



**CATAMOUNT METROPOLITAN DISTRICT**

**FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

December 31, 2009

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

February 10, 2010

The Board of Directors  
Catamount Metropolitan District

We have audited the accompanying financial statements of the governmental activities and each major fund of Catamount Metropolitan District as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Catamount Metropolitan District's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Catamount Metropolitan District, as of December 31, 2009, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Chadwick, Steinkirchner, Davis & Co., P.C.*

# Catamount Metropolitan District

## Management's Discussion and Analysis December 31, 2009

As management of Catamount Metropolitan District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2009.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

**Government-wide financial statements:** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. Current year to prior year comparisons are presented below to help users evaluate the results of the District over the past two years.

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

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

For 2009, the governmental activities of the District relate to the operation and maintenance of the roadway, lake, domestic water treatment and certain sewage disposal and septic systems in the District. In 2008 the business-type activities of the District include distribution and operation of domestic water treatment and certain sewage disposal and septic systems which was moved to the governmental activities at the end of 2008. The government-wide financial statements can be found on pages 6 and 7 of this report.

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District were divided into two categories for 2008: governmental funds and proprietary funds, and one category for 2009: governmental funds.

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

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

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found starting on page 13 of this report.

**Government-wide Financial Analysis.** The following table shows a condensed statement of net assets as of December 31, 2009 and December 31, 2008 derived from the government-wide financial statements.

**Catamount Metropolitan District  
Net Assets**

	2009			2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>						
Current and other assets	\$ 1,579,603	\$ -	\$ 1,579,603	\$ 1,547,478	\$ -	\$ 1,547,478
Capital assets	<u>13,969,972</u>	-	<u>13,969,972</u>	<u>13,932,026</u>	-	<u>13,932,026</u>
<b>Total Assets</b>	<u><u>15,549,575</u></u>	<u>-</u>	<u><u>15,549,575</u></u>	<u><u>15,479,504</u></u>	<u>-</u>	<u><u>15,479,504</u></u>
<b>Liabilities:</b>						
Current and other liabilities	672,433	-	672,433	479,064	-	479,064
Long-term liabilities	<u>708,279</u>	-	<u>708,279</u>	<u>713,124</u>	-	<u>713,124</u>
<b>Total Liabilities</b>	<u><u>1,380,712</u></u>	<u>-</u>	<u><u>1,380,712</u></u>	<u><u>1,192,188</u></u>	<u>-</u>	<u><u>1,192,188</u></u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	13,261,693	-	13,261,693	13,218,902	-	13,218,902
Restricted for emergencies	22,699	-	22,699	22,504	-	22,504
Restricted for debt service	268,872	-	268,872	74,230	-	74,230
Unrestricted	<u>615,599</u>	-	<u>615,599</u>	<u>971,680</u>	-	<u>971,680</u>
<b>Total Net Assets</b>	<u><u>\$ 14,168,863</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,168,863</u></u>	<u><u>\$ 14,287,316</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,287,316</u></u>

The largest portion of the District's net assets is reflected in the investment in capital assets, net of related debt (i.e. land, buildings, vehicles, equipment, and infrastructure). The District uses these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. The District also has net assets restricted for emergencies and future debt service and the remaining balance of \$615,599 is unrestricted.

At the end of the current fiscal year, the District has positive net assets in all categories.

The changes in net assets for the years ended December 31, 2009 and December 31, 2008 is summarized in the following table:

**Catamount Metropolitan District  
Change in Net Assets**

	2009			2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>						
Charges for services	\$ 115,879	\$ -	\$ 115,879	\$ -	\$ 109,217	\$ 109,217
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	40,284	40,284
Property taxes	427,400	-	427,400	323,989	-	323,989
Assessments	355,487	-	355,487	447,204	-	447,204
Interest and other income	<u>30,735</u>	<u>-</u>	<u>30,735</u>	<u>41,009</u>	<u>-</u>	<u>41,009</u>
<b>Total Revenues</b>	<b>929,501</b>	<b>-</b>	<b>929,501</b>	<b>812,202</b>	<b>149,501</b>	<b>961,703</b>
<b>Expenses:</b>						
General government	267,747	-	267,747	299,100	-	299,100
Public works	742,271	-	742,271	489,166	-	489,166
Water system	-	-	-	-	276,752	276,752
Sewer system	-	-	-	-	109,441	109,441
Interest expense	<u>37,936</u>	<u>-</u>	<u>37,936</u>	<u>7,958</u>	<u>-</u>	<u>7,958</u>
<b>Total Expenses</b>	<b>1,047,954</b>	<b>-</b>	<b>1,047,954</b>	<b>796,224</b>	<b>386,193</b>	<b>1,182,417</b>
Transfers	-	-	-	<u>5,692,821</u>	<u>(5,692,821)</u>	<u>-</u>
<b>Change in Net Assets</b>	<b>(118,453)</b>	<b>-</b>	<b>(118,453)</b>	<b>5,708,799</b>	<b>(5,929,513)</b>	<b>(220,714)</b>
<b>Net Assets, Beginning</b>	<b><u>14,287,316</u></b>	<b><u>-</u></b>	<b><u>14,287,316</u></b>	<b><u>8,578,517</u></b>	<b><u>5,929,513</u></b>	<b><u>14,508,030</u></b>
<b>Net Assets, Ending</b>	<b><u>\$ 14,168,863</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 14,168,863</u></b>	<b><u>\$ 14,287,316</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 14,287,316</u></b>

The primary reason for the decrease in net assets during both 2009 and 2008 was the depreciation taken on the District infrastructure in excess of operating revenues net of operating expenses.

**Financial Analysis of the District's Funds**

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

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

General Fund revenues were \$923,001 in 2009 and \$812,202 in 2008 before debt and sale proceeds. The primary reason for the increase was the transfer of water and sewer fees into the General Fund for 2009.

General Fund expenditures were \$1,231,712 in 2009 and \$511,106 in 2008. This increase was primarily due to the transfer of water and sewer expenditures into the General Fund for 2009 as well as significant capital expenditures in 2009.

As of the end of 2009, the District's governmental fund reported an ending fund balance of \$849,969, a decrease of \$195,506 over 2008, with such balance being broken out into nonspendable, restricted, assigned, and unassigned. The reason for the decrease is that the District used some of the cash on hand from 2008 to construct additional capital improvements within the District during 2009.

**Budget variances:** The General Fund ending fund balance finished the year \$164,998 behind budget; however, the District required \$408,295 less in debt proceeds than anticipated, making the net operations \$243,297 favorable to budget. A budget to actual statement for the General Fund can be found on page 12 of this report.

**Capital assets:** The District's total net capital assets increased by \$37,946 as a result of current year additions being greater than depreciation expense. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements on page 19 of this report.

**Long-term debt:** The District retired \$111,550 of debt during 2009 but also increased debt by \$106,705, the proceeds of which were used to fund construction of a water treatment plant enhancement. The District still has \$1,962,186 of additional bonds issued but not drawn that it can draw upon, if needed, in future years to complete additional capital projects. Details regarding the District's long-term debt are located in Note D on pages 20 through 21 of this report.

**Request for Information:**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Catamount Metropolitan District, c/o Robertson & Marchetti, P.C., 28 Second Street, Suite 213, Edwards, CO 81632, (970) 926-6060.

Catamount Metropolitan District

STATEMENT OF NET ASSETS

December 31, 2009

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 814,214
Accounts receivable	72,735
Property taxes receivable	603,522
Prepaid expenses	29,680
Due from other governments	2,251
Noncurrent assets	
Unamortized bond issue costs	57,201
Capital assets, net	
Land	402,344
Buildings	243,767
Vehicles and equipment	97,989
Infrastructure	13,225,872
Total Assets	<u>\$ 15,549,575</u>
 <b>LIABILITIES AND NET ASSETS</b>	
Liabilities	
Accounts payable	\$ 41,205
Deferred revenue	631,228
Non-current liabilities, due within one year	
Bonds	103,987
Capital leases	11,012
Non-current liabilities, due in more than one year	
Bonds	581,800
Capital leases	11,480
Total Liabilities	<u>1,380,712</u>
Net Assets	
Invested in capital assets, net of related debt	13,261,693
Restricted for emergencies	22,699
Restricted for debt service	268,872
Unrestricted	615,599
Total Net Assets	<u>14,168,863</u>
Total Liabilities and Net Assets	<u>\$ 15,549,575</u>

The accompanying notes are an integral part of this statement.



