

CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2017

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March 27, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Cañon City Area Metropolitan Recreation and Park District
Cañon City, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Cañon City Area Metropolitan Recreation and Park District (the District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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, the business-type activities, and each major fund of Canon City Area Metropolitan Recreation and Park District as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 3 through 8 and 32 through 36 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.

Additional Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Canon City Area Metropolitan Recreation Park District's basic financial statements. The budgetary comparison schedules on pages 37 and 38 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules on pages 37 and 38 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules on pages 37 and 38 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Wac Peterson, Breyfogle, Durheim & Goodrich, PC

March 12, 2018

CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis is intended to be an easily readable analysis of the Cañon City Area Metropolitan Recreation and Park District's financial activities based on current known facts, decisions or conditions. This analysis focuses on the fiscal year ended December 31, 2017 and should be read in conjunction with the financial statements

REPORT LAYOUT

Besides the Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements and the notes to the financial statements. The first two statements are condensed and present a government-wide view of the District's finances. Within this view, all District operations are categorized and reported as either governmental or business-type activities. Governmental activities include the general fund, conservation trust fund, and capital projects fund. The District's business-type activities include the program activities fund and pool enterprise fund operations. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the District.

BASIC FINANCIAL STATEMENTS

- The statement of net position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the District's assets and deferred outflows of resources, if any, and liabilities and deferred inflows of resources, if any, with the net difference reported as net position. The net position is further separated into net investment in capital assets, restricted amounts for specific purposes and unrestricted amounts. All activities are reported on the accrual basis of accounting.
- The statement of activities focuses on gross and net costs of the District's programs and the extent to which such programs rely upon general revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by other revenues.
- Fund financial statements focus separately on the governmental funds and business-type funds. Governmental funds report assets, deferred outflows of resources, liabilities and deferred inflows of revenues with the difference characterized as fund balance. The District's business-type funds include a statement of net position, a statement of revenues, expenses and changes in fund net position, along with a statement of cash flows.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior year. Significant changes from the prior year are explained in the following narrative.

DISTRICT AS A WHOLE

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Comparisons in this section discuss and analyze significant differences between the fiscal year 2016 and 2017. A condensed version of the statement of net position at December 31, 2016 and 2017 follows:

Net Position at Year-End

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash/Investments	\$873,766	\$821,894	\$255,223	\$238,853
Other Assets	\$765,995	\$755,461	\$2,034	-
Capital Assets, Net	<u>\$3,814,869</u>	<u>\$3,885,041</u>	<u>\$18,882</u>	<u>\$20,949</u>
Total Assets	<u>\$5,454,630</u>	<u>\$5,462,396</u>	<u>\$276,139</u>	<u>\$259,802</u>
Current Liabilities	\$118,715	\$97,710	\$14,770	\$12,773
Long Term Liabilities	<u>\$115,953</u>	<u>\$149,373</u>	<u>\$420</u>	<u>\$143</u>
Total Liabilities	<u>\$234,668</u>	<u>\$247,083</u>	<u>\$15,190</u>	<u>\$12,916</u>
Deferred inflows of resources				
Property Taxes	<u>\$725,037</u>	<u>\$714,218</u>	<u>-</u>	<u>-</u>
Net Position:				
Net investment in capital assets	\$3,673,545	\$3,711,425	\$18,882	\$20,949
Restricted for Tabor	\$30,000	\$28,000	-	-
Restricted for parks projects	\$128,042	\$119,429	-	-
Unrestricted	<u>\$663,338</u>	<u>\$642,241</u>	<u>\$242,067</u>	<u>\$225,937</u>
Total Net Position	<u><u>\$4,494,925</u></u>	<u><u>\$4,501,095</u></u>	<u><u>\$260,949</u></u>	<u><u>\$246,886</u></u>

Financial Analysis

In 2017 the District installed a map kiosk at the Eagle Wing Trailhead, and also a gazebo with funding donated by a local family.

Also within the Capital Projects fund a contribution was made toward a feasibility study for a new recreation/community center, and match funding was provided for a Russian olive removal project in John Griffin Regional Park. A trail easement for future extension of the Arkansas Riverwalk was also obtained.

Successful special events, including the Royal Gorge Whitewater Festival and the Aftermath Halloween event, helped boost the revenue for the business activities funds in 2017, despite the pool fund showing a loss for the year.

GOVERNMENTAL ACTIVITIES

A condensed statement of activities for the governmental activities for the years ending December 31, 2017 and 2016 follows:

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Program revenues		
Charges for services	\$24,120	\$23,319
Operating grants and contributions	140,597	149,693
Capital grants and contributions	0	224,534
General revenues		
Property taxes	710,643	706,972
Specific ownership taxes	121,707	105,024
Unrestricted investment earnings	13,019	8,693
Other	11,725	23,602
Total Revenues	<u>1,021,811</u>	<u>1,241,837</u>
Expenses		
General government	459,399	460,410
Parks and recreation	524,825	512,700
Interest on long-term debt	8,757	10,481
Total Expenses	<u>992,981</u>	<u>983,591</u>
Change in net position before transfers	28,830	258,246
Transfers	(35,000)	(20,000)
Net position, beginning of year	<u>4,501,095</u>	<u>4,262,849</u>
Net position, end of year	<u><u>\$4,494,925</u></u>	<u><u>\$4,501,095</u></u>

Financial Analysis

Property tax revenue increased \$3,671 in 2017 compared to 2016, specific ownership taxes increased \$16,683 year to year.

In 2017 the intergovernmental transfers to the pool fund increased \$15,000 from 2016 to help offset the loss sustained by the pool fund during the year.

