

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

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended
DECEMBER 31, 2019**

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FINANCIAL SECTION

Gunnison County Metropolitan Recreation District
Management's Discussion and Analysis
December 31, 2019

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).

2019 Financial Highlights

At December 31, 2019 the net position was \$955,214 representing an increase of \$184,681 (19.30%) when compared to 2018.

Total revenues were \$672,591 in 2019 representing an increase of \$265,639 (39.5%) when compared to 2018.

Total expenses were \$524,331 in 2019 representing an increase of \$74,066 in 2018 (14.2%) when compared to 2018.

Net capital assets were \$391,540 in 2019 compared to \$391,226 in 2018 for a net increase of \$314 (0.08%).

The District's long-term debt was \$63,649 at December 31, 2019, as compared to \$99,379 at December 31, 2018.

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 basin financial statements include:

Statement 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).

Statement 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, 2019

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.

CONDENSED STATEMENT OF NET POSITION		
ASSETS	<u>12/31/2019</u>	<u>12/31/2018</u>
Current and Other Assets	\$ 1,331,425	\$1,066,777
Capital Assets	<u>391,540</u>	<u>391,226</u>
Total Assets	<u>1,722,965</u>	<u>1,458,003</u>
LIABILITIES		
Current Liabilities	64,520	157,709
Noncurrent Liabilities	63,649	-
Deferred Inflows	<u>639,582</u>	<u>529,761</u>
Total Liabilities	<u>767,751</u>	<u>687,470</u>
NET POSITION		
Net Investment in Capital Assets	329,019	297,160
Restricted Net Position	290,518	10,000
Unrestricted Net Position	<u>335,677</u>	<u>463,373</u>
TOTAL NET POSITION	<u>\$ 955,214</u>	<u>\$ 770,533</u>

Gunnison County Metropolitan Recreation District
Management's Discussion and Analysis
December 31, 2019

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 Revenue, Expenditures, and Changes in Fund Balances.

Condensed Statement of Activities		
	<u>12/31/2019</u>	<u>12/31/2018</u>
Program Revenues		
Charges for Services	\$ 2,000	\$ 2,000
Operating Grants/Contributions	<u>93,734</u>	<u>80,512</u>
Total Program Revenues	<u>95,734</u>	<u>82,512</u>
General Revenues		
Property Taxes	528,516	301,300
Specific Ownership Taxes	39,377	21,016
Interest Income	2,865	1,888
Other Revenues	<u>6,099</u>	<u>236</u>
Total General Revenues	<u>576,857</u>	<u>324,440</u>
Total Revenues	<u>672,591</u>	<u>406,952</u>
Program Expenses		
General Government	271,983	313,364
Public Works	133,658	79,426
Culture & Recreation	79,648	77,342
Interest on Debt	<u>2,621</u>	<u>5,404</u>
Total Expenses	<u>487,910</u>	<u>475,536</u>
Change In Net Position	184,681	(68,584)
Net Position, Beginning	<u>770,533</u>	<u>839,117</u>
Net Position, Ending	<u>\$ 955,214</u>	<u>\$ 770,533</u>

*Conservation Trust Fund (CTF) Revenue collections from 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 2019, \$46,701.58 of the \$93,403.16 in Gunnison County collections was disbursed to other local governments to be used for CTF allowable expenditures. Saguache County has opted out of the revenue sharing disbursements.

Gunnison County Metropolitan Recreation District
Management's Discussion and Analysis
December 31, 2019

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

Governmental Activities				
	<u>Balance</u> <u>1/1/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2019</u>
Capital assets not being depreciated				
Land	\$ 68,000	\$ -	\$ -	\$ 68,000
Capital assets being depreciated				
Machinery and equipment	1,024,582	7,698	-	1,032,280
Buildings	239,508	-	-	239,508
Transportation equipment	108,850	52,991	34,050	127,791
Total capital assets being depreciated	<u>1,372,940</u>	<u>60,689</u>	<u>34,050</u>	<u>1,399,579</u>
Less accumulated depreciation for:				
Machinery and equipment	(914,545)	(51,737)	-	(966,282)
Buildings	(26,319)	(5,988)	-	(32,307)
Transportation equipment	(108,850)	(2,650)	(34,050)	(77,450)
Total accumulated depreciation	<u>(1,049,714)</u>	<u>(60,375)</u>	<u>(34,050)</u>	<u>(1,076,039)</u>
Total capital assets being depreciated, net	<u>323,226</u>	<u>314</u>	<u>-</u>	<u>323,540</u>
Governmental capital assets, net	<u>\$ 391,226</u>	<u>\$ 314</u>	<u>\$ -</u>	<u>\$ 391,540</u>

The following information is presented regarding the long term debt of the District.

