

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

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended
DECEMBER 31, 2021**

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FINANCIAL SECTION

Gunnison County Metropolitan Recreation District
Management's Discussion and Analysis
December 31, 2021

This 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).

2021 Financial Highlights

As of December 31, 2021, the net position was \$1,341,485 representing an increase of \$52,756 (4.09%) when compared to 2020.

Total revenues were \$835,536 in 2021 representing an increase of \$29,071 (3.60%) when compared to 2020.

Total expenses were \$782,780 in 2021 representing an increase of \$262,963 (50.59%) when compared to 2020.

Net capital assets were \$484,259 in 2021 compared to \$411,774 in 2020 for a net increase of \$72,485 (17.6%).

The District's long-term liabilities were \$4,757 at December 31, 2021, as compared to \$3,112 at December 31, 2020.

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:

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, 2021

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>12/31/2021</u>	<u>12/31/2020</u>
Current and Other Assets	\$ 1,631,849	\$ 1,549,695
Capital Assets	<u>484,259</u>	<u>411,774</u>
Total Assets	<u>2,116,108</u>	<u>1,961,469</u>
LIABILITIES		
Current Liabilities	20,078	19,174
Noncurrent Liabilities	4,757	3,112
Deferred Inflows	<u>749,788</u>	<u>650,454</u>
Total Liabilities	<u>774,623</u>	<u>672,740</u>
NET POSITION		
Net Investment in Capital Assets	484,259	411,774
Restricted Net Position	313,277	334,288
Unrestricted Net Position	<u>543,949</u>	<u>542,667</u>
TOTAL NET POSITION	<u>\$ 1,341,485</u>	<u>\$ 1,288,729</u>

Gunnison County Metropolitan Recreation District
Management's Discussion and Analysis
December 31, 2021

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>12/31/2021</u>	<u>12/31/2020</u>
Program Revenues		
Charges for Services	\$ 3,000	\$ 2,000
Operating Grants/Contributions	<u>114,361</u>	<u>86,046</u>
Total Program Revenues	<u>117,361</u>	<u>88,046</u>
General Revenues		
Property Taxes	651,400	638,073
Specific Ownership Taxes	46,045	41,899
Interest Income	2,648	3,204
Other Revenues	<u>18,082</u>	<u>35,243</u>
Total General Revenues	<u>718,175</u>	<u>718,419</u>
Total Revenues	<u>835,536</u>	<u>806,465</u>
Program Expenses		
General Government	172,986	203,162
Public Works	216,081	202,242
Culture & Recreation	393,713	113,233
Interest on Debt	<u>-</u>	<u>1,180</u>
Total Expenses	<u>782,780</u>	<u>519,817</u>
Change In Net Position	52,756	286,648
Net Position, Beginning	<u>1,288,729</u>	<u>1,002,081</u>
Net Position, Ending	<u>\$ 1,341,485</u>	<u>\$ 1,288,729</u>

Program Revenues

*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 2021, \$51,771.20 of the \$103,542.40 in CTF collections were 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, 2021

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

Governmental Activities				
	Balance 1/1/2021	Increases	Decreases	Balance 12/31/2021
Capital assets not being depreciated				
Land	\$ 68,000	\$ -	\$ -	\$ 68,000
Capital assets being depreciated				
Machinery and equipment	1,094,255	108,986	-	1,203,241
Buildings	239,508	-	-	239,508
Transportation equipment	127,791	-	-	127,791
Total capital assets being depreciated	<u>1,461,554</u>	<u>108,986</u>	<u>-</u>	<u>1,570,540</u>
Less accumulated depreciation for:				
Machinery and equipment	(996,736)	(25,214)	-	(1,021,950)
Buildings	(38,295)	(5,988)	-	(44,283)
Transportation equipment	(82,749)	(5,299)	-	(88,048)
Total accumulated depreciation	<u>(1,117,780)</u>	<u>(36,501)</u>	<u>-</u>	<u>(1,154,281)</u>
Total capital assets being depreciated, net	<u>343,774</u>	<u>72,485</u>	<u>-</u>	<u>416,259</u>
Governmental capital assets, net	<u>\$ 411,774</u>	<u>\$ 72,485</u>	<u>\$ -</u>	<u>\$ 484,259</u>

