

**Minturn Cemetery District**

**Financial Statements  
December 31, 2016**



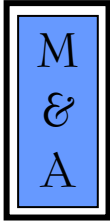
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**Minturn Cemetery District  
Financial Statements  
December 31, 2016**

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## INDEPENDENT AUDITOR'S REPORT

### To the Board of Directors Minturn Cemetery District

We have audited the accompanying financial statements of the governmental activities and the general fund of the Minturn Cemetery District (the "District"), as of and for the year ended December 31, 2016, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### *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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 and the general fund of the Minturn Cemetery District as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Member: American Institute of Certified Public Accountants*

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**Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information, 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 Section B in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**April 13, 2017**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **MINTURN CEMETERY DISTRICT**

Management's Discussion and Analysis  
December 31, 2016

As management of the Minturn Cemetery District (the "District"), we offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal year ended December 31, 2016.

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

This discussion and analysis is intended to serve as an introduction to the District's general purpose financial statements. The District's general purpose financial statements are comprised of two components: 1) financial statements; and 2) notes to the financial statements. These components are discussed below.

### **Financial Statements**

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

The Statement of Net Position presents information on all the District's assets, deferred outflows, liabilities and deferred inflows (both short-term and long-term), with the difference between the two reported as fund balance or net position. The General Fund column presents the financial position focusing on short-term available resources and is reported on a modified accrual basis of accounting. The Statement of Net Position column presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities shows how the government's fund balance and net positions changed during the most recent fiscal year. Again, the General Fund column focuses on short-term available resources and is reported on a modified accrual basis. The Statement of Activities column focuses on long-term economic resources and is reported on a full accrual basis.

The District's financial statements can be found on pages C1 through C2 of this report.

### **Notes to the Financial Statements**

The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the District. They also provide additional information that will aid in the interpretation of the financial statements. The notes to the financial statements can be found on pages D1 through D10 of this report.

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**Financial Analysis of the District**  
**Minturn Cemetery District's Net Position**

<b>Assets:</b>	2016	2015
Current and other assets	\$ 2,548,500	\$ 2,247,096
Capital assets	2,153,824	2,327,059
<b>Total Assets</b>	<b>\$ 4,702,324</b>	<b>\$ 4,574,155</b>
<b>Liabilities and Deferred Inflows:</b>		
Current liabilities	\$ 3,186	\$ 4,187
<b>Total Liabilities</b>	<b>\$ 3,186</b>	<b>\$ 4,187</b>
<b>Deferred Inflows:</b>		
Unavailable tax revenues	\$ 500,346	\$ 499,996
<b>Total Deferred Inflows</b>	<b>\$ 500,346</b>	<b>\$ 499,996</b>
<b>Net Position:</b>		
Restricted for emergency	\$ 16,700	\$ 14,839
Invested in Capital Assets	2,153,824	2,327,059
Unrestricted	2,028,268	1,728,074
<b>Total Net Position</b>	<b>\$ 4,198,792</b>	<b>\$ 4,069,972</b>

Approximately 51% of the District's net position reflects its investment in capital assets, which includes land, buildings, infrastructure, vehicles, and equipment.

At the end of the 2016 fiscal year, the District is able to report positive balances in all three categories of net positions. Overall, the District's net position increased \$128,820 from the prior year. This increase can be attributed to property taxes revenues being used to construct capital assets which have been capitalized in the Statement of Net Position.

**Minturn Cemetery District's Change in Net Position**

<b>Revenues:</b>	2016	2015
Property taxes	\$ 498,135	\$ 442,462
Specific ownership taxes	25,304	24,320
Investment income	13,362	3,668
Misc Revenue	-	750
Mausoleum Revenue	4,004	4,088
Burial Plot Revenue	15,850	19,361
<b>Total Revenues</b>	<b>556,655</b>	<b>494,649</b>
<b>Expenses:</b>		
Operating expenses	350,453	372,184
Administration expenses	53,937	57,596
Treasurer fees	14,973	13,295
Capital Outlay	8,472	21,199
<b>Total Expenses</b>	<b>427,835</b>	<b>464,274</b>
<b>Change in Net Position</b>	128,820	30,375
<b>Net Position - January 1</b>	4,069,972	4,039,597
<b>Net Position - December 31</b>	<b>\$ 4,198,792</b>	<b>\$ 4,069,972</b>

Property taxes were the most significant sources of revenues, accounting for 89% of total revenues. Depreciation of \$190,954 accounted for approximately 45% of total District expenses in 2016.

## **Budget Variances in the General Fund**

The District expenditures generally showed favorable variances compared to budget. Detail of the budget variances can be found on page E1 of this report.

