

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

Financial Statements and Independent  
Auditor's Report

December 31, 2016



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## INDEPENDENT AUDITOR'S REPORT

May 17, 2017

Board of Directors  
Gunnison County Metropolitan Recreation District

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and the major fund of Gunnison County Metropolitan Recreation District (the "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's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 major fund of Gunnison County 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.

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Gunnison County Metropolitan Recreation District  
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**Other Matters**

*Required Supplementary Information*

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

 Beckstead & Co., LLC

Gunnison County Metropolitan Recreation District  
Management's Discussion and Analysis  
December 31, 2016

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to also inform the reader on District financial issues and activities.

The Management Discussion and Analysis (MD&A) should be read in conjunction with the District's basic financial statement (beginning on page 7).

### **2016 Financial Highlights**

At December 31, 2016 the net position was \$839,271 representing an decrease of \$13,010 (1.6%) when compared to 2015.

Total revenues were \$380,305 in 2016 representing an increase of \$20,164 (5.6%) when compared to 2015.

Total expenses were \$379,125 in 2016 representing an increase of \$59,471 (18.6%) when compared to 2015.

Net capital assets were \$509,733 in 2016 compared to \$555,139 in 2015 for a net decrease of \$45,406 (8.2%).

The District's long-term debt was \$161,491 at December 31, 2016, as compared to \$197,858 at December 31, 2015.

### **Using this Annual Report**

The financial statements included in this annual report are those of a quasi-municipal corporation and a political subdivision of the State of Colorado. The District's basic financial statements include:

**Statements of Net Position** - reports the District's assets and liabilities using the full accrual basis of accounting similar to the accounting system used by most private sector companies. (See page 7).

**Statements of Activities** - reports the District's revenues and expenditures using the full accrual basis of accounting. (See page 8).

**Balance Sheet** - reports the District's assets and liabilities using the modified accrual basis of accounting which measures cash and all other financial assets that can readily be converted to cash. (See page 9).

**Statement of Revenues, Expenditures, and Changes in Fund Balances** - reports the District's general fund revenues and expenditures using the modified accrual basis of accounting. (See page 10).

Gunnison County Metropolitan Recreation District  
Management's Discussion and Analysis  
December 31, 2016

Reconciliations are provided on the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances that highlight the differences between these statements presented on the modified accrual basis and the Statement of Net Position and the Statement of Activities that are presented on the full accrual basis of accounting.

The following financial information is summarized from the District's Statement of Net Position.

**STATEMENT OF NET POSITION**

	<u>2016</u>	<u>2015</u>
Current Assets	837,776	820,398
Other Assets	0	0
Capital Assets	509,733	555,139
Less: Current Liabilities and Deferred Inflows of Resources	<u>(508,238)</u>	<u>(523,256)</u>
<b>Total Net Position</b>	<b>839,271</b>	<b>852,281</b>

The following financial information related to the District's revenues and expenses reported on the modified accrual basis of accounting is summarized from the Statement of Revenues, Expenditures, and Changes in Fund Balances.

**REVIEW OF REVENUES**

	<u>2016</u>	<u>2015</u>
<u>Operating Revenues</u>		
Tax Revenues – Net	290,556	285,640
Conservation Trust Fund (State Lottery Funds)	84,675	72,120
Earnings on Investments	1,759	1,723
Other Income	<u>3,315</u>	<u>658</u>
<b>Total Operating Revenues</b>	<b>380,305</b>	<b>360,141</b>

**REVIEW OF EXPENSES**

	<u>2016</u>	<u>2015</u>
<u>Operating Expenses</u>		
Administration	108,668	91,029
Translator System Operations	125,762	120,714
Vehicle Expenses	5,814	11,411
Conservation Trust Fund Expenses	83,207*	53,334
Capital Outlay	12,508	0
Debt Service Principal	36,367	35,054
Debt Service Interest	<u>6,799</u>	<u>8,112</u>
<b>Total Operating Expenses</b>	<b>379,125</b>	<b>319,654</b>

Gunnison County Metropolitan Recreation District  
Management's Discussion and Analysis  
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\* Conservation Trust Fund (CTF) Revenue is shared on an annual basis with other local governments as follows: City of Gunnison, Gunnison County, Town of Crested Butte, Town of Mt. Crested Butte, Town of Pitkin. In 2016 \$42,173 of the \$84,675 collected, was disbursed to other local governments to be used for CTF allowable expenditures.