Catamount Metropolitan District

STATEMENT OF ACTIVITIES

Year ended December 31, 2009

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:						
General government	\$ 267,747	\$ -	\$ -	\$ -	\$ (267,747)	\$ (267,747)
Public works	742,271	115,879	-	-	(626,392)	(626,392)
Interest expense	37,936	-	-	-	(37,936)	(37,936)
Total governmental activities	<u>\$1,047,954</u>	<u>\$ 115,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(932,075)</u>	<u>(932,075)</u>
		General revenues:				
					427,400	427,400
					355,487	355,487
					16,697	16,697
					7,538	7,538
					6,500	6,500
					<u>813,622</u>	<u>813,622</u>
					(118,453)	(118,453)
					14,287,316	14,287,316
					<u>\$14,168,863</u>	<u>\$14,168,863</u>

The accompanying notes are an integral part of this statement.

Catamount Metropolitan District

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2009

	<u>General</u>
<b>ASSETS</b>	
Cash and investments	\$ 814,214
Accounts receivables	72,735
Property taxes receivable	603,522
Prepaid expenses	29,680
Due from other governments	2,251
Total Assets	<u>\$ 1,522,402</u>
 <b>LIABILITIES AND FUND EQUITY</b>	
<b>Liabilities</b>	
Accounts payable	\$ 41,205
Deferred revenues	631,228
Total Liabilities	<u>672,433</u>
 <b>Fund equity</b>	
Nonspendable	29,680
Restricted for emergencies	22,699
Restricted for debt service	268,872
Assigned for capital replacements	373,000
Unassigned	155,718
Total Fund Equity	<u>849,969</u>
Total Liabilities and Fund Equity	<u>\$ 1,522,402</u>

The accompanying notes are an integral part of this statement.

Catamount Metropolitan District

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS

December 31, 2009

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

Total fund balance - governmental funds	\$ 849,969
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,969,972
Bond issuance costs are not reported as assets in the funds, but are shown as an asset and amortized over the life of the bonds in the statement of net assets.	57,201
Long-term liabilities such as bonds and other loans are not due and payable in the current period and, therefore, are not reported in the funds	<u>(708,279)</u>
Net Assets of Governmental Activities	<u>\$ 14,168,863</u>

The accompanying notes are an integral part of this statement.

Catamount Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended December 31, 2009

	General
Revenues	
Taxes	\$ 427,400
Assessments	355,487
Water user fees	59,399
Sewer user fees	46,260
Tap fees and meters	10,220
Interest earnings	16,697
Other income	7,538
Total revenues	923,001
Expenditures	
Current	
General government	260,837
Public works	139,314
Debt service	
Principal	111,550
Interest	37,936
Bond issuance costs	41,172
Capital outlay	640,903
Total expenditures	1,231,712
Excess of Revenues Over (Under) Expenditures	(308,711)
Other financing sources (uses)	
Debt proceeds	106,705
Capital asset sale proceeds	6,500
	113,205
Excess of Revenues and Other Sources Over (Under) Expenditures	(195,506)
Fund balance - beginning	1,045,475
Fund balance - ending	\$ 849,969

The accompanying notes are an integral part of this statement.

Catamount Metropolitan District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended December 31, 2009

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Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Governmental Funds	\$ (195,506)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (\$640,903-\$602,957.)	37,946
Governmental funds report the repayment of principal on long-term debt as expenditures. However, these repayments are not reported as expenses in the statement of activities, but rather a reduction of debt in the statement of net assets. This amount is the effect of the difference in the treatment of these repayments.	111,550
Governmental funds report bond issuance costs as expenditures. However, in the statement of activities the cost of obtaining the debt is allocated over the life of the related bonds and reported as amortization expense. This is the amount by which bond issuance costs exceeded amortization (\$41,172-\$6,910.)	34,262
Governmental funds report the issuance of debt proceeds as revenue. However, these proceeds are not reported as revenues in the statement of activities, but rather an increase in long-term liabilities in the statement of net assets. This amount is the effect of the difference in the treatment of the proceeds.	<u>(106,705)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (118,453)</u></u>

The accompanying notes are an integral part of this statement.