BUSINESS -TYPE ACTIVITIES

A condensed statement of activities for the business-type activities for the years ending December 31, 2017 and 2016 follows:

	Business-Type Activities	
	2017	2016
Operating Revenues		
Charges for services	\$ 559,716	\$ 532,498
Other Revenues		
Other	7,516	2,993
Unrestricted investment earnings	1,698	846
Total Revenues	568,930	536,337
Expenses		
Program activities	469,894	428,207
Pool	119,973	102,792
Total Expenses	589,867	530,999
Increase/(Decrease) in net position before transfers	(20,937)	5,338
Transfers	35,000	20,000
Change in net position	14,063	25,338
Net position, beginning of year	246,886	221,548
Net position, end of year	\$ 260,949	\$ 246,886

Financial Analysis

User fees were increased in 2017 to offset anticipated increased wage expenses resulting from the change in the Colorado minimum wage. Expenses in 2017 increased \$58,868 over those in 2016, due in large part to increased labor costs.

In 2017, \$17,500 was transferred from the Conservation Trust Fund (a governmental fund) to the Pool Enterprise Fund (a business activity fund), as was \$17,500 from the General Fund to the Pool Enterprise Fund to help cover the costs to maintain and operate the pool.

**FUND FINANCIAL STATEMENT ANALYSIS
GENERAL FUND**

The general fund is the major operating fund of the District, providing most of the resources for the District's operations. Revenues of the general fund totaled \$876,714 for the year ended December 31, 2017 compared to \$867,696 for the year ended December 31, 2016. Expenditures of the general fund were \$931,435 for 2017 compared to \$923,895 for 2016. The following table reflects a summarization of revenues and expenditures for the general fund:

	<u>2017</u>	<u>2016</u>
Revenues		
Property taxes	\$710,643	\$706,972
Specific ownership taxes	121,707	105,024
Other	<u>44,364</u>	<u>55,700</u>
Total revenues	<u>876,714</u>	<u>867,696</u>
Expenditures		
General government	445,758	448,034
Parks and trails	413,733	416,276
Capital Outlay	13,394	18,536
Debt service	<u>41,049</u>	<u>41,049</u>
Total expenditures	<u>913,934</u>	<u>923,895</u>
Excess (deficiency) of revenues over expenditures	(37,220)	(56,199)
Net Transfers	<u>62,500</u>	<u>60,000</u>
Net change in fund balance	25,280	3,801
Fund balance, beginning of year	<u>507,118</u>	<u>503,317</u>
Fund balance, end of year	<u><u>\$532,398</u></u>	<u><u>\$507,118</u></u>

Financial Analysis

The increase in total general fund revenues from 2016 to 2017 is \$9,018 due to additional property and specific ownership taxes, which offset the decrease in revenue received from contributions, other non-operating sources (such as Riverwalk benches) and rental fees. The costs of property & liability insurance, workers compensation insurance and wages increased in 2017, but these increases were offset in large part by decreases in the costs of utilities, equipment repair and Riverwalk maintenance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, for its governmental and business type activities totaled \$3,833,751 at December 31, 2017 compared to \$3,905,990 at December 31, 2016.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$1,781,421	\$1,766,203	\$6,000	\$6,000
Intangibles	14,100	14,100	-	-
Buildings	395,691	414,831	4,897	6,121
Improvements	1,522,746	1,587,317	7,985	8,828
Equipment	100,911	102,590	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal	3,814,869	3,885,041	18,882	20,949
	<hr/>	<hr/>	<hr/>	<hr/>
Capital Assets Net	<u>\$3,814,869</u>	<u>\$3,885,041</u>	<u>\$18,882</u>	<u>\$20,949</u>

The District's change in capital assets in governmental activities resulted from the acquisition of a land easement, construction of a gazebo, and the purchase and disposition of used equipment.

Debt Outstanding

At December 31, 2017 the District had an outstanding obligation under a capital lease totaling \$141,324 compared to \$173,616 outstanding at December 31, 2016.

The prepayment of the sums due on this lease-purchase agreement for the property at 575 Ash Street is included in the District's 2018 Budget.

FINANCIAL CONTACT

The District's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the District's Director of Finance at 575 Ash Street, Cañon City, Colorado 81212.

BASIC FINANCIAL STATEMENTS

CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 100	\$ 50	\$ 150
Equity in pooled cash	-	86,125	86,125
Investments	873,666	169,048	1,042,714
Receivables	736,231	2,034	738,265
Other assets	29,764	-	29,764
Capital assets, net of accumulated depreciation -			
Land	1,781,421	6,000	1,787,421
Intangibles	14,100	-	14,100
Buildings	395,691	4,897	400,588
Improvements	1,522,746	7,985	1,530,731
Equipment	100,911	-	100,911
Total capital assets	<u>3,814,869</u>	<u>18,882</u>	<u>3,833,751</u>
TOTAL ASSETS	<u>5,454,630</u>	<u>276,139</u>	<u>5,730,769</u>
LIABILITIES			
Accounts payable and accrued expenses	33,565	14,309	47,874
Equity in pooled cash	24,806	-	24,806
Long-term liabilities -			
Due within one year -			
Capital lease	34,114	-	34,114
Compensated absences	26,230	461	26,691
Due in more than one year -			
Capital lease	107,210	-	107,210
Compensated absences	8,743	420	9,163
TOTAL LIABILITIES	<u>234,668</u>	<u>15,190</u>	<u>249,858</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	<u>725,037</u>	<u>-</u>	<u>725,037</u>
NET POSITION			
Net investment in capital assets	3,673,545	18,882	3,692,427
Restricted for -			
Tabor	30,000	-	30,000
Parks projects	128,042	-	128,042
Unrestricted	<u>663,338</u>	<u>242,067</u>	<u>905,405</u>
TOTAL NET POSITION	<u>\$ 4,494,925</u>	<u>\$ 260,949</u>	<u>\$ 4,755,874</u>

The accompanying notes are an integral part of this statement.