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

	Balance 01/01/21	Advances	Repayments	Balance 12/31/21	Due Within One Year	Accrued Interest
<u>Governmental-type Activities</u>						
Accrued leave time	\$ 3,112	\$ 1,645	\$ -	\$ 4,757	\$ -	\$ -

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, 2021

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: 970-641-8725
Email: admin@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

Opinion

We have audited the accompanying financial statements of the governmental activities, major fund and aggregate remaining fund information of Gunnison County Metropolitan Recreation District, as of and for the year ended December 31, 2021, and the related notes to the financial statements which collectively comprise Gunnison County Metropolitan Recreation District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and aggregate remaining fund information of the Gunnison County Metropolitan Recreation District as of December 31, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Gunnison County Metropolitan Recreation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gunnison County Metropolitan Recreation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Gunnison County Metropolitan Recreation District internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt Gunnison County Metropolitan Recreation District's ability to continue as a going concern for a reasonable period of time.

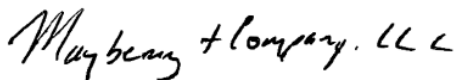
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Gunnison County Metropolitan Recreation District's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis and budgetary comparison information listed in the tables of contents 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.



Englewood, Colorado
July 7, 2022

BASIC FINANCIAL STATEMENTS

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2021

	<u>TOTAL</u>
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Investments	
Cash and Investments	\$ 558,516
Investments	-
Receivables	
Property Tax Receivable	749,788
Cash with Fiscal Agent	4,122
Accounts Receivable	17,896
Prepaid Expenses	10,250
Total Current Assets	<u>1,631,849</u>
Noncurrent Assets	
Capital Assets not being Depreciated	68,000
Capital Assets being Depreciated	1,570,540
Accumulated Depreciation	<u>(1,154,281)</u>
Total Noncurrent Assets	<u>484,259</u>
TOTAL ASSETS	<u><u>2,116,108</u></u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 12,876
Accrued Liabilities	<u>7,202</u>
Total Current Liabilities	20,078
Noncurrent Liabilities	
Due in more than one year	<u>4,757</u>
TOTAL LIABILITIES	<u>24,835</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Deferred Property Taxes	<u>749,788</u>
NET POSITION	
Net Investment in Capital Assets	484,259
Restricted Net Position	313,277
Unrestricted Net Position	<u>543,949</u>
TOTAL NET POSITION	<u>1,341,485</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 2,116,108</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, 2021

	<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	\$ 172,986	\$ 3,000	\$ 11,300	\$ (158,686)
Public Works	216,081	-	-	(216,081)
Culture and Recreation	393,713	-	103,061	(290,652)
TOTAL GOVERNMENT ACTIVITIES	<u>\$ 782,780</u>	<u>\$ 3,000</u>	<u>\$ 114,361</u>	<u>(665,419)</u>
GENERAL REVENUES				
Property Taxes				651,400
Specific Ownership Taxes				46,045
Interest Income				2,648
Other Revenues				<u>18,082</u>
TOTAL GENERAL REVENUES AND TRANSFERS				<u>718,175</u>
CHANGE IN NET POSITION				52,756
NET POSITION - Beginning				<u>1,288,729</u>
NET POSITION - Ending				<u>\$ 1,341,485</u>

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

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2021

With Comparative Totals for December 31, 2020

	<u>Total</u>	
	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and Investments		
Cash and Investments	\$ 558,516	\$ 571,596
Restricted Cash and Investments	291,277	312,288
Receivables		
Property Tax Receivable	749,788	650,454
Cash with Fiscal Agent	4,122	3,469
Accounts Receivable	17,896	-
Prepaid Expenses	10,250	11,888
TOTAL ASSETS	<u>\$ 1,631,849</u>	<u>\$ 1,549,695</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 12,876	\$ 12,051
Accrued Liabilities	7,202	7,123
TOTAL LIABILITIES	<u>20,078</u>	<u>19,174</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES		
Deferred Property Taxes	<u>749,788</u>	<u>650,454</u>
FUND BALANCE		
Nonspendable Fund Balance	10,250	11,888
Restricted Fund Balance		
Restricted for TABOR Emergency	22,000	22,000
Restricted for Conservation Trust Programs	291,277	312,288
Committed Fund Balance		
Committed for Recreation Program Funding	177,725	118,794
Unassigned Fund Balance	360,731	415,097
TOTAL FUND BALANCE	<u>861,983</u>	<u>880,067</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,631,849</u>	<u>\$ 1,549,695</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, 2021**

