

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2018**

## CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3
<b>BASIC FINANCIAL STATEMENTS</b>	
<u>Government-Wide Financial Statements -</u>	
Statement of Net Position	9
Statement of Activities	10
<u>Fund Financial Statements –</u>	
Governmental Funds –	
Balance Sheet	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	14
Proprietary Funds –	
Statement of Net Position	15
Statement of Revenues, Expenses and Changes in Fund Net Position	16
Statement of Cash Flows	17
<u>Notes to Financial Statements</u>	19
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule – General Fund	32
Reconciliation of the Budgetary Basis of Accounting to GAAP Basis of Accounting – General Fund	33
Budgetary Comparison Schedule – Conservation Trust Fund	34
Reconciliation of the Budgetary Basis of Accounting to GAAP Basis of Accounting – Conservation Trust Fund	35
Notes to Required Supplementary Information	36
<b>ADDITIONAL INFORMATION</b>	
Capital Projects Fund –	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	37
Enterprise Funds –	
Schedule of Revenues, Other Financing Sources, Expenditures and Other Financing Uses – Budget (Non-GAAP basis) and Actual	38



503 N. Main St., Suite 740  
Pueblo, CO 81003-3131  
719.543.0516  
719.544.2849 Fax  
www.cpapueblo.com

**McPherson, Goodrich, Paolucci & Mihelich, PC**

*Tax/Consulting/Audit*

*Certified Public Accountants*

## **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, 2018, 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, 2018, 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.

*McPherson, Goodrich, Paulucci & Mitchell PC*

February 15, 2019

# 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, 2018 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 2017 and 2018. A condensed version of the statement of net position at December 31, 2017 and 2018 follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash/Investments	\$ 738,860	\$ 873,766	\$ 256,274	\$ 255,223
Other Assets	769,386	765,995	7,181	2,034
Capital Assets, Net	<u>3,788,117</u>	<u>3,814,869</u>	<u>17,215</u>	<u>18,882</u>
Total Assets	<u>5,296,363</u>	<u>5,454,630</u>	<u>280,670</u>	<u>276,139</u>
Current Liabilities	69,333	118,715	16,176	14,770
Long Term Liabilities	<u>7,805</u>	<u>115,953</u>	<u>898</u>	<u>420</u>
Total Liabilities	<u>77,138</u>	<u>234,668</u>	<u>17,074</u>	<u>15,190</u>
Deferred inflows of resources				
Property Taxes	<u>734,820</u>	<u>725,037</u>	<u>-</u>	<u>-</u>
Net Position:				
Net investment in capital assets	3,788,117	3,673,545	17,215	18,882
Restricted for Tabor	30,000	30,000	-	-
Restricted for parks projects	63,053	128,042	-	-
Unrestricted	<u>603,235</u>	<u>663,338</u>	<u>246,381</u>	<u>242,067</u>
Total Net Position	<u>\$ 4,484,405</u>	<u>\$ 4,494,925</u>	<u>\$ 263,596</u>	<u>\$ 260,949</u>

#### Financial Analysis

In 2018 the District constructed a shop building at Pathfinder Regional Park, and purchased a used truck and new mower to augment its aging equipment.

Also within the General fund, the District prepaid the balance due on the lease purchase agreement for the property at 575 Ash Street, thereby reducing both the cash/investments and long term liabilities in the governmental activities funds.

The net position for the business-type activities funds remained stable from 2017 to 2018.

## GOVERNMENTAL ACTIVITIES

A condensed statement of activities for the governmental activities for the years ending December 31, 2018 and 2017 follows:

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Program revenues		
Charges for services	\$ 25,901	\$ 24,120
Operating grants and contributions	136,656	140,597
Capital grants and contributions	-	-
General revenues		
Property taxes	723,767	710,643
Specific ownership taxes	121,219	121,707
Unrestricted investment earnings	21,608	13,019
Other	12,372	11,725
Total Revenues	<u>1,041,523</u>	<u>1,021,811</u>
Expenses		
General government	500,801	459,399
Parks and recreation	527,866	524,825
Interest on long-term debt	3,376	8,757
Total Expenses	<u>1,032,043</u>	<u>992,981</u>
Change in net position before transfers	9,480	28,830
Transfers	(20,000)	(35,000)
Net position, beginning of year	<u>4,494,925</u>	<u>4,501,095</u>
Net position, end of year	<u>\$ 4,484,405</u>	<u>\$ 4,494,925</u>

### Financial Analysis

Property tax revenue increased \$13,124 in 2018 compared to 2017, and unrestricted investment earnings \$8,589 year to year.

