

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

Financial Statements and Independent
Auditor's Report

December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

May 16, 2018

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, 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.

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, 2017, 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.

 **et Co., LLC**

Gunnison County Metropolitan Recreation District
Management's Discussion and Analysis
December 31, 2013

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).

2017 Financial Highlights

At December 31, 2017 the net position was \$839,117 representing an decrease of \$154 (.02%) when compared to 2016.

Total revenues were \$387,729 in 2017 representing an increase of \$7,424 (1.9%) when compared to 2016.

Total expenses were \$360,795 in 2017 representing a decrease of \$18,330 (5.0%) when compared to 2016.

Net capital assets were \$450,632 in 2017 compared to \$509,733 in 2016 for a net decrease of \$59,101 (11.6%).

The District's long-term debt was \$127,828 at December 31, 2017, as compared to \$161,491 at December 31, 2016.

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, 2013

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>2017</u>	<u>2016</u>
Current Assets	873,782	837,776
Other Assets	0	0
Capital Assets	450,632	509,733
Less: Current Liabilities and Deferred Inflows of Resources	<u>(485,297)</u>	<u>(508,238)</u>
Total Net Position	839,117	839,271

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>2017</u>	<u>2016</u>
<u>Operating Revenues</u>		
Tax Revenues – Net	306,121	290,556
Conservation Trust Fund (State Lottery Funds)	77,600	84,675
Earnings on Investments	1,812	1,759
Other Income	<u>2,196</u>	<u>3,315</u>
Total Operating Revenues	387,729	380,305

REVIEW OF EXPENSES

	<u>2017</u>	<u>2016</u>
<u>Operating Expenses</u>		
Administration	103,713	108,668
Community Contributions – grants	16,800	17,748
Translator System Operations	127,106	125,762
Vehicle Expenses	12,252	5,814
Conservation Trust Fund Expenses	61,758*	65,459*
Capital Outlay	0	12,508
Debt Service Principal	33,664	36,367
Debt Service Interest	<u>5,502</u>	<u>6,799</u>
Total Operating Expenses	360,795	379,125

Gunnison County Metropolitan Recreation District
Management's Discussion and Analysis
December 31, 2013

* Conservation Trust Fund (CTF) Revenue collections for Gunnison County is shared on an annual basis with other local governments located within Gunnison County as follows: City of Gunnison, Gunnison County, Town of Crested Butte, Town of Mt. Crested Butte, Town of Pitkin. In 2017 \$38,654 of the \$61,758 in Gunnison County collections was disbursed to other local governments to be used for CTF allowable expenditures. Saguache County has opted out of revenue sharing disbursements.

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

CAPITAL ASSETS

Capital Assets Not Being Depreciated	<u>2017</u>	<u>2016</u>
Land	68,000	68,000
 Capital Assets Being Depreciated	 <u>2017</u>	 <u>2016</u>
Buildings	239,508	239,508
Machinery and Equipment	1,016,776	1,009,414
Transportation Equipment	<u>108,850</u>	<u>108,850</u>
Total Capital Assets Being Depreciated	1,365,134	1,357,772
 Less accumulated depreciation		
Building	20,332	14,344
Machinery and Equipment	853,320	792,845
Transportation Equipment	<u>108,850</u>	<u>108,850</u>
Total Accumulated Depreciation	982,502	916,039
 Capital Assets, Net	 450,632	 509,733
 Debt and Other Financial Obligations	 127,828	 161,491

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
December 31, 2013

Gunnison County Metropolitan Recreation District
P O Box 1369
Gunnison CO 81230
Phone: 970-641-8725
Email: admin@gcmetrec.com

Gunnison County Metropolitan Recreation District
Statement of Net Position
December 31, 2017

		Governmental Activities
Assets		
Current Assets		
Cash and cash equivalents	\$	561,208
Cash with fiscal agent		1,710
Prepaid expenses and deposits		11,179
Property taxes receivable		299,685
		873,782
Total Current Assets		
Non-current Assets		
Capital assets, net		450,632
		450,632
Total Assets		
	\$	1,324,414
Liabilities		
Current Liabilities		
Accounts payable	\$	43,650
Accrued payroll, compensated absences, and related liabilities		7,333
Lease purchase obligation, current portion		24,785
		75,768
Total Current Liabilities		
Noncurrent Liabilities		
Accrued leave time		6,801
Lease purchase obligation, noncurrent portion		103,043
		109,844
Total Liabilities		
		185,612
Deferred Inflows of Resources		
Deferred property tax revenue		299,685
		299,685
Total Deferred Inflows of Resources		
		299,685
Net Position		
Net investment in capital assets		322,804
Restricted for emergencies		10,824
Restricted for Conservation Trust Fund approved purposes		176,714
Unrestricted		328,775
		839,117
Total Net Position		
	\$	839,117

