

CLEAR CREEK
METROPOLITAN RECREATION DISTRICT
CLEAR CREEK COUNTY, COLORADO

FINANCIAL STATEMENTS
December 31, 2016



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CLEAR CREEK METROPOLITAN RECREATION DISTRICT

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CLEAR CREEK METROPOLITAN RECREATION DISTRICT

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BOARD OF DIRECTORS
CLEAR CREEK METROPOLITAN RECREATION DISTRICT
IDAHO SPRINGS, COLORADO

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and each major fund of the Clear Creek Metropolitan Recreation District as of and for the year ended December 31, 2016, 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 Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my 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 the Clear Creek Metropolitan Recreation District, as of December 31, 2016, and the respective changes in financial position 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 the required supplementary information on page 3-9 and 36-37 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clear Creek Metropolitan Recreation District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedure, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 my opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.


Jack Salewski, CPA
Littleton, Colorado
August 7, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Clear Creek Metropolitan Recreation District's (the District) financial performance provides an overview of the District's financial activities for the year ended December 31, 2016. Please read it in conjunction with the transmittal letter and the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District remains in strong financial position with assets exceeding liabilities at the close of 2016 by \$8,485,421 (net position). Of this amount \$1,618,459 or 19 percent is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.
- At the end of 2016, the fund balance in the General Fund was \$1,804,575, an increase of \$326,896. Of this amount \$1,662,967 or 92 percent was not restricted.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Clear Creek Metropolitan Recreation District's basic financial statements. The District's basic financial statements are comprised of three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

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

The **Statement of Revenues, Expenses, and Changes in Fund Net Position** presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g. earned but unused vacation leave).

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. Some funds are required to be established by State. The District Board of Directors establishes other funds to help control and manage money for particular purposes. All the District's funds are 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. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds, both of which are considered to be major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances.

Notes to 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$8,485,421 at the close of 2016.

Net Position

Combined net position of the Clear Creek Metropolitan Recreation District at December 31, 2016 and 2015 were:

	Governmental Activities		Total Primary Government	
	2016	2015	2016	2015
Capital assets	\$9,499,638	\$9,728,049	\$9,499,638	\$9,728,049
Other assets	4,501,412	4,268,483	4,501,412	4,268,483
Total assets	14,001,050	13,996,532	14,001,050	13,996,532
Long-term debt outstanding	1,509,508	2,996,218	1,509,508	2,996,218
Other liabilities	1,481,470	1,474,893	1,481,470	1,474,893
Total liabilities	2,990,978	4,471,111	2,990,978	4,471,111
Deferred Inflow Resources	2,524,651	2,661,680	2,524,651	2,661,680
Net position:				
Invested in capital assets, net of related debt	6,604,638	5,372,238	6,604,638	5,372,238
Restricted	262,324	197,805	262,324	197,805
Unrestricted	1,618,459	1,293,698	1,618,459	1,293,698
Total net position	\$8,485,421	\$6,863,741	\$8,485,421	\$6,863,741

By far the largest portion of the District's net position, (78%), is investment in capital assets, net of related debt, 1% or \$120,716 is restricted for capital projects. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net assets may be used to meet the District's ongoing obligations to citizens and creditors.

At the end of 2016, the District is able to report positive balances in all three categories of net assets, both for the primary government, as well as for its separate Governmental activities.

Changes in Net Position

The District's program and general revenue of \$3,318,132 exceeds program expenses of \$1,696,452 by \$1,621,680. The main reason for this increase was property tax.

The table below shows the summarized revenue and expenses for 2016 and 2015.

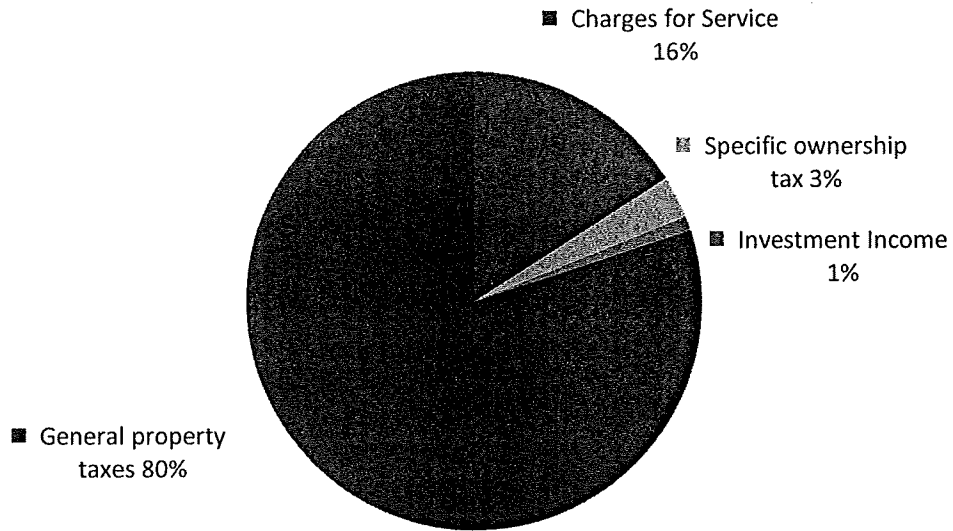
	Governmental Activities		Total Primary Activities	
	2016	2015	2016	2015
Program revenue:				
Charges for services	\$ 501,741	\$ 397,717	\$ 501,741	\$ 397,717
Operating grants	-0-	7,418	-0-	7,418
Capital grants	39,453	-0-	39,453	-0-
General revenue:				
Property taxes	2,662,239	2,674,631	2,662,239	2,674,631
Specific ownership tax	109,156	107,749	109,156	107,749
Net investment income	5,543	1,730	5,543	1,730
Other general revenue	-0-	-0-	-0-	-0-
Total revenue	<u>3,318,132</u>	<u>3,189,245</u>	<u>3,318,132</u>	<u>3,189,245</u>
Program expenses				
General government	504,325	493,705	504,325	493,705
Programs	923,623	790,193	923,623	790,193
Grants	-0-	11,036	-0-	11,036
Scholarships	1,091	8,055	1,091	8,055
Maintenance	166,856	159,857	166,856	159,857
Interest on Long-Term Debt	100,557	127,699	100,557	127,699
Total expenses	<u>1,696,452</u>	<u>1,590,545</u>	<u>1,696,452</u>	<u>1,590,545</u>
Excess before transfers	1,621,680	1,598,700	1,621,680	1,598,700
Transfers	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Increase in net assets	1,621,680	1,598,700	1,621,680	1,598,700
Net Assets-Beginning	6,863,741	5,265,041	6,863,741	5,265,041
Net Assets-Ending	<u>\$8,485,421</u>	<u>\$6,863,741</u>	<u>\$8,485,421</u>	<u>\$6,863,741</u>

