

**GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
GUNNISON, COLORADO**

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended
DECEMBER 31, 2018**

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FINANCIAL SECTION

Gunnison County Metropolitan Recreation District
Management's Discussion and Analysis
December 31, 2018

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 3).

2018 Financial Highlights

At December 31, 2018 the net position was \$770,533 representing a decrease of \$68,584 (8.90%) when compared to 2017.

Total revenues were \$406,952 in 2018 representing an increase of \$19,223 (4.72%) when compared to 2017.

Total expenses were \$475,536 in 2018 representing an increase of \$87,653 (18.43%) when compared to 2017.

Net capital assets were \$391,226 in 2018 compared to \$450,632 in 2017 for a net decrease of \$59,406 (15.18%).

The District's long-term debt was \$99,379 at December 31, 2018, as compared to \$134,269 at December 31, 2017.

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 3).

Statements of Activities - reports the District's revenues and expenditures using the full accrual basis of accounting. (See page 4).

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 5).

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 7).

Gunnison County Metropolitan Recreation District
Management's Discussion and Analysis
December 31, 2018

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

CONDENSED STATEMENT OF NET POSITION

ASSETS	<u>2018</u>	<u>2017</u>
Current and Other Assets	\$ 1,066,777	\$ 873,782
Capital Assets	<u>391,226</u>	<u>450,632</u>
Total Assets	1,458,003	1,324,414
LIABILITIES		
Current Liabilities	157,709	185,612
Deferred Inflows	<u>529,761</u>	<u>299,685</u>
Total Liabilities	687,470	485,297
NET POSITION		
Net Investment in Capital Assets	297,160	322,804
Restricted Net Position	10,000	187,538
Unrestricted Net Position	<u>463,373</u>	<u>328,775</u>
TOTAL NET POSITION	<u>\$ 770,533</u>	<u>\$ 839,117</u>

Gunnison County Metropolitan Recreation District
Management's Discussion and Analysis
December 31, 2018

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.

Condensed Statement of Activities		
	<u>12/31/2018</u>	<u>12/31/2017</u>
Program Revenues		
Charges for Services	\$ 2,000	\$ -
Operating Grants/Contributions	80,512	77,600
General Revenues		
Property Taxes	301,300	286,349
Specific Ownership Taxes	21,016	19,772
Lease Income	-	2,000
Interest Income	1,888	1,812
Other Revenues	<u>236</u>	<u>196</u>
Total Revenues	<u>406,952</u>	<u>387,729</u>
Program Expenses		
General Government	313,364	387,883
Public Works	79,426	-
Culture & Recreation	77,342	-
Interest on Debt	<u>5,404</u>	<u>-</u>
Total Expenses	<u>475,536</u>	<u>387,883</u>
Change In Net Position	(68,584)	(154)
Net Position, Beginning	<u>839,117</u>	<u>839,271</u>
Net Position, Ending	<u>\$ 770,533</u>	<u>\$ 839,117</u>

* 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 2018 \$40,103.99 of the \$80,207.98 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.

Gunnison County Metropolitan Recreation District

Management's Discussion and Analysis

December 31, 2018

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

CAPITAL ASSETS

	Governmental Activities			Balance 12/31/2018
	Balance			
	1/1/2018	Increases	Decreases	
Capital assets not being depreciated				
Land	\$ 68,000	\$ -	\$ -	\$ 68,000
Capital assets being depreciated				
Machinery and equipment	1,016,776	7,806	-	1,024,582
Buildings	239,508	-	-	239,508
Transportation equipment	108,850	-	-	108,850
Total capital assets being depreciated	<u>1,365,134</u>	<u>7,806</u>	<u>-</u>	<u>1,372,940</u>
Less accumulated depreciation for:				
Machinery and equipment	(853,320)	(61,225)	-	(914,545)
Buildings	(20,332)	(5,987)	-	(26,319)
Transportation equipment	(108,850)	-	-	(108,850)
Total accumulated depreciation	<u>(982,502)</u>	<u>(67,212)</u>	<u>-</u>	<u>(1,049,714)</u>
Total capital assets being depreciated, net	<u>382,632</u>	<u>(59,406)</u>	<u>-</u>	<u>323,226</u>
Governmental capital assets, net	<u>\$ 450,632</u>	<u>\$ (59,406)</u>	<u>\$ -</u>	<u>\$ 391,226</u>

