabilities			
Accounts payable	41,096	19,151	60,247
Accrued expenses	8,618	28,397	37,015
Current maturities	5,516	148,378	153,894
Total Current Liabilities	<u>55,230</u>	<u>195,926</u>	<u>251,156</u>
Non Current Liabilities			
Long term debt	158,596	3,219,700	3,378,296
Compensated absences	24,490	29,460	53,950
Total Non Current Liabilities	<u>183,086</u>	<u>3,249,160</u>	<u>3,432,246</u>
Total Liabilities	<u>238,316</u>	<u>3,445,086</u>	<u>3,683,402</u>
Deferred inflows - property taxes	<u>370,083</u>	<u>-</u>	<u>370,083</u>
Net Position			
Net investment in capital assets	7,297,018	6,703,511	14,000,529
Restricted	63,373	284,577	347,950
Unrestricted	525,691	1,280,270	1,805,961
Total Net Position	<u>\$ 7,886,082</u>	<u>\$ 8,268,358</u>	<u>\$ 16,154,440</u>

The accompanying notes are an integral part of this statement.

**COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED December 31, 2017**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Administration	\$ 296,602	\$ 9,600	\$ -	\$ -	\$ (287,002)	\$ -	\$ (287,002)
Recreation center	11,611	-	-	-	(11,611)	-	(11,611)
Swimming pool operations	98,730	10,559	-	-	(88,171)	-	(88,171)
Parks and recreation	202,521	36,901	-	119,434	(46,186)	-	(46,186)
Golf course	383,698	342,442	-	-	(41,256)	-	(41,256)
Roads	84,247	-	-	-	(84,247)	-	(84,247)
Total Governmental Activities	<u>1,077,409</u>	<u>399,502</u>	<u>-</u>	<u>119,434</u>	<u>(558,473)</u>	<u>-</u>	<u>(558,473)</u>
Business-Type Activities							
Water fund	1,233,385	868,416	-	45,480	-	(319,489)	(319,489)
Sewer fund	822,268	677,586	-	36,000	-	(108,682)	(108,682)
Property management fund	9,470	-	-	-	-	(9,470)	(9,470)
Total Business-Type Activities	<u>2,065,123</u>	<u>1,546,002</u>	<u>-</u>	<u>81,480</u>	<u>-</u>	<u>(437,641)</u>	<u>(437,641)</u>
Total	<u>\$ 3,142,532</u>	<u>\$ 1,945,504</u>	<u>\$ -</u>	<u>\$ 200,914</u>	<u>(558,473)</u>	<u>(437,641)</u>	<u>(996,114)</u>
General revenues -							
Taxes-							
Property taxes					359,254	-	359,254
Specific ownership taxes and other taxes					47,264	-	47,264
Gain on sale of assets					28,065	8,100	36,165
Other revenues					46,390	57,636	104,026
Unrestricted investment earnings					4,770	989	5,759
Total General Revenues					<u>485,743</u>	<u>66,725</u>	<u>552,468</u>
Change in Net Position					<u>(72,730)</u>	<u>(370,916)</u>	<u>(443,646)</u>
Net Position - January 1					<u>7,958,812</u>	<u>8,639,274</u>	<u>16,598,086</u>
Net Position - December 31					<u>\$ 7,886,082</u>	<u>\$ 8,268,358</u>	<u>\$ 16,154,440</u>

The accompanying notes are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

**COLORADO CITY METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2017**

	Assets	General <u>Fund</u>	<u>Total</u>
Cash and cash equivalents		\$ 373,596	\$ 373,596
Investments		211,679	211,679
Taxes receivable		376,724	376,724
Receivable from other governments		61,963	61,963
Prepaid items		14,852	14,852
Inventories		<u>417,146</u>	<u>417,146</u>
	Total Assets	\$ 1,455,960	\$ 1,455,960
	Liabilities		
Accounts payable		\$ 41,096	\$ 41,096
Accrued liabilities		8,500	8,500
Due to other funds		<u>281,610</u>	<u>281,610</u>
	Total Liabilities	<u>331,206</u>	<u>331,206</u>
Deferred Inflow - property taxes		<u>370,083</u>	<u>370,083</u>
	Fund Balances		
Nonspendable			
Prepaid items		14,852	14,852
Inventories for sale		417,146	417,146
Restricted			
Tabor		25,000	25,000
Conservation trust fund		38,373	38,373
Unassigned		<u>259,300</u>	<u>259,300</u>
Total Fund Balances		<u>754,671</u>	<u>754,671</u>
	Total Liabilities, Deferred Inflows and Fund Balances	\$ 1,455,960	\$ 1,455,960

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, 2017**

Total fund balances - governmental fund	\$ 754,671
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported governmental funds.	7,320,131
Long-term liabilities for capital leases (\$23,113), compensated absences (\$24,490), and gravel pit reclamation cost (\$140,999) are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(188,602)
Interest payable on capital leases is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government wide statements since the liability is to be paid in the near term.	<u>(118)</u>
Total Net Position - Governmental Activities	<u>\$ 7,886,082</u>

The accompanying notes are an integral part of this statement.

COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
YEAR ENDED December 31, 2017

	<u>General Fund</u>	<u>Total</u>
Revenues		
Property taxes	\$ 359,254	\$ 359,254
Specific ownership taxes	36,245	36,245
Franchise taxes	11,019	11,019
Charges for services	399,502	399,502
State Sources	90,434	90,434
Local sources	18,000	18,000
Investment earnings	4,770	4,770
Other	84,905	84,905
Total Revenues	<u>1,004,129</u>	<u>1,004,129</u>
Expenditures		
Current -		
Administration	292,201	292,201
Recreation center	10,438	10,438
Swimming pool operations	90,357	90,357
Parks and recreation	136,583	136,583
Golf course	340,900	340,900
Roads	75,034	75,034
Capital outlay	151,019	151,019
Debt service		
Principal	10,127	10,127
Interest	554	554
Total Expenditures	<u>1,107,213</u>	<u>1,107,213</u>
Excess of Revenues Over (Under) Expenditures	(103,084)	(103,084)
Other Financing Sources		
Proceeds from capital lease	<u>24,000</u>	<u>24,000</u>
Net Change in Fund Balance	(79,084)	(79,084)
Fund Balance - January 1	<u>833,755</u>	<u>833,755</u>
Fund Balance - December 31	<u>\$ 754,671</u>	<u>\$ 754,671</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, 2017**

Net change in fund balance - governmental fund \$ (79,084)

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$151,569), which includes a donation of a parcel of land valued at \$550, exceeds depreciation expense (\$131,621). 19,948

Principal retirements - retirements of principal outstanding on the District's debt result in a reduction of accumulated resources on the fund financial statements. The government wide statements show these reductions against the long-term liabilities. 10,127

Interest payable on capital leases is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements, and the change in the liability is recognized. 3

In the government-wide statements, accrued compensated absences are measured by the amount earned and unused. In the governmental funds, the expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid). Therefore, the change in the accrued compensated absences is recognized. 276

Current lease proceeds provide current financial resources to the governmental funds but in the Statement of Net Position the lease is reported as long term debt. (24,000)

Total Change in Net Position - Governmental Activities \$ (72,730)

The accompanying notes are an integral part of this statement.

PROPRIETARY FUND FINANCIAL STATEMENTS

**COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017**

	Business-Type Activities Enterprise Funds			
	Water Fund	Sewer Fund	Property Mgmt Fund	Total
<u>Assets</u>				
Current Assets				
Accounts receivable, net	\$ 224,564	\$ 177,714	\$ -	\$ 402,278
Due from other funds	123,187	110,438	47,985	281,610
Prepaid expenses	13,909	8,045	-	21,954
Inventories	68,374	702	582,360	651,436
Total Current Assets	<u>430,034</u>	<u>296,899</u>	<u>630,345</u>	<u>1,357,278</u>
Noncurrent Assets				
Capital assets - net of depreciation	6,523,336	3,548,253	-	10,071,589
Restricted cash	241,886	42,691	-	284,577
Total Noncurrent Assets	<u>6,765,222</u>	<u>3,590,944</u>	<u>-</u>	<u>10,356,166</u>
Total Assets	<u>7,195,256</u>	<u>3,887,843</u>	<u>630,345</u>	<u>11,713,444</u>
<u>Liabilities and Net Position</u>				
Current Liabilities				
Accounts payable and accrued expenses	24,933	22,615	-	47,548
Notes payable	46,750	101,628	-	148,378
Total Current Liabilities	<u>71,683</u>	<u>124,243</u>	<u>-</u>	<u>195,926</u>
Noncurrent Liabilities				
Notes payable	2,218,500	1,001,200	-	3,219,700
Accrued compensated absences	17,531	11,929	-	29,460
Total Noncurrent Liabilities	<u>2,236,031</u>	<u>1,013,129</u>	<u>-</u>	<u>3,249,160</u>
Total Liabilities	<u>2,307,714</u>	<u>1,137,372</u>	<u>-</u>	<u>3,445,086</u>
Net Position				
Net investment in capital assets	4,258,086	2,445,425	-	6,703,511
Restricted	241,886	42,691	-	284,577
Unrestricted	387,570	262,355	630,345	1,280,270
Total Net Position	<u>\$ 4,887,542</u>	<u>\$ 2,750,471</u>	<u>\$ 630,345</u>	<u>\$ 8,268,358</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, 2017