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES				
General government	\$ 459,399	\$ -	\$ -	\$ -
Parks and recreation	524,825	24,120	140,597	-
Interest on long-term debt	8,757	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>992,981</u>	<u>24,120</u>	<u>140,597</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES				
Swimming pool	119,973	78,988	-	-
Program activities	469,894	480,728	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>589,867</u>	<u>559,716</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 1,582,848</u>	<u>\$ 583,836</u>	<u>\$ 140,597</u>	<u>\$ -</u>

General revenues -

Taxes -

Property taxes, levied for general purposes

Specific ownership taxes

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, January 1

Net position, December 31

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (459,399)	\$ -	\$ (459,399)
(360,108)	-	(360,108)
<u>(8,757)</u>	<u>-</u>	<u>(8,757)</u>
<u>(828,264)</u>	<u>-</u>	<u>(828,264)</u>
-	(40,985)	(40,985)
<u>-</u>	<u>10,834</u>	<u>10,834</u>
-	(30,151)	(30,151)
<u>(828,264)</u>	<u>(30,151)</u>	<u>(858,415)</u>
710,643	-	710,643
121,707	-	121,707
13,019	1,698	14,717
11,725	7,516	19,241
<u>(35,000)</u>	<u>35,000</u>	<u>-</u>
<u>822,094</u>	<u>44,214</u>	<u>866,308</u>
(6,170)	14,063	7,893
<u>4,501,095</u>	<u>246,886</u>	<u>4,747,981</u>
<u>\$ 4,494,925</u>	<u>\$ 260,949</u>	<u>\$ 4,755,874</u>

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	<u>General Fund</u>	<u>Conservation Trust Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 100	\$ -	\$ -	\$ 100
Equity in pooled cash	149,801	-	-	149,801
Investments	375,104	128,048	370,514	873,666
Property taxes receivable	725,037	-	-	725,037
Due from county treasurer	11,194	-	-	11,194
Prepaid items	29,764	-	-	29,764
TOTAL ASSETS	\$ 1,291,000	\$ 128,048	\$ 370,514	\$ 1,789,562
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 19,771	\$ -	\$ -	\$ 19,771
Accrued liabilities	13,794	-	-	13,794
Equity in pooled cash	-	6	174,601	174,607
Total Liabilities	33,565	6	174,601	208,172
DEFERRED INFLOWS OF RESOURCES				
Property taxes	725,037	-	-	725,037
Total deferred inflows of resources	725,037	-	-	725,037
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	758,602	6	174,601	933,209
FUND BALANCE				
Nonspendable	29,764	-	-	29,764
Restricted	30,000	128,042	-	158,042
Committed	41,049	-	-	41,049
Assigned	121,449	-	195,913	317,362
Unassigned	310,136	-	-	310,136
TOTAL FUND BALANCE	532,398	128,042	195,913	856,353
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,291,000	\$ 128,048	\$ 370,514	\$ 1,789,562

The accompanying notes are an integral part of this statement.

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$	856,353
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds		
The cost of capital assets is	\$	5,206,054
Accumulated depreciation is	<u>(1,391,185)</u>	3,814,869
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Obligation under capital lease	(141,324)	
Compensated absences	<u>(34,973)</u>	<u>(176,297)</u>
Total net position - governmental activities	\$	<u>4,494,925</u>

The accompanying notes are an integral part of this statement.

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017**

	<u>General Fund</u>	<u>Conservation Trust Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 710,643	\$ -	\$ -	\$ 710,643
Specific ownership taxes	121,707	-	-	121,707
Intergovernmental	-	130,885	-	130,885
Interest	7,249	1,928	3,842	13,019
Other	37,115	-	8,442	45,557
TOTAL REVENUES	<u>876,714</u>	<u>132,813</u>	<u>12,284</u>	<u>1,021,811</u>
EXPENDITURES				
Current -				
General government	445,758	-	-	445,758
Parks and recreation	413,733	-	17,543	431,276
Capital outlay	13,394	-	22,524	35,918
Debt service -				
Principal	32,292	-	-	32,292
Interest	8,757	-	-	8,757
TOTAL EXPENDITURES	<u>913,934</u>	<u>-</u>	<u>40,067</u>	<u>954,001</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(37,220)	132,813	(27,783)	67,810
OTHER FINANCING SOURCES (USES)				
Transfers in	80,000	-	26,700	106,700
Transfers out	(17,500)	(124,200)	-	(141,700)
TOTAL OTHER FINANCING SOURCES (USES)	<u>62,500</u>	<u>(124,200)</u>	<u>26,700</u>	<u>(35,000)</u>
NET CHANGE IN FUND BALANCES	25,280	8,613	(1,083)	32,810
FUND BALANCES, January 1	<u>507,118</u>	<u>119,429</u>	<u>196,996</u>	<u>823,543</u>
FUND BALANCES, December 31	<u>\$ 532,398</u>	<u>\$ 128,042</u>	<u>\$ 195,913</u>	<u>\$ 856,353</u>

The accompanying notes are an integral part of this statement.

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

Amounts reported for governmental activities are different because:

Total net change in fund balances - governmental funds	\$	32,810
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Capital outlays are reported in governmental funds as expenditures. However, for governmental activities these costs are shown in the statement of net position and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay

Depreciation expense	(106,090)	
Capital outlay	<u>35,918</u>	(70,172)

In the statement of activities, certain operating expenses such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually paid. This year compensated absences earned exceeded amounts paid by

(1,100)

The governmental funds report the repayment of principal on the capital lease obligation as an expenditure, while this payment is reported as a reduction of a liability in the statement of net position. The effect of this difference is as follows:

Principal payment on capital lease obligation		<u>32,292</u>
---	--	---------------

Change in net position - governmental activities

\$ (6,170)

The accompanying notes are an integral part of this statement.

CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2017

	Business-Type Activities		
	Swimming	Program	Total
	Pool Fund	Activities Fund	
ASSETS			
CURRENT ASSETS			
Cash	\$ -	\$ 50	\$ 50
Equity in pooled cash	-	226,331	226,331
Accounts receivable	-	2,034	2,034
Investments	167,125	1,923	169,048
TOTAL CURRENT ASSETS	<u>167,125</u>	<u>230,338</u>	<u>397,463</u>
NONCURRENT ASSETS			
Capital assets -			
Land	6,000	-	6,000
Swimming pool and buildings	134,268	-	134,268
Other improvements	40,427	-	40,427
Machinery and equipment	35,379	44,265	79,644
Waterslide	69,222	-	69,222
	<u>285,296</u>	<u>44,265</u>	<u>329,561</u>
Accumulated depreciation	(274,399)	(36,280)	(310,679)
Net capital assets	<u>10,897</u>	<u>7,985</u>	<u>18,882</u>
TOTAL ASSETS	<u>178,022</u>	<u>238,323</u>	<u>416,345</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	188	11,499	11,687
Equity in pooled cash	140,206	-	140,206
Accrued salaries	-	2,622	2,622
Accrued compensated absences	-	461	461
TOTAL CURRENT LIABILITIES	<u>140,394</u>	<u>14,582</u>	<u>154,976</u>
NONCURRENT LIABILITIES			
Accrued compensated absences	-	420	420
TOTAL NONCURRENT LIABILITIES	<u>-</u>	<u>420</u>	<u>420</u>
TOTAL LIABILITIES	<u>140,394</u>	<u>15,002</u>	<u>155,396</u>
NET POSITION			
Net investment in capital assets	10,897	7,985	18,882
Unrestricted	26,731	215,336	242,067
TOTAL NET POSITION	<u>\$ 37,628</u>	<u>\$ 223,321</u>	<u>\$ 260,949</u>

The accompanying notes are an integral part of this statement.

CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities		
	Swimming Pool Fund	Program Activities Fund	Total
OPERATING REVENUES			
Charges for services	\$ 78,988	\$ 480,728	\$ 559,716
TOTAL OPERATING REVENUES	78,988	480,728	559,716
OPERATING EXPENSES			
Salaries	69,790	200,760	270,550
Employee benefits	7,518	30,323	37,841
Purchased services	41,042	238,367	279,409
Depreciation	1,623	444	2,067
TOTAL OPERATING EXPENSES	119,973	469,894	589,867
OPERATING INCOME (LOSS)	(40,985)	10,834	(30,151)
NONOPERATING REVENUES			
Interest	1,676	22	1,698
Other	192	7,324	7,516
TOTAL NONOPERATING REVENUES	1,868	7,346	9,214
INCOME (LOSS) BEFORE TRANSFERS	(39,117)	18,180	(20,937)
Transfers in	35,000	-	35,000
CHANGE IN NET POSITION	(4,117)	18,180	14,063
TOTAL NET POSITION - January 1	41,745	205,141	246,886
TOTAL NET POSITION - December 31	\$ 37,628	\$ 223,321	\$ 260,949

The accompanying notes are an integral part of this statement.

CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities		
	Swimming Pool Fund	Program Activities Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 78,988	\$ 478,694	\$ 557,682
Cash paid for goods and services	(48,883)	(266,155)	(315,038)
Cash paid to employees	(69,790)	(200,698)	(270,488)
Other cash receipts	192	7,324	7,516
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(39,493)	19,165	(20,328)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	35,000	-	35,000
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	35,000	-	35,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings received	1,676	22	1,698
Net change in short-term investments	(19,176)	(21)	(19,197)
NET CASH (USED) BY INVESTING ACTIVITIES	(17,500)	1	(17,499)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(21,993)	19,166	(2,827)
CASH AND CASH EQUIVALENTS, January 1	(118,213)	207,215	89,002
CASH AND CASH EQUIVALENTS, December 31	\$ (140,206)	\$ 226,381	\$ 86,175
REPORTED AS FOLLOWS:			
Cash	-	50	50
Equity in pooled cash	(140,206)	226,331	86,125
	\$ (140,206)	\$ 226,381	\$ 86,175

The accompanying notes are an integral part of this statement.

CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
STATEMENT OF CASH FLOWS (Cont'd.)
ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities		
	Swimming Pool Fund	Program Activities Fund	Total
RECONCILIATION OF OPERATING INCOME			
(LOSS) TO NET CASH PROVIDED (USED)			
BY OPERATING ACTIVITIES			
Operating income (loss)	(40,985)	10,834	(30,151)
Other cash receipts	192	7,324	7,516
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -			
Depreciation	1,623	444	2,067
Change in assets and liabilities -			
Accounts receivable	-	(2,034)	(2,034)
Accounts payable	(323)	2,535	2,212
Accrued salaries and compensated absences	-	62	62
	<u> </u>	<u> </u>	<u> </u>
NET CASH PROVIDED (USED) BY			
OPERATING ACTIVITIES	<u>\$ (39,493)</u>	<u>\$ 19,165</u>	<u>\$ (20,328)</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cañon City Area Metropolitan Recreation and Park District (the District) operates pursuant to the provisions of the Colorado Revised Statutes as applicable to special districts. As such, the District's board of directors is the governing authority and the District provides recreational activities for the residents in and around Cañon City, Colorado.

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting and reporting principles and practices are described below.

A. REPORTING ENTITY

As required by GAAP, the Cañon City Area Metropolitan Recreation and Park District (the primary government), includes, if applicable, component units in its financial statements based upon financial accountability. Inasmuch as no component unit meets the criteria for inclusion, no component unit financial statements have been included.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The government-wide financial statements, which include the statement of net position and the statement of activities, report information on all the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a function or activity. 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 activity; (2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost by function or business-type activity is normally covered by general revenue such as property taxes, specific ownership taxes or other unrestricted revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns.

CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fund financial statements for the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied, while grants and similar items are recognized as revenue when all eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered available when they are collected 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 collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred as is the case with accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due. General capital asset acquisitions are reported as expenditures in governmental funds, while proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, grant and entitlement revenues, interest and charges for services are considered revenues susceptible to accrual. Contributions and miscellaneous revenue are recorded as revenues when received in cash because they are not generally measurable until received in cash. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met.