LONG TERM DEBT

	Balance			Balance 12/31/2018	Current Portion
	1/1/2018	Advances	Repayments		
Governmental-type Activities					
Lease purchase agreement	\$ 127,828	\$ -	\$ 34,877	\$ 92,951	\$ 26,052
Accrued leave time	6,801	-	373	6,428	-
Total Governmental-type Activities	<u>\$ 134,629</u>	<u>\$ -</u>	<u>\$ 35,250</u>	<u>\$ 99,379</u>	<u>\$ 26,052</u>

Gunnison County Metropolitan Recreation District
Management's Discussion and Analysis
December 31, 2018

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 as well as the community needs related to recreation, beyond television.

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
P.O. Box 1369
Gunnison CO 81230
Phone: 970-641-9148
Email: hedda@gcmetrec.com

Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Directors
Gunnison County Metropolitan Recreation District
Gunnison, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Gunnison County Metropolitan Recreation 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 basic financial statements of the District's, 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 the 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 of 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 controls. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Gunnison County Metropolitan Recreation District as of December 31, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

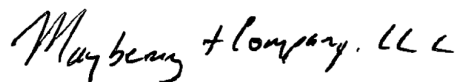
Other Matters

Required Supplementary Information – Management Discussion and Analysis

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M4 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgetary comparison schedule listed as other supplementary information is presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Mayberry + Company, LLC". The signature is written in a cursive, flowing style.

Englewood, Colorado

September 9, 2019

BASIC FINANCIAL STATEMENTS

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	<u>TOTAL</u>
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Investments	
Cash	\$ 418,609
Investments	105,379
Receivables	
Property Tax Receivable	529,761
Cash with Fiscal Agent	1,690
Prepaid Expenses	11,338
Total Current Assets	<u>1,066,777</u>
Noncurrent Assets	
Capital Assets not being Depreciated	68,000
Capital Assets being Depreciated	1,372,940
Accumulated Depreciation	<u>(1,049,714)</u>
Total Noncurrent Assets	<u>391,226</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,458,003</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 53,879
Accrued Liabilities	3,336
Accrued Interest Payable	1,115
Total Current Liabilities	<u>58,330</u>
Noncurrent Liabilities	
Due in more than one year	<u>99,379</u>
TOTAL LIABILITIES	<u>157,709</u>
Other Deferred Inflows	<u>529,761</u>
NET POSITION	
Net Investment in Capital Assets	297,160
Restricted Net Position	10,000
Unrestricted Net Position	<u>463,373</u>
TOTAL NET POSITION	<u>770,533</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 1,458,003</u>

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, 2018

	PROGRAM REVENUES			TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
FUNCTIONS/PROGRAMS				
Government Activities				
Current:				
General Government	\$ 313,364	\$ 2,000	\$ -	(311,364)
Public Works	79,426	-	-	(79,426)
Culture and Recreation	77,342	-	80,512	3,170
Interest on Debt	5,404	-	-	(5,404)
TOTAL GOVERNMENT ACTIVITIES	<u>475,536</u>	<u>2,000</u>	<u>80,512</u>	<u>(393,024)</u>
GENERAL REVENUES				
Property Taxes				301,300
Specific Ownership Taxes				21,016
Interest Income				1,888
Other Revenues				236
TOTAL GENERAL REVENUES AND TRANSFERS				<u>324,440</u>
CHANGE IN NET POSITION				(68,584)
NET POSITION - Beginning				<u>839,117</u>
NET POSITION - Ending				<u>\$ 770,533</u>

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

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2018

With Comparative Totals for December 31, 2017

	<u>Total</u>	
	<u>2018</u>	<u>2017</u>
ASSETS AND DEFERRED OUTFLOWS		
ASSETS		
Current Assets		
Cash and Investments		
Cash	\$ 418,609	\$ 381,305
Investments	105,379	179,903
Receivables		
Property Tax Receivable	529,761	299,685
Cash with Fiscal Agent	1,690	1,710
Prepaid Expenses	11,338	11,179
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,066,777</u>	<u>\$ 873,782</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 53,879	\$ 43,650
Accrued Liabilities	3,336	7,333
TOTAL LIABILITIES	<u>57,215</u>	<u>50,983</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES		
Other Deferred Inflows	<u>529,761</u>	<u>299,685</u>
FUND BALANCE		
Nonspendable Fund Balance	11,338	11,179
Restricted Fund Balance	10,000	-
Unassigned Fund Balance	458,463	511,935
TOTAL FUND BALANCE	<u>479,801</u>	<u>523,114</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,066,777</u>	<u>\$ 873,782</u>