	<u>Balance</u> <u>1/1/2019</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/2019</u>
<u>Governmental-type Activities</u>				
Lease purchase agreement	\$ 92,951	\$ -	\$ 31,168	\$ 61,783
Accrued leave time	6,428	-	4,562	1,866
Total Governmental-type Activities	<u>\$ 99,379</u>	<u>\$ -</u>	<u>\$ 35,730</u>	<u>\$ 63,649</u>

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 and the community needs related to recreation, beyond television.

Gunnison County Metropolitan Recreation District
Management's Discussion and Analysis
December 31, 2019

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:

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Gunnison CO, 81230
Phone: 970-641-8725
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 governmental activities and major fund of the Gunnison County Metropolitan Recreation District, the "District", as of and for the year ended December 31, 2019, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, 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 governmental activities and major fund of the Gunnison County Metropolitan Recreation District, as of December 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Gunnison County Metropolitan Recreation District's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 9, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

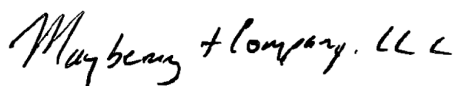
Other Matters

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-M5 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 page 18 are 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.



Englewood, Colorado

June 2, 2020

BASIC FINANCIAL STATEMENTS

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	<u>TOTAL</u>
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Investments	
Cash	\$ 410,581
Investments	277,793
Receivables	
Property Tax Receivable	639,582
Cash with Fiscal Agent	3,469
Total Current Assets	<u>1,331,425</u>
Noncurrent Assets	
Capital Assets not being Depreciated	68,000
Capital Assets being Depreciated	1,399,579
Accumulated Depreciation	<u>(1,076,039)</u>
Total Noncurrent Assets	<u>391,540</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,722,965</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 61,750
Accrued Liabilities	2,032
Accrued Interest Payable	738
Total Current Liabilities	<u>64,520</u>
Noncurrent Liabilities	
Due within one year	27,190
Due in more than one year	36,459
Total Noncurrent Liabilities	<u>63,649</u>
TOTAL LIABILITIES	<u>128,169</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Deferred Property Taxes	<u>639,582</u>
NET POSITION	
Net Investment in Capital Assets	329,019
Restricted Net Position	290,518
Unrestricted Net Position	<u>335,677</u>
TOTAL NET POSITION	<u>955,214</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 1,722,965</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, 2019

	<u>PROGRAM REVENUES</u>			<u>TOTAL</u>
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	
FUNCTIONS/PROGRAMS				
Government Activities				
Current:				
General Government	\$ 271,983	\$ 2,000	\$ -	\$ (269,983)
Public Works	133,658	-	-	(133,658)
Culture and Recreation	79,648	-	93,734	14,086
Interest on Debt	2,621	-	-	(2,621)
TOTAL GOVERNMENT ACTIVITIES	<u>487,910</u>	<u>2,000</u>	<u>93,734</u>	<u>(392,176)</u>
GENERAL REVENUES				
Property Taxes				528,516
Specific Ownership Taxes				39,377
Interest Income				2,865
Other Revenues				6,099
TOTAL GENERAL REVENUES AND TRANSFERS				<u>576,857</u>
CHANGE IN NET POSITION				184,681
NET POSITION - Beginning				770,533
NET POSITION - Ending				<u>\$ 955,214</u>

The accompanying notes are an integral part of the financial statements

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2019

With Comparative Totals for December 31, 2018

	<u>Total</u>	
	<u>2019</u>	<u>2018</u>
ASSETS AND DEFERRED OUTFLOWS		
ASSETS		
Current Assets		
Cash and Investments		
Cash	\$ 410,581	\$ 418,609
Investments	277,793	105,379
Receivables		
Property Tax Receivable	639,582	529,761
Cash with Fiscal Agent	3,469	1,690
Prepaid Expenses	-	11,338
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,331,425</u>	<u>\$ 1,066,777</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 61,750	\$ 53,879
Accrued Liabilities	2,032	3,336
TOTAL LIABILITIES	<u>63,782</u>	<u>57,215</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES		
Deferred Property Taxes	<u>639,582</u>	<u>529,761</u>
FUND BALANCE		
Nonspendable Fund Balance	-	11,338
Restricted Fund Balance		
Restricted for TABOR Emergency	18,000	10,000
Restricted for Conservation Trust Programs	272,518	234,034
Committed Fund Balance		
Committed for Recreation Program Funding	61,605	-
Unassigned Fund Balance	<u>275,938</u>	<u>224,429</u>
TOTAL FUND BALANCE	<u>628,061</u>	<u>479,801</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,331,425</u>	<u>\$ 1,066,777</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, 2019**