Business-type activities and all proprietary funds are accounted for using the flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's program activities and swimming pool funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

GOVERNMENTAL FUNDS

The District reports the following major governmental funds:

- The general fund is the primary operating fund of the District and is always classified as a major fund. The general fund is used to account for all financial resources of the District except those required to be accounted for in a separate fund. Major revenue sources include property taxes, along with specific ownership taxes. Primary expenditures include general government and parks and recreation.
- The conservation trust fund is a special revenue fund used to account for distributions from the Colorado Lottery. Expenditures generally involve transfers to other funds.
- The capital projects fund is a capital projects fund used to acquire, construct and maintain capital assets within the District. Funds are provided by intergovernmental grants, contributions and transfers from other funds, while expenditures generally consist of capital outlay and current expenditures.

PROPRIETARY FUNDS

The following is a description of the major proprietary funds of the District:

- The swimming pool fund accounts for the operation of the District-owned swimming pool. Activities of the fund include operation and maintenance of the swimming pool. Costs are financed through charges to users and rates are reviewed regularly and adjusted as necessary.
- The program activities fund accounts for the operation of recreational and other activities provided by the District. Virtually all costs are financed through charges to users with rates reviewed regularly and adjusted if necessary.

D. CASH, EQUITY IN POOLED CASH AND INVESTMENTS

Cash and equity in pooled cash consists of cash on hand and demand deposits. Investments consist of the District's holdings in the Colorado Local Government Liquid Asset Trust (Colo Trust) investment pool.

For purposes of the statement of cash flows, the District considers cash on hand and the equity in pooled cash to be cash equivalents.

The District's investments in the Colo Trust investment pool are reported at fair value. Colo Trust is a trust governed under the Local Government Investment Pool Trust Fund and Administration and Enforcement Act, C.R.S. 11-51-901. As such, Colo Trust reports its financial statements in accordance with Financial Accounting Standards Board (FASB) ASC820 and in reporting its investments.

CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

E. PROPERTY TAXES

Property taxes were levied on December 12, 2017 based on the assessed value of property as certified by the County Assessor by the previous October 10. Assessed values are a percentage of actual values. A reevaluation of all property must be made every two years. The last reevaluation date was January 1, 2016 for the 2014 base year specified by state law.

The taxes levied on December 12, 2017 reflect 2017 property taxes that will be collected in 2018 by the Fremont County Treasurer. Taxes collected by the Treasurer are remitted to the District on a monthly basis. These taxes are due January 2, 2018 and may be paid in two installments (February 28 and June 15) or they may be paid in full April 30. Taxes not paid in accordance with this schedule accrue interest and penalty charges and are subject to liens if not paid by November.

F. PREPAID ITEMS

Prepaid items represent payments made for expenditures to be charged to a future accounting period. Prepaid items in governmental funds are equally offset by a non-spendable fund balance amount which indicates they do not constitute available expendable resources even though they are a component of net current assets.

G. CAPITAL ASSETS

Capital assets, which include land, buildings, improvements, equipment, and intangibles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The capitalization level has been set at \$5,000, together with other capitalization criteria. The criteria for capitalization include (1) increasing the capacity or operating efficiency or (2) extending the useful life of the asset. These levels and criteria were set so as to maintain a balance between accountability and managing the costs of recording and tracking these assets. Capital assets are defined as assets with an initial individual cost or estimated cost that equals or exceeds the limits identified above and have a useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated acquired value at the time received. Normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed when material. No interest was capitalized during the year ended December 31, 2017.

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Buildings	20-40	5-25
Improvements	10-50	5-30
Equipment	10-30	5-20

H. COMPENSATED ABSENCES

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees are allowed to accumulate vacation benefits up to predetermined maximums and are compensated for these accumulated vacation benefits either through paid time off or at termination or retirement. Employees are compensated for accumulated sick leave based only on sick days taken.

Accumulated vacation leave is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

I. LONG-TERM LIABILITIES

In the government-wide statement of net position and the fund statement of net position for the proprietary funds, long-term obligations are reported as liabilities in the applicable statement of net position.

In the governmental fund financial statements, the face amount of the obligation is reported as other financing sources in the year issued.

J. FUND EQUITY

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form, such as prepaid items or inventories, or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the board of directors – the District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the District removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. The board of directors has provided the executive director the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use externally restricted resources first, and then unrestricted resources-committed, assigned, and unassigned-in order as needed.

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets reduced by accumulated depreciation and outstanding balances of any borrowings used for the acquisition, construction or improvement of capital assets. Restricted net position is reported when there are liabilities imposed on their use through external restrictions imposed by creditors, grantors, voters or laws or regulations of other governments.

When both restricted and unrestricted net position is available, it is the District’s policy to use restricted net position first and then unrestricted net position as needed.

K. INTERFUND TRANSACTIONS

Interfund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as interfund transfers.

L. ESTIMATES

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

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents are summarized as follows:

Cash on hand	\$ 150
Demand deposits	61,319
	\$ 61,469

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Reported as follows:			
Cash on hand	\$ 100	\$ 50	\$ 150
Equity in pooled cash	(24,806)	86,125	61,319
	\$ (24,706)	86,175	61,469

Deposits

At December 31, 2017, the carrying amount of the District’s deposits was \$61,319 and the bank balance was \$72,289, which was entirely insured in a bank qualified under the Public Deposit Protection Act.

Investments

The District is subject to Colorado Revised Statute 24-75-601 which is entitled “concerning investment in securities by public entities”. This statute, among other things, outlines the type of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government and agency securities, certain bonds of political subdivisions, bankers acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds, guaranteed investment contracts and U.S. dollar-denominated corporate or bank debt. The statute also includes a provision limiting any investment to a five year maturity unless the governing body authorizes a longer period or other exceptions apply.

At December 31, 2017, the District’s investments consisted solely of its Colo Trust holdings whose investment maturity in years is less than one year.

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

Credit risk – The District has no investment policy that would limit its investment choices more strictly than state law. As of December 31, 2017, the District’s investment in Colo Trust is rated AAAM by Standard and Poor’s and Aaa by Moody’s.

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 - CASH AND CASH EQUIVALENTS (Cont'd.)

The District categorizes, if applicable, 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; level 3 inputs are significant unobservable inputs. The District's recurring fair value measurements as of December 31, 2017 consist of the District's Colo Trust holdings and are not subject to the fair value hierarchy disclosures as outlined under generally accepted accounting principles.