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, 2017

	Expenses	Operating Grants and Contributions	Net Expense (Revenue)
Governmental Activities			
Television and recreation	\$ 387,883	\$ 77,600	\$ (310,283)
Totals	\$ 387,883	\$ 77,600	\$ (310,283)
General Revenues			
Property taxes			286,349
Specific ownership taxes			19,772
Lease income			2,000
Interest income			1,812
Other			196
		Total General Revenues	310,129
		Change in Net Position	(154)
Net Position, beginning of year			839,271
Net Position, end of year			\$ 839,117

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

Gunnison County Metropolitan Recreation District
 Balance Sheet
 Governmental Fund
 December 31, 2017

	General Fund
Assets	
Cash and cash equivalents	\$ 561,208
Cash with fiscal agent	1,710
Prepaid expenses and deposits	11,179
Property taxes receivable	299,685
Total Current Assets	873,782
Total Assets	\$ 873,782
Liabilities	
Accounts payable	\$ 43,650
Accrued payroll and related expenses	7,333
Total Liabilities	50,983
Deferred Inflows of Resources	
Deferred property tax revenue	299,685
Total Deferred Inflows of Resources	299,685
Fund Balance	
Nonspendable	11,179
Restricted for emergencies	10,824
Restricted for Conservation Trust Fund approved purposes	176,714
Committed for capital projects	142,725
Unassigned	181,672
Total Fund Balance	523,114
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 873,782
Total Fund Balance	\$ 523,114
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.	450,632
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	(6,801)
Lease purchase obligation	(127,828)
Total Net Position	\$ 839,117

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, 2017

	General Fund
Revenues	
Property taxes	\$ 286,349
Specific ownership taxes	19,772
Conservation trust fund revenue	77,600
Lease income	2,000
Interest income	1,812
Miscellaneous	196
Total Revenues	387,729
Expenditures	
Administration	103,713
Community Contributions - grants	16,800
Translator system operations	127,106
Vehicle expenses	12,252
Conservation Trust Fund expenses	61,758
Debt service principal	33,664
Debt service interest	5,502
Total Expenditures	360,795
Net Change in Fund Balances	26,934
Fund balances, beginning of year	496,180
Fund balances, end of year	\$ 523,114
 Total net change in fund balances - governmental funds	 \$ 26,934

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	7,362
Depreciation expense	(66,463)

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	33,664
Change in accrued leave time	(1,651)
Change in net position - governmental activities	\$ (154)

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

Gunnison County Metropolitan Recreation District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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, 2017

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, 2017

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, 2017

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, 2017

taxes levied in 2017 for collection in 2018 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, 2017, 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, 2017, the District held no investments.

Gunnison County Metropolitan Recreation District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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	1,009,414	7,362	-	1,016,776
Buildings	239,508	-	-	239,508
Transportation equipment	108,850	-	-	108,850
Total capital assets being depreciated	<u>1,357,772</u>	<u>7,362</u>	<u>-</u>	<u>1,365,134</u>
Total capital assets	<u>\$ 1,425,772</u>	<u>\$ 7,362</u>	<u>\$ -</u>	<u>\$ 1,433,134</u>
Less accumulated depreciation				
Machinery and equipment	\$ 792,845	\$ 60,475	\$ -	\$ 853,320
Building	14,344	5,988	-	20,332
Transportation equipment	108,850	-	-	108,850
Total accumulated depreciation	<u>916,039</u>	<u>66,463</u>	<u>-</u>	<u>982,502</u>
Capital assets, net	<u>\$ 509,733</u>	<u>\$ (59,101)</u>	<u>\$ -</u>	<u>\$ 450,632</u>

Gunnison County Metropolitan Recreation District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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 \$19,863. 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, 2017 were as follows:

Year ending December 31,	
2018	\$ 29,166
2019	29,166
2020	29,166
2021	29,166
2022	<u>23,732</u>
Total minimum lease payments	140,396
Less amount representing interest	<u>12,568</u>
Present value of minimum lease payments	<u>\$ 127,828</u>

Changes in the District's long-term obligations for the year ended December 31, 2017 are as follows:

	<u>12/31/2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2017</u>	<u>Due Within One Year</u>
Lease purchase agreement	\$ 161,491	\$ -	\$ 33,663	\$ 127,828	\$ 24,785
Accrued leave time	5,151	1,650	-	6,801	

Conservation Trust Funds

A summary of the District's Conservation Trust activity for the year ended December 31, 2017 is as follows:

Beginning balance	\$ 160,606
Lottery receipts	77,600
Interest income	265
Expenditures	<u>(61,757)</u>
Ending balance	<u>\$ 176,714</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, 2017

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, 2017 is \$10,824.