In 2018 the intergovernmental transfers to the pool fund decreased by \$15,000 from 2017.

The increase in general government expenses was predominately due to higher expenditures on wages, benefits and fees for services.

## BUSINESS -TYPE ACTIVITIES

A condensed statement of activities for the business-type activities for the years ending December 31, 2018 and 2017 follows:

	Business-Type Activities	
	2018	2017
Operating Revenues		
Charges for services	\$ 423,221	\$ 559,716
Other Revenues		
Other	12,544	7,516
Unrestricted investment earnings	3,578	1,698
Total Revenues	439,343	568,930
Expenses		
Program activities	336,403	469,894
Pool	120,293	119,973
Total Expenses	456,696	589,867
Increase/(Decrease) in net position before transfers	(17,353)	(20,937)
Transfers	20,000	35,000
Change in net position	2,647	14,063
Net position, beginning of year	260,949	246,886
Net position, end of year	\$ 263,596	\$ 260,949

### Financial Analysis

Both the revenues and expenses for the Programs Activities fund were reduced from the prior year as the District did not participate in the Royal Gorge Whitewater Festival fundraising special event in 2018. In 2018, \$20,000 was transferred from the Conservation Trust Fund (a governmental fund) to the Pool Enterprise Fund (a business activity 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 \$895,442 for the year ended December 31, 2018 compared to \$876,714 for the year ended December 31, 2017. Expenditures of the general fund were \$1,095,291 for 2018 compared to \$913,934 for 2017. The following table reflects a summarization of revenues and expenditures for the general fund:

	<u>2018</u>	<u>2017</u>
Revenues		
Property taxes	\$723,767	\$710,643
Specific ownership taxes	121,219	121,707
Other	<u>50,456</u>	<u>44,364</u>
Total revenues	<u>895,442</u>	<u>876,714</u>
Expenditures		
General government	492,326	445,758
Parks and trails	430,932	413,733
Capital Outlay	27,333	13,394
Debt service	<u>144,700</u>	<u>41,049</u>
Total expenditures	<u>1,095,291</u>	<u>913,934</u>
Excess (deficiency) of revenues over expenditures	(199,849)	(37,220)
Net Transfers	<u>130,050</u>	<u>62,500</u>
Net change in fund balance	(69,799)	25,280
Fund balance, beginning of year	<u>532,398</u>	<u>507,118</u>
Fund balance, end of year	<u><u>\$462,599</u></u>	<u><u>\$532,398</u></u>

Financial Analysis

The increase in total general fund revenues from 2017 to 2018 is \$18,728 due to additional property taxes and other revenue, most notably in interest income.

The increase in total expenditures for the general fund were in large part due to the District's decision to prepay the balance due on the lease purchase agreement for the Ash Street property. Debt service expenditures for 2018 were \$103,651 higher than in 2017,

## 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 \$3,805,332 at December 31, 2018 compared to \$3,833,751 at December 31, 2017.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$1,781,421	\$1,781,421	\$6,000	\$6,000
Intangibles	14,100	14,100	-	-
Buildings	427,685	395,691	3,674	4,897
Improvements	1,451,526	1,522,746	7,541	7,985
Equipment	113,385	100,911	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal	<u>3,788,117</u>	<u>3,814,869</u>	<u>17,215</u>	<u>18,882</u>
Capital Assets Net	<u><u>\$3,788,117</u></u>	<u><u>\$3,814,869</u></u>	<u><u>\$17,215</u></u>	<u><u>\$18,882</u></u>

The District's change in capital assets in governmental activities resulted from the construction of a shop building, and the purchase of additional equipment.

### Debt Outstanding

At December 31, 2018 the District no longer had an outstanding obligation under a capital lease. The prepayment of the sums due on the lease-purchase agreement for the property at 575 Ash Street was completed in 2018.