The following information is presented regarding capital assets of the District.

**CAPITAL ASSETS**

Capital Assets Not Being Depreciated	<u>2016</u>	<u>2015</u>
Land	68,000	68,000
Capital Assets Being Depreciated	<u>2016</u>	<u>2015</u>
Buildings	239,508	227,000
Machinery and Equipment	1,009,414	1,001,093
Transportation Equipment	<u>108,850</u>	<u>108,850</u>
Total Capital Assets Being Depreciated	1,357,772	1,336,943
Less accumulated depreciation		
Building	14,344	8,513
Machinery and Equipment	792,845	732,441
Transportation Equipment	<u>108,850</u>	<u>108,850</u>
Total Accumulated Depreciation	916,039	849,804
Capital Assets, Net	<b>509,733</b>	<b>555,139</b>
<b>Debt and Other Financial Obligations</b>	161,491	197,858

**Economic and Other Factors**

Future growth and development within the District will be affected by current assessed valuations of real and personal properties, restrictions imposed by the Taxpayer Bill of Rights (TABOR), as well as the District's ability to meet the need for capital replacement of machinery and equipment associated with the operation of the television translator system.

**District Contact**

The District's financial statements are designed to present users (customers, constituents, creditors) with a general overview of the finances of the District and to demonstrate fiscal accountability. If you have any questions about the report or desire additional information please contact the District at:

Gunnison County Metropolitan Recreation District  
Management's Discussion and Analysis  
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Gunnison County Metropolitan Recreation District  
P O Box 1369  
Gunnison CO 81230  
Phone: 970-641-8725  
Email: [admin@gcmetrec.com](mailto:admin@gcmetrec.com)

Gunnison County Metropolitan Recreation District  
Statement of Net Position  
December 31, 2016

		Governmental Activities
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$	518,365
Cash with fiscal agent		1,279
Prepaid expenses and deposits		18,646
Insurance proceeds receivable		10,436
Other receivables		106
Property taxes receivable		288,944
	<b>Total Current Assets</b>	<b>837,776</b>
Non-current Assets		
Capital assets, net		509,733
	<b>Total Assets</b>	<b>\$ 1,347,509</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	\$	46,145
Accrued payroll, compensated absences, and related liabilities		6,507
Lease purchase obligation, current portion		23,562
	<b>Total Current Liabilities</b>	<b>76,214</b>
Noncurrent Liabilities		
Accrued leave time		5,151
Lease purchase obligation, noncurrent portion		137,929
	<b>Total Liabilities</b>	<b>219,294</b>
<b>Deferred Inflows of Resources</b>		
Deferred property tax revenue		288,944
	<b>Total Deferred Inflows of Resources</b>	<b>288,944</b>
<b>Net Position</b>		
Net investment in capital assets		348,242
Restricted for emergencies		11,374
Restricted for Conservation Trust Fund approved purposes		160,606
Unrestricted		319,049
	<b>Total Net Position</b>	<b>\$ 839,271</b>

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

Gunnison County Metropolitan Recreation District  
Statement of Activities  
For the year ended December 31, 2016

	Expenses	Operating Grants and Contributions	Net Expense (Revenue)
Governmental Activities			
Television and recreation	\$ 393,315	\$ 84,675	\$ (308,640)
Totals	\$ 393,315	\$ 84,675	\$ (308,640)
General Revenues			
Property taxes			273,957
Specific ownership taxes			16,599
Lease income			3,000
Interest income			1,759
Other			315
		Total General Revenues	295,630
		Change in Net Position	(13,010)
Net Position, beginning of year			852,281
Net Position, end of year			\$ 839,271