Catamount Metropolitan District

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - GENERAL FUND

Year ended December 31, 2009

	Original and Final Budget	Actual	Variance With Budget Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 431,671	\$ 427,400	\$ (4,271)
Operating assessments	336,122	336,439	317
Parcel purchase assessments	16,450	19,048	2,598
Water user fees	58,800	59,399	599
Sewer user fees	46,261	46,260	(1)
Tap fees and meters	34,800	10,220	(24,580)
Debt proceeds	515,000	106,705	(408,295)
Capital asset sale proceeds	-	6,500	6,500
Interest earnings	31,627	16,697	(14,930)
Other income	6,363	7,538	1,175
Total revenues	<u>1,477,094</u>	<u>1,036,206</u>	<u>(440,888)</u>
<b>Expenditures</b>			
<b>General government</b>			
Personnel costs	103,147	102,007	1,140
Professional fees	92,228	102,398	(10,170)
Insurance	60,317	23,102	37,215
Office	31,986	33,330	(1,344)
<b>Public works</b>			
Road repairs and maintenance	44,678	8,750	35,928
Lake and dam maintenance	45,835	7,374	38,461
Signage and landscaping	12,150	10,151	1,999
Vehicle and equipment maintenance	25,815	14,434	11,381
Water system expenses	70,736	50,284	20,452
Sewer system expenses	32,261	32,940	(679)
Other	57,160	15,381	41,779
<b>Debt service</b>			
Principal	123,550	111,550	12,000
Interest	69,184	37,936	31,248
Bond issuance costs	30,000	41,172	(11,172)
Capital outlay	665,000	640,903	24,097
Total expenditures	<u>1,464,047</u>	<u>1,231,712</u>	<u>232,335</u>
Excess of Revenues Over (Under) Expenditures	13,047	(195,506)	(208,553)
Fund balance - beginning	1,001,920	1,045,475	43,555
Fund balance - ending	<u>\$1,014,967</u>	<u>\$ 849,969</u>	<u>\$ (164,998)</u>

The accompanying notes are an integral part of this statement.

# CATAMOUNT METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1. Organization

Catamount Metropolitan District (the District) is a quasi-municipal corporation organized by a court order dated February 17, 1989 and governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Routt County, Colorado. The District was established to fund and assist in the coordination of facilities for water, sanitation, roadway, parks and recreation, transportation, cable television and translation and mosquito control facilities.

Originally, there were six Catamount Districts. During 1999, all of the land area within Districts No. 3 through No. 6 was excluded through an order of the District Court and simultaneously included into either District No. 1 or District No. 2. The District was formed to finance operations and possibly a portion of future infrastructure constructed by District No. 1. The District was not responsible for reimbursing District No. 1 for any capital outlay related to initial subdivision infrastructure improvements. These infrastructure improvements were funded by contributions from Catamount Development, Inc. (the Developer). During 2004, Lake Catamount District No. 1 was dissolved and merged with No. 2 to form Catamount Metropolitan District.

#### 2. Reporting Entity

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

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

#### 3. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District had only governmental activities during the year.

CATAMOUNT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Government-wide Financial Statements**

In the government-wide Statement of Net Assets, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in four parts: net assets restricted for debt service, net assets restricted for emergencies, invested in capital assets net of related debt, and unrestricted net assets.

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

**Fund Financial Statements**

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

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

**4. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District used only a governmental fund for 2009.

**Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund equity.

The District reports the following major governmental fund:

**General Fund** – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.



CATAMOUNT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**5. Measurement Focus and Basis of Accounting**

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

**Long-Term Economic Focus and Accrual Basis**

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

**Current Financial Focus and Modified Accrual Basis**

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

**6. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

**7. Special Assessments**

The principal portions of special assessments are recognized as revenue when cash is received. The full amount of the receivable is offset by an equal deferred revenue account. This is in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 6.