## 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, 2018**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 100	\$ 50	\$ 150
Equity in pooled cash	-	63,597	63,597
Investments	738,760	192,627	931,387
Receivables	744,061	3,881	747,942
Other assets	25,325	3,300	28,625
Capital assets, net of accumulated depreciation -			
Land	1,781,421	6,000	1,787,421
Intangibles	14,100	-	14,100
Buildings	427,685	3,673	431,358
Improvements	1,451,526	7,542	1,459,068
Equipment	113,385	-	113,385
Total capital assets	<u>3,788,117</u>	<u>17,215</u>	<u>3,805,332</u>
<b>TOTAL ASSETS</b>	<u>5,296,363</u>	<u>280,670</u>	<u>5,577,033</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	27,571	15,278	42,849
Equity in pooled cash	18,346	-	18,346
Long-term liabilities -			
Due within one year -			
Compensated absences	23,416	898	24,314
Due in more than one year -			
Compensated absences	<u>7,805</u>	<u>898</u>	<u>8,703</u>
<b>TOTAL LIABILITIES</b>	<u>77,138</u>	<u>17,074</u>	<u>94,212</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	<u>734,820</u>	<u>-</u>	<u>734,820</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,788,117	17,215	3,805,332
Restricted for -			
Tabor	30,000	-	30,000
Parks projects	63,053	-	63,053
Unrestricted	<u>603,235</u>	<u>246,381</u>	<u>849,616</u>
<b>TOTAL NET POSITION</b>	<u>\$ 4,484,405</u>	<u>\$ 263,596</u>	<u>\$ 4,748,001</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, 2018**

<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>
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 500,801	\$ -	\$ -	\$ -
Parks and recreation	527,866	25,901	136,656	-
Interest on long-term debt	3,376	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>1,032,043</u>	<u>25,901</u>	<u>136,656</u>	<u>-</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Swimming pool	120,293	72,250	-	-
Program activities	336,403	350,971	1,700	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>456,696</u>	<u>423,221</u>	<u>1,700</u>	<u>-</u>
<b>TOTAL</b>	<u>\$ 1,488,739</u>	<u>\$ 449,122</u>	<u>\$ 138,356</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
\$ (500,801)	\$ -	\$ (500,801)
(365,309)	-	(365,309)
<u>(3,376)</u>	<u>-</u>	<u>(3,376)</u>
<u>(869,486)</u>	<u>-</u>	<u>(869,486)</u>
-	(48,043)	(48,043)
<u>-</u>	<u>16,268</u>	<u>16,268</u>
<u>-</u>	<u>(31,775)</u>	<u>(31,775)</u>
<u>(869,486)</u>	<u>(31,775)</u>	<u>(901,261)</u>
723,767	-	723,767
121,219	-	121,219
21,608	3,578	25,186
12,372	10,844	23,216
<u>(20,000)</u>	<u>20,000</u>	<u>-</u>
<u>858,966</u>	<u>34,422</u>	<u>893,388</u>
(10,520)	2,647	(7,873)
<u>4,494,925</u>	<u>260,949</u>	<u>4,755,874</u>
<u>\$ 4,484,405</u>	<u>\$ 263,596</u>	<u>\$ 4,748,001</u>

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2018**

	<u>General Fund</u>	<u>Conservation Trust Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 100	\$ -	\$ -	\$ 100
Equity in pooled cash	212,878	-	-	212,878
Investments	322,209	63,059	353,494	738,762
Property taxes receivable	734,820	-	-	734,820
Due from county treasurer	9,241	-	-	9,241
Due from general fund	-	-	79,583	79,583
Prepaid items	25,324	-	-	25,324
<b>TOTAL ASSETS</b>	<u>\$ 1,304,572</u>	<u>\$ 63,059</u>	<u>\$ 433,077</u>	<u>\$ 1,800,708</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 13,490	\$ -	\$ -	\$ 13,490
Accrued liabilities	14,080	-	-	14,080
Due to capital projects fund	79,583	-	-	79,583
Equity in pooled cash	-	6	231,218	231,224
<b>Total Liabilities</b>	<u>107,153</u>	<u>6</u>	<u>231,218</u>	<u>338,377</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	734,820	-	-	734,820
<b>Total deferred inflows of resources</b>	<u>734,820</u>	<u>-</u>	<u>-</u>	<u>734,820</u>
 <b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	 <u>841,973</u>	 <u>6</u>	 <u>231,218</u>	 <u>1,073,197</u>
 <b>FUND BALANCE</b>				
Nonspendable	25,324	-	-	25,324
Restricted	30,000	63,053	-	93,053
Committed	-	-	-	-
Assigned	115,925	-	201,859	317,784
Unassigned	291,350	-	-	291,350
<b>TOTAL FUND BALANCE</b>	<u>462,599</u>	<u>63,053</u>	<u>201,859</u>	<u>727,511</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	 <u>\$ 1,304,572</u>	 <u>\$ 63,059</u>	 <u>\$ 433,077</u>	 <u>\$ 1,800,708</u>