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

Gunnison County Metropolitan Recreation District  
Balance Sheet  
Governmental Fund  
December 31, 2016

	General Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 518,365
Cash with fiscal agent	1,279
Prepaid expenses and deposits	18,646
Insurance proceeds receivable	10,436
Other receivables	106
Property taxes receivable	288,944
<b>Total Current Assets</b>	<b>837,776</b>
<b>Total Assets</b>	<b>\$ 837,776</b>
<b>Liabilities</b>	
Accounts payable	\$ 46,145
Accrued payroll and related expenses	6,507
<b>Total Liabilities</b>	<b>52,652</b>
<b>Deferred Inflows of Resources</b>	
Deferred property tax revenue	288,944
<b>Total Deferred Inflows of Resources</b>	<b>288,944</b>
<b>Fund Balance</b>	
Nonspendable	18,646
Restricted for emergencies	11,374
Restricted for Conservation Trust Fund approved purposes	160,606
Committed for capital projects	142,582
Unassigned	162,972
<b>Total Fund Balance</b>	<b>496,180</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 837,776</b>
<b>Total Fund Balance</b>	<b>\$ 496,180</b>
Amounts reported for the governmental activities in the Statement of Net Position are different because:	
Capital assets are not current financial resources, and therefore are not reported in the governmental funds balance sheet.	509,733
Long term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	
Accrued leave time	(5,151)
Lease purchase obligation	(161,491)
<b>Total Net Position</b>	<b>\$ 839,271</b>

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

Gunnison County Metropolitan Recreation District  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Fund  
For the year ended December 31, 2016

	General Fund
Revenues	
Property taxes	\$ 273,957
Specific ownership taxes	16,599
Conservation trust fund revenue	84,675
Lease income	3,000
Interest income	1,759
Miscellaneous	315
Total Revenues	380,305
Expenditures	
Administration	108,668
Translator system operations	125,762
Vehicle expenses	5,814
Conservation Trust Fund expenses	83,207
Capital outlay	12,508
Debt service principal	36,367
Debt service interest	6,799
Total Expenditures	379,125
Net Change in Fund Balances	1,180
Fund balances, beginning of year	495,000
Fund balances, end of year	\$ 496,180
 Total net change in fund balances - governmental funds	 \$ 1,180

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

Governmental funds report capital outlays as expenditures in the year the costs are incurred; however, the government-wide financial statements report capital outlays as an addition to capital assets. The cost of capital assets is allocated to depreciation expense over the estimated useful lives of the underlying assets.

Amounts capitalized	20,829
Depreciation expense	(66,235)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the long-term debt consumes the current financial resources of governmental funds. Neither transaction affects net position.

Principal payments on lease purchase obligation	36,367
Change in accrued leave time	(5,151)
Change in net position - governmental activities	\$ (13,010)

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

Gunnison County Metropolitan Recreation District

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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**Summary of Significant Accounting Policies**

The Gunnison County Metropolitan Recreation District (the "District"), Gunnison, Colorado, was formed in 1978. The purpose of the District was to provide television and FM translator services. The modification of the Service Plan in 2000 expanded the mission of the District to provide funding for park, recreation, and cultural services and facilities.

The accounting policies of the District conform to accounting principles generally accepted in the United States ("GAAP") as applicable to governmental units.

Reporting Entity

In conformance with Governmental Accounting and Financial Reporting Standards, the District has considered the possibility of inclusion of additional entities in its basic financial statements. The definition of the reporting entity is based primarily on the financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body, and either: (1) it is able to impose its will on that organization or (2) there is a potential for benefits to, or to impose specific financial burdens on the District. The District may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based upon the above criteria, no entities were found to be includable within the reporting unit of the District.

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 primary government. These statements are to distinguish between the governmental and business-type activities of the District.

Governmental activities normally are supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not presently have any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues includes fees and charges paid by the recipients of goods and services offer by the programs and grants and contributions that are restricted for use in meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements - The fund financial statements report the following major governmental fund as described below.