**8. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CATAMOUNT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

9. Property Taxes

Property taxes are not due and payable until after the assessment year has ended, and are not included in the budget or Statement of Revenues, Expenditures, and Changes in Fund Balance of the assessment year. Property taxes are recorded as deferred revenue in the year they are levied and measurable. Property tax revenues are recorded as revenue in the year they are available or collected. Property taxes are levied on or before December 15 of each year and attach as an enforceable lien on the property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15.

10. Capital Assets

Capital assets are defined by the District as assets with an initial cost of \$5,000 or more. Such assets are valued at their historical cost or estimated fair value if donated, and depreciated over their estimated useful lives using the straight-line method. Estimated useful lives of asset types are as follows:

	<u>Estimated lives</u>
Buildings	30 years
Machinery and equipment	7 - 10 years
Infrastructure	30 years

11. Stewardship, Compliance, and Accountability

**Budgets and Budgetary Accounting**

In the fall of each year, the District’s Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (“GAAP”). As required by the Colorado statutes, the District followed the following timetable in approving and enacting a budget for the ensuing year:

CATAMOUNT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**11. Stewardship, Compliance, and Accountability - Continued**

- (1) For the 2009 budget year, prior to August 23, 2008, the County Assessor sent the District the assessed valuation of all taxable property within the District's boundaries.
- (2) On or before October 15, 2008, the District's accountant submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) The Board held a public hearing on the proposed budget and capital program no later than 45 days prior to the close of the fiscal year.
- (4) For the 2009 budget, prior to December 15, 2008, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (5) For the 2009 budget, the budget and appropriating resolution were adopted prior to December 31, 2008.
- (6) After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; b) supplemental appropriations to the extent of revenues in excess of those estimated in the budget; c) emergency appropriations; and d) reduction of appropriations for which originally estimated revenues are insufficient.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year-end.

There were no supplemental appropriations made during 2009.

# CATAMOUNT METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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### **NOTE B – CASH AND INVESTMENTS**

#### Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. As of December 31, 2009, the District had cash deposits of \$619,820, of which \$549,309 was covered by federal depository insurance. The remainder is covered under PDPA as noted above.

State statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school district, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, certain repurchase agreements, and local government investment pools.

The District had invested \$204,990 in the Colorado Local Governmental Liquid Asset Trust, (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions of Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. Colotrust funds carry a Standard & Poor's AAA rating. There is no custodial, interest rate, or foreign currency risk exposure.

CATAMOUNT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE C – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 402,344	\$ -	\$ -	\$ 402,344
<b>Capital assets being depreciated</b>				
Vehicles and equipment	168,658	46,508	(13,000)	202,166
Buildings	257,907	30,726	-	288,633
<b>Infrastructure</b>				
Roadway landscaping entry features	1,603,887	-	-	1,603,887
Roads	5,892,417	62,791	-	5,955,208
Drainage	396,007	-	-	396,007
Planning and engineering	1,255,138	-	-	1,255,138
Lake infrastructure	251,485	-	-	251,485
Water system	5,329,861	500,878	-	5,830,739
Sewer system	<u>2,326,601</u>	<u>-</u>	<u>-</u>	<u>2,326,601</u>
<b>Total capital assets being depreciated</b>	<u>17,481,961</u>	<u>640,903</u>	<u>(13,000)</u>	<u>18,109,864</u>
<b>Less accumulated depreciation for:</b>				
Vehicles and equipment	100,726	16,451	(13,000)	104,177
Buildings	36,269	8,597	-	44,866
<b>Infrastructure</b>				
Roadway landscaping entry features	393,038	53,464	-	446,502
Roads	1,406,773	197,461	-	1,604,234
Drainage	97,878	13,200	-	111,078
Planning and engineering	311,142	41,838	-	352,980
Lake infrastructure	62,871	8,383	-	71,254
Water system	1,039,486	186,010	-	1,225,496
Sewer system	<u>504,096</u>	<u>77,553</u>	<u>-</u>	<u>581,649</u>
<b>Total accumulated depreciation</b>	<u>3,952,279</u>	<u>602,957</u>	<u>(13,000)</u>	<u>4,542,236</u>
<b>Total capital assets being depreciated, net</b>	<u>13,529,682</u>	<u>37,946</u>	<u>-</u>	<u>13,567,628</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 13,932,026</u>	<u>\$ 37,946</u>	<u>\$ -</u>	<u>\$ 13,969,972</u>

Depreciation expense is all allocated to the “public works” function in the Statement of Activities for governmental activities. A vehicle was sold with a net book value of \$0 for \$6,500.