## **Capital Asset and Debt Administration**

### **Capital Assets**

The District's investment in capital assets decreased \$173,235 in 2016 due to depreciation expense being greater than capital expenditures. 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 D9.

### **Long-term Debts**

The District does not currently have any long-term debt.

### **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 information should be addressed to: Minturn Cemetery District, c/o Marchetti & Weaver LLC, 28 Second St, Suite 213, Edwards, CO 81632.

## **FINANCIAL STATEMENTS**

**Minturn Cemetery District  
Balance Sheet/  
Statement of Net Position  
December 31, 2016**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets:</b>			
Cash and investments	2,048,154	-	2,048,154
Property tax receivable	500,346	-	500,346
Capital assets, net of accumulated depreciation	-	2,153,824	2,153,824
<b>Total Assets</b>	<b>2,548,500</b>	<b>2,153,824</b>	<b>4,702,324</b>
<b>Liabilities:</b>			
Accounts payable	3,186	-	3,186
<b>Total Liabilities</b>	<b>3,186</b>	<b>-</b>	<b>3,186</b>
<b>Deferred Inflow of Resources:</b>			
Unavailable tax revenues	500,346	-	500,346
<b>Fund Balance/Net Position:</b>			
<b>Fund Balance:</b>			
Restricted for emergencies	16,700	(16,700)	-
Unassigned	2,028,268	(2,028,268)	-
<b>Total Fund Balance</b>	<b>2,044,968</b>	<b>(2,044,968)</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>2,548,500</b>	<b>(2,044,968)</b>	<b>-</b>
<b>Net Position:</b>			
Restricted for emergencies		16,700	16,700
Net invested in capital assets		2,153,824	2,153,824
Unrestricted		2,028,268	2,028,268
<b>Total Net Position</b>		<b>4,198,792</b>	<b>4,198,792</b>

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

**Minturn Cemetery District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance/**  
**Statement of Activities**  
**For the Year Ended December 31, 2016**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues:</b>			
Taxes	523,439	-	523,439
Mausoleum revenue	4,004	-	4,004
Burial plot revenue	15,850	-	15,850
Net investment income	13,362	-	13,362
<b>Total Revenues</b>	<u>556,655</u>	<u>-</u>	<u>556,655</u>
<b>Expenditures/Expenses:</b>			
Administration	68,910	-	68,910
Operations	159,499	190,954	350,453
Capital outlay	26,191	(17,719)	8,472
<b>Total Expenditures/Expenses</b>	<u>254,600</u>	<u>173,235</u>	<u>427,835</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	302,055	(302,055)	
<b>Change in Net Position</b>		128,820	128,820
<b>Fund Balance/Net Position:</b>			
Beginning	1,742,913	2,327,059	4,069,972
Ending	<u>2,044,968</u>		<u>4,198,792</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Minturn Cemetery District**  
**Notes to the Financial Statements**  
**December 31, 2016**

**I. Summary of Significant Accounting Policies**

Minturn Cemetery District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in Section 30-20-801 of the C.R.S. The District was established to provide a cemetery in Minturn.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

**A. Reporting Entity**

The District is governed by a Board appointed by the Eagle County Board of County Commissioners, which is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with the provisions of the Colorado Special District Act.

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

The District is not financially accountable for any entity based on the above criteria nor is the District a component unit of any other entity.

**B. Government-wide and Fund Financial Statements**

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

**1. Government-wide Financial Statements**

In the government-wide Statement of Net Position, the District's activities are 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 position is reported in three parts – net invested in capital assets; restricted; and unrestricted net position.

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

**Minturn Cemetery District**  
**Notes to the Financial Statements**  
**December 31, 2016**

**I. Summary of Significant Accounting Policies (continued)**

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

**2. Fund Financial Statements**

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

The District reports only a General Fund. The General Fund is the District's operating fund and accounts for all financial resources of the District.

**C. 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.

**1. 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.

**2. Current Financial Focus and Modified Accrual Basis**

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (within 60 days of December 31) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

**D. Financial Statement Accounts**

**1. Cash and Investments**

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

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

**Minturn Cemetery District  
Notes to the Financial Statements  
December 31, 2016**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**1. Cash and Investments (continued)**

The District follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pools

**2. Property Taxes**

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as a deferred inflow of resources.

**3. Capital Assets**

Capital assets, which include land, buildings, infrastructure, and vehicles and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the asset.

Buildings, vehicles, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	7-25
Vehicles and equipment	3-7
Infrastructure	5-15

**Minturn Cemetery District**  
**Notes to the Financial Statements**  
**December 31, 2016**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**4. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net 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 only one type of item, which is unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**5. Use of Estimates**

The preparation of financial statements in conformity with GAAP 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.