Governmental Activities

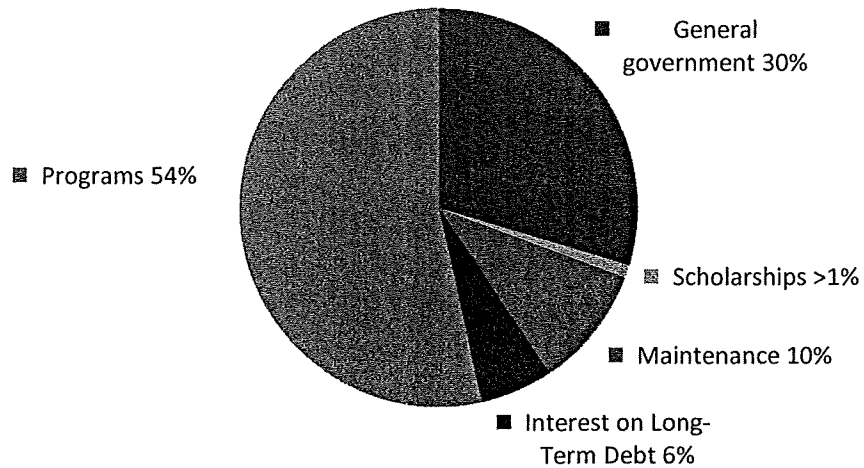
Governmental Activities reflect an increase in net position of \$1,621,680 before transfers. The main reason for the favorable increase in net position is the amount of property taxes.

Following are illustrative summaries of Governmental Activities breaking out revenue and expenses.

Revenue by Source - Governmental Activities



Expenses by Function - Governmental Activities



- Program expenses increased 17% from 2015.
- General maintenance and improvements expense increased 4% from 2015.

THE DISTRICT’S FUNDS

As noted earlier, Clear Creek Metropolitan Recreation District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Governmental Funds are accounted for using the modified accrual basis of accounting. As the District completed the year, its Governmental Funds reported a combined fund balance of \$1,925,291. Of that fund balance, \$262,324 was restricted. \$701,306 fund balance is assigned to subsequent years’ expenditures and \$900,000 for capital projects. The remaining balance of \$61,661 was unassigned and is available for spending at the District’s discretion. A breakdown of restricted and assigned balance is as follows:

Restricted for:	
Emergencies	\$141,608
Capital Projects	\$120,716

At the end of 2016, unrestricted fund balance of the General Fund was \$61,661 while total fund balance reached \$1,925,291. As a measure of the General Fund’s liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 2 percent of total general fund expenditures while restricted fund balance represents 15 percent of that same amount.

The fund balance of the General Fund increased \$326,896 during the current fiscal year. The primary reason for the increase in fund balance was spending less on capital outlay items.

The Conservation Trust Fund has a total fund balance of \$120,716 all of which is restricted for capital projects. The net increase of \$40,129 represents less capital projects completed in 2016 compared to lottery proceeds being received.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the District had invested in a broad range of capital assets.

The following table provides a summary of total capital assets, net of depreciation where applicable, at December 31, 2016.

	CAPITAL ASSETS AT YEAR END (net of depreciation)			
	Governmental Activities		Total Primary Government	
	2016	2015	2016	2015
Land	\$ 75,514	\$ 75,514	\$ 75,514	\$ 75,514
Construction in Process	-0-	-0-	-0-	-0-
Total non-depreciable assets	75,514	75,514	75,514	75,514
Buildings	7,873,975	8,003,896	7,873,975	8,003,896
Improvements	1,132,175	1,171,606	1,132,175	1,171,606
Other Equipment	387,507	442,564	387,507	442,564
Office Equipment	30,467	34,469	30,467	34,469
Total Capital Assets	<u>\$9,499,638</u>	<u>\$9,728,049</u>	<u>\$9,499,638</u>	<u>\$9,728,049</u>

The District remains committed to the upkeep and maintenance of the District's assets. More detailed information about the District's capital assets is presented in Note 2 and Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND FEES

The Clear Creek Metropolitan Recreation District is in a strong financial position. In preparing the 2017 Budget, the District had to take several factors into consideration, most noteworthy of all, 70% of property taxes come from one taxpaying entity- the Henderson Mine-Climax Molybdenum Company. In anticipation of the entity closing expenses are being reduced accordingly.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional information, contact the District's Finance Department at Clear Creek Metropolitan Recreation District, P.O. Box 1149, Idaho Springs, CO 80452.