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, 2018**

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

Total fund balances - governmental funds	\$	727,511
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	\$	5,285,037
Accumulated depreciation is	<u>(1,496,921)</u>	3,788,116
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:		
Compensated absences	<u>(31,222)</u>	<u>(31,222)</u>
Total net position - governmental activities	\$	<u><u>4,484,405</u></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, 2018**

	General <u>Fund</u>	Conservation <u>Trust Fund</u>	Capital <u>Projects Fund</u>	Total Governmental <u>Funds</u>
<b>REVENUES</b>				
Property taxes	\$ 723,767	\$ -	\$ -	\$ 723,767
Specific ownership taxes	121,219	-	-	121,219
Intergovernmental	-	136,242	-	136,242
Interest	11,861	3,769	5,979	21,609
Other	38,595	-	92	38,687
<b>TOTAL REVENUES</b>	<u>895,442</u>	<u>140,011</u>	<u>6,071</u>	<u>1,041,524</u>
<b>EXPENDITURES</b>				
Current -				
General government	492,326	-	-	492,326
Parks and recreation	430,932	-	3,425	434,357
Capital outlay	27,333	-	51,650	78,983
Debt service -				
Principal	141,324	-	-	141,324
Interest	3,376	-	-	3,376
<b>TOTAL EXPENDITURES</b>	<u>1,095,291</u>	<u>-</u>	<u>55,075</u>	<u>1,150,366</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(199,849)	140,011	(49,004)	(108,842)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	130,050	-	54,950	185,000
Transfers out	-	(205,000)	-	(205,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>130,050</u>	<u>(205,000)</u>	<u>54,950</u>	<u>(20,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(69,799)	(64,989)	5,946	(128,842)
<b>FUND BALANCES, January 1</b>	<u>532,398</u>	<u>128,042</u>	<u>195,913</u>	<u>856,353</u>
<b>FUND BALANCES, December 31</b>	<u>\$ 462,599</u>	<u>\$ 63,053</u>	<u>\$ 201,859</u>	<u>\$ 727,511</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, 2018**

Amounts reported for governmental activities are different because:

Total net change in fund balances - governmental funds	\$ (128,842)
--	--------------

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	(105,736)	
Capital outlay	<u>78,983</u>	(26,753)

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 paid exceeded amounts earned by

3,751

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>141,324</u>
---	----------------

Change in net position - governmental activities	<u><u>\$ (10,520)</u></u>
--	---------------------------

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, 2018**

	Business-Type Activities		
	Swimming Pool Fund	Program Activities Fund	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ -	\$ 50	\$ 50
Equity in pooled cash	-	249,204	249,204
Accounts receivable	-	3,881	3,881
Prepaid expenses	-	3,300	3,300
Investments	190,663	1,964	192,627
<b>TOTAL CURRENT ASSETS</b>	190,663	258,399	449,062
<b>NONCURRENT ASSETS</b>			
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
	285,296	44,265	329,561
Accumulated depreciation	(275,623)	(36,723)	(312,346)
Net capital assets	9,673	7,542	17,215
<b>TOTAL ASSETS</b>	200,336	265,941	466,277
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	155	11,274	11,429
Equity in pooled cash	185,607	-	185,607
Accrued salaries	-	3,849	3,849
Accrued compensated absences	-	898	898
<b>TOTAL CURRENT LIABILITIES</b>	185,762	16,021	201,783
<b>NONCURRENT LIABILITIES</b>			
Accrued compensated absences	-	898	898
<b>TOTAL NONCURRENT LIABILITIES</b>	-	898	898
<b>TOTAL LIABILITIES</b>	185,762	16,919	202,681
<b>NET POSITION</b>			
Net investment in capital assets	9,673	7,542	17,215
Unrestricted	4,901	241,480	246,381
<b>TOTAL NET POSITION</b>	\$ 14,574	\$ 249,022	\$ 263,596