	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	\$ 850,466	\$ 669,486	\$ -	\$ 1,519,952
Tap connection fees	17,950	8,100	-	26,050
Lease revenue	55,795	-	-	55,795
Other	1,351	490	8,100	9,941
Total Operating Revenues	<u>925,562</u>	<u>678,076</u>	<u>8,100</u>	<u>1,611,738</u>
Operating Expenses				
Salaries	229,500	149,606	-	379,106
Compensated absences	85	3,569	-	3,654
Payroll taxes	17,533	11,524	-	29,057
Pension and benefits	92,456	53,980	-	146,436
Cost of sales	-	-	9,470	9,470
Advertising	836	297	-	1,133
Bad debt expense	6,857	49,215	-	56,072
Bank fees and other penalties	716	4,140	-	4,856
Outside services	109,790	149,587	-	259,377
Taxes and licenses	1,255	2,240	-	3,495
Professional fees - legal	4,827	64,289	-	69,116
Insurance	32,506	21,374	-	53,880
Operating parts, materials and supplies	172,477	35,636	-	208,113
Repairs and maintenance	13,302	7,709	-	21,011
Utilities	115,538	62,015	-	177,553
Depreciation	341,755	162,063	-	503,818
Total Operating Expenses	<u>1,139,433</u>	<u>777,244</u>	<u>9,470</u>	<u>1,926,147</u>
Operating Income (Loss)	<u>(213,871)</u>	<u>(99,168)</u>	<u>(1,370)</u>	<u>(314,409)</u>
Nonoperating Revenues (Expenses)				
Interest income	681	308	-	989
Interest expense	(93,952)	(45,024)	-	(138,976)
Total Nonoperating Revenues (Expenses)	<u>(93,271)</u>	<u>(44,716)</u>	<u>-</u>	<u>(137,987)</u>
Income (Loss) Before Contributions	(307,142)	(143,884)	(1,370)	(452,396)
Capital contributions	45,480	36,000	-	81,480
Changes in Net Position	(261,662)	(107,884)	(1,370)	(370,916)
Total Net Position - January 1	<u>5,149,204</u>	<u>2,858,355</u>	<u>631,715</u>	<u>8,639,274</u>
Total Net Position - December 31	<u>\$ 4,887,542</u>	<u>\$ 2,750,471</u>	<u>\$ 630,345</u>	<u>\$ 8,268,358</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, 2017

	Business-Type Activities			Total
	Enterprise Funds			
	Water Fund	Sewer Fund	Property Mgmt Fund	
Cash Flows from Operating Activities				
Cash received from customers	\$ 893,429	\$ 632,054	\$ 8,100	\$ 1,533,583
Cash paid for goods and services	(393,329)	(254,306)	(8,100)	(655,735)
Cash paid to employees	(344,407)	(218,120)	-	(562,527)
Net Cash Provided by Operating Activities	<u>155,693</u>	<u>159,628</u>	<u>-</u>	<u>315,321</u>
Cash Flows From Capital and Related Financing Activities				
Capital contributions received	45,480	36,000	-	81,480
Acquisition of capital assets	(65,065)	(55,466)	-	(120,531)
Principal paid on notes payable	(42,500)	(95,385)	-	(137,885)
Interest and fees paid on notes payable	(93,952)	(45,024)	-	(138,976)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(156,037)</u>	<u>(159,875)</u>	<u>-</u>	<u>(315,912)</u>
Cash Flows From Investing Activities				
Interest income	681	308	-	989
Net Increase (Decrease) in Cash and Cash Equivalents	337	61	-	398
Cash and Cash Equivalents - January 1	<u>241,549</u>	<u>42,630</u>	<u>-</u>	<u>284,179</u>
Cash and Cash Equivalents - December 31	<u>\$ 241,886</u>	<u>\$ 42,691</u>	<u>\$ -</u>	<u>\$ 284,577</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (213,871)	\$ (99,168)	\$ (1,370)	(314,409)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	341,755	162,063	-	503,818
Bad debt expense	6,857	49,215	-	56,072
Change in assets and liabilities -				
Accounts receivable	(32,133)	(46,022)	-	(78,155)
Due from other funds	68,602	92,040	(8,100)	152,542
Inventories	(3,555)	484	9,470	6,399
Prepaid expenses	(50)	1,915	-	1,865
Accounts payable and accrued expenses	(7,079)	(1,458)	-	(8,537)
Accrued compensated absences	(4,833)	559	-	(4,274)
Net Cash Provided (Used) by Operating Activities	<u>\$ 155,693</u>	<u>\$ 159,628</u>	<u>\$ -</u>	<u>\$ 315,321</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
COLORADO CITY METROPOLITAN DISTRICT
December 31, 2017