BASIC FINANCIAL STATEMENTS

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

STATEMENT OF NET POSITION

December 31, 2016

	Governmental Activities	Total
ASSETS		
CURRENT ASSETS		
Cash and investments	\$1,954,122	\$1,954,122
Due from other governments	9,847	9,847
Receivables	12,792	12,792
Property taxes receivable	2,524,651	2,524,651
Total current assets	4,501,412	4,501,412
Capital assets (net of accumulated depreciation)		
Land	75,514	75,514
Buildings and improvements	7,873,975	7,873,975
Improvements other than buildings	1,132,175	1,132,175
Machinery and equipment	387,507	387,507
Office Equipment	30,467	30,467
Total capital assets, net	9,499,638	9,499,638
TOTAL ASSETS	14,001,050	14,001,050
LIABILITIES		
Accounts payable	20,367	20,367
Accrued payroll liabilities	2,071	2,071
Accrued wages	23,001	23,001
Accrued interest	6,031	6,031
Bond and lease payable – current portion	1,430,000	1,430,000
Total current liabilities	1,481,470	1,481,470
OTHER LIABILITIES		
Bond and lease payable- due in more than one year	1,465,000	1,465,000
Bond Premium Net of Amortization	44,508	44,508
TOTAL OTHER LIABILITIES	1,509,508	1,509,508
DEFERRED INFLOWS OF RESOURCES		
Deferred property taxes	2,524,651	2,524,651
Total deferred inflows of resources	2,524,651	2,524,651
NET POSITION		
Invested in capital assets, net of related debt	6,604,638	6,604,638
Restricted for:		
Emergency-TABOR	141,608	141,608
Capital Projects	120,716	120,716
Unrestricted	1,618,459	1,618,459
TOTAL NET POSITION	\$8,485,421	\$8,485,421

The Accompanying Notes Are an Integral Part of the Financial Statements

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

	<u>Expenses</u>	<u>Program Revenue</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
PRIMARY GOVERNMENT			
Governmental Activities			
General government	\$ 504,325	\$ 12,339	\$ -0-
Programs	923,623	489,402	-0-
Scholarships	1,091	-0-	-0-
Maintenance	166,856	-0-	-0-
Interest on Long-Term Debt	100,557	-0-	-0-
Total Governmental Activities	<u>\$1,696,452</u>	<u>\$501,741</u>	<u>\$ -0-</u>
GENERAL REVENUE			
Property tax revenue			
Specific ownership tax			
Investment			
Total General Revenue and Transfers			
Change in Net Assets			
Net Position-Beginning			
Net Position-Ending			

The Accompanying Notes Are an Integral Part of the Financial Statements

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
	Primary Government	
	Governmental Activities	Total
\$ -0-	\$ (491,986)	\$ (491,986)
39,453	(394,768)	(394,768)
-0-	(1,091)	(1,091)
-0-	(166,856)	(166,856)
-0-	(100,557)	(100,557)
<u>\$39,453</u>	<u>(1,155,258)</u>	<u>(1,155,258)</u>
	2,662,239	2,662,239
	109,156	109,156
	5,543	5,543
	<u>2,776,938</u>	<u>2,776,938</u>
	1,621,680	1,621,680
	6,863,741	6,863,741
	<u>\$8,485,421</u>	<u>\$8,485,421</u>

The Accompanying Notes Are an Integral Part of the Financial Statements

CLEAR CREEK METROPOLITAN RECREATION DISTRICT
BALANCE SHEET
GOVERNMENT FUNDS
December 31, 2016

	General	Conservation Trust	Total
ASSETS			
Cash and investments	\$1,833,406	\$120,716	\$1,954,122
Due from other governments	9,847	-0-	9,847
Receivables	12,792	-0-	12,792
Property taxes receivable	2,524,651	-0-	2,524,651
Prepaid expenses	-0-	-0-	-0-
Total assets	\$4,380,696	\$120,716	\$4,501,412
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 20,367	\$ -0-	\$ 20,367
Accrued payroll liabilities	2,071	-0-	2,071
Accrued wages	23,001	-0-	23,001
Accrued Interest	6,031	-0-	6,031
Total liabilities	51,470	-0-	51,470
DEFERRED INFLOW OF RESOURCES			
Unavailable Revenue Property Taxes	2,524,651	-0-	2,524,651
FUND BALANCES			
Restricted for:			
Emergencies	141,608	-0-	141,608
Capital projects	-0-	120,716	120,716
Assigned to:			
Capital Projects	900,000	-0-	900,000
Subsequent year's expenditures	701,306	-0-	701,306
Unassigned	61,661	-0-	61,661
Total fund balance	1,804,575	120,716	1,925,291
Total liabilities deferred inflows and fund balance	\$4,380,696	\$120,716	\$4,501,412

The Accompanying Notes Are an Integral Part of the Financial Statements

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

RECONCILIATION OF THE BALANCE SHEET-
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2016

Total Fund Balance- Governmental Funds \$ 1,925,291

Amounts Reported for Governmental Activities In the Statement of Net
Position Are Different Because:

Capital Asset Used in Governmental Activities
Are Not Financial Resources and Therefore Are Not Reported in the Funds 9,499,638

Long Term Liabilities, Including Bonds and Lease Purchase Payable, Are
Not Due And Payable in the Current Period and the Therefore are not
Reported in the Governmental Funds:

Bonds Payable	(2,895,000)
Bond Premium	(44,508)
Net Position of Governmental Activities	<u>\$ 8,485,421</u>

The Accompanying Notes Are an Integral Part of the Financial Statements

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

STATEMENT OF GOVERNMENTAL FUND REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2016