General Fund - This fund is the general operating fund of the District. It accounts for all financial resources.

Gunnison County Metropolitan Recreation District

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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Measurement Focus, Basis of Accounting and Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are received within sixty days after year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financial sources.

At times, both restricted and unrestricted resources are available for use to fund certain expenditures. It is the District's policy to use unrestricted assets first when an expense is incurred for which both restricted and unrestricted assets are available.

Property taxes are reported as a receivable and a deferred revenue when levied and as a revenue when due for collection in the following year.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis. An annual appropriated budget is adopted for the District's general fund. All annual appropriations lapse at fiscal year end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

1. Budgets are required by state law for all funds. By October 15, the budget is submitted to the Board for the fiscal year commencing the following January 1. The budget includes proposed expenses and the means of financing them.
2. Public hearings are conducted by the Board of Directors to obtain taxpayer comments.
3. Prior to December 31, the budget is adopted by formal resolution.

Gunnison County Metropolitan Recreation District

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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4. Budgets are required to be filed with the State within thirty days after the end of the year.
5. Expenditures may not legally exceed appropriation at the fund level.
6. Revisions that alter the total expenditures of the fund must be approved by the Board.
7. Budgeted amounts reported in the accompanying financial statements are adopted or amended by the Board.

Assets, Liabilities, and Fund Equity

Cash and Cash Equivalents

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 acquisition.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible

Other Assets

Other assets held are recorded and accounted for at cost.

Capital Assets

The District's capital assets are recorded at original cost. Donated assets are listed at their fair value at the date of donation. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. It is the policy of the District to capitalize all fixed assets costing more than \$5,000 with an estimated useful life of two or more years.

Capital assets are depreciated using the straight-line method over the following estimate useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building	40 years
Machinery and equipment	5-15 years
Transportation equipment	3 years

Depreciation of exhaustible capital assets used by governmental activities is charged as an expense against operations, and accumulated depreciation is reported on the government-wide statement of net position.

Gunnison County Metropolitan Recreation District

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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Accrued Compensated Absences

Accumulated unpaid sick and vacation pay and early retirement benefits are not applicable as the District has no employees.

Net Position Flow Assumption

It is the District's policy to use unrestricted net position first when an expense is incurred for which both restricted and unrestricted net position are available.

Classification of Fund Balances

In the governmental fund financial statements fund balance is reported in five classifications.

**Nonspendable:** Prepaid expenses represent fund balance amounts that are not in spendable form.

**Restricted:** The Colorado Constitution as amended by TABOR (see separate statutory compliance note) 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. It is the District's policy to use unrestricted fund balance first when an expense is incurred for which both restricted and unrestricted fund balance are available. The District also has fund balance that is restricted by statute for use on Conservation Trust Fund approved purposes.

**Committed:** Committed is that portion of fund balance that has been committed by the highest level of formal action of the District's Board of Directors and does not lapse at year-end. The District has committed a portion of its fund balance for future capital projects. It is the District's policy to use uncommitted fund balance first when an expense is incurred for which both committed and assigned or unassigned fund balance are available.

**Assigned:** Assignments of fund balance are designated by District management. The District does not have any assigned fund balance at the end of the year.

**Unassigned:** Fund balance that has not been reported in any other classification is reported as unassigned.

Grants and Contributions

Grants and contributions are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Property Tax Revenues

Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. Assessed values are an approximation of market value.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they were levied. Property taxes are recognized as revenue when paid to the County Treasurer. Property

Gunnison County Metropolitan Recreation District

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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taxes levied in 2016 for collection in 2017 are identified as property taxes receivable and deferred revenue at December 31, and are presented net of an estimated allowance for uncollectible taxes. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

### **Cash, Cash Equivalents and Investments**

#### Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy to address custodial credit risk.

Colorado state statutes govern the District's deposit of cash. For deposits in excess of \$250,000, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires the state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all of the uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of their uninsured deposits.

As of December 31, 2016, all of the District's deposits were either insured by FDIC or collateralized under PDPA, and therefore not exposed to custodial credit risk.