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, 2018**

	Business-Type Activities		
	Swimming Pool <u>Fund</u>	Program Activities <u>Fund</u>	<u>Total</u>
	<b>OPERATING REVENUES</b>		
Charges for services	\$ 72,250	\$ 350,971	\$ 423,221
<b>TOTAL OPERATING REVENUES</b>	<u>72,250</u>	<u>350,971</u>	<u>423,221</u>
<b>OPERATING EXPENSES</b>			
Salaries	63,927	187,553	251,480
Employee benefits	7,552	30,056	37,608
Purchased services	47,590	118,350	165,940
Depreciation	1,224	444	1,668
<b>TOTAL OPERATING EXPENSES</b>	<u>120,293</u>	<u>336,403</u>	<u>456,696</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(48,043)</u>	<u>14,568</u>	<u>(33,475)</u>
<b>NONOPERATING REVENUES</b>			
Interest	3,538	40	3,578
Other	1,451	11,093	12,544
<b>TOTAL NONOPERATING REVENUES</b>	<u>4,989</u>	<u>11,133</u>	<u>16,122</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(43,054)</u>	<u>25,701</u>	<u>(17,353)</u>
Transfers in	20,000	-	20,000
<b>CHANGE IN NET POSITION</b>	<u>(23,054)</u>	<u>25,701</u>	<u>2,647</u>
<b>TOTAL NET POSITION - January 1</b>	<u>37,628</u>	<u>223,321</u>	<u>260,949</u>
<b>TOTAL NET POSITION - December 31</b>	<u>\$ 14,574</u>	<u>\$ 249,022</u>	<u>\$ 263,596</u>

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, 2018**

	Business-Type Activities		
	Swimming	Program	Total
	Pool Fund	Activities Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 72,250	\$ 349,124	\$ 421,374
Cash paid for goods and services	(47,624)	(121,875)	(169,499)
Cash paid to employees	(71,478)	(215,469)	(286,947)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(46,852)</b>	<b>11,780</b>	<b>(35,072)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grants and contributions	1,451	11,093	12,544
Transfers in	20,000	-	20,000
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>21,451</b>	<b>11,093</b>	<b>32,544</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment earnings received	3,538	40	3,578
Net change in short-term investments	(23,538)	(40)	(23,578)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>(20,000)</b>	<b>-</b>	<b>(20,000)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(45,401)</b>	<b>22,873</b>	<b>(22,528)</b>
<b>CASH AND CASH EQUIVALENTS, January 1</b>	<b>(140,206)</b>	<b>226,381</b>	<b>86,175</b>
<b>CASH AND CASH EQUIVALENTS, December 31</b>	<b>\$ (185,607)</b>	<b>\$ 249,254</b>	<b>\$ 63,647</b>
<b>REPORTED AS FOLLOWS:</b>			
Cash	-	50	50
Equity in pooled cash	(185,607)	249,204	63,597
	<b>\$ (185,607)</b>	<b>\$ 249,254</b>	<b>\$ 63,647</b>

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, 2018**

	Business-Type Activities		
	Swimming Pool Fund	Program Activities Fund	Total
<b>RECONCILIATION OF OPERATING INCOME</b>			
<b>(LOSS) TO NET CASH PROVIDED (USED)</b>			
<b>BY OPERATING ACTIVITIES</b>			
Operating income (loss)	(48,043)	14,568	(33,475)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -			
Depreciation	1,224	444	1,668
Change in assets and liabilities -			
Accounts receivable	-	(1,847)	(1,847)
Prepaid expenses	-	(3,300)	(3,300)
Accounts payable	(33)	(226)	(259)
Accrued salaries and compensated absences	-	2,141	2,141
	-	2,141	2,141
<b>NET CASH PROVIDED (USED) BY</b>			
<b>OPERATING ACTIVITIES</b>	<b>\$ (46,852)</b>	<b>\$ 11,780</b>	<b>\$ (35,072)</b>

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, 2018**

**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, 2018**

**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, 2018**

**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, 2018**

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

**E. PROPERTY TAXES**

Property taxes were levied on December 12, 2018 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, 2018 for the 2016 base year specified by state law.

The taxes levied on December 12, 2018 reflect 2018 property taxes that will be collected in 2019 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, 2019 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, 2018.