CATAMOUNT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE D – LONG-TERM DEBT**

The following is a schedule of changes in long-term debt during 2009:

	<u>December 31,</u> <u>2008</u>	<u>Additions</u>	<u>Payments</u>	<u>December 31,</u> <u>2009</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities					
Tractor lease	\$ 33,055	\$ -	\$ 10,563	\$ 22,492	\$ 11,012
Bonds payable, 2004	98,960	-	32,987	65,973	32,987
Bonds payable, 2006	581,109	68,891	68,000	582,000	71,000
Bonds payable, 2009	<u>-</u>	<u>37,814</u>	<u>-</u>	<u>37,814</u>	<u>-</u>
Total governmental activities long-term debt	<u>\$ 713,124</u>	<u>\$ 106,705</u>	<u>\$ 111,550</u>	<u>\$ 708,279</u>	<u>\$ 114,999</u>

On September 15, 2004 the District issued \$600,000 of general obligation bonds to purchase land and property from the Developer within the District. The bonds have a fixed interest rate of 4.77% and are payable over a seven-year period. The bonds require interest only payments on the 15th of each month and equal principal payments on July 15 of each year. The bonds are subject to prior redemption at the amount of remaining principal plus accrued interest.

The future minimum payments on the bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 32,987	\$ 2,491	\$ 35,478
2011	<u>32,986</u>	<u>918</u>	<u>33,904</u>
Total	<u>\$ 65,973</u>	<u>\$ 3,409</u>	<u>\$ 69,382</u>

On February 15, 2006 the District issued \$650,000 of general obligation water bonds to construct two water treatment facilities. The bonds have a fixed interest rate of 5.25% with interest only payments for three years. Principal reductions commenced on June 30, 2009 and are due annually each June 30 thereafter until maturity on June 30, 2016 or prior prepayment.

The future minimum payments on the bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 71,000	\$ 28,691	\$ 99,691
2011	75,000	24,859	99,859
2012	79,000	20,816	99,816
2013	83,000	16,564	99,564
2014	87,000	12,101	99,101
2015-2016	<u>187,000</u>	<u>9,896</u>	<u>196,896</u>
Total	<u>\$ 582,000</u>	<u>\$ 112,927</u>	<u>\$ 694,927</u>

CATAMOUNT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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**NOTE D – LONG-TERM DEBT – CONTINUED**

On April 1, 2009 the District issued \$2,000,000 of general obligation bonds to construct water and road improvements. As of December 31, 2009, the District has drawn \$37,814 of the available balance and can draw the remaining \$1,962,186 in future periods. The bonds have a fixed interest rate of 5.00% through April 1, 2019, after which the Bank may reprice the bonds. Interest only payments based on the amount then drawn are to be made for three years. Principal reductions will commence on December 31, 2012 and are due annually each December 31 thereafter until maturity on December 31, 2028 or prior prepayment.

The future minimum payments on the bonds, given the current principal balance, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ -	\$ 1,891	\$ 1,891
2011	-	1,891	1,891
2012	15,000	1,516	16,516
2013	15,000	766	15,766
2014	<u>7,814</u>	<u>195</u>	<u>8,009</u>
<b>Total</b>	<b><u>\$ 37,814</u></b>	<b><u>\$ 6,259</u></b>	<b><u>\$ 44,073</u></b>

On November 10, 2006 the District entered into a capital lease agreement with Wells Fargo Brokerage Services, LLC for the purchase of a 2006 Ford Tractor. The lease has a fixed interest rate of 4.25% and is payable over a five-year period beginning August 1, 2007 and each August 1 thereafter until August 1, 2011.