Fund Balance - Governmental Funds		\$	861,983
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		1,570,540	
Accumulated depreciation		<u>(1,154,281)</u>	484,259
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Accrued compensated absences			<u>(4,757)</u>
Total Net Position - Governmental Activities		\$	<u>1,341,485</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, 2021

With Comparative Totals for the Year Ended December 31, 2020

	TOTAL	
	2021	2020
REVENUES		
Taxes	\$ 697,445	\$ 679,972
Intergovernmental Revenues	114,361	86,046
Charges for Services	3,000	2,000
Investment Earnings	2,648	3,204
Other Revenues	18,082	35,243
TOTAL REVENUES	<u>835,536</u>	<u>806,465</u>
EXPENDITURES		
Current:		
General Government (Administrative)	165,353	195,928
Public Works (Translator Operations)	155,740	154,899
Parks, Recreation and Other (Conservation Trust and Recreation Funding)	393,713	113,233
Capital Outlay	138,814	73,565
Debt Service	-	63,701
TOTAL EXPENDITURES	<u>853,620</u>	<u>601,326</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(18,084)	205,139
FUND BALANCE, BEGINNING	<u>880,067</u>	<u>674,928</u>
FUND BALANCE, ENDING	<u>\$ 861,983</u>	<u>\$ 880,067</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, 2021**

Change in Fund Balance - Governmental Funds			\$ (18,084)
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	\$ 108,986		
Depreciation Expense	<u>(36,501)</u>	72,485	
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			
Change in accrued compensated absences		<u>(1,645)</u>	
Change in Net Position - Governmental Activities			<u>\$ 52,756</u>

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

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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, 2021

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. 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, 2021

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. 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, 2021

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, 2021.

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, 2021

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 & Investments	\$ 291,277
Unrestricted Cash and Investments	558,516
Total Cash and Investments	<u>\$ 849,793</u>

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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, 2021, 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	\$ 805,266	\$ 805,266
Collateralized under PDPA (Not held in District's name)	95,638	44,527
Total Cash	<u>\$ 900,904</u>	<u>\$ 849,793</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, 2021, the District did not hold any non-bank investments.

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 3: CAPITAL ASSETS

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

	<u>Balance 1/1/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2021</u>
Capital assets not being depreciated				
Land	\$ 68,000	\$ -	\$ -	\$ 68,000
Capital assets being depreciated				
Machinery and equipment	1,094,255	108,986	-	1,203,241
Buildings	239,508	-	-	239,508
Transportation equipment	127,791	-	-	127,791
Total capital assets being depreciated	<u>1,461,554</u>	<u>108,986</u>	<u>-</u>	<u>1,570,540</u>
Less accumulated depreciation for:				
Machinery and equipment	(996,736)	(25,214)	-	(1,021,950)
Buildings	(38,295)	(5,988)	-	(44,283)
Transportation equipment	(82,749)	(5,299)	-	(88,048)
Total accumulated depreciation	<u>(1,117,780)</u>	<u>(36,501)</u>	<u>-</u>	<u>(1,154,281)</u>
Total capital assets being depreciated, net	<u>343,774</u>	<u>72,485</u>	<u>-</u>	<u>416,259</u>
Governmental capital assets, net	<u>\$ 411,774</u>	<u>\$ 72,485</u>	<u>\$ -</u>	<u>\$ 484,259</u>
General Government			\$ 5,988	
Public Works			30,513	
Total Depreciation Expense			<u>\$ 36,501</u>	