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 2018**

**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, 2018**

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are summarized as follows:

Cash on hand	\$	150
Demand deposits		<u>45,251</u>
		<u>\$ 45,401</u>

	<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	<u>(18,346)</u>	<u>63,597</u>	<u>45,251</u>
	<u>\$ (18,246)</u>	<u>\$ 63,647</u>	<u>\$ 45,401</u>

Deposits

At December 31, 2018, the carrying amount of the District’s deposits was \$45,251 and the bank balance was \$47,642, 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, 2018, 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, 2018, 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, 2018**

**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, 2018 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, 2018 consist of the following:

	<u>Governmental Activities</u>	
	<u>General</u>	<u>Total</u>
	<u>Fund</u>	<u>Total</u>
Property taxes	\$ 734,820	\$ 734,820
Due from county treasurer	9,241	9,241
	<u>\$ 744,061</u>	<u>\$ 744,061</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, 2018 was as follows:

	Balance January 1, 2018	<u>Additions</u>	Deletions/ Inventory Adjustments/ <u>Transfers</u>	Balance December 31, 2018
Governmental activities –				
Nondepreciable assets –				
Land	\$ 1,781,421	\$ -	\$ -	\$ 1,781,421
Intangibles (water rights)	14,100	-	-	14,100
Total capital assets not being depreciated	<u>1,795,521</u>	<u>-</u>	<u>-</u>	<u>1,795,521</u>

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 4 – CAPITAL ASSETS (Cont'd.)**

	Balance January 1, <u>2018</u>	<u>Additions</u>	Deletions/ Inventory Adjustments/ <u>Transfers</u>	Balance December 31, <u>2018</u>
Depreciable assets –				
Buildings	710,544	51,650	-	762,194
Improvements	2,437,151	-	-	2,437,151
Equipment	<u>262,838</u>	<u>27,333</u>	-	<u>290,171</u>
Total capital assets being depreciated	<u>3,410,533</u>	<u>78,983</u>	-	<u>3,489,516</u>
Less: accumulated depreciation for -				
Buildings	(314,853)	(19,656)	-	(334,509)
Improvements	(914,405)	(71,220)	-	(985,625)
Equipment	<u>(161,927)</u>	<u>(14,859)</u>	-	<u>(176,786)</u>
Total accumulated depreciation	<u>(1,391,185)</u>	<u>(105,735)</u>	-	<u>(1,496,920)</u>
Capital assets being depreciated, net	<u>2,019,348</u>	<u>(26,752)</u>	-	<u>1,992,596</u>
Total governmental activities capital assets, net	<u>\$ 3,814,869</u>	<u>\$ (26,752)</u>	<u>\$ -</u>	<u>\$ 3,788,117</u>
Business-type activities -				
Nondepreciable assets –				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
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>35,379</u>	-	-	<u>35,379</u>
Total capital assets being depreciated	<u>323,561</u>	<u>-</u>	<u>-</u>	<u>323,561</u>
Less: accumulated depreciation for -				
Buildings	(129,371)	(1,223)	-	(130,594)
Improvements	(145,929)	(444)	-	(146,373)
Equipment	<u>(37,379)</u>	<u>-</u>	<u>-</u>	<u>(35,379)</u>
Total accumulated depreciation	<u>(310,679)</u>	<u>(1,667)</u>	<u>-</u>	<u>(312,346)</u>
Capital assets being depreciated, net	<u>12,882</u>	<u>(1,667)</u>	-	<u>11,215</u>
Total business-type activities capital assets, net	<u>\$ 18,882</u>	<u>\$ (1,667)</u>	<u>\$ -</u>	<u>\$ 17,215</u>

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 4 – CAPITAL ASSETS (Cont'd.)**

Depreciation expense was charged to functions/programs as follows:

Governmental activities –		
General government	\$	13,440
Parks and recreation		<u>92,295</u>
Total depreciation – governmental activities	\$	<u><u>105,735</u></u>
Business-type activities –		
Swimming pool	\$	1,223
Program activities		<u>444</u>
Total depreciation expense – business-type activities	\$	<u><u>1,667</u></u>

