

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

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended
DECEMBER 31, 2022**

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FINANCIAL SECTION

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 and major funds of the Gunnison County Metropolitan Recreation District, as of and for the year ended December 31, 2022, and the related notes to the financial statements which collectively comprise the 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 and major funds of the Gunnison County Metropolitan Recreation District as of December 31, 2022, 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.

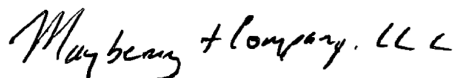
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Gunnison County Metropolitan Recreation District's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 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.



BASIC FINANCIAL STATEMENTS

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	TOTAL
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Investments	\$ 1,069,341
Receivables	
Property Tax Receivable	744,962
Cash with Fiscal Agent	3,811
Prepaid Expenses	45,269
Total Current Assets	1,863,383
Noncurrent Assets	
Capital Assets not being Depreciated	68,000
Capital Assets being Depreciated	1,270,925
Accumulated Depreciation	(673,838)
Total Noncurrent Assets	665,087
TOTAL ASSETS	\$ 2,528,470
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 3,053
Accrued Liabilities	9,008
Total Current Liabilities	12,061
Noncurrent Liabilities	
Due within one year	3,320
Due in more than one year	209,561
Total Noncurrent Liabilities	212,881
TOTAL LIABILITIES	224,942
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Deferred Property Taxes	744,962
NET POSITION	
Net Investment in Capital Assets	453,126
Restricted Net Position	348,189
Unrestricted Net Position	757,251
TOTAL NET POSITION	1,558,566
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 2,528,470

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, 2022

	<u>PROGRAM REVENUES</u>			
		<u>OPERATING</u>		
	<u>EXPENSES</u>	<u>CHARGES FOR</u>	<u>GRANTS AND</u>	<u>TOTAL</u>
		<u>SERVICES</u>	<u>CONTRIBUTIONS</u>	
FUNCTIONS/PROGRAMS				
GOVERNMENT ACTIVITIES				
Current:				
General Government	\$ 242,655	\$ 2,000	\$ -	\$ (240,655)
Public Works	202,143	-	-	(202,143)
Culture and Recreation	244,994	-	105,323	(139,671)
TOTAL GOVERNMENT ACTIVITIES	<u>\$ 689,792</u>	<u>\$ 2,000</u>	<u>\$ 105,323</u>	<u>(582,469)</u>
GENERAL REVENUES				
Property Taxes				749,559
Specific Ownership Taxes				48,050
Interest Income				3,538
Gain (Loss) on Disposal of Capital Assets				(2,168)
Other Revenues				571
TOTAL GENERAL REVENUES AND TRANSFERS				<u>799,550</u>
CHANGE IN NET POSITION				217,081
NET POSITION - Beginning				<u>1,341,485</u>
NET POSITION - Ending				<u>\$ 1,558,566</u>

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

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2022

With Comparative Totals for December 31, 2021

	General Fund	Conservation Trust Fund	Total	
			2022	2021
ASSETS				
Current Assets				
Cash and Investments				
Cash and Investments	\$ 677,239	\$ 392,102	\$ 1,069,341	\$ 849,794
Receivables				
Property Tax Receivable	744,962	-	744,962	749,788
Cash with Fiscal Agent	3,811	-	3,811	4,122
Accounts Receivable	-	-	-	17,896
Internal Balances	74,913	(74,913)	-	-
Prepaid Expenses	22,972	22,297	45,269	10,250
TOTAL ASSETS	\$ 1,523,897	\$ 339,486	\$ 1,863,383	\$ 1,631,850
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 3,053	\$ -	\$ 3,053	\$ 12,877
Accrued Liabilities	9,008	-	9,008	7,202
TOTAL LIABILITIES	12,061	-	12,061	20,079
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
Deferred Property Taxes	744,962	-	744,962	749,788
FUND BALANCE				
Nonspendable Fund Balance	22,972	22,297	45,269	10,250
Restricted Fund Balance				
Restricted for TABOR Emergency	31,000	-	31,000	22,000
Restricted for Conservation Trust Programs	-	317,189	317,189	291,277
Committed Fund Balance				
Committed for Recreation Program Funding	177,725	-	177,725	118,794
Unassigned Fund Balance	535,177	-	535,177	419,662
TOTAL FUND BALANCE	766,874	339,486	1,106,360	861,983
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 1,523,897	\$ 339,486	\$ 1,863,383	\$ 1,631,850