**6. Fund Balance**

The District classifies governmental fund balances as follows:

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

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

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

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

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

**Minturn Cemetery District  
Notes to the Financial Statements  
December 31, 2016**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**6. Fund Balance (continued)**

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

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and management calculates targets and reports them annually to Board of Directors.

**7. Restricted and Unrestricted Resources**

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

**II. Reconciliation of Government-wide and Fund Financial Statements**

**A. Explanation of differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position**

The governmental fund Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Capital assets, net	\$2,153,824
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

**B. Explanation of differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities**

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities include a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Operations	\$ 190,954
Capital outlay	(17,719)

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 as depreciation expense. The adjustment of \$190,954 is depreciation expense. The adjustment of \$17,719 is capitalized costs.

**Minturn Cemetery District  
Notes to the Financial Statements  
December 31, 2016**

**III. Stewardship, Compliance, and Accountability**

**A. 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 budget for the governmental funds and the fiduciary fund are adopted on a basis consistent with GAAP. As required by Colorado statutes, the District followed the following timetable in approving and enacting a budget for 2016:

- (1) For the 2016 budget, prior to August 25, 2015, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2015 only once by a single notification to the District.
- (2) On or before October 15, 2015, the District's management 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) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.
- (4) For the 2016 budget, prior to December 15, 2015 the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes as computed in the proposed budget.
- (5) 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 the estimated in the budget; (c) emergency appropriations; and (d) reduction of appropriations for which originally estimated revenues are insufficient.
- (6) All appropriations lapse at a year-end.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2015 were collected in 2016 and taxes certified in 2016 will be collected in 2017. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**Minturn Cemetery District**  
**Notes to the Financial Statements**  
**December 31, 2016**

**III. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment - Revenue and Spending Limitation 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 increases, a mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

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

TABOR also requires local governments to establish 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 fiscal year spending (excluding bonded debt service). The District has reserved a portion of its December 31, 2016, year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$16,700 which is the approximate required reserve at December 31, 2016.

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.

In November 1998, the District's voters approved the following ballot question: "Shall the Minturn Cemetery District be permitted to increase its mill levy to 0.7 mills and shall the District be permitted to collect and shall the District be permitted to expend, whatever additional amounts are raised annually in 1999 and any year thereafter, from the [Minturn] Cemetery District increased mill levy, as a voter approved mill levy change, revenue change and property tax revenue change and an exception to the limits which would otherwise apply under Article X, Section 20 of the Colorado Constitution; and shall the District be authorized in 1999 and any year thereafter to increase its mill levy to 0.7 mills and shall the District be authorized to collect and shall the District be authorized to expend whatever amounts are raised by the District's increased mill levy, regardless of the amount which otherwise would be permitted under the 5% limitation of Section 29-1-301, Colorado Revised Statutes, such additional revenues to be used for general purposes of the District?"

As of December 31, 2016, the District has no authorized or unissued debt.

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

**Minturn Cemetery District  
Notes to the Financial Statements  
December 31, 2016**

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was \$57,829 at year end.

*Fair Value of Investments*

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

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

At December 31, 2016 the District had the following recurring fair value measurements:

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurement Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Colostrust	1,990,325	-	1,990,325	-
<b>Total</b>	<b>1,990,325</b>	<b>-</b>	<b>1,990,325</b>	<b>-</b>

Investments classified in Level 1 are valued using prices quoted in active markets for those securities. Investments classified in Level 2 are valued using the following approaches

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

The Investment Pool represents investments in COLOTRUST. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. At December 31, 2016, the District's investments in COLOTRUST were 100% of the District's investment portfolio.

*Interest Rate Risk.* As a means of limiting its exposure to interest rate risk, the District has invested primarily in COLOTRUST. Funds in COLOTRUST can be withdrawn without notice or penalty.

**Minturn Cemetery District  
Notes to the Financial Statements  
December 31, 2016**

**IV. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

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

*Concentration of Credit Risk.* The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. At December 31, 2016, the District held no investments.

At December 31, 2016, the District had no unrealize gains or losses. The District had the following cash and investments with the following maturities:

<u>Type</u>	<u>Standard &amp; Poors Rating</u>	<u>Carrying Amount</u>	<u>Term to Maturity</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Cash with County Treasurer		\$ 1,986	\$ 1,986	-
Checking		55,843	55,843	-
<i>Investment pool:</i>				
Colotrust	AAAm	1,990,325	1,990,325	-
		<u>\$ 2,048,154</u>	<u>\$ 2,048,154</u>	<u>\$ -</u>

**Financial Statement Captions:**

Cash and investments	2,048,154
	<u>\$ 2,048,154</u>

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**Minturn Cemetery District  
Notes to the Financial Statements  
December 31, 2016**