NOTE 3 – RECEIVABLES

Receivables at December 31, 2017 consist of the following:

	<u>Governmental Activities</u>	
	<u>General</u>	<u>Total</u>
	<u>Fund</u>	<u>Total</u>
Property taxes	\$ 725,037	\$ 725,037
Accounts	11,194	11,194
	<u>\$ 736,231</u>	<u>\$ 736,231</u>

The property taxes receivable are reported as a deferred inflow of resources in accordance with generally accepted accounting principles because they represent taxes levied for a future period.

NOTE 4 – CAPITAL ASSETS

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

	<u>Balance</u> <u>January 1,</u> <u>2017</u>	<u>Additions</u>	<u>Deletions/ Inventory Adjustments/ Transfers</u>	<u>Balance</u> <u>December 31,</u> <u>2017</u>
Governmental activities –				
Nondepreciable assets –				
Land	\$ 1,766,203	\$ 15,218	\$ -	\$ 1,781,421
Intangibles (water rights)	14,100	-	-	14,100
Total capital assets not being depreciated	<u>1,780,303</u>	<u>\$ 15,218</u>	<u>\$ -</u>	<u>\$ 1,795,521</u>

CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 – CAPITAL ASSETS (Cont'd.)

	Balance January 1, <u>2017</u>	<u>Additions</u>	Deletions/ Inventory Adjustments/ <u>Transfers</u>	Balance December 31, <u>2017</u>
Depreciable assets –				
Buildings	710,544	-	-	710,544
Improvements	2,429,845	7,306	-	2,437,151
Equipment	<u>289,894</u>	<u>13,394</u>	<u>(40,450)</u>	<u>262,838</u>
Total capital assets being depreciated	<u>3,430,283</u>	<u>20,700</u>	<u>(40,450)</u>	<u>3,410,533</u>
Less: accumulated depreciation for -				
Buildings	(295,713)	(19,140)	-	(314,853)
Improvements	(842,528)	(71,877)	-	(914,405)
Equipment	<u>(187,304)</u>	<u>(15,073)</u>	<u>40,450</u>	<u>(161,927)</u>
Total accumulated depreciation	<u>(1,325,545)</u>	<u>(106,090)</u>	<u>40,450</u>	<u>(1,391,185)</u>
Capital assets being depreciated, net	<u>2,104,738</u>	<u>(85,390)</u>	<u>-</u>	<u>2,019,348</u>
Total governmental activities capital assets, net	<u>\$ 3,885,041</u>	<u>\$ (70,172)</u>	<u>\$ -</u>	<u>\$ 3,814,869</u>
Business-type activities -				
Nondepreciable assets –				
Land	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,000</u>
Total capital assets not being depreciated	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Depreciable assets –				
Buildings	134,268	-	-	134,268
Improvements	153,914	-	-	153,914
Equipment	<u>37,032</u>	<u>-</u>	<u>(1,653)</u>	<u>35,379</u>
Total capital assets being depreciated	<u>325,214</u>	<u>-</u>	<u>(1,653)</u>	<u>323,561</u>
Less: accumulated depreciation for -				
Buildings	(128,147)	(1,224)	-	(129,371)
Improvements	(145,086)	(843)	-	(145,929)
Equipment	<u>(37,032)</u>	<u>-</u>	<u>1,653</u>	<u>(35,379)</u>
Total accumulated depreciation	<u>(310,265)</u>	<u>(2,067)</u>	<u>1,653</u>	<u>(310,679)</u>
Capital assets being depreciated, net	<u>14,949</u>	<u>(2,067)</u>	<u>-</u>	<u>12,882</u>
Total business-type activities capital assets, net	<u>\$ 20,949</u>	<u>\$ (2,067)</u>	<u>\$ -</u>	<u>\$ 18,882</u>

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 – CAPITAL ASSETS (Cont'd.)

Depreciation expense was charged to functions/programs as follows:

Governmental activities –		
General government	\$	13,441
Parks and recreation		92,649
Total depreciation – governmental activities		\$ 106,090
Business-type activities –		
Swimming pool	\$	1,623
Program activities		444
Total depreciation expense – business-type activities		\$ 2,067

NOTE 5 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities in the government-wide financial statements for the year ended December 31, 2017:

	Balance January 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2017</u>	<u>Due Within One Year</u>
Governmental activities -					
Obligation under capital lease	\$ 173,616	\$ -	\$ 32,292	\$ 141,324	\$ 34,114
Compensated absences	33,873	24,482	23,382	34,973	26,230
Total governmental activities	\$ 207,489	\$ 24,482	\$ 55,674	\$ 176,297	\$ 60,344
Business-type activities –					
Compensated absences	\$ 243	\$ 900	\$ 262	\$ 881	\$ 461
Total business-type activities	\$ 243	\$ 900	\$ 262	\$ 881	\$ 461

The following is a description of each individual governmental activity issue:

\$495,000 obligation under capital lease; interest rate of 5.5%; due in monthly installments of \$3,421 including interest through October 1, 2021; debt is serviced by the general fund and the payments are subject to annual appropriation

\$ 141,324

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 - LONG-TERM LIABILITIES (Cont'd.)

The debt service requirements for the governmental activities obligation under capital lease are as follows:

Year ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 34,114	\$ 6,936	\$ 41,050
2019	36,038	5,011	41,049
2020	38,071	2,978	41,049
2021	<u>33,101</u>	<u>847</u>	<u>33,948</u>
	<u>\$ 141,324</u>	<u>\$ 15,772</u>	<u>\$ 157,096</u>

In December, 2017 the board of directors approved a resolution authorizing the issuance of a notice of prepayment to the lessor of the entire remaining capital lease obligation.