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.

A. Financial Reporting Entity

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

B. Government-wide 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 reflect both the direct expenses and net cost of each function of the District's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods and services offered by the program. Grants and contributions that are restricted to meeting the operational and capital requirements of a particular program are included in operating grants and contributions, or capital grants and contributions. Revenues, which are not classified as program revenues, are presented as general revenues of the District with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

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.

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 the which they are levied, while grants and similar items are recognized as revenue as soon as all eligibility requirements have been satisfied.

NOTES TO FINANCIAL STATEMENTS (Continued)
COLORADO CITY METROPOLITAN DISTRICT
December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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 the 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 position. 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.

The District reports the following major government funds:

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 that are not accounted for in other funds. Major revenue sources include property taxes, specific ownership taxes, franchise taxes, charges for services, intergovernmental revenues, and investment revenues. Primary expenditures include general administration, recreation center, swimming pool operations, parks and recreation, lottery, golf course operations, and roads.

The District reports the following major proprietary funds:

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

COLORADO CITY METROPOLITAN DISTRICT

December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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. Assets and Liabilities

1. Deposits and Investments

The District considers cash and cash equivalents to be 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 so as to minimize the risk of value changes.

2. 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.

3. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. In the fund financial statement, 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.

4. Inventories and Prepaid Items

Inventory in the water and sewer funds consists of consumable supplies held for consumption. Consumable supply 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.

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

5. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, equipment, infrastructure and construction in progress are reported in the applicable governmental or business-type activities column of the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and a useful life of more than one year.

NOTES TO FINANCIAL STATEMENTS (Continued)
COLORADO CITY METROPOLITAN DISTRICT
December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

5. Capital Assets (Continued)

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 2017.

All reported capital assets are depreciated, except for land and land improvements. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, systems and improvements	7 - 40 years
Infrastructure	20 - 40 years
Equipment	3 - 20 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section of 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 resources (expenses/expenditure) until then. The District does not have an item that qualifies 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 applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item, property taxes. This item is deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. 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.

8. Long-term Obligations

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

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (Continued)
COLORADO CITY METROPOLITAN DISTRICT
 December 31, 2017

Note 2 - Stewardship, Compliance, and Accountability

A. Budgetary Information

An annual budget and appropriation ordinance is adopted by the Board of Directors in accordance with Colorado State Budget Act. The budget is prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

Budgets are established for all funds. Formal budgetary accounting is employed as a management control device during the year to monitor the individual departments. The fund level is the level of classification at which expenditures may not legally exceed appropriations. 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.. All annual appropriations lapse at year end. The District does not recognize encumbrances.

B. Expenditures in Excess of Budget Amounts

During 2017 two proprietary funds had expenditures which exceeded budgeted amounts, which may be a violation of Colorado Local Government Budget Law.

	<u>Actual</u>		<u>Budget</u>		<u>Excess</u>
Water Fund	\$ 999,195	\$	927,128	\$	(72,067)
Sewer Fund	\$ 811,056	\$	676,000	\$	(135,056)

C. Tax, Spending, and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the Amendment. However, the District has made certain interpretations of the Amendment's language in order to determine its compliance.

D. Commitments and Contingencies

The bond resolution for the 2012 Water & Wastewater Enterprise Revenue Refunding and Improvement Bonds discussed in Note 10 contains a covenant whereby the District is obligated to establish charge rates for the water and sewer funds such that the related revenues exceed the operating costs (total costs less interest and depreciation) by 120% of the annual debt service on the 2012 bonds. The District may not be in compliance with this requirement for 2017.

Note 3 - Cash Deposits and Investments

Deposits

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized.