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

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
DECEMBER 31, 2018**

Fund Balance - Governmental Funds		\$	479,801
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$	68,000	
Capital assets, being depreciated		1,372,940	
Accumulated depreciation		<u>(1,049,714)</u>	391,226
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Capital leases payable		(92,951)	
Accrued interest payable		(1,115)	
Accrued compensated absences		<u>(6,428)</u>	<u>(100,494)</u>
Total Net Position - Governmental Activities			<u>\$ 770,533</u>

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

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	TOTAL	
	2018	2017
REVENUES		
Taxes	\$ 322,315	\$ 306,121
Intergovernmental Revenues	80,512	77,600
Charges for Services	2,000	2,000
Investment Earnings	1,888	1,812
Other Revenues	237	196
TOTAL REVENUES	406,952	387,729
EXPENDITURES		
Current:		
General Government	235,250	163,500
Public Works	79,426	81,222
Parks, Recreation and Other	77,342	63,776
Capital Outlay	19,081	13,131
Debt Service	39,166	39,166
TOTAL EXPENDITURES	450,265	360,795
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(43,313)	26,934
FUND BALANCE, BEGINNING	523,114	496,180
FUND BALANCE, ENDING	\$ 479,801	\$ 523,114

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

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION**
FOR THE YEAR ENDED DECEMBER 31, 2018

Change in Fund Balance - Governmental Funds		\$	(43,313)
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases		7,806	
Depreciation Expense		<u>(67,212)</u>	(59,406)
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level			
Principal payments on capital leases		34,877	
Change in accrued interest payable		(1,115)	
Change in accrued compensated absences		<u>373</u>	<u>34,135</u>
Change in Net Position - Governmental Activities		\$	<u>(68,584)</u>

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

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and Function of Organization

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 significant accounting policies utilized are detailed below.

Financial Reporting Entity

The District applies the criteria set forth in GASB Codification Section 2100: *Defining the Financial Reporting Entity*, to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials' accountability to their constituents, and the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units.

The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to: fiscal dependency, imposition of will, legal standing, and the primary recipient of services. Based on these criteria, the District has no includable component units. The District is also not included in the financial statements of any other entity.

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 activities of the District. For the most part, the effect of inter-fund 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 statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include:

- 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and
- 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements.

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, sales and use taxes, franchise fees, state shared revenues, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In the fund financial statements, the District reports the following major governmental funds:

General Fund

The General Fund uses the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Certain service fees and non-tax revenues are recognized when received or billed. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal sources of revenues are property and sales taxes. Principal expenditures are for television, FM translator, park, recreation, and cultural services and facilities.

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as all bank and investment account balances with liquidity of three months or less. Investments are recorded at fair value.

Property Taxes

Property taxes are levied on December 15 and attach as an enforceable lien on property on January 1. 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. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding unavailable revenue (deferred inflow) are recorded at December 31. As the tax is collected in the succeeding year, the unavailable revenue is recognized as revenue and the receivable is reduced.

Accumulated Unpaid Leave (Compensated Absences)

Leave time may be accrued to a limit of one and one half (1 ½) times the amount of actual time earned in the previous twelve (12) month period. Upon termination, eligible employees will be paid for any accrued but unused personal leave time.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. At the end of the current year, these receivables consisted of uncollected billings to the District participating governments.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The District also capitalizes all acquisitions of land and buildings without a minimum. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives.

Building	40 years
Machinery and equipment	5-15 years
Transportation equipment	3 years

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity

Equity is classified as net position and may be displayed in three components:

- Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets." This net position is available for future operations or distributions.

It is the District’s policy to fund operations through the most restricted available equity first.

Budgets and Budgetary Accounting

Budgets are prepared on the same basis of accounting as that used for accounting purposes. In the budget versus actual statements, the actual results of operations are presented on the budgetary basis of accounting for proper comparison to the budget.

Budgets are adopted based on the requirements of state statutes. The following timetable is used:

- 1) Submission of the preliminary planning budget and cost estimates shall be presented to the Board of Directors by July 31 of each year.
- 2) The recommended budget is provided to the Board of Directors for comment by August 31.
- 3) Final adoption of the budget and appropriations by September 30 of each year.