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, 2016 is as follows:

Assets	<u>\$ 52,645,796</u>
Liabilities	\$ 28,757,242
Surplus	<u>23,888,554</u>
	<u>\$ 52,645,796</u>
Revenues	\$ 19,338,769
Expenses	<u>14,100,230</u>
Excess of Revenues over Expenses	<u>\$ 5,238,539</u>

REQUIRED SUPPLEMENTARY INFORMATION

Gunnison County Metropolitan Recreation District
 Budgetary Comparison Schedule
 General Fund
 For the year ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Property taxes	\$ 288,944	\$ 288,944	\$ 286,349	\$ (2,595)
Specific ownership taxes	15,100	15,100	19,772	4,672
Conservation trust fund revenue	72,000	72,000	77,600	5,600
Lease income	2,000	2,000	2,000	-
Interest income	1,700	1,700	1,812	112
Miscellaneous	200	200	196	(4)
Total Revenues	<u>379,944</u>	<u>379,944</u>	<u>387,729</u>	<u>7,785</u>
Expenditures				
Administration				
Accounting and audit	5,800	5,800	5,420	(380)
Administrative staff training	1,500	1,500	-	(1,500)
Dues and subscriptions	600	600	524	(76)
Elections	-	-	36	36
Electricity and propane	9,500	9,500	8,202	(1,298)
Insurance	4,200	4,200	7,028	2,828
Legal	3,000	3,000	-	(3,000)
Office, postage, and advertising	3,500	3,500	5,679	2,179
Payroll taxes	12,500	12,500	9,235	(3,265)
Planning	1,500	1,500	468	(1,032)
Telephone	2,000	2,000	1,921	(79)
Treasurer fees	9,125	9,125	8,635	(490)
Wages	60,600	60,600	56,565	(4,035)
Total Administration	<u>113,825</u>	<u>113,825</u>	<u>103,713</u>	<u>(10,112)</u>
Community contributions - grants	10,000	10,000	16,800	6,800
Translator System Operations				
Contract labor	12,000	12,000	2,845	(9,155)
Dues	300	300	510	210
Electricity and propane	14,000	14,000	13,597	(403)
Insurance	4,300	4,300	4,100	(200)
Joint pole usage and equipment rental	500	500	742	242
Legal	3,000	3,000	460	(2,540)
Licenses and permits	2,000	2,000	275	(1,725)
Materials	15,000	15,000	8,917	(6,083)
Site lease	12,750	12,750	12,275	(475)
Subscriber fees	20,000	20,000	20,476	476
Telephone	250	250	-	(250)
Tools and equipment	2,000	2,000	70	(1,930)
Travel and training	2,500	2,500	4,703	2,203
Wages	60,000	60,000	58,136	(1,864)
Total Translator System Operations	<u>148,600</u>	<u>148,600</u>	<u>127,106</u>	<u>(21,494)</u>
Vehicle Expenses				
Maintenance - ATV	-	-	718	718
Maintenance - truck	2,500	2,500	2,229	(271)
Operating - snow cat and snow mobile	2,500	2,500	7,475	4,975
Operating - truck	1,200	1,200	1,069	(131)
Vehicle insurance	800	800	761	(39)
Total Vehicle Expenses	<u>7,000</u>	<u>7,000</u>	<u>12,252</u>	<u>5,252</u>
Conservation Trust Expenses				
Conservation trust capital outlay	15,000	15,000	20,493	5,493
Conservation trust intergovernmental sharing	36,000	36,000	38,654	2,654
Conservation trust other expenses - grants	25,000	25,000	2,611	(22,389)
Total Conservation Trust Fund Expenses	<u>76,000</u>	<u>76,000</u>	<u>61,758</u>	<u>(14,242)</u>
Debt service principal	32,520	32,520	33,664	1,144
Debt service interest	6,645	6,645	5,502	(1,143)
Total Expenses	<u>394,590</u>	<u>394,590</u>	<u>360,795</u>	<u>(33,795)</u>
Net change in fund balances	<u>(14,646)</u>	<u>(14,646)</u>	<u>26,934</u>	<u>41,580</u>
Fund balances, beginning of year	496,180	496,180	496,180	-
Fund balances, end of year	<u>\$ 481,534</u>	<u>\$ 481,534</u>	<u>\$ 523,114</u>	<u>\$ 41,580</u>