The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits. As of December 31, 2017, the District had deposits over \$250,000 in the amount of \$636,637. These deposits are required to be collateralized under State Statutes.

NOTES TO FINANCIAL STATEMENTS (Continued)

COLORADO CITY METROPOLITAN DISTRICT

December 31, 2017

Note 3 - Cash Deposits and Investments

Deposits (Continued)

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 policy for custodial credit risk parallels Colorado statutes.

A summary of cash and deposits held at year-end follows:

<u>Cash and Deposits</u>	<u>Carrying Amounts</u>	<u>Less Than One Year</u>	<u>Less Than Five Years</u>
Deposits:			
Cash on hand	\$ 150	\$ 150	\$ -
Cash on deposit with County Treasurer	3,036	3,036	-
Demand deposits	654,987	654,987	-
Investments:			
Certificates of deposit	211,679	-	211,679
Total	<u>\$ 869,852</u>	<u>\$ 658,173</u>	<u>\$ 211,679</u>

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The law outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government agency securities, certain bonds of political subdivisions, bankers' acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds and guaranteed insurance contracts. The statute also includes a provision limiting any investment to a five year maturity unless the governing body authorizes a longer period.

Interest Rate Risk - The District's policy of limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates parallels Colorado statutes. Specifically all securities are limited to a maximum maturity of five years from date of purchase unless the governing body authorizes a longer period.

Credit Risk - The District does not have a policy which would further limit its investment choices beyond the requirements of Colorado statutes.

Note 4 - Receivables

Accounts receivable at December 31, 2017 consist of the following

	<u>Governmental Activities</u>	<u>Proprietary Funds</u>		<u>Total</u>
		<u>Water Fund</u>	<u>Sewer Fund</u>	
Grant receivable	\$ 61,963	\$ -	\$ -	\$ 61,963
Trade receivables	-	303,942	286,787	590,729
Less: Allowance for doubtful accounts	-	(79,378)	(109,073)	(188,451)
Total Receivables	<u>\$ 61,963</u>	<u>\$ 224,564</u>	<u>\$ 177,714</u>	<u>\$ 464,241</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

COLORADO CITY METROPOLITAN DISTRICT

December 31, 2017

Note 5 - Interfund Transactions

Due to/from Other funds:

The District reports interfund balances between some of its funds. Balances result from the time lag between the dates when interfund goods or services are provided, transactions are recorded in the accounting system and the payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

The following interfund receivables and payables are included in the fund financial statements:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 281,610
Proprietary Funds		
Water Fund	123,187	-
Sewer Fund	110,438	-
Property management fund	47,985	-
Totals	<u>\$ 281,610</u>	<u>\$ 281,610</u>

Note 6 - Capital Assets

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

	<u>Balances January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances December 31</u>
Governmental Activities				
Non Depreciable Assets				
Land	\$ 6,283,026	\$ 550	\$ -	\$ 6,283,576
Assets in progress	-	90,963	-	90,963
Total Non Depreciable Assets	<u>6,283,026</u>	<u>91,513</u>	<u>-</u>	<u>6,374,539</u>
Depreciable Assets				
Buildings and improvements	3,021,997	-	-	3,021,997
Machinery and equipment	1,816,460	47,785	-	1,864,245
Infrastructure	532,434	12,271	-	544,705
Total Depreciable Assets	<u>5,370,891</u>	<u>60,056</u>	<u>-</u>	<u>5,430,947</u>
Less Accumulated Depreciation				
Buildings and improvements	2,198,917	102,480	-	2,301,397
Machinery and equipment	1,722,661	19,665	-	1,742,326
Infrastructure	432,156	9,476	-	441,632
Total Accumulated Depreciation	<u>4,353,734</u>	<u>131,621</u>	<u>-</u>	<u>4,485,355</u>
Total Capital Assets, Net	<u>\$ 7,300,183</u>	<u>\$ 19,948</u>	<u>\$ -</u>	<u>\$ 7,320,131</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
COLORADO CITY METROPOLITAN DISTRICT
December 31, 2017

Note 6 - Capital Assets (Continued)