The District does not utilize encumbrance accounting and all appropriations lapse at year end.

NOTE 2: CASH AND INVESTMENTS

For the financial statement presentation, cash and investment balances are comprised of and allocated as follows:

Restricted Cash	\$ 176,714
Unrestricted Cash	<u>347,274</u>
Total Cash and Investments	<u><u>\$ 523,988</u></u>

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The District’s deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2018, all of the District’s deposits as shown below were insured by federal depository insurance or PDPA and are therefore not deemed to be exposed to custodial credit risk.

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 495,914	\$ 495,914
Collateralized under PDPA (Not held in District's name)	<u>30,525</u>	<u>28,074</u>
Total Cash	<u>\$ 526,439</u>	<u>\$ 523,988</u>

INVESTMENTS

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

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

The District does not have an investment policy that would further limit its investment choices. As of December 31, 2018, the District did not hold any non-bank investments.

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3: CAPITAL ASSETS

The following is a summary of The District's capital asset activity.

	Governmental Activities			Balance 12/31/2018
	Balance			
	1/1/2018	Increases	Decreases	
Capital assets not being depreciated				
Land	\$ 68,000	\$ -	\$ -	\$ 68,000
Capital assets being depreciated				
Machinery and equipment	1,016,776	7,806	-	1,024,582
Buildings	239,508	-	-	239,508
Transportation equipment	108,850	-	-	108,850
Total capital assets being depreciated	<u>1,365,134</u>	<u>7,806</u>	<u>-</u>	<u>1,372,940</u>
Less accumulated depreciation for:				
Machinery and equipment	(853,320)	(61,225)	-	(914,545)
Buildings	(20,332)	(5,987)	-	(26,319)
Transportation equipment	(108,850)	-	-	(108,850)
Total accumulated depreciation	<u>(982,502)</u>	<u>(67,212)</u>	<u>-</u>	<u>(1,049,714)</u>
Total capital assets being depreciated, net	<u>382,632</u>	<u>(59,406)</u>	<u>-</u>	<u>323,226</u>
Governmental capital assets, net	<u>\$ 450,632</u>	<u>\$ (59,406)</u>	<u>\$ -</u>	<u>\$ 391,226</u>

NOTE 4: LONG-TERM DEBT

GOVERNMENTAL ACTIVITIES

Changes in governmental activities long-term debt are as follows:

	Balance		Repayments	Balance 12/31/2018	Current Portion	Accrued Interest
	1/1/2018	Advances				
<u>Governmental-type Activities</u>						
Lease purchase agreement	\$ 127,828	\$ -	\$ 34,877	\$ 92,951	\$ 26,052	\$ 1,115
Accrued leave time	6,801	-	373	6,428	-	-
Total Governmental-type Activities	<u>\$ 134,629</u>	<u>\$ -</u>	<u>\$ 35,250</u>	<u>\$ 99,379</u>	<u>\$ 26,052</u>	<u>\$ 1,115</u>

Capital Lease Purchase

In September 2014, the District entered into a lease agreement for the purchase of real property. In addition to the lease purchase proceeds of \$243,000, the District invested an additional \$52,000 in renovations to the building. The property has been capitalized as a land and building investment with a value of \$295,000. The lease has an annual interest rate of 3.60%. The lease requires 20 semi-annual payments of \$14,583., with the lease maturing in March 2024. The District made additional principal payments of \$10,000 during 2018. The lease is presently expected to be repaid in March, 2022. Payments are due as follows:

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 4: LONG-TERM DEBT (Continued)

Capital Lease Purchase (Continued)

<u>Capital Lease</u> <u>Year</u>	<u>Total</u>
2019	\$ 29,166
2020	29,166
2021	29,166
2022	<u>12,136</u>
Total Future Minimum Lease Payments	99,634
Less: Interest at 3.60%	<u>6,683</u>
Present Value of Lease Payments	<u>\$ 92,951</u>

NOTE 5: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District is participant 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 mad by member district. 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 reductions in insurance coverage from the prior year in any of the major categories of risk.

NOTE 6: COMMITMENTS AND CONTINGENCIES

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado, all local governments, and special districts.