	General	Conservation Trust	Total
REVENUE			
Property taxes	\$2,662,239	\$ -0-	\$2,662,239
Specific ownership taxes	109,156	-0-	109,156
Intergovernmental	-0-	39,453	39,453
Donations	-0-	-0-	-0-
Net investment income	4,867	676	5,543
Facility and equipment rental income	17,656	-0-	17,656
Charges for services	449,490	-0-	449,490
Other	12,339	-0-	12,339
Total revenue	<u>3,255,747</u>	<u>40,129</u>	<u>3,295,876</u>
EXPENDITURES			
Administration	273,790	-0-	273,790
Insurance	90,319	-0-	90,319
Utilities	136,214	-0-	136,214
Maintenance	166,856	-0-	166,856
Programs	582,666	-0-	582,666
Scholarships	1,091	-0-	1,091
Debt service			
Principal	1,460,810	-0-	1,460,810
Interest	100,557	-0-	100,557
Capital outlay	116,548	-0-	116,548
Total expenditures	<u>2,928,851</u>	<u>-0-</u>	<u>2,928,851</u>
EXCESS REVENUE OVER (UNDER)			
EXPENDITURES	<u>326,896</u>	<u>40,129</u>	<u>367,025</u>
OTHER FINANCING SOURCES (USES)			
Lease Purchase Proceeds	-0-	-0-	-0-
Transfers in	-0-	-0-	-0-
Transfers (out)	-0-	-0-	-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	326,896	40,129	367,025
FUND BALANCE – BEGINNING OF YEAR	1,477,679	80,587	1,558,266
FUND BALANCE – END OF YEAR	<u>\$1,804,575</u>	<u>\$120,716</u>	<u>\$1,925,291</u>

. The Accompanying Notes Are an Integral Part of the Financial Statements

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	<u>\$367,025</u>
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Amounts reported for Governmental Activities in the Statement of Revenues, Expenses, and Changes in Fund Net Position are different because: Governmental Funds report capital outlays as expenditures. However, in the Statement of Revenues, Expenses, and Changes in Fund Net Position, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Capital Outlay	116,548
Depreciation	(344,959)
Amortization	22,255

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however has any effect on change in net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:

Principal Retirement of Bonds	1,400,000
Capital Lease Principal Payment	<u>60,811</u>

	<u>1,254,655</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$1,621,680</u>

The Accompanying Notes Are an Integral Part of the Financial Statements

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1 – DEFINITION OF REPORTING ENTITY

The Clear Creek Metropolitan Recreation District is a quasi-municipal corporation and political subdivision governed pursuant to provisions of the State of Colorado Special District Act. The District was organized for the purpose of providing recreational facilities and programs for its citizens. The District is located in Clear Creek County. The District is governed by a five member elected Board of Directors, elected at large by the voters of the District, govern the District.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. The definition of the reporting entity is based primarily on financial accountability. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

Based on the criteria discussed above, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity, nor is the District a component unit of any other government. The District's financial statements include the accounts of all District operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

Government wide and Fund financial statements, the government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. Governmental activities which normally are supported by taxes and intergovernmental revenues and other non-exchange transactions are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the District's expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include:

1. Charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and
2. Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or taxes. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and certain service fees associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end.) All other revenue items are considered to be measurable and available only when cash is received by the District.

The fund financial statements provide information about the government's funds. The government has no proprietary funds, fiduciary funds, or blended component units.

The District reports the following major governmental funds:

General Fund – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Conservation Trust Fund – This fund is used to account for lottery proceeds from the State of Colorado that are legally restricted by state statute to expenditures for improvements or maintenance of facilities and equipment used for park and recreation purposes.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the financial statements to the extent that these standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Amounts reported as program revenue include 1) charges to customers for goods and services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

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.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District can modify the budget by line item within the total appropriation without notification.

The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The reserve for emergencies has been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado.

Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisitions.

Investments are recorded at fair value.

Colorado State Statutes require that the District use an eligible public depository as defined by the Public Depository Protection Act (PDPA). Under the PDPA, the depository is required to pledge a pool of eligible collateral having a market value at all times equal to at least 102% of the aggregate public deposits held by the depository not insured by Federal Depository Insurance. The pool for all of the uninsured public deposits as a group is to be maintained by another institution or held in trust. Each institution designated as a public depository can be assessed a portion of the losses of a public entity's deposits in a failed public depository. Thus all public deposits are fully collateralized. Eligible collateral as defined by the PDPA primarily includes obligations guaranteed by the U.S. Government, the State of Colorado or any subdivision thereof and obligations evidenced by notes received by first lien mortgages or deeds of trust on real property.

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments (Continued)

The District adheres to the Colorado State Statutes with regard to allowable investments. Specifically, the District has chosen to limit its investment purchases to the following types:

- Fully insured and/or collateralized certificates of deposit issued by qualified commercial banks and savings and loan associations within the State of Colorado.
- Direct obligation of the United States Government.
- Obligations of certain U.S. Government agencies.

During fiscal year 2016, the District implemented the provisions of GASB No. 72, *Fair Value Measurement and Application* (GASB No. 72). This statement addresses accounting and financial reporting issues related to fair value measurements. The requirements will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The District's investments are stated at fair value. The fair value of the District's investments is based upon values provided from significant other observable inputs. Net Asset Value (NAV), which approximates fair value, is used for COLOTRUST. See Section III Note A for additional details.

Receivable and Payable

All trade receivable are reported net of allowances for uncollectibles. No allowance for uncollectible is included in the property tax receivable. Property taxes attach an enforceable lien on property as of January 1st. Taxes levied on January 1st are payable in either one installment on or before April 30th, or in two installments due on or before February 28th and June 15th each year. The collections and the assessments are made by Clear Creek County and are remitted to the District monthly. District property taxes which are due to be paid in the next period, and representing an enforceable lien at January 1st of next year, have been recorded as a receivable and deferred inflow of resources in the appropriate funds.

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major Outlays for Capital Assets and Improvements are capitalized as projects are constructed.

Property and equipment of the primary government, is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements	40
Machinery and Equipment	5 – 15
Furniture	5 – 10
Fixtures	5 - 10

Long Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred changes and amortized over the term of the related debt.