NOTE 4: LONG-TERM DEBT

GOVERNMENTAL ACTIVITIES

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

	<u>Balance 01/01/21</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance 12/31/21</u>	<u>Due Within One Year</u>	<u>Accrued Interest</u>
<u>Governmental-type Activities</u>						
Accrued leave time	\$ 3,112	\$ 1,645	\$ -	\$ 4,757	\$ -	\$ -

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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, 2021 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 2021 in the amount of 3% or more of its fiscal year spending. At December 31, 2021, the District has reserved/restricted the following for emergencies:

General Fund	<u>\$ 22,000</u>
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GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 7: CONSERVATION TRUST FUNDS

A summary of the District's Conservation Trust activity for the year ended December 31, 2021 is as follows:

Beginning balance	\$	312,288
Cons. Trust receipts		103,061
Interest income		482
Expenditures		<u>(51,530)</u>
Ending Balance	\$	<u>364,301</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, 2021

With Comparative Totals for the Year Ended December 31, 2020

	2021				2020 Actual
	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Taxes					
Property Taxes	\$ 650,454	\$ 650,454	\$ 651,400	\$ 946	\$ 638,073
Specific Ownership Taxes	36,300	36,300	46,045	9,745	41,899
Total Tax Revenue	686,754	686,754	697,445	10,691	679,972
Intergovernmental Revenues					
Cons Trust Fund Revenue	80,000	80,000	103,061	23,061	86,046
State Grants	-	-	11,300	11,300	-
Total Intergovernmental Revenue	80,000	80,000	114,361	34,361	86,046
Charges for Services					
Rents	2,000	2,000	3,000	1,000	2,000
Investment Earnings					
	2,050	2,050	2,648	598	3,204
Other Revenues					
Other Miscellaneous Revenue	200	200	18,082	17,882	35,243
TOTAL REVENUES	771,004	771,004	835,536	64,532	806,465
EXPENDITURES					
General Government (Administrative)					
Personnel Services	82,550	82,550	84,770	(2,220)	78,777
Insurance	2,538	2,538	11,405	(8,867)	2,196
Professional Fees	40,650	40,650	53,364	(12,714)	102,141
Repairs and Maintenance	2,000	2,000	2,178	(178)	700
Supplies	1,350	1,350	3,217	(1,867)	3,149
Telephone and Utilities	6,550	6,550	7,853	(1,303)	5,883
Travel and Training	500	500	557	(57)	457
Other Expenses	200	200	2,009	(1,809)	2,625
Total General Government	136,338	136,338	165,353	(29,015)	195,928
Public Works (Translator Operations)					
Contract Labor	65,000	65,000	69,696	(4,696)	72,207
Rentals	16,080	16,080	27,569	(11,489)	15,444
Insurance	10,000	10,000	-	10,000	9,659
Repairs and Maintenance	-	-	1,509	(1,509)	1,480
Supplies	16,000	16,000	15,539	461	20,161
Telephone and Utilities	15,500	15,500	12,208	3,292	12,768
Other Expenses	29,000	29,000	29,219	(219)	23,180
Total Public Works/Comm Devel	151,580	151,580	155,740	(4,160)	154,899
Parks, Recreation and Other (Conservation Trust and Recreation Funding)					
Grant Funding	310,000	310,000	299,160	10,840	66,531
Intergovernmental Revenue Sharing	40,000	40,000	94,553	(54,553)	46,702
Total Parks, Recreation & Other	350,000	350,000	393,713	(43,713)	113,233
Capital Outlay					
Public Works Capital Outlay	113,000	113,000	138,814	(25,814)	73,565
Debt Service					
Principal	-	-	-	-	61,783
Interest	-	-	-	-	1,918
Total Debt Service	-	-	-	-	63,701
TOTAL EXPENDITURES	750,918	750,918	853,620	(102,702)	601,326
NET CHANGE IN FUND BALANCE - BUDGET BASIS	\$ 20,086	\$ 20,086	(18,084)	\$ (38,170)	205,139
FUND BALANCE, BEGINNING			880,067		674,928
FUND BALANCE, ENDING			\$ 861,983		\$ 880,067

See accompanying Independent Auditors' Report.