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, 2022**

Fund Balance - Governmental Funds			\$ 1,106,360
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	1,270,925		
Accumulated depreciation	<u>(673,838)</u>	665,087	
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Leases payable	(211,961)		
Accrued compensated absences	<u>(920)</u>	<u>(212,881)</u>	
Total Net Position - Governmental Activities			<u>\$ 1,558,566</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, 2022

With Comparative Totals for the Year Ended December 31, 2021

	General Fund	Special Revenue Fund		TOTAL	
		Conservation Trust Fund	2022	2021	2022
REVENUES					
Taxes	\$ 797,609	\$ -	\$ 797,609	\$ 697,445	
Intergovernmental Revenues	-	105,323	105,323	114,360	
Charges for Services	2,000	-	2,000	3,000	
Investment Earnings	2,991	547	3,538	2,648	
Other Revenues	571	-	571	18,082	
TOTAL REVENUES	<u>803,171</u>	<u>105,870</u>	<u>909,041</u>	<u>835,535</u>	
EXPENDITURES					
Current:					
General Government (Administrative)	240,505	-	240,505	165,351	
Public Works (Translator Operations)	155,135	-	155,135	155,741	
Parks, Recreation and Other	187,333	57,661	244,994	393,713	
Capital Outlay	229,989	-	229,989	138,814	
Debt Service	9,000	-	9,000	-	
TOTAL EXPENDITURES	<u>821,962</u>	<u>57,661</u>	<u>879,623</u>	<u>853,619</u>	
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(18,791)	48,209	29,418	(18,084)	
Debt Proceeds	214,959	-	214,959	-	
NET CHANGE IN FUND BALANCE - GAAP BASIS	196,168	48,209	244,377	(18,084)	
FUND BALANCE, BEGINNING	570,706	291,277	861,983	880,067	
FUND BALANCE, ENDING	<u>\$ 766,874</u>	<u>\$ 339,486</u>	<u>\$ 1,106,360</u>	<u>\$ 861,983</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, 2022**

Change in Fund Balance - Governmental Funds			\$ 244,377
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	\$ 222,659		
Depreciation Expense	(39,663)		
Gain (Loss) on Asset Disposals	<u>(2,168)</u>	180,828	
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			
Proceeds from debt issuances	(214,959)		
Principal payments on leases	2,998		
Change in accrued compensated absences	<u>3,837</u>	<u>(208,124)</u>	
Change in Net Position - Governmental Activities			<u>\$ 217,081</u>

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

**GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022**

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:

- charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and
- 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, 2022

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 accounts for all activities other than those funded through the Conservation Trust Fund program. Principal sources of revenues are property taxes. Principal expenditures are for administration, television, FM translator, and tax funded park, recreation, and cultural services and facilities.

Conservation Trust (Special Revenue) Fund

The Conservation Trust Fund accounts for activities funded through the Conservation Trust Fund program. Principal sources of revenues are lottery proceeds distributed by the State of Colorado. Principal expenditures are for park, recreation, and cultural services and facilities and related 50% share-back of lottery proceeds with other eligible governments within the District's service area pursuant to Intergovernmental Agreements with those entities. Prior to the 2022 presentation, this activity was consolidated with the General Fund.

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, 2022

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, 2022.

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, 2022

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:

- Submission of the preliminary planning budget and cost estimates shall be presented to the Board of Directors by July 31 of each year.
- The recommended budget is provided to the Board of Directors for comment by August 31.
- 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:

Unrestricted Cash and Investments	\$ <u>1,069,341</u>
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GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022, 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	\$ 1,044,878	\$ 1,044,878
Collateralized under PDPA (Not	188,853	24,463
Total Cash	<u>\$ 1,233,731</u>	<u>\$ 1,069,341</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, 2022, the District did not hold any non-bank investments.