#### Investments

Colorado state statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest, which include:

- Certificates of deposit with an original maturity in excess of three months
- 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
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2016, the District held no investments.

Gunnison County Metropolitan Recreation District

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices.

**Capital Assets**

Activity for capital assets which are recorded by the District is summarized below:

Capital assets not being depreciated				
Land	\$ 68,000	\$ -	\$ -	\$ 68,000
Capital assets being depreciated				
Machinery and equipment	1,001,093	8,321	-	1,009,414
Buildings	227,000	12,508	-	239,508
Transportation equipment	108,850	-	-	108,850
Total capital assets being depreciated	<u>1,336,943</u>	<u>20,829</u>	<u>-</u>	<u>1,357,772</u>
Total capital assets	<u>\$ 1,404,943</u>	<u>\$ 20,829</u>	<u>\$ -</u>	<u>\$ 1,425,772</u>
Less accumulated depreciation				
Machinery and equipment	\$ 732,441	\$ 60,404	\$ -	\$ 792,845
Building	8,513	5,831	-	14,344
Transportation equipment	108,850	-	-	108,850
Total accumulated depreciation	<u>849,804</u>	<u>66,235</u>	<u>-</u>	<u>916,039</u>
Capital assets, net	<u>\$ 555,139</u>	<u>\$ (45,406)</u>	<u>\$ -</u>	<u>\$ 509,733</u>

Gunnison County Metropolitan Recreation District

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**LONG-TERM OBLIGATIONS**

During 2014 the District entered into a lease purchase agreement as lessee for financing the acquisition of the land and building that houses the District's operations. In addition to the lease purchase proceeds of \$243,000, the District invested an additional \$52,000 in renovations to the building. The total carrying amount of the land and building is \$295,000. The building has an estimated useful life of 40 years. The accumulated depreciation on the building at year end is \$14,188. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2016 were as follows:

Year ending December 31,	
2017	\$ 29,166
2018	29,166
2019	29,166
2020	29,166
2021	29,166
Thereafter	<u>35,924</u>
Total minimum lease payments	181,754
Less amount representing interest	<u>20,263</u>
Present value of minimum lease payments	<u>\$ 161,491</u>

Changes in the District's long-term obligations for the year ended December 31, 2015 are as follows:

	<u>12/31/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2016</u>	<u>Due Within One Year</u>
Lease purchase agreement	\$ 197,858	\$ -	\$ 36,367	\$ 161,491	\$ 23,562
Accrued leave time	-	5,151	-	5,151	

**Conservation Trust Funds**

A summary of the District's Conservation Trust activity for the year ended December 31, 2016 is as follows:

Beginning balance	\$ 158,856
Lottery receipts	84,675
Interest income	283
Expenditures	<u>(83,208)</u>
Ending balance	<u>\$ 160,606</u>

Under intergovernmental agreements, the District allocates and disburses at least 50 percent of lottery receipts to other local governments for conservation projects.

Gunnison County Metropolitan Recreation District

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**Contingencies and Commitments**

*TABOR Amendment*

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extensions of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

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.

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 spending (excluding bonded debt service). The required reserve at December 31, 2016 is \$11,374.

*Risk Management*

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. The District participates in the Colorado Special Districts and Liability Pool (the "Pool") which is sponsored by the Special District Association of Colorado. The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the self-insurance pool. Settled claims for the Pool resulting from these risks have not exceeded amounts recoverable from reinsurance contracts and funds accumulated by the Pool in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2015 is as follows:

Assets	<u>\$ 44,054,744</u>
Liabilities	\$ 24,739,781
Surplus	<u>19,314,963</u>
	<u>\$ 44,054,744</u>
Revenues	\$ 16,561,452
Expenses	<u>14,839,993</u>
Excess of Revenues over Expenses	<u>\$ 1,721,459</u>