Deferred Outflows/Inflows of Resources

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 type of item that qualifies for reporting in this category. The item, unavailable property tax revenue, is deferred and recognized as an inflow of resources in the period that the amounts become available.

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrual for Compensated Absences

District policy provides for vacation leave benefits. The District's vacation policy is a compensatory plan. The District provides no compensatory retirement or sick leave benefits. The accumulated vacation time does not exceed 120 hours. As such the vacation time is recorded as an operating cost on the financial statements.

Fund Balance Policies

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: Nonspendable, restricted, committed, assigned and unassigned. Because circumstances differ, not every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance- The portion of fund balance in a non-spendable form (such as prepaid amounts or inventory) or legally or contractually required to remain intact.
- Restricted fund balance- The portion of fund balance that is constrained to be used for a specific purpose by external parties, constitutional provisions or enabling legislation.
- Committed fund balance- the portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by the Board of Directors through a formal resolution passed by a quorum of the elected Board. The constraints may be removed or changed only through a formal resolution by the Board of Directors.
- Assigned fund balance- The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are easily removed or modified compared to amounts that are classified as committed.
- Unassigned fund balance- the residual portion of fund balance that does not meet any of the criteria described above.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both the restricted (e.g., restricted bond or grant proceeds), and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Due to the nature of the restricted resources, it is the government's policy to apply net position-unrestricted resources until the conditions of the restrictions have been met. Once the conditions of the restrictions have been met, the restricted net position funds will be depleted.

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied first.

Recover and Expenditures/Expenses

Amounts reported as program revenues include 1) charges to customers for goods, services or privileges provided; 2) operating grants and contributions (including sponsorships and donations); and 3) capital grants and contributions (including donations). Internally dedicated resources, such as property taxes, are reported as general revenues rather than as program revenues.

Estimates

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

Subsequent Events

The District has evaluated events subsequent to the year ended December 31, 2016 through August 7, 2017, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- Before October 15, the Board of Directors appoints District Management as the District's Budget Officer.
- On or before October 15, District Management, acting as the Budget officer submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- At least one public hearing is conducted to obtain taxpayer comments.
- Prior to December 15, the budget is legally enacted through passage of a resolution
- District Management is authorized to transfer budgeted amounts between one or more line items within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District on a basis consistent with generally accepted accounting principles (GAAP)
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4 – CASH AND INVESTMENTS

At December 31, 2016 the District had the following cash and investments:

Cash on Hand	\$ 750
Cash Deposits	1,833,200
Investments	120,172
	<hr/>
	\$1,954,122
	<hr/>

Cash Deposits

The District's deposits are entirely covered by Federal Depository Insurance (FDIC) or by collateral held under Colorado Public Deposit Protection Act (PDPA). The FDIC insurance covers the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. At December 31, 2016, the State Regulatory Commissions had indicated that all financial institutions holding deposits for the District are eligible public depositories.

Colorado statutes require that the District use eligible public depositories, as defined by the Public Deposit Protection Act (PDPA) of 1975. Under the Act, the depository is required to pledge collateral having a market value at all times equal to at least 102% of the aggregate public deposits held by the depository not insured by federal deposit insurance. Eligible collateral, as defined by the Act, primarily includes obligations or guarantees by the U.S. Government, the State of Colorado, or any political subdivision thereof, and obligations evidenced by notes secured first by lien mortgages or deeds of trust on real property. 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.

Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned. At December 31, 2016, the District's cash deposits had a carrying balance of \$1,803,849. The District's cash deposits that were insured by the Federal Deposit Insurance Corporation (FDIC) were \$250,519. The District's deposits that were collateralized in accordance with PDPA requirements were \$1,553,330.

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. government agency securities and the World Bank
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools
- Certain reverse repurchase agreements
- Certain securities lending agreements
- Certain corporate bonds

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from prevailing market interest rates, the District primarily invests in local government investment pools which have a weighted average maturity of not more than 90 days.

At December 31, 2016 the District had the following investments:

<u>Investment</u>	<u>Moody Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Local Government Investment Pools	Aaa	< 1 year	\$120,172

Credit risk – The District's investment policy limits investments to U.S. Treasury obligations and U.S. Government agency securities, repurchase agreements, commercial paper, local government investment pools, time certificates of deposit, and certain money market mutual funds approved by the Board of Directors. State statutes limit investments in U.S. Agency and Instrumentality securities to the highest rating issued by two or more nationally recognized statistical rating organizations (NRSROs).

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk – Neither state statutes or the District’s investment policy limits the amount of investments in any one issuer. At December 31, 2016, the District’s investment in the Colorado Local Government Liquid Asset Trust (COLOTRUST) was 100% of the District’s total investments. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organizations, including Standard & Poor’s (S&P), Moody’s Investor Service (Moody’s) and Fitch Ratings (Fitch). Presented below are the minimum ratings required by (where applicable) the Colorado Revised Statutes, the county’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment	Standard & Poor’s Rating	Moody’s Rating	Fair Value
Local Government Investment Pools	AAAm	Aaa	\$120,172

Local Government Investment Pool

As summarized above with credit ratings, at December 31, 2016, the District had invested \$120,172 in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating COLOTRUST. COLOTRUST operates similarly to a money market fund with each share equal in value to \$1.00. Investments of COLOTRUST are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial banks. The custodian’s internal records identify the investments owned by the participating governments.

Investment Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of December 31, 2016:

Local government investment pool of \$120,712 measured at net asset value (NAV).

The District has no nonrecurring fair value measurements as of December 31, 2016.

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

	<u>12/31/16</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Investments measured at the NAV				
Local government investment pool	<u>\$120,712</u>	<u>\$ -0-</u>	Daily	None
Total investments measured at the NAV	<u>\$120,712</u>	<u>\$ -0-</u>		

Local Government Investment Pool – The district has investments in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury Bills, notes, and repurchase agreements collateralized by U.S. Treasury Securities. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trust are held in the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. The investments in COLOTRUST are rated AAAM by Standard and Poor’s. At December 31, 2016 the District had \$120,712 invested in COLOTRUST.