**IV. Detailed Notes on All Funds (continued)**

**B. Capital Assets**

Capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decrease</u>	<u>Ending Balance</u>
<b>Capital Assets, not being depreciated</b>				
Land	\$ 53,443	-	-	53,443
<b>Total capital assets, not being depreciated</b>	<u>53,443</u>	<u>-</u>	<u>-</u>	<u>53,443</u>
<b>Capital assets, being depreciated:</b>				
Equipment	123,233	-	-	123,233
Buildings	1,682,559	-	-	1,682,559
Infrastructure	1,437,243	17,719	-	1,454,962
<b>Total capital assets being depreciated</b>	<u>3,243,035</u>	<u>17,719</u>	<u>-</u>	<u>3,260,754</u>
<b>Less accumulated depreciate for:</b>				
Equipment	(101,917)	(7,025)	-	(108,942)
Buildings	(331,854)	(67,302)	-	(399,156)
Infrastructure	(535,648)	(116,627)	-	(652,275)
<b>Total accumulated depreciation</b>	<u>(969,419)</u>	<u>(190,954)</u>	<u>-</u>	<u>(1,160,373)</u>
<b>Total capital assets, being depreciated, net</b>	<u>2,273,616</u>	<u>(173,235)</u>	<u>-</u>	<u>2,100,381</u>
<b>Total capital assets, net</b>	<u><b>\$ 2,327,059</b></u>	<u><b>(173,235)</b></u>	<u><b>-</b></u>	<u><b>2,153,824</b></u>

Depreciation expense of \$190,954 was charged to operations.

**V. Other Information**

**A. Risk Management**

The District is exposed to various risks of loss related to workers compensation; general liability, unemployment, torts, theft of, damage to, and destruction of assets; and errors and omissions. The District has acquired commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Minturn Cemetery District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2016**  
**With Comparative Amounts for the Year Ended December 31, 2015**

	<u>2016</u>		<b>Final Budget Variance Positive (Negative)</b>	<u>2015</u>
	<b>Original and Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>				
Property tax	499,996	498,135	(1,861)	442,462
Specific ownership tax	22,500	25,304	2,804	24,320
Mausoleum revenue	2,500	4,004	1,504	4,088
Burial plot revenue	7,500	15,850	8,350	19,361
Miscellaneous income	750	-	(750)	750
Net investment income	1,591	13,362	11,771	3,668
<b>Total Revenues</b>	<u>534,837</u>	<u>556,655</u>	<u>21,818</u>	<u>494,649</u>
<b>Expenditures:</b>				
<b>Administration:</b>				
Accounting	12,500	9,710	2,790	8,994
Management	36,750	28,800	7,950	26,910
Legal	10,000	777	9,223	5,994
Insurance	9,000	9,021	(21)	8,368
Office supplies	7,500	5,084	2,416	6,607
Treasurer's fees	15,000	14,973	27	13,295
Miscellaneous	-	545	(545)	723
<b>Total Administration</b>	<u>90,750</u>	<u>68,910</u>	<u>21,840</u>	<u>70,891</u>
<b>Operations:</b>				
Repairs and maintenance	26,025	20,239	5,786	21,584
Contract labor	71,875	76,264	(4,389)	74,967
Equipment repair	13,400	4,016	9,384	12,239
Utilities	20,000	21,526	(1,526)	13,473
Landscaping	60,000	37,454	22,546	55,411
Contingency	10,000	-	10,000	-
<b>Total Operations</b>	<u>201,300</u>	<u>159,499</u>	<u>41,801</u>	<u>177,674</u>
<b>Capital Outlay:</b>				
Infrastructure	-	2,314	(2,314)	-
Maintenance building	65,000	-	65,000	1,826
Irrigation system improvements	-	2,390	(2,390)	4,060
Fencing	-	-	-	1,158
Landscaping	-	1,978	(1,978)	32,165
Road improvements	-	-	-	12,685
Mausoleums	-	312	(312)	11,630
Equipment	-	1,478	(1,478)	4,973
Restroom	-	-	-	3,165
Signage	-	17,719	(17,719)	-
Contingency	177,000	-	177,000	-
<b>Total Capital Outlay</b>	<u>242,000</u>	<u>26,191</u>	<u>215,809</u>	<u>71,662</u>
<b>Total Expenditures</b>	<u>534,050</u>	<u>254,600</u>	<u>279,450</u>	<u>320,227</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	787	302,055	301,268	174,422
<b>Fund Balance - Beginning</b>	<u>1,594,419</u>	<u>1,742,913</u>	<u>148,494</u>	<u>1,568,491</u>
<b>Fund Balance - Ending</b>	<u>1,595,206</u>	<u>2,044,968</u>	<u>449,762</u>	<u>1,742,913</u>

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