NOTE 6 – NET POSITION

Restricted net position is net position whose uses are subject to constraints that are either (1) legally imposed by creditors (such as debt covenants), grantors or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2017 for governmental activities is as follows:

Tabor	\$ 30,000
Parks projects	<u>128,042</u>
	<u>\$ 158,042</u>

Restricted for Tabor – this represents approximately 3% of the District’s 2017 fiscal year spending as that term is defined in the Colorado constitution. Under these provisions of the constitution, this portion of the District’s net position can be used for declared emergencies only and the District must maintain 3% or more of its fiscal year spending in this restricted account.

Restricted for parks projects – this represents the fund balance of the District’s conservation trust fund that is restricted for parks projects under state law.

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 7 – FUND BALANCES

Amounts reported for specific purposes by fund and fund balance classifications for the year ended December 31, 2017 are as follows:

<u>Classification/fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable –		
General fund	Prepaid items	\$ 29,764
Restricted –		
General fund	Tabor amendment	30,000
Conservation trust	Parks projects	128,042
Committed –		
General fund	Debt service	41,049
Assigned –		
General fund	Subsequent year's expenditures	121,449
Capital projects fund	Subsequent year's expenditures	137,000
	Capital projects	58,913
Unassigned –		
General fund		<u>310,136</u>
		<u>\$ 856,353</u>

NOTE 8 – TRANSFERS

Transfers for the year ended December 31, 2017 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds -		
General fund	\$ 80,000	\$ 17,500
Conservation trust fund	-	124,200
Capital projects fund	<u>26,700</u>	<u>-</u>
	<u>106,700</u>	<u>141,700</u>
Enterprise funds –		
Pool fund	<u>35,000</u>	<u>-</u>
	<u>35,000</u>	<u>-</u>
	<u>\$ 141,700</u>	<u>\$ 141,700</u>

These transfers were made in the normal course of operations and were generally for operating support.

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, property and casualty, errors and omissions, injuries to employees and health claims. Risks of loss from property and liability coverage and injuries to employees are covered by the District's participation in the Colorado Special District's property and liability pool, along with participation in the workmen's compensation pool. The Colorado Special District Pool is a separate and independent governmental public entity risk pool formed through intergovernmental agreement by member special districts to provide defined liability and property coverage. The aggregate limit of losses paid by the pool for property claims is limited to \$1,000,000 with commercial company reinsurance covering any losses in excess of that amount up to \$3,000,000. All other risks of loss are handled by the purchase of commercial insurance. Settled claims from the liability pool and commercial policies have not exceeded the insurance coverage in any of the past three years.

NOTE 10 – EMPLOYEE BENEFITS

The District contributes to a simple IRA defined-contribution plan (the Plan) for all its full-time employees and the Plan is administered by Wells Financial.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Board of Directors. The Plan allows employees to defer a portion of their compensation as provided by the Internal Revenue Code. Employees may defer any amount up to the maximum amount allowed by law. The District has elected to match employee's contributions up to 3% of their compensation. For the year ended December 31, 2017, employee contributions totaled \$13,251 and the District recognized pension expense of \$10,173.

The employees are immediately vested in both their own contributions and earnings on those contributions, along with the District's contributions and earnings on those contributions.

NOTE 11 - CONTINGENCIES AND COMMITMENTS

In 1992, Colorado voters passed an amendment to the state constitution which contains several limitations, including revenue raising, spending abilities and other specific requirements affecting state and local governments. The amendment, which is commonly known as the Tabor Amendment, is complex and subject to judicial interpretation; however, the District believes it is in compliance with the requirements of the amendment. In May, 2000, the voters of the District approved the District's request to retain the excess 1999 fiscal year spending and any excess fiscal year spending for all future years. As such, the fiscal year spending limitations outlined in the amendment no longer apply to the District. However, the District is subject to other provisions of the amendment.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Budget</u>	<u>With Final</u> <u>Budget Positive</u> <u>(Negative)</u>
RESOURCES (INFLOWS)				
Fund balance, beginning of year	\$ 116,919	\$ 116,919	\$ 507,118	\$ 390,199
Property taxes	715,130	715,130	710,643	(4,487)
Specific ownership taxes	90,000	90,000	121,707	31,707
Interest	3,800	3,800	7,249	3,449
Other	25,700	25,700	37,115	11,415
Other financing sources - transfers in	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
RESOURCES AVAILABLE FOR APPROPRIATION	<u>1,031,549</u>	<u>1,031,549</u>	<u>1,463,832</u>	<u>432,283</u>
APPROPRIATIONS (OUTFLOWS)				
Current -				
General government	475,600	475,600	445,758	29,842
Parks and recreation	474,900	474,900	413,733	61,167
Capital outlay	20,000	20,000	13,394	6,606
Debt service -				
Principal	32,292	32,292	32,292	-
Interest	8,757	8,757	8,757	-
Transfers out	<u>20,000</u>	<u>20,000</u>	<u>17,500</u>	<u>2,500</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>1,031,549</u>	<u>1,031,549</u>	<u>931,434</u>	<u>100,115</u>
FUND BALANCE, end of year	-	-	532,398	532,398
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>507,118</u>	<u>507,118</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,280</u>	<u>\$ 25,280</u>

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
RECONCILIATION OF THE BUDGETARY BASIS OF ACCOUNTING
TO GAAP BASIS OF ACCOUNTING
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017**

BUDGETARY BASIS

Explanation of differences between budgetary inflows and GAAP
revenues and expenditures

SOURCES/INFLOWS OF RESOURCES

Actual amounts (budgetary basis) "resources available for appropriation" from the budgetary comparison schedule	1,463,832
Differences - budget to GAAP	1,463,832
Beginning fund balance is an inflow of budgetary resources but is not revenue for reporting purposes	(507,118)
Transfers are an inflow of budgetary resources but are not revenue for reporting purposes.	<u>(80,000)</u>
GAAP basis revenues	<u>\$ 876,714</u>

APPROPRIATIONS/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 931,434
Differences - budget to GAAP	
Transfers out are an outflow of budgetary resources but are not expenditures for reporting purposes	<u>(17,500)</u>
GAAP basis expenditures	<u>\$ 913,934</u>