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5 – CAPITAL ASSETS

	Balance at December 31, 2015	Additions	Retirement	Balance at December 31, 2016
Governmental activities:				
Capital assets not being depreciated:				
Land & land improvements	\$ 75,514	\$ -0-	\$ -0-	\$ 75,514
Construction in progress	-0-	-0-	-0-	-0-
Total capital assets not being depreciated	<u>75,514</u>	<u>-0-</u>	<u>-0-</u>	<u>75,514</u>
Capital assets being depreciated:				
Buildings & improvements	8,860,607	106,582	-0-	8,967,189
Improvements other than buildings	1,451,854	5,340	-0-	1,457,194
Office equipment	50,619	-0-	-0-	50,619
Other equipment	800,334	4,626	-0-	804,960
Total capital assets being depreciated	<u>11,163,414</u>	<u>116,548</u>	<u>-0-</u>	<u>11,279,962</u>
Less accumulated depreciation for:				
Buildings & improvements	856,711	236,503	-0-	1,093,214
Improvements other than buildings	280,248	44,771	-0-	325,019
Office equipment	16,150	4,002	-0-	20,152
Other equipment	357,770	59,683	-0-	417,453
Total accumulated depreciation	<u>1,510,879</u>	<u>344,959</u>	<u>-0-</u>	<u>1,855,838</u>
Total capital assets being depreciated net	<u>9,652,535</u>	<u>(228,411)</u>	<u>-0-</u>	<u>9,424,124</u>
Governmental activities capital assets net	<u>\$9,728,049</u>	<u>\$(228,411)</u>	<u>\$ -0-</u>	<u>\$9,499,638</u>

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

Governmental Activities	
General government	\$ 4,002
Programs	340,957
Total Governmental Activities	<u>\$344,959</u>

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 6 – CAPITAL LEASES

In June 2015, the District entered into a leasing agreement for Odyssey Turtle Top 15 passenger vans in the amount of \$79,900, all of which was capitalized. The lease calls for twelve quarterly payments of \$7,990.01, including 4.0% interest from June 2015 through March 2018.

The following is an analysis of changes in the capital lease for the year ended December 31, 2016:

<u>Capital Lease</u>	<u>January 1, 2016 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2016 Balance</u>	<u>Current Portion</u>
Van Lease Purchase	\$60,810	\$ -0-	\$60,810	\$ -0-	\$ -0-
Total Lease Purchase	<u>\$60,810</u>	<u>\$ -0-</u>	<u>\$60,810</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

NOTE 7- GENERAL OBLIGATION BONDS

In November 2013, District voters approved the insurance of \$7,000,000 general obligation bonds for the purpose of proving funds for the remodel of the recreation facility. On January 7, 2014 the District issued the sale of the 2014 general obligation bonds and began remodeling of the District facility.

<u>Bonds Payable</u>	<u>January 1, 2016 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2016 Balance</u>	<u>Current Portion</u>
2014 Issue	<u>\$4,295,000</u>	<u>\$-0-</u>	<u>\$1,400,000</u>	<u>\$2,895,000</u>	<u>\$1,430,000</u>

The Following is a summary of the minimum payments under the bond document.

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$1,430,000	\$ 72,375	\$1,502,375
2018	1,465,000	36,265	1,501,265
	<u>\$2,895,000</u>	<u>\$108,640</u>	<u>\$3,003,640</u>

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 7- GENERAL OBLIGATION BONDS (CONTINUED)

Total Changes in Long-Term Liabilities

January 1, 2016 Balance	Additions	Deletions	December 31,2016 Balance	Current Portion
\$ 4,355,810	\$ -0-	\$ 1,460,810	\$ 2,895,000	\$ 1,430,000
<u>Year Ended December 31</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017		\$ 1,430,000	\$ 72,375	\$ 1,502,375
2018		1,465,000	36,265	1,501,265
		<u>\$ 2,895,000</u>	<u>\$ 108,640</u>	<u>\$ 3,003,640</u>

NOTE 8 – DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits them to defer a portion of their salary until future years.

A plan shall not be treated as eligible deferred compensation plan unless all assets and income of the plan described in subsection (b) (6) are held in trust for the exclusive benefit of participants and their beneficiaries.

Employee participation is voluntary. All employees are eligible to participate. The District matches employee’s contribution up to 5% of compensation. Full vesting in the District’s contribution and income allocated to the employer’s account is immediate.

For the years ending December 31, 2016 the District’s contributions were \$12,714. The employees also contributed \$36,574 for the year ended December 31, 2016. There are no District securities or other transactions included in the Plan’s assets.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Risk Management

In 1988, the District joined the Colorado Special Districts Property and Liability Pool. The pool was established to provide insurance coverage to participants in the areas of general property and liability, automobile physical damage and liability, and public officials’ liability. As the District did not have sufficient control over the pool activities, the pool is not a component unit of the District and only the District’s share of contributions to the pool is recorded as expenses. The District has no unfunded liability in excess of premiums paid.