Proprietary Funds	Balances January 1	Additions	Deletions	Balances December 31
Non Depreciable Assets				
Land	\$ 327,701	\$ -	\$ -	\$ 327,701
Water rights	358,407	-	-	358,407
Assets in progress	140,891	10,761	-	151,652
Total Non Depreciable Assets	<u>826,999</u>	<u>10,761</u>	<u>-</u>	<u>837,760</u>
Depreciable Assets				
Buildings and improvements	17,594,119	54,461	-	17,648,580
Machinery and equipment	965,087	43,970	-	1,009,057
Augmentation plans	204,707	-	-	204,707
Infrastructure	1,511,245	11,339	-	1,522,584
Total Depreciable Assets	<u>20,275,158</u>	<u>109,770</u>	<u>-</u>	<u>20,384,928</u>
Less Accumulated Depreciation				
Buildings and improvements	9,054,123	398,253	-	9,452,376
Machinery and equipment	668,258	41,760	-	710,018
Augmentation plans	204,707	-	-	204,707
Infrastructure	720,193	63,805	-	783,998
Total Accumulated Depreciation	<u>10,647,281</u>	<u>503,818</u>	<u>-</u>	<u>11,151,099</u>
Total Capital Assets, Net	<u>\$ 10,454,876</u>	<u>\$ (383,287)</u>	<u>\$ -</u>	<u>\$ 10,071,589</u>

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

Governmental Activities:	
Administration	\$ 4,195
Recreation center	1,101
Parks and recreation	64,491
Swimming pool	7,866
Golf course	44,755
Roads	9,213
Total - Governmental Activities	<u>\$ 131,621</u>
Proprietary Funds:	
Water Fund	\$ 341,755
Sewer Fund	162,063
Total Proprietary Funds	<u>\$ 503,818</u>

At December 31, 2017, the District's general fund had one project in progress related to the master plan for the trail system for the Greenhorn Valley floor through the metro district as well as surrounding Lake Beckwith. The water fund had three construction projects in progress. The first project consists of engineering and related costs (\$71,383) for the construction of Reservoir #2. The second project consists of engineering and related costs (\$36,058) for the reconstruction of the Hicklin diversion gate. The third project consists of engineering and related costs (\$26,109) for the Lake Beckwith dam outlet works. The sewer fund also had one construction project in progress related to the Rye sewer vault (\$18,102). No estimate of cost to complete or time for completion for these projects is presently known.

NOTES TO FINANCIAL STATEMENTS (Continued)
COLORADO CITY METROPOLITAN DISTRICT
December 31, 2017

Note 7 - 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 an 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 reinsurance 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 an 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 reinsurance 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 8 - 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. Compensation is defined as W-2 compensation less bonuses and overtime. During 2017 employees contributed \$16,348 to the plan and the Districts' required contribution to the plan was \$32,050.

Note 9 - Deferred Compensation Plan

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, 2017, the employees contributed \$1,170 to the plan.

NOTES TO FINANCIAL STATEMENTS (Continued)

COLORADO CITY METROPOLITAN DISTRICT

December 31, 2017

Note 10 - Long-Term Debt

The following is a summary of the District's long-term debt transactions for the year ended December 31, 2017:

	Debt Outstanding January 1	Additions of New Debt	Retirements and Repayments	Debt Outstanding December 31	Due Within One Year
Governmental activities:					
Capital lease	\$ 9,240	\$ 24,000	\$ 10,127	\$ 23,113	\$ 5,516
Compensated absences	24,766	-	276	24,490	-
Mine reclamation costs	140,999	-	-	140,999	-
Totals	\$ 175,005	\$ 24,000	\$ 10,403	\$ 188,602	\$ 5,516
Proprietary Funds:					
Bonds payable:					
Water Fund	\$ 2,307,750	\$ -	\$ 42,500	\$ 2,265,250	\$ 46,750
Sewer Fund	407,250	-	7,500	399,750	8,250
Notes payable:					
Sewer Fund	790,963	-	87,885	703,078	93,378
Compensated absences	25,806	3,654	-	29,460	-
Totals	\$ 3,531,769	\$ 3,654	\$ 137,885	\$ 3,397,538	\$ 148,378

Debt outstanding as of December 31, 2017, consisted of the following:

Governmental Activities

Capital Lease - Wells Fargo Bank

Two mowers, \$565.29 per month for forty eight months, with an effective interest rate of 6.15%.

\$ 23,113

Proprietary Funds

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.

2,665,000

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.

703,078

Total - Proprietary Funds \$ 3,368,078

The assets acquired through capital leases total \$24,000 less accumulated depreciation of \$858. These assets are used in governmental activities.