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 CONSERVATION TRUST FUND
 YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RESOURCES (INFLOWS)				
Fund balance, beginning of year	\$ 39,900	\$ 39,900	\$ 119,429	\$ 79,529
Intergovernmental	125,000	125,000	130,885	5,885
Interest	100	100	1,928	1,828
RESOURCES AVAILABLE FOR APPROPRIATION				
	<u>165,000</u>	<u>165,000</u>	<u>252,242</u>	<u>87,242</u>
APPROPRIATIONS (OUTFLOWS)				
Other financing uses - Transfers out	<u>165,000</u>	<u>165,000</u>	<u>124,200</u>	<u>40,800</u>
TOTAL CHARGES TO APPROPRIATIONS				
	<u>165,000</u>	<u>165,000</u>	<u>124,200</u>	<u>40,800</u>
FUND BALANCE, end of year	-	-	128,042	128,042
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>119,429</u>	<u>119,429</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,613</u>	<u>\$ 8,613</u>

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
RECONCILIATION OF THE BUDGETARY BASIS OF ACCOUNTING
TO GAAP BASIS OF ACCOUNTING
CONSERVATION TRUST FUND
YEAR ENDED DECEMBER 31, 2017**

BUDGETARY BASIS

Explanation of differences between budgetary inflows and outflows
and GAAP revenues and expenditures

SOURCES/INFLOWS OF RESOURCES

Actual amounts (budgetary basis) "resources available for appropriation" from the budgetary comparison schedule	\$ 252,242
Difference - budget to GAAP	
Beginning fund balance is an inflow of budgetary resources but is not revenue for reporting purposes	<u>(119,429)</u>
GAAP basis revenues	<u>\$ 132,813</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 124,200
Differences - budget to GAAP	
Transfers to other funds are outflows of budgetary resources but are not expenditures for reporting purposes	<u>(124,200)</u>
GAAP basis expenditures	<u>\$ -</u>

**CANON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017**

BUDGETARY INFORMATION

The District adheres to the following procedures in establishing the budgetary data reflected in the budgetary comparison schedules.

On or before the first board meeting in October, the executive director submits to the board of directors a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the board of directors to obtain taxpayer comments. The District adopts budgets for all funds, including proprietary funds, and all funds use the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budgets.

Expenditure estimates in the annual budgets are enacted into law by the passage of an appropriation resolution. The board of directors may amend the original adopted budgets during the year by passing new resolutions to reflect current needs and during 2017 the expenditure estimates were not amended.

The legal level of budgetary control exists at the total fund level which is to say total expenditures in each fund cannot legally exceed appropriations for that fund. In addition, encumbrance accounting is not employed as a part of the budgetary process.

ADDITIONAL INFORMATION

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts <u>Final</u>	Actual Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES AND OTHER FINANCING SOURCES			
Fund balance, beginning of year	\$ 44,200	-	\$ (44,200)
Intergovernmental	-	-	-
Interest	500	3,842	3,342
Other	5,500	8,442	2,942
Other financing sources - transfers in	<u>65,000</u>	<u>26,700</u>	<u>(38,300)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>115,200</u>	<u>38,984</u>	<u>(76,216)</u>
EXPENDITURES			
Current -			
Parks and recreation	50,200	17,543	32,657
Capital outlay	<u>65,000</u>	<u>22,524</u>	<u>42,476</u>
TOTAL EXPENDITURES	<u>115,200</u>	<u>40,067</u>	<u>75,133</u>
NET CHANGE IN FUND BALANCE	-	(1,083)	(1,083)
FUND BALANCE, January 1	<u>-</u>	<u>196,996</u>	<u>196,996</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 195,913</u>	<u>\$ 195,913</u>

CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT

ENTERPRISE FUNDS

SCHEDULE OF REVENUES, OTHER FINANCING SOURCES, EXPENDITURES AND OTHER FINANCING USES

BUDGET (NON GAAP BASIS) AND ACTUAL

YEAR ENDED DECEMBER 31, 2017

	Swimming Pool Fund				
	Actual - GAAP Basis	Adjustments To Actual	Actual - Budget Basis	Budget	Variance Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES					
Charges for services	\$ 78,988	\$ -	\$ 78,988	\$ 73,500	\$ 5,488
Interest	1,676	-	1,676	200	1,476
Transfers in	35,000	-	35,000	20,000	15,000
Other	192	-	192	300	(108)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>115,856</u>	<u>-</u>	<u>115,856</u>	<u>94,000</u>	<u>21,856</u>
EXPENDITURES AND OTHER FINANCING USES					
Salaries	69,790	-	69,790	60,500	(9,290)
Employee benefits	7,518	-	7,518	6,825	(693)
Purchased services	41,042	-	41,042	53,700	12,658
Depreciation	1,623	-	1,623	2,420	797
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>119,973</u>	<u>-</u>	<u>119,973</u>	<u>123,445</u>	<u>3,472</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES					
	<u>\$ (4,117)</u>	<u>-</u>	<u>\$ (4,117)</u>	<u>\$ (29,445)</u>	<u>\$ 25,328</u>

Program Activities Fund

Actual - GAAP Basis	Adjustments To Actual	Actual - Budget Basis	Budget	Variance Positive (Negative)
\$ 480,728	\$ -	\$ 480,728	\$ 501,060	\$ (20,332)
22	-	22	25	(3)
-	-	-	-	-
<u>7,324</u>	<u>-</u>	<u>7,324</u>	<u>5,700</u>	<u>1,624</u>
<u>488,074</u>	<u>-</u>	<u>488,074</u>	<u>506,785</u>	<u>(18,711)</u>
200,760	-	200,760	207,350	6,590
30,323	-	30,323	30,495	172
238,367	-	238,367	266,150	27,783
<u>444</u>	<u>(444)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>469,894</u>	<u>(444)</u>	<u>469,450</u>	<u>503,995</u>	<u>34,545</u>
<u>\$ 18,180</u>	<u>\$ 444</u>	<u>\$ 18,624</u>	<u>\$ 2,790</u>	<u>\$ 15,834</u>