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

Risk Management (Continued)

At December 31, 2016, there were 1,357 local government special districts as members of the pool for property and liability insurance coverage and 739 special districts that were members of the pool for workers' compensation insurance coverage. The District's share in the pool is estimated to be less than 1%. The District's share, if calculated, would not be material to the pool's financial information at December 31, 2016. An audited summary of the Colorado Special District's Property and Liability Pool financial information at December 31, 2016 and 2015 respectively follows:

**Summary of Audited Financials of Colorado Special Districts'
Property and Liability Pool**

	December 31, 2016	December 31, 2015	Net Difference
Total Assets	\$52,645,796	\$44,054,744	\$ 8,591,052
Total Liabilities	\$28,757,242	\$24,739,781	\$ 4,017,461
Total Equity	\$23,888,554	\$19,314,963	\$ 4,573,591
Total Revenues	\$18,932,979	\$16,356,266	\$ 2,576,713
Total Expenditures	14,100,230	14,839,993	(739,763)
Underwriting Income (Loss)	4,832,749	1,516,273	3,316,476
Other Financing Sources:			
Invested Income	405,790	205,186	200,604
Net Income (Loss)	5,238,539	1,721,459	3,517,080
Change in Non-Admitted Assets	(664,948)	486,082	(1,151,030)
Net Increase/Decrease in Surplus	\$ 4,573,591	\$ 2,207,541	\$ 2,366,050

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.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation coverage to its members.

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

Risk Management (Continued)

The District pays annual premiums to the Pool for property, general and automobile liability, public officials, auto physical damage, inland marine, boiler and machinery, and worker's compensation coverage. In the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds, which the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula.

For 2016, there were no significant reductions in insurance coverage from the prior year for any major category or risk. The amounts of settlements did not exceed the insurance coverage for each of the past five fiscal years. The amount of risk retained by the District through deductibles on the insurance policies was not material to the District.

NOTE 10 – LAND LEASES

As of December 31, 2016 the Clear Creek Metropolitan Recreation District entered into the following leases:

City of Idaho Springs:

Baseball fields and tennis courts – fifty year lease commencing May 1, 1981, with the option to renew lease for an additional fifty years.

All improvements, removal or relocation of existing improvements by the District shall revert to and become the property of Idaho Springs upon the expiration of the lease.

Annual compensation to the City of Idaho Springs for the baseball fields and tennis courts shall be \$1.00.

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 11 – TAX, SPENDING, AND DEBT LIMITATIONS

In November 1992, the Colorado voters passed an amendment (Amendment One) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). By vote of the people the District is not limited to revenues being tied to inflation and new construction.

The amendment requires voter approval for any increase in mill levy or tax rates, new taxes or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. The amendment also requires that reserves be established for declared emergencies, with 2% of fiscal year spending required in 1994 and 3% thereafter.

Management of the District is of the belief that it is in compliance with Amendment One at December 31, 2016.

NOTE 12- FUND BALANCES

In accordance with GASB Statement No. 54, fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. When expenditures are incurred that use funds from more than one classification, the District will generally determine the order, which the funds are used on a case-by-case basis, taking into account any application requirements of grant agreements, contracts, business circumstances, or other constraints. If no restrictions otherwise exist, the order of spending of resources will be restricted, committed, assigned and lastly, unassigned. Fund balances by classification are detailed below.

	General	Conservation Trust	Total Governmental Funds
Restricted:			
Emergencies	\$ 141,608	\$ -0-	\$ 141,608
Capital Projects	-0-	120,716	120,716
Total Restricted:	<u>141,608</u>	<u>120,716</u>	<u>262,324</u>
Assigned:			
Subsequent Year’s Expenditures	701,306	-0-	701,306
Capital Projects	900,000	-0-	900,000
Total Assigned	<u>1,601,306</u>	<u>-0-</u>	<u>1,601,306</u>
Unassigned	61,661	-0-	61,661
Total Fund Balances	<u>\$ 1,804,575</u>	<u>\$ 120,716</u>	<u>\$ 1,925,291</u>

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 12- FUND BALANCES (CONTINUED)

Restricted Fund Balances- Restricted fund balances represent amounts constrained by external parties, enabling legislation and/or constitutional provisions.

- The Colorado State Constitution, Article X, Section 20, requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending, excluding bonded debt services, conservation trust and enterprise spending when the enterprise receives less than 10% of its annual revenue in grants from all state and local governments combined. The total restricted is \$141,608.
- Conservation Trust funds are restricted by the State of Colorado and the voters of the District restrict expenditures from the Capital fund. The District has established a capital fund, the Conservation Trust Fund, to account for these funds and restricted balances are \$120,716.

Assigned- Assigned fund balances are intended for specific purposes but do not require an action by the Executive Director or Board.

- There is an assigned \$701,306 for subsequent year's expenditures at the designation of the Board of Directors.
- There is \$900,000 assigned for capital projects

Unassigned Fund Balance- Unassigned fund balance is the residual classification for the General Fund. A negative unassigned fund balance occurs when expenditures exceed amounts that are Nonspendable, restricted, committed, or assigned. The General Fund has \$61,661 in unassigned fund balance.

NOTE 13- NET POSITION

	Governmental Activities
Capital Assets, Net of Depreciation	\$ 9,499,638
Outstanding Bond Debt	(2,895,000)
Net Investment in Capital Assets	\$ 6,604,638

NOTE 14- CONTINGENCIES

In the opinion of the District's management and counsel, there is no pending litigation or other legal claims, which would materially affect the financial statements of the District.

NOTE 14- CONCENTRATION OF RISK

Approximately 70% of the property taxes are received from our taxpaying entity- The Henderson Mine-Climax Molybdenum Company.