Future minimum payments on the lease are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 11,012	\$ 956	\$ 11,968
2011	<u>11,480</u>	<u>488</u>	<u>11,968</u>
<b>Total</b>	<b><u>\$ 22,492</u></b>	<b><u>\$ 1,444</u></b>	<b><u>\$ 23,936</u></b>

Future minimum payments on all long-term debt are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 114,999	\$ 34,029	\$ 149,028
2011	119,466	28,156	147,622
2012	94,000	22,332	116,332
2013	98,000	17,330	115,330
2014	94,814	12,296	107,110
2015-2016	<u>187,000</u>	<u>9,896</u>	<u>196,896</u>
<b>Total</b>	<b><u>\$ 708,279</u></b>	<b><u>\$ 124,039</u></b>	<b><u>\$ 832,318</u></b>

# CATAMOUNT METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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### **NOTE E – EMPLOYEE RETIREMENT PLAN**

The District provides a defined contribution money purchase plan and trust (the Plan) administered by the ICMA Retirement Corporation. All full-time, year-round employees of the District are eligible for the Plan. Under terms of the Plan, the District and each participant are required to contribute 6.2% of the participant's earnings. Contributions are fully vested immediately and loans to participants are allowed.

District contributions to the Plan during the year ended December 31, 2009 were \$6,842.

### **NOTE F – INTERGOVERNMENTAL AGREEMENTS**

#### **Catamount Ranch Pipeline Project**

In July 2000, the District entered into an agreement with Routt County, Colorado authorizing the District to construct a water pipeline to transport water from the Yampa River to Catamount Ranch. Catamount Ranch may use the water for irrigation, recreation, fishing, and aesthetic purposes. The District may also provide water by exchange to neighboring landowners for irrigation.

#### **Agreement with City of Steamboat Springs**

In May 2001, the District entered into an agreement with the Developer and the City of Steamboat Springs (the City) to deliver supplemental irrigation water to the City. Delivery is to include only water rights owned or leased by the City in accordance with the administration of Yampa River water rights. The District agrees to make available to the City one cubic foot out of the total ten cubic feet of the capacity within the District's pipeline. The City will reimburse the District for electrical pumping costs for delivery of the water.

### **NOTE G – COMMITMENTS AND CONTINGENCIES**

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and its legal representatives have disclosed that there are no material outstanding claims against the District at December 31, 2009.

### **NOTE H – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.



CATAMOUNT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE H – RISK MANAGEMENT – CONTINUED**

The District has elected to participate in the Colorado Special District Property and Liability Pool (the Pool), which is sponsored by the Special District Association of Colorado. The Pool provides property and general liability, automobile physical damage and liability, public official's liability and machinery coverage to its members. Members of the Pool are required to make additional surplus contributions. Any excess funds, which the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula. During the year ended December 31, 2009 the Pool made no distributions to the District.

Condensed financial statement data for the Colorado Special Districts Property and Liability Pool as of December 31, 2008 (the most recent information available) is as follows:

	<u>Colorado Special District Property and Liability Pool</u>
Assets	\$ <u>27,093,162</u>
Liabilities	\$ 10,778,248
Net Assets	<u>16,314,914</u>
	<u>\$ 27,093,162</u>
Revenue	\$ 9,960,770
Investment income and other	<u>948,122</u>
Total revenue	10,908,892
Expenses	<u>8,175,165</u>
Excess of revenues over expenses	<u>\$ 2,733,727</u>

**NOTE I – TABOR AMENDMENT**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that of the prior year, extension of any expiring tax, or tax policy change directly causing a new tax revenue gain to any local government. Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in future years.

CATAMOUNT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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**NOTE I – TABOR AMENDMENT – CONTINUED**

As of December 31, 2009, the District had total authorized debt of \$34,000,000 of which \$3,250,000 has been issued, leaving an authorized but unissued balance of \$30,750,000.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of the fiscal year spending (excluding bonded debt service) for fiscal years ended after December 31, 1994. At December 31, 2009 the District had the required 3% or \$22,699 reserved for emergencies.

Under TABOR, the initial base for local government spending and revenue limits is December 31, 1992 fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.