Fund Balance - Governmental Funds		\$	628,061
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		1,399,579	
Accumulated depreciation		<u>(1,076,039)</u>	391,540
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Capital leases payable		(61,783)	
Accrued interest payable		(738)	
Accrued compensated absences		<u>(1,866)</u>	<u>(64,387)</u>
Total Net Position - Governmental Activities		\$	<u>955,214</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, 2019

With Comparative Totals for the Year Ended December 31, 2018

	TOTAL	
	2019	2018
REVENUES		
Taxes	\$ 567,893	\$ 322,315
Intergovernmental Revenues	93,734	80,512
Charges for Services	2,000	2,000
Investment Earnings	2,865	1,888
Other Revenues	6,099	237
TOTAL REVENUES	<u>672,591</u>	<u>406,952</u>
EXPENDITURES		
Current:		
General Government (Administrative)	205,502	235,250
Public Works (Translator Operations)	117,784	79,426
Parks, Recreation and Other (Conservation Trust and Recreation Funding)	79,628	77,342
Capital Outlay	87,251	19,081
Debt Service	34,166	39,166
TOTAL EXPENDITURES	<u>524,331</u>	<u>450,265</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	148,260	(43,313)
FUND BALANCE, BEGINNING	<u>479,801</u>	<u>523,114</u>
FUND BALANCE, ENDING	<u>\$ 628,061</u>	<u>\$ 479,801</u>

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, 2019

Change in Fund Balance - Governmental Funds			\$ 148,260
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	\$ 60,689		
Depreciation Expense	<u>(60,375)</u>	314	
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	31,168		
Change in accrued interest payable	377		
Change in accrued compensated absences	<u>4,562</u>	<u>36,107</u>	
Change in Net Position - Governmental Activities			<u>\$ 184,681</u>

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

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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, 2019

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, 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.

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, 2019

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 15. 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, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District does not have any deferred outflows at December 31, 2019.

In addition to liabilities, the statement of financial position and governmental balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government reports one item that arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred inflows related to property taxes is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

Net Position/Fund Equity

In the government-wide financial statements net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Amounts are reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors, reported and at their highest level of action are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Equity (Continued)

All remaining governmental balances or deficits in the other governmental funds are presented as unassigned.

Net Position/Fund Equity Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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	\$ 234,059
Unrestricted Cash	454,315
Total Cash and Investments	<u>\$ 688,374</u>

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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, 2019, 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	\$ 645,993	\$ 645,993
Collateralized under PDPA (Not held in District's name)	69,054	42,381
Total Cash	<u>\$ 715,047</u>	<u>\$ 688,374</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, 2019, the District did not hold any non-bank investments.

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 3: CAPITAL ASSETS

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

	<u>Balance</u> <u>1/1/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2019</u>
Capital assets not being depreciated				
Land	\$ 68,000	\$ -	\$ -	\$ 68,000
Capital assets being depreciated				
Machinery and equipment	1,024,582	7,698	-	1,032,280
Buildings	239,508	-	-	239,508
Transportation equipment	108,850	52,991	34,050	127,791
Total capital assets being depreciated	<u>1,372,940</u>	<u>60,689</u>	<u>34,050</u>	<u>1,399,579</u>
Less accumulated depreciation for:				
Machinery and equipment	(914,545)	(51,737)	-	(966,282)
Buildings	(26,319)	(5,988)	-	(32,307)
Transportation equipment	(108,850)	(2,650)	(34,050)	(77,450)
Total accumulated depreciation	<u>(1,049,714)</u>	<u>(60,375)</u>	<u>(34,050)</u>	<u>(1,076,039)</u>
Total capital assets being depreciated, net	<u>323,226</u>	<u>314</u>	<u>-</u>	<u>323,540</u>
Governmental capital assets, net	<u>\$ 391,226</u>	<u>\$ 314</u>	<u>\$ -</u>	<u>\$ 391,540</u>

NOTE 4: LONG-TERM DEBT

GOVERNMENTAL ACTIVITIES

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

	<u>Balance</u> <u>1/1/2019</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Current</u> <u>Portion</u>	<u>Accrued</u> <u>Interest</u>
<u>Governmental-type Activities</u>						
Lease purchase agreement	\$ 92,951	\$ -	\$ 31,168	\$ 61,783	\$ 27,190	\$ 738
Accrued leave time	6,428	-	4,562	1,866	-	-
Total Governmental-type Activities	<u>\$ 99,379</u>	<u>\$ -</u>	<u>\$ 35,730</u>	<u>\$ 63,649</u>	<u>\$ 27,190</u>	<u>\$ 738</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 \$5,000 during 2019. The lease is presently expected to be repaid in March, 2022. Payments will be due as follows:

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 4: LONG-TERM DEBT (Continued)

Capital Lease Purchase (Continued)

<u>Capital Lease</u>	<u>Total</u>
<u>Year</u>	
2020	\$ 29,166
2021	29,166
2022	<u>6,537</u>
Total Future Minimum Lease Payments	64,869
Less: Interest at 3.60%	<u>3,086</u>
Present Value of Lease Payments	<u>\$ 61,783</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 made 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, 2019 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 2019 in the amount of 3% or more of its fiscal year spending. At December 31, 2019, the District has reserved/restricted the following for emergencies:

General Fund	<u>\$ 18,000</u>
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GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 7: CONSERVATION TRUST FUNDS

A summary of the District's Conservation Trust activity for the year ended December 31, 2019 is as follows:

Beginning balance	\$	234,034
Cons. Trust receipts		93,734
Interest income		379
Expenditures		<u>(55,629)</u>
Ending Balance	\$	<u>272,518</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	2019				2018 Actual
	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Taxes					
Property Taxes	\$ 529,761	\$ 529,761	\$ 528,516	\$ (1,245)	\$ 301,300
Specific Ownership Taxes	15,100	15,100	39,377	24,277	21,015
Total Tax Revenue	544,861	544,861	567,893	23,032	322,315
Intergovernmental Revenues					
Cons Trust Fund Revenue	76,000	76,000	93,734	17,734	80,512
Charges for Services					
Rents	2,000	2,000	2,000	-	2,000
Investment Earnings					
	1,500	1,500	2,865	1,365	1,888
Other Revenues					
Other Miscellaneous Revenue	200	200	6,099	5,899	237
TOTAL REVENUES	624,561	624,561	672,591	48,030	406,952
EXPENDITURES					
General Government (Administrative)					
Personnel Services	125,150	135,701	110,360	(25,341)	128,679
Insurance	6,500	6,500	6,841	(341)	4,842
Professional Fees	44,930	65,930	60,030	5,900	39,853
Repairs and Maintenance	4,000	4,000	2,994	1,006	3,333
Supplies	5,500	6,500	14,253	(7,753)	5,880
Telephone and Utilities	7,200	7,500	7,518	(18)	5,694
Travel and Training	1,500	1,000	530	470	-
Other Expenses	650	650	2,976	(2,326)	46,969
Total General Government	195,430	227,781	205,502	(28,403)	235,250
Public Works (Translator Operations)					
Contract Labor	-	-	24,606	(24,606)	4,762
Rentals	15,800	15,800	27,154	(11,354)	13,901
Insurance	5,750	5,750	5,396	354	5,072
Professional Fees	3,000	11,000	3,062	7,938	-
Repairs and Maintenance	10,000	10,000	4,591	5,409	8,806
Supplies	16,500	16,500	12,964	3,536	9,100
Telephone and Utilities	14,500	14,500	13,675	825	11,546
Travel and Training	3,000	3,000	1,069	1,931	1,937
Other Expenses	27,750	27,750	25,267	2,483	24,302
Total Public Works/Comm Devel	96,300	104,300	117,784	(13,484)	79,426
Parks, Recreation and Other (Conservation Trust and Recreation Funding)					
Supplies	10,000	10,000	-	10,000	11,238
Grant Funding	119,500	133,000	32,761	100,239	26,000
Intergovernmental Revenue Sharing	38,000	38,000	46,867	(8,867)	40,104
Total Parks, Recreation & Other	167,500	181,000	79,628	101,372	77,342
Capital Outlay					
General Government Capital Outlay	-	6,000	-	6,000	-
Public Works Capital Outlay	93,500	93,500	79,533	13,967	-
Parks, Recreation and Other Capital Outlay	20,000	35,000	7,718	27,282	19,081
Total Capital Outlay	113,500	134,500	87,251	47,249	19,081
Debt Service					
Principal	35,000	35,000	31,168	3,832	34,876
Interest	4,200	4,200	2,998	1,202	4,290
Total Debt Service	39,200	39,200	34,166	5,034	39,166
TOTAL EXPENDITURES	611,930	686,781	524,331	111,768	450,265
NET CHANGE IN FUND BALANCE - BUDGET BASIS	\$ 12,631	\$ (62,220)	148,260	\$ 159,798	(43,313)
FUND BALANCE, BEGINNING			479,801		523,114
FUND BALANCE, ENDING			\$ 628,061		\$ 479,801

See accompanying Independent Auditors' Report.