NOTES TO FINANCIAL STATEMENTS (Continued)
COLORADO CITY METROPOLITAN DISTRICT
December 31, 2017

Note 10 - Long-Term Debt (Continued)

Future minimum lease payments for the capital lease is as follows:

<u>Year Ending December 31</u>		\$
2018		6,784
2019		6,784
2020		6,784
2021		<u>5,652</u>
Minimum lease payments for all capital leases		26,004
Less: imputed interest		<u>2,891</u>
Present Value of Minimum Lease Payments		<u>\$ 23,113</u>

The annual requirements to retire proprietary funds long-term debt as of December 31, 2017 are as follows:

<u>Year Ending December 31</u>	<u>Bonds Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 55,000	\$ 109,500	\$ 164,500
2019	55,000	108,124	163,124
2020	55,000	106,750	161,750
2021	55,000	105,100	160,100
2022	60,000	103,450	163,450
2023 - 2027	705,000	467,950	1,172,950
2028 - 2032	1,150,000	275,750	1,425,750
2032 - 2034	<u>530,000</u>	<u>36,000</u>	<u>566,000</u>
	<u>\$ 2,665,000</u>	<u>\$ 1,312,624</u>	<u>\$ 3,977,624</u>

<u>Year Ending December 31</u>	<u>Notes Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 93,378	\$ 13,438	\$ 106,816
2019	93,378	6,563	99,941
2020	93,378	4,813	98,191
2021	98,870	7,576	106,446
2022	98,870	4,576	103,446
2023 - 2024	<u>225,204</u>	<u>3,650</u>	<u>228,854</u>
	<u>\$ 703,078</u>	<u>\$ 40,616</u>	<u>\$ 743,694</u>

<u>Year Ending December 31</u>	<u>Total - Proprietary Funds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 148,378	\$ 122,938	\$ 271,316
2019	148,378	114,687	263,065
2020	148,378	111,563	259,941
2021	153,870	112,676	266,546
2022	158,870	108,026	266,896
2023 - 2027	930,204	471,600	1,401,804
2028 - 2032	1,150,000	275,750	1,425,750
2032 - 2034	<u>530,000</u>	<u>36,000</u>	<u>566,000</u>
	<u>\$ 3,368,078</u>	<u>\$ 1,353,240</u>	<u>\$ 4,721,318</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
COLORADO CITY METROPOLITAN DISTRICT
 December 31, 2017

Note 13 - Fund Balances

Government-wide Net Position:

Government-wide net position is divided into three components:

- Invested in capital assets, net of related debt - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position - consists of net position that is restricted by the District's creditors (for example, through debt covenants), by state enabling legislation (through restricts on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted - all other net position is reported in this category.

The District presents fund balances in clearly defined categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* - The portion of fund balance constrained for a specific purpose according to limitations imposed by the District's highest level of decision making authority, Board of Directors, prior to the end of the current year. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board of Directors or other individuals authorized to assign funds to be used for a specific purpose.
- *Unassigned fund balance* - The residual portion of fund balance for the general fund.

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is the District's policy to use restricted amounts first. Unrestricted fund balance will be used in the following order; committed, assigned and unassigned.

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

	<u>Governmental Activities</u>	<u>Proprietary Funds</u>
Tabor / emergencies	\$ 25,000	\$ -
Conservation trust fund	38,373	-
Debt Service	-	284,577
Total Restricted	<u>\$ 63,373</u>	<u>\$ 284,577</u>

REQUIRED SUPPLEMENTARY INFORMATION

**COLORADO CITY METROPOLITAN DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED December 31, 2017**

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes	\$ 418,259	\$ 418,259	\$ 406,518	\$ (11,741)
Charges for services	419,500	419,500	399,502	(19,998)
Grant revenue	200,000	200,000	108,434	(91,566)
Investment revenue	3,000	3,000	4,770	1,770
Other	51,600	51,600	84,905	33,305
Total Revenues	1,092,359	1,092,359	1,004,129	(88,230)
Expenditures				
Current -				
Administration	238,598	238,598	292,201	(53,603)
Recreation center	11,929	11,929	10,438	1,491
Swimming pool operations	69,232	69,232	90,357	(21,125)
Parks and recreation	117,876	117,876	136,583	(18,707)
Golf course	388,530	388,530	340,900	47,630
Roads	48,000	48,000	75,034	(27,034)
Debt service				
Principal	9,016	9,016	10,127	(1,111)
Interest	554	554	554	-
Capital outlay	228,624	228,624	151,019	77,605
Total Expenditures	1,112,359	1,112,359	1,107,213	5,146
Excess of Revenues Over (Under) Expenditures	(20,000)	(20,000)	(103,084)	(83,084)
Other Financing Sources (Uses)				
Transfers in (out)	20,000	20,000	-	(20,000)
Proceeds from capital lease	-	-	24,000	24,000
Total Other Financing Sources (Uses)	20,000	20,000	24,000	4,000
Net Change in Fund Balance	-	-	(79,084)	(79,084)
Fund Balance - January 1	236,739	236,739	833,755	597,016
Fund Balance - December 31	\$ 236,739	\$ 236,739	\$ 754,671	\$ 517,932

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

COLORADO CITY METROPOLITAN DISTRICT

December 31, 2017

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 reflected current needs.