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3: CAPITAL ASSETS

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

	<u>Balance</u>			<u>Balance</u>
	<u>1/1/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2022</u>
Capital assets not being depreciated				
Land	\$ 68,000	\$ -	\$ -	\$ 68,000
Capital assets being depreciated				
Machinery and equipment	1,203,241	7,700	447,474	763,467
Buildings	239,508	-	-	239,508
Transportation equipment	127,791	-	74,800	52,991
Leased buildings	-	214,959	-	214,959
Total capital assets being depreciated	<u>1,570,540</u>	<u>222,659</u>	<u>522,274</u>	<u>1,270,925</u>
Less accumulated depreciation for:				
Machinery and equipment	(1,021,950)	(24,078)	(445,306)	(600,722)
Buildings	(44,283)	(5,987)	-	(50,270)
Transportation equipment	(88,048)	(5,299)	(74,800)	(18,547)
Leased assets	-	(4,299)	-	(4,299)
Total accumulated depreciation	<u>(1,154,281)</u>	<u>(39,663)</u>	<u>(520,106)</u>	<u>(673,838)</u>
Total capital assets being depreciated, net	<u>416,259</u>	<u>182,996</u>	<u>2,168</u>	<u>597,087</u>
General Government			\$ 5,987	
Public Works			<u>33,676</u>	
Total Depreciation Expense			<u>\$ 39,663</u>	

NOTE 4: LONG-TERM DEBT

GOVERNMENTAL ACTIVITIES

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

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>
	<u>1/1/2022</u>	<u>Advances</u>	<u>Repayments</u>	<u>12/31/2022</u>	<u>Portion</u>
<u>Governmental Activities</u>					
Tower Lease	\$ -	\$214,959	\$ 2,998	\$ 211,961	\$3,320
Accrued Leave Time	4,757	-	3,837	920	-
Total Governmental-type Activities	<u>\$ 4,757</u>	<u>\$214,959</u>	<u>\$ 6,835</u>	<u>\$ 212,881</u>	<u>\$3,320</u>

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4: LONG-TERM DEBT (Continued)

GOVERNMENTAL ACTIVITIES (Continued)

During 2021, the District entered into a site lease agreement for placement of District equipment on the lessor’s tower. The lease was for an initial one-year term that automatically renews for an additional twenty four years unless the District notifies the lessor in writing ninety days prior to the end of the current lease term. The initial rate is \$650 per month and escalates by 3% annually after the first renewal. The lease also contains a \$100 per month utility charge for amounts paid by the lessor that does not escalate. With the adoption of GASB Statement 87 - Leases, the District has recognized a lease asset and related lease liability for the remainder of the lease term commencing with fiscal year 2022. The lease bears an estimated interest component of 2.81%. Payments are expected to be funded through the District’s General Fund and is subject to annual appropriation. Default provisions include payment of any remaining rents due during the current lease term as well as removal of District equipment.

Payments for the remaining period of the lease are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,320	\$ 5,914	\$ 9,234
2024	3,659	5,816	9,475
2025	4,015	5,709	9,724
2026	4,388	5,591	9,979
2027	4,780	5,463	10,243
2028-2032	30,473	24,975	55,448
2033-2037	43,496	19,828	63,324
2038-2042	59,821	12,632	72,453
2043-2046	<u>58,009</u>	<u>3,229</u>	<u>61,238</u>
Total	\$ 211,961	\$ 89,157	\$ 301,118

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.

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022 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 2022 in the amount of 3% or more of its fiscal year spending. At December 31, 2022, the District has restricted the following for emergencies:

General Fund	<u>\$ 31,000</u>
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The District approves funding for capital projects and community collaborations through an application process annually. Funding for these projects is provided upon completion of the activity and submission of reimbursement requests. Through the adoption of the 2023 budget, the District had set aside \$177,725 for approved, but uncompleted, outstanding project grants which have been included as Committed for Capital Projects at year end.

Through the adoption of the 2023 budget, the District has committed \$89,675 for recreation purposes, including \$65,000 specifically set aside as a recreation reserve.

Through the adoption of the 2023 budget, the District expects to utilize \$34,550 of the restricted Conservation Trust Fund carryover in the next fiscal year.

NOTE 7: CONSERVATION TRUST FUNDS

A summary of the District's Conservation Trust activity for the year ended December 31, 2022 is as follows:

Beginning Balance	\$	291,277
Conservation Trust Receipts		105,323
Interest Income		547
Expenditures		<u>(57,661)</u>
Ending Balance	\$	<u>339,486</u>