The District's financial activity for the year ended December 31, 2018 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 1992, revenue in excess of the District's "spending limit" must be refunded unless voters approve the retaining of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases and new debt.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. The District's management believes it is in compliance with the TABOR amendment.

The Article requires an emergency reserve be set aside for 2018 in the amount of 3% or more of its fiscal year spending. At December 31, 2018, the District has reserved/restricted the following for emergencies:

General Fund	<u>\$ 10,000</u>
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GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 7: CONSERVATION TRUST FUNDS

A summary of the District's Conservation Trust activity for the year ended December 31, 2018 is as follows:

Beginning balance	\$	176,714
Adjustment to beginning		38,655
Cons. Trust receipts		80,512
Interest income		319
Expenditures		<u>(62,166)</u>
Ending Balance	\$	<u>234,034</u>

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

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REQUIRED SUPPLEMENTARY INFORMATION

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018					2017 Actual
	Original	Final	Actual	Variance	2017	
	Budget	Budget		With Final		
REVENUES						
Taxes						
Property Taxes	\$ 302,299	\$ 302,299	\$ 301,300	\$ (999)	\$ 286,349	
Specific Ownership Taxes	15,100	15,100	21,016	5,916	19,772	
Total Tax Revenue	317,399	317,399	322,316	4,917	306,121	
Intergovernmental Revenues						
Cons Trust Fund Revenue	76,000	76,000	80,512	4,512	77,600	
Charges for Services						
Rents	2,000	2,000	2,000	-	2,000	
Investment Earnings	1,500	1,500	1,888	388	1,812	
Other Revenues						
Other Miscellaneous Revenue	200	200	237	37	196	
TOTAL REVENUES	<u>397,099</u>	<u>397,099</u>	<u>406,953</u>	<u>9,854</u>	<u>387,729</u>	
EXPENDITURES						
General Government						
Personnel Services	122,500	122,500	128,679	6,179	128,671	
Insurance	5,000	5,000	4,842	158	3,944	
Professional Fees	47,700	47,700	39,853	7,847	14,523	
Repairs and Maintenance	4,000	4,000	3,333	667	4,246	
Supplies	6,000	6,000	5,880	120	5,679	
Telephone and Utilities	6,200	6,200	5,694	506	5,878	
Other Expenses	48,600	48,600	46,969	1,631	560	
Total General Government	240,000	240,000	235,250	17,108	163,501	
Public Works						
Contract Labor	7,500	7,500	4,762	2,738	2,845	
Rentals	14,550	14,550	13,901	649	13,016	
Insurance	5,350	5,350	5,072	278	4,861	
Professional Fees	3,000	3,000	-	3,000	460	
Repairs and Maintenance	12,500	12,500	8,806	3,694	11,491	
Supplies	12,000	12,000	9,100	2,900	8,987	
Telephone and Utilities	14,000	14,000	11,546	2,454	13,597	
Travel and Training	2,500	2,500	1,937	563	4,703	
Other Expenses	28,550	28,550	24,302	4,248	21,261	
Total Public Works/Comm Del	99,950	99,950	79,426	20,524	81,221	
Parks, Recreation and Other						
Supplies	16,000	16,000	12,238	3,762	2,611	
Other Expenses	63,000	63,000	65,104	(2,104)	61,165	
Total Parks, Recreation & Other	79,000	79,000	77,342	1,658	63,776	
Capital Outlay						
General Government Capital Outlay	-	-	-	-	(7,362)	
Parks, Recreation and Other Capital Outlay	20,000	20,000	19,081	919	20,493	
Total Capital Outlay	20,000	20,000	19,081	919	13,131	
Debt Service						
Principal	33,700	33,700	34,876	(1,176)	33,664	
Interest	5,500	5,500	4,290	1,210	5,502	
Total Debt Service	39,200	39,200	39,166	34	39,166	
TOTAL EXPENDITURES	<u>478,150</u>	<u>478,150</u>	<u>450,265</u>	<u>40,243</u>	<u>360,795</u>	
OTHER FINANCING SOURCES (USES)						
NET CHANGE IN FUND BALANCE - BUDGET BASIS	\$ (81,051)	\$ (81,051)	(43,312)	\$ 50,097	26,934	
FUND BALANCE, BEGINNING			523,114		496,180	
FUND BALANCE, ENDING			<u>\$ 479,802</u>		<u>\$ 523,114</u>	

See accompanying Independent Auditors' Report.