The legal level of budgetary control for all funds is at the total fund level. This 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.

OTHER SUPPLEMENTARY INFORMATION

COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WATER FUND
YEAR ENDED December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
Revenues and Other Financing Sources				
Charges for services	\$ 925,128	\$ 925,128	\$ 913,896	\$ (11,232)
Note proceeds	-	-	-	-
Fund Balance Reserve	-	-	-	-
Other	2,000	2,000	57,827	55,827
Total Revenues and Other				
Financing Sources	927,128	927,128	971,723	44,595
Expenditures				
Personnel costs	340,253	340,253	339,574	679
Operating and maintenance	514,140	514,140	458,104	56,036
Capital outlay/projects	30,235	30,235	65,065	(34,830)
Debt service	42,500	42,500	136,452	(93,952)
Total Expenditures	927,128	927,128	999,195	(72,067)
Net Change in Net Position	\$ -	\$ -	\$ (27,472)	\$ (27,472)
Expenditures on GAAP Basis			\$ 1,233,385	
Depreciation			(341,755)	
Capital expenditures			65,065	
Principal paid on debt			42,500	
Expenditures on Budgetary Basis			\$ 999,195	

COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEWER FUND
YEAR ENDED December 31, 2017

	<u>Budgeted Amounts</u>		Actual Budget Basis	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and Other Financing Sources				
Charges for services	\$ 675,600	\$ 675,600	\$ 713,586	\$ 37,986
Loan Proceeds	-	-	-	-
Other	<u>400</u>	<u>400</u>	<u>798</u>	<u>398</u>
Total Revenues and Other Financing Sources	<u>676,000</u>	<u>676,000</u>	<u>714,384</u>	<u>38,384</u>
Expenditures				
Personnel costs	207,542	207,542	218,678	(11,136)
Operating and maintenance	305,013	305,013	396,503	(91,490)
Capital outlay	52,918	52,918	55,466	(2,548)
Debt service	<u>110,527</u>	<u>110,527</u>	<u>140,409</u>	<u>(29,882)</u>
Total Expenditures	<u>676,000</u>	<u>676,000</u>	<u>811,056</u>	<u>(135,056)</u>
Net Change in Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (96,672)</u>	<u>\$ (96,672)</u>
Expenditures on GAAP Basis			\$ 822,268	
Depreciation			(162,063)	
Capital expenditures			55,466	
Principal paid on debt			<u>95,385</u>	
Expenditures on Budgetary Basis			<u>\$ 811,056</u>	

**COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PROPERTY MANAGEMENT FUND
YEAR ENDED December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Gain on assets sold	\$ 100,000	\$ 100,000	\$ 8,100	\$ (91,900)
Expenditures				
Operating and maintenance	<u>50,000</u>	<u>50,000</u>	<u>9,470</u>	<u>40,530</u>
Excess of Revenues Over (Under) Expenditures	50,000	50,000	(1,370)	(51,370)
Other Financing Sources (Uses)				
Transfers in (out)	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
Net Change in Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,370)</u>	<u>\$ (1,370)</u>

**COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF CONSERVATION TRUST FUND ASSETS AND FUND BALANCE
December 31, 2017**

Assets		
Cash and cash equivalents		\$ <u>38,373</u>
	Total Assets	\$ <u>38,373</u>
 Fund Balance		
Restricted		
Parks, recreation and conservation projects		\$ <u>38,373</u>
	Total Fund Balance	\$ <u>38,373</u>

**COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF CONSERVATION TRUST FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED December 31, 2017**

Revenues		
Intergovernmental		\$ 28,471
Investment earnings		<u>4</u>
	Total Revenues	<u>28,475</u>
 Expenditures		
Current-		
Parks, recreation and conservation projects		<u>19,661</u>
	Total Expenditures	<u>19,661</u>
	Net Change in Fund Balance	8,814
 Fund Balance - January 1		 <u>29,559</u>
 Fund Balance - December 31		 <u>\$ 38,373</u>