Required Supplementary Information

Budgetary Comparison Schedule- General Fund

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

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

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Property taxes	\$2,661,702	\$2,661,702	\$2,662,239	\$ 537
Specific ownership taxes	76,000	76,000	109,156	33,156
Net investment income	1,200	1,200	4,867	3,667
Advertising income	-0-	-0-	-0-	-0-
Facility and equipment rental income	11,270	11,270	17,656	6,386
Charges for services	368,768	368,768	449,490	80,722
Other	9,858	9,858	12,339	2,481
Total revenue	<u>3,128,798</u>	<u>3,128,798</u>	<u>3,255,747</u>	<u>126,949</u>
EXPENDITURES				
Current				
Administration	287,882	287,882	273,790	14,092
Insurance	106,939	106,939	90,319	16,620
Utilities	215,499	215,499	136,214	79,285
Maintenance	420,111	420,111	166,856	253,255
Programs	684,672	684,672	582,666	102,006
Scholarships	-0-	-0-	1,091	(1,091)
Debt service				
Principal	1,426,336	1,426,336	1,460,810	(34,474)
Interest	102,415	102,415	100,557	1,858
Capital outlay	451,020	451,020	116,548	334,472
Total expenditures	<u>3,694,874</u>	<u>3,694,874</u>	<u>2,928,851</u>	<u>766,023</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(566,076)</u>	<u>(566,076)</u>	<u>326,896</u>	<u>892,972</u>
OTHER FINANCING SOURCES (USES)				
Lease purchase proceeds	-0-	-0-	-0-	-0-
Transfers in	-0-	-0-	-0-	-0-
Transfers (out)	-0-	-0-	-0-	-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	(566,076)	(566,076)	326,896	892,972
FUND BALANCE – BEGINNING OF YEAR	845,112	845,112	1,477,679	632,567
FUND BALANCE – END OF YEAR	<u>\$ 279,036</u>	<u>\$ 279,036</u>	<u>\$1,804,575</u>	<u>\$1,525,539</u>

See the Accompanying Independent Auditor's Report

CLEAR CREEK METROPOLITAN RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE A- BUDGETARY INFORMATION

The District adopts an annual budget consistent with CRS Title 29, Article 1, Part 1. The budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds and all appropriations lapse at fiscal year-end. Consistent with 29-1-105, C.R.S., the Executive Director annually submits a proposed budget to the Board of Directors no later than October 15. Prior to budget adoption, the Board must advertise and hold a public hearing on the proposed budget. Per Colorado State Statute on or before December 15, of each year the Board must approve resolutions for budget adoption appropriation, and tax mill levies.

The appropriated budget is prepared by fund, function, and division. The District's division heads may make transfers of appropriations within a division, the Executive Director may make transfers between divisions. The legal level of final control is at the fund level which is the amount of appropriated by resolution.

See the Accompanying Independent Auditor's Report

SUPPLEMENTAL INFORMATION

CLEAR CREEK METROPOLITAN RECREATION DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
CONSERVATION TRUST FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Property taxes	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Specific ownership taxes	-0-	-0-	-0-	-0-
Intergovernmental	28,000	28,000	39,453	11,453
Net investment income	180	180	676	496
Advertising income	-0-	-0-	-0-	-0-
Facility and equipment rental income	-0-	-0-	-0-	-0-
Charges for services	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-
Total revenue	<u>28,180</u>	<u>28,180</u>	<u>40,129</u>	<u>11,949</u>
EXPENDITURES				
Current				
Administration	-0-	-0-	-0-	-0-
Insurance	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-
Maintenance	-0-	-0-	-0-	-0-
Programs	-0-	-0-	-0-	-0-
Grants	-0-	-0-	-0-	-0-
Scholarships	-0-	-0-	-0-	-0-
Debt service				
Principal	-0-	-0-	-0-	-0-
Interest	-0-	-0-	-0-	-0-
Capital outlay	84,941	84,941	-0-	84,941
Total expenditures	<u>84,941</u>	<u>84,941</u>	<u>-0-</u>	<u>84,941</u>
EXCESS OF REVENUE OVER (UNDER)				
EXPENDITURES	<u>(56,761)</u>	<u>(56,761)</u>	<u>40,129</u>	<u>96,890</u>
OTHER FINANCING SOURCES (USES)				
Lease purchase proceeds	-0-	-0-	-0-	-0-
Transfers in	-0-	-0-	-0-	-0-
Transfers (out)	-0-	-0-	-0-	-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	<u>(56,761)</u>	<u>(56,761)</u>	<u>40,129</u>	<u>96,890</u>
NET CHANGE IN FUND BALANCE	<u>72,921</u>	<u>72,921</u>	<u>80,587</u>	<u>7,666</u>
FUND BALANCE – BEGINNING OF YEAR	<u>\$ 16,160</u>	<u>\$ 16,160</u>	<u>\$ 120,716</u>	<u>\$104,556</u>
FUND BALANCE – END OF YEAR				

The Accompanying Independent Accountant's Report

CLEAR CREEK METROPOLITAN RECREATION DISTRICT
 CLEAR CREEK COUNTY, COLORADO
 SCHEDULE OF TAX REVENUE – BY FUND
 Year Ended December 31, 2016

	General Fund	Total
Property tax	\$2,662,239	\$2,662,239
Specific ownership tax	109,156	109,156
	\$2,771,395	\$2,771,395

See accompanying Independent Auditor's Report

CLEAR CREEK METROPOLITAN RECREATION DISTRICT
 CLEAR CREEK COUNTY, COLORADO
 FIVE YEAR SUMMARY OF ASSESSED VALUATION
 MILL LEVY AND PROPERTY TAXES COLLECTED
 December 31, 2016

Year Ended December 31,	Assessed Valuation For Current Years Property Tax Levy	Mills Levied Operations	Total Property Tax		Percent Collected Levied
			Levied	Collected	
2011	496,937,380	2.005	996,359	995,616	99.93%
2012	520,353,250	2.004	1,042,798	1,040,641	99.79%
2013	548,403,590	2.005	1,099,549	1,099,549	99.95%
2014	556,064,240	4.834	2,688,014	2,682,956	99.81%
2015	548,797,620	4.872	2,673,742	2,674,631	100.03%
2016	543,200,500	4.900	2,661,680	2,662,239	100.02%
Estimated For Year Ended December 31, 2017	474,647,710	5.319			

See accompanying Independent Auditor's Report