REQUIRED SUPPLEMENTARY INFORMATION

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2022

With Comparative Totals for the Year Ended December 31, 2021

	2022				2021 Actual
	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Taxes					
Property Taxes	\$ 749,788	\$ 749,788	\$ 749,559	\$ (229)	\$ 651,400
Specific Ownership Taxes	36,300	39,230	48,050	8,820	46,045
Total Tax Revenue	786,088	789,018	797,609	8,591	697,445
Intergovernmental Revenues					
State Grants	-	-	-	-	11,300
Charges for Services					
Rents	3,000	2,000	2,000	-	3,000
Investment Earnings	1,450	2,500	2,991	491	2,166
Other Revenues					
Other Miscellaneous Revenue	200	18,434	571	(17,863)	18,082
TOTAL REVENUES	<u>790,738</u>	<u>811,952</u>	<u>803,171</u>	<u>(8,781)</u>	<u>731,993</u>
EXPENDITURES					
General Government (Administrative)					
Personnel Services	130,700	126,000	104,317	21,683	84,770
Insurance	3,000	1,500	3,596	(2,096)	11,405
Professional Fees	67,250	66,230	61,104	5,126	53,364
Repairs and Maintenance	5,000	1,000	230	770	2,178
Supplies	3,850	12,100	26,564	(14,464)	3,216
Telephone and Utilities	10,550	8,000	8,063	(63)	7,853
Travel and Training	500	500	431	69	557
Other Expenses	53,550	47,800	36,200	11,600	2,009
Total General Government	274,400	263,130	240,505	22,625	165,352
Public Works (Translator Operations)					
Contract Labor	80,000	77,500	68,394	9,106	69,696
Rentals	33,854	44,069	25,835	18,234	27,569
Insurance	9,000	7,016	6,160	856	-
Repairs and Maintenance	-	-	1,000	(1,000)	1,509
Supplies	12,500	15,600	14,275	1,325	15,539
Telephone and Utilities	20,000	14,000	14,031	(31)	12,208
Other Expenses	26,500	25,500	25,440	60	29,219
Total Public Works/Comm Devel	181,854	183,685	155,135	28,550	155,740
Parks, Recreation and Other					
Grant Funding	388,395	351,333	187,333	164,000	269,160
Capital Outlay					
Public Works Capital Outlay	52,000	10,500	15,030	(4,530)	138,814
Debt Service					
Principal	-	-	2,998	(2,998)	-
Interest	-	-	6,002	(6,002)	-
Total Debt Service	-	-	9,000	(9,000)	-
TOTAL EXPENDITURES	<u>896,649</u>	<u>808,648</u>	<u>607,003</u>	<u>201,645</u>	<u>729,066</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ (105,911)</u>	<u>\$ 3,304</u>	196,168	<u>\$ 192,864</u>	2,927
Budget to GAAP Basis Reconciliation					
Debt Proceeds			(214,959)		-
Capital Outlay			214,959		-
NET CHANGE IN FUND BALANCE - GAAP BASIS			196,168		2,927
FUND BALANCE, BEGINNING			570,706		567,779
FUND BALANCE, ENDING			<u>\$ 766,874</u>		<u>\$ 570,706</u>

See accompanying Independent Auditors' Report.

GUNNISON COUNTY METROPOLITAN RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE

Conservation Trust Fund

FOR THE YEAR ENDED DECEMBER 31, 2022

With Comparative Totals for the Year Ended December 31, 2021

	2022			Variance With Final Budget	2021 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental Revenues					
Cons Trust Fund Revenue	\$ 80,000	\$ 105,323	\$ 105,323	\$ -	\$ 103,060
Investment Earnings	<u>450</u>	<u>400</u>	<u>547</u>	<u>147</u>	<u>482</u>
TOTAL REVENUES	<u>80,450</u>	<u>105,723</u>	<u>105,870</u>	<u>147</u>	<u>103,542</u>
EXPENDITURES					
Parks, Recreation and Other					
Grant Funding	17,000	5,000	5,000	-	30,000
Intergovernmental Revenue Sharing	<u>40,000</u>	<u>52,661</u>	<u>52,661</u>	<u>-</u>	<u>94,553</u>
Total Parks, Recreation & Other	<u>57,000</u>	<u>57,661</u>	<u>57,661</u>	<u>-</u>	<u>124,553</u>
Capital Outlay					
Parks, Recreation and Other Capital Outlay	<u>60,000</u>	<u>22,297</u>	<u>-</u>	<u>22,297</u>	<u>-</u>
TOTAL EXPENDITURES	<u>117,000</u>	<u>79,958</u>	<u>57,661</u>	<u>22,297</u>	<u>124,553</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ (36,550)</u>	<u>\$ 25,765</u>	<u>48,209</u>	<u>\$ 22,444</u>	<u>(21,011)</u>
FUND BALANCE, BEGINNING			<u>291,277</u>		<u>312,288</u>
FUND BALANCE, ENDING			<u>\$ 339,486</u>		<u>\$ 291,277</u>

See accompanying Independent Auditors' Report.