REQUIRED SUPPLEMENTARY INFORMATION

Gunnison County Metropolitan Recreation District  
 Budgetary Comparison Schedule  
 General Fund  
 For the year ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>Revenues</b>				
Property taxes	\$ 277,875	\$ 277,875	\$ 273,957	\$ (3,918)
Specific ownership taxes	15,050	15,100	16,599	1,499
Conservation trust fund revenue	71,000	84,675	84,675	-
Lease income	3,000	3,000	3,000	-
Interest income	900	1,750	1,759	9
Miscellaneous	150	14,800	315	(14,485)
Total Revenues	<u>367,975</u>	<u>397,200</u>	<u>380,305</u>	<u>(16,895)</u>
<b>Expenditures</b>				
<b>Administration</b>				
Accounting and audit	7,000	5,500	5,310	(190)
Administrative staff training	1,500	-	-	-
Dues and subscriptions	750	550	514	(36)
Elections	14,000	7,300	7,268	(32)
Electricity and propane	9,700	9,100	8,024	(1,076)
Insurance	3,700	4,000	5,914	1,914
Legal	5,000	1,500	1,080	(420)
Office, postage, and advertising	3,500	5,000	4,910	(90)
Payroll taxes	11,400	12,300	8,174	(4,126)
Telephone	2,000	2,000	1,732	(268)
Travel and meetings - directors	7,500	2,700	2,696	(4)
Treasurer fees	8,400	8,400	8,254	(146)
Wages	43,500	55,500	54,792	(708)
Total Administration	<u>117,950</u>	<u>113,850</u>	<u>108,668</u>	<u>(5,182)</u>
<b>Translator System Operations</b>				
Contract labor	15,000	10,000	7,917	(2,083)
Dues	550	550	360	(190)
Electricity and propane	14,000	14,000	13,330	(670)
Insurance	3,800	4,000	3,770	(230)
Joint pole usage and equipment rental	500	500	490	(10)
Legal	5,000	2,000	20	(1,980)
Licenses and permits	3,000	1,000	125	(875)
Materials	10,000	12,500	10,821	(1,679)
Site lease	12,500	12,500	11,926	(574)
Subscriber fees	18,200	18,200	18,337	137
Telephone	350	350	166	(184)
Television system analysis	-	4,500	4,674	174
Tools and equipment	1,000	1,500	530	(970)
Travel and training	3,500	1,500	1,244	(256)
Wages	56,500	56,500	52,052	(4,448)
Total Translator System Operations	<u>143,900</u>	<u>139,600</u>	<u>125,762</u>	<u>(13,838)</u>
<b>Vehicle Expenses</b>				
Maintenance - ATV	-	-	88	88
Maintenance - truck	3,500	3,500	2,250	(1,250)
Operating - snow cat and snow mobile	3,500	2,500	1,890	(610)
Operating - truck	1,500	1,500	816	(684)
Vehicle insurance	850	800	770	(30)
Total Vehicle Expenses	<u>9,350</u>	<u>8,300</u>	<u>5,814</u>	<u>(2,486)</u>
<b>Conservation Trust Expenses</b>				
Conservation trust capital outlay	10,000	9,000	8,321	(679)
Conservation trust intergovernmental sharing	35,500	42,173	42,173	-
Conservation trust other expenses	15,000	33,932	32,713	(1,219)
Total Conservation Trust Fund Expenses	<u>60,500</u>	<u>85,105</u>	<u>83,207</u>	<u>(1,898)</u>
Capital outlay	-	25,000	12,508	(12,492)
Debt service principal	44,000	36,368	36,367	(1)
Debt service interest	-	6,800	6,799	(1)
Total Expenses	<u>375,700</u>	<u>415,023</u>	<u>379,125</u>	<u>(35,898)</u>
Net change in fund balances	<u>(7,725)</u>	<u>(17,823)</u>	<u>1,180</u>	<u>19,003</u>
Fund balances, beginning of year	495,000	495,000	495,000	-
Fund balances, end of year	<u>\$ 487,275</u>	<u>\$ 477,177</u>	<u>\$ 496,180</u>	<u>\$ 19,003</u>