**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, 2018:

	Balance January 1, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2018</u>	Due Within <u>One Year</u>
Governmental activities -					
Obligation under capital lease	\$ 141,324	\$ -	\$ 141,324	\$ -	\$ -
Compensated absences	<u>34,973</u>	<u>22,878</u>	<u>26,630</u>	<u>31,221</u>	<u>23,416</u>
Total governmental activities	<u>\$ 176,297</u>	<u>\$ 22,878</u>	<u>\$ 167,954</u>	<u>\$ 31,221</u>	<u>\$ 23,416</u>
Business-type activities –					
Compensated absences	<u>\$ 881</u>	<u>\$ 1,593</u>	<u>\$ 678</u>	<u>\$ 1,796</u>	<u>\$ 898</u>
Total business-type activities	<u>\$ 881</u>	<u>\$ 1,593</u>	<u>\$ 678</u>	<u>\$ 1,796</u>	<u>\$ 898</u>

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 2018 for governmental activities is as follows:

Tabor	\$	30,000
Parks projects		<u>63,053</u>
		<u>\$ 93,053</u>

Restricted for Tabor – this represents approximately 3% of the District’s 2018 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.

**NOTE 7 – FUND BALANCES**

Amounts reported for specific purposes by fund and fund balance classifications for the year ended December 31, 2018 are as follows:

<u>Classification/fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable –		
General fund	Prepaid items	\$ 25,324
Restricted –		
General fund	Tabor amendment	30,000
Conservation trust	Parks projects	63,053
Assigned –		
General fund	Subsequent year’s expenditures	115,925
Capital projects fund	Subsequent year’s expenditures	44,900
	Capital projects	156,959
Unassigned –		
General fund		<u>291,350</u>
		<u>\$ 727,511</u>

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 8 – TRANSFERS**

Transfers for the year ended December 31, 2018 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds -		
General fund	\$ 130,050	\$ -
Conservation trust fund	-	205,000
Capital projects fund	<u>54,950</u>	<u>-</u>
	<u>185,000</u>	<u>205,000</u>
 Enterprise funds –		
Pool fund	<u>20,000</u>	<u>-</u>
	<u>20,000</u>	<u>-</u>
	<u>\$ 205,000</u>	<u>\$ 205,000</u>

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

**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.

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**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, 2018, employee contributions totaled \$13,179 and the District recognized pension expense of \$10,193.

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, 2018**

	Budgeted Amounts		Actual Budget Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>RESOURCES (INFLOWS)</b>				
Fund balance, beginning of year	\$ 121,450	\$ 178,786	\$ 532,398	\$ 353,612
Property taxes	726,050	726,050	723,767	(2,283)
Specific ownership taxes	95,000	95,000	121,219	26,219
Interest	4,500	4,500	11,861	7,361
Other	24,450	24,450	38,595	14,145
Other financing sources - transfers in	80,000	130,050	130,050	-
<b>RESOURCES AVAILABLE FOR APPROPRIATION</b>	<b>1,051,450</b>	<b>1,158,836</b>	<b>1,557,890</b>	<b>399,054</b>
<b>APPROPRIATIONS (OUTFLOWS)</b>				
Current -				
General government	498,500	498,500	492,326	6,174
Parks and recreation	481,900	481,900	430,932	50,968
Capital outlay	30,000	30,000	27,333	2,667
Debt service -				
Principal	34,114	141,500	141,324	176
Interest	6,936	6,936	3,376	3,560
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	<b>1,051,450</b>	<b>1,158,836</b>	<b>1,095,291</b>	<b>63,545</b>
FUND BALANCE, end of year	-	-	462,599	462,599
FUND BALANCE, beginning of year	-	-	532,398	532,398
<b>EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (69,799)</b>	<b>\$ (69,799)</b>

**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, 2018**

**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

Differences - budget to GAAP	1,557,890
Beginning fund balance is an inflow of budgetary resources but is not revenue for reporting purposes	(532,398)
Transfers are an inflow of budgetary resources but are not revenue for reporting purposes.	<u>(130,050)</u>
GAAP basis revenues	<u><u>\$ 895,442</u></u>

**CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
CONSERVATION TRUST FUND  
YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted Amounts</u>		Actual Budget Basis	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>RESOURCES (INFLOWS)</b>				
Fund balance, beginning of year	\$ 79,500	\$ 79,500	\$ 128,042	\$ 48,542
Intergovernmental	125,000	125,000	136,242	11,242
Interest	500	500	3,769	3,269
	<u>205,000</u>	<u>205,000</u>	<u>268,053</u>	<u>63,053</u>
<b>RESOURCES AVAILABLE FOR APPROPRIATION</b>				
	<u>205,000</u>	<u>205,000</u>	<u>268,053</u>	<u>63,053</u>
<b>APPROPRIATIONS (OUTFLOWS)</b>				
Other financing uses -				
Transfers out	<u>205,000</u>	<u>205,000</u>	<u>205,000</u>	<u>-</u>
	<u>205,000</u>	<u>205,000</u>	<u>205,000</u>	<u>-</u>
<b>TOTAL CHARGES TO APPROPRIATIONS</b>				
	<u>205,000</u>	<u>205,000</u>	<u>205,000</u>	<u>-</u>
FUND BALANCE, end of year	-	-	63,053	63,053
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>128,042</u>	<u>128,042</u>
<b>EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (64,989)</u>	<u>\$ (64,989)</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, 2018**

**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	\$ 268,053
Difference - budget to GAAP	
Beginning fund balance is an inflow of budgetary resources but is not revenue for reporting purposes	(128,042)
GAAP basis revenues	\$ 140,011

**USES/OUTFLOWS OF RESOURCES**

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 205,000
Differences - budget to GAAP	
Transfers to other funds are outflows of budgetary resources but are not expenditures for reporting purposes	(205,000)
GAAP basis expenditures	\$ -

**CANON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2018**

**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 2018 the expenditure estimates were 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, 2018**

	Budgeted Amounts <u>Final</u>	Actual Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Fund balance, beginning of year	\$ 55,050	\$ -	\$ (55,050)
Intergovernmental	100,000	-	(100,000)
Interest	500	5,979	5,479
Other	2,100	92	(2,008)
Other financing sources - transfers in	<u>54,950</u>	<u>54,950</u>	<u>-</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>212,600</u>	<u>61,021</u>	<u>(151,579)</u>
<b>EXPENDITURES</b>			
Current -			
Parks and recreation	147,600	3,425	144,175
Capital outlay	<u>65,000</u>	<u>51,650</u>	<u>13,350</u>
<b>TOTAL EXPENDITURES</b>	<u>212,600</u>	<u>55,075</u>	<u>157,525</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	5,946	5,946
<b>FUND BALANCE, January 1</b>	<u>-</u>	<u>195,913</u>	<u>195,913</u>
<b>FUND BALANCE, December 31</b>	<u>\$ -</u>	<u>\$ 201,859</u>	<u>\$ 201,859</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, 2018**

Swimming Pool Fund					
	Actual - GAAP Basis	Adjustments To Actual	Actual - Budget Basis	Budget	Variance Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>					
Charges for services	\$ 72,250	\$ -	\$ 72,250	\$ 75,600	\$ (3,350)
Interest	3,538	-	3,538	500	3,038
Transfers in	20,000	-	20,000	20,000	-
Other	1,451	-	1,451	400	1,051
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>97,239</b>	<b>-</b>	<b>97,239</b>	<b>96,500</b>	<b>739</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>					
Salaries	63,927	-	63,927	69,250	5,323
Employee benefits	7,552	-	7,552	7,825	273
Purchased services	47,590	-	47,590	54,600	7,010
Depreciation	1,224	-	1,224	1,225	1
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>120,293</b>	<b>-</b>	<b>120,293</b>	<b>132,900</b>	<b>12,607</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>					
	<b>\$ (23,054)</b>	<b>\$ -</b>	<b>\$ (23,054)</b>	<b>\$ (36,400)</b>	<b>\$ 13,346</b>

Program Activities Fund

Actual - GAAP Basis	Adjustments To Actual	Actual - Budget Basis	Budget	Variance Positive (Negative)
\$ 350,971	\$ -	\$ 350,971	\$ 506,160	\$ (155,189)
40	-	40	25	15
-	-	-	-	-
<u>11,093</u>	<u>-</u>	<u>11,093</u>	<u>7,850</u>	<u>3,243</u>
<u>362,104</u>	<u>-</u>	<u>362,104</u>	<u>514,035</u>	<u>(151,931)</u>
187,553	-	187,553	219,150	31,597
30,056	-	30,056	32,125	2,069
118,350	-	118,350	262,190	143,840
<u>444</u>	<u>(444)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>336,403</u>	<u>(444)</u>	<u>335,959</u>	<u>513,465</u>	<u>177,506</u>
<u>\$ 25,701</u>	<u>\$ 444</u>	<u>\$ 26,145</u>	<u>\$ 570</u>	<u>\$ 25,575</u>