

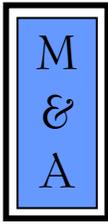
**Indian Mountain Metropolitan Recreation and Park District
Como, Colorado**

**Financial Statements
December 31, 2006**

**Indian Mountain Metropolitan Recreation and Park District
Financial Statements
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INDEPENDENT AUDITOR'S REPORT

Board of Directors Indian Mountain Metropolitan Recreation and Park District Como, Colorado

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Indian Mountain Metropolitan Recreation and Park District (the "District") as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Indian Mountain Metropolitan Recreation and Park District as of December 31, 2006 and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis in Section B is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

McMahan and Associates, LLC.

McMahan and Associates, L.L.C.
October 11, 2007

Performing services for local governments throughout Colorado

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Indian Mountain Metropolitan Recreation and Park District

Management's Discussion and Analysis
December 31, 2006

As management of the Indian Mountain Metropolitan Recreation and Park District, (the "District"), we offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal year ended December 31, 2006.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. These components are discussed below.

Government-wide financial statements: These financial statements are designed to provide readers with an overview of the District's finances, from both a short-term fund perspective and a long-term economic perspective.

The Balance Sheet/Statement of Net Assets presents information on all the District's assets and liabilities (both short-term and long-term), with the difference between the two reported as fund balance or net assets. The Balance Sheet column presents the financial position focusing on short-term available resources and is reported on a modified accrual basis of accounting. The Statement of Net Assets column presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities shows how the government's fund balance and net assets changed during the most recent fiscal year. Again, the Statement of Revenues, Expenditures and Changes in Fund Balances column focuses on short-term available resources and is reported on a modified accrual basis. The Statement of Activities column focuses on long-term economic resources and is reported on a full accrual basis.

The District's government-wide financial statements can be found on pages C1 and C2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District uses a governmental fund to account for its activities.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at year-end. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The District adopts an annual appropriated budget for its only governmental fund, the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget and is found on page C3 of this report.

Overview of the Financial Statements (continued)

Notes to the Financial Statements: The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the District. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Financial Analysis of the District

Indian Mountain Metropolitan Recreation and Park District's Net Assets

Assets:

Current and other assets	\$ 314,430
Capital assets	668,134
Total Assets	982,564

Liabilities:

Other liabilities	106,042
Total Liabilities	106,042

Net Assets:

Invested in capital assets	668,134
Restricted for emergencies	3,900
Unrestricted	204,488
Total Net Assets	\$ 876,522

Capital assets (i.e., land, land improvements, buildings and improvements, equipment, and furniture and fixtures) were the District's most significant type of asset at December 31, 2006, accounting for 68%. Cash held in checking and savings accounts totaled \$208,067 at the end of 2006, and represented 21% of total assets. Assessed property taxes (to be collected in 2007) amounted to \$105,091 at year end, and accounted for the remaining 11% of District assets.

In accordance with generally accepted accounting principles ("GAAP"), the assessed but uncollected property taxes of \$105,091 have been offset by deferred revenue, accounting for almost the entire balance of liabilities at year-end. The remaining nominal liability balance of the District at December 31, 2006, is related to trade payables.

Approximately 76% of the District's net assets reflect its investment in capital assets, which includes land, land improvements, equipment, and furniture and fixtures. The District uses its capital assets to provide recreation services to its citizens; therefore, these assets are not available for future spending. Of the remaining \$208,388 of net assets, \$3,900 has been restricted for emergencies, as required under the Taxpayer Bill of Rights ("TABOR"). The remaining balance of net assets totaling \$204,488 may be used to meet the District's ongoing obligations relating to its operations.

Financial Analysis of the District (continued):

Overall, the District's net assets increased \$34,191 from the prior year. This increase is summarized below:

Indian Mountain Metropolitan Recreation and Park District's Change in Net Assets

Revenues:

Property tax	\$ 102,756
Specific ownership tax	15,855
Investment income	7,024
Rental income	2,441
State lottery proceeds	807
Advertising income	1,440
Miscellaneous	171
Total Revenues	<u>130,494</u>

Expenses:

Board expense	3,600
Office expense	4,471
Professional fees	18,053
Utilities	5,108
Newsletter and website	5,913
Insurance	3,952
Maintenance	23,418
County Treasurer's fees	3,083
Election expense	11,825
Socials expense	1,634
Tree protection	1,445
Miscellaneous	1,061
Depreciation	8,880
Capital outlay	3,860
Total Expenses	<u>96,303</u>

Change in Net Assets 34,191

Net Assets:

Beginning of the year	<u>842,331</u>
End of the year	<u>\$ 876,522</u>

Property and specific ownership taxes represented 91% of the District's total revenues in 2006. Investment income (i.e., interest on matured certificate of deposit, checking, and savings accounts) accounted for 5% of total revenues.

Maintenance, professional fees, election, depreciation of capital assets, and newsletter and website costs were the District's most significant expenses during 2006. These expenses accounted for 24%, 19%, 12%, 9%, and 6%, respectively, of total District expenses during the past year. Among other items, maintenance expenses included painting costs of the Recreation Hall. Professional fees were mostly incurred for legal fees related to water augmentation issues.

A comparative financial analysis will be provided in future years when prior year information is available.

Budget Variances in the General Fund

During the year there was no increase in appropriations between the original and the final amended budget. However, the District reallocated expenditure line items within the budget. More specifically, professional fee and election line items were increased and the capital outlay line item was decreased. Actual expenditures for the General Fund were less than budgeted amounts by \$154,675.

Significant budget variances in the General Fund were as follows:

Account	Final Budget	Actual	Variance Positive (Negative)	Explanation
Revenues:				
Property tax	\$ 90,474	102,756	12,282	Approved budget incorrectly allocated property tax revenues between property tax and specific ownership tax line items. Overall budget for these two line items was conservative.
Investment income	1,400	7,024	5,624	Conservative budgeting.
Expenditures:				
Capital outlay	156,716	30,906	125,810	Budgeted renovation of Recreation Hall was not done.
Contingency	9,750	-	9,750	The District did not incur any significant unanticipated costs necessitating the use of these contingencies.

Capital Assets

The District's capital assets increased by \$18,166 in 2006. The construction of the Lodge deck, which totaled \$27,046, was partially offset by depreciation expense of \$8,880 to make up this net increase. Additional information as well as a detailed classification of the District's capital assets can be found in the Notes to the Financial Statements on page D7.

Next Year's Budget and Rates

The District's General Fund balance at the end of the 2006 fiscal year totaled \$208,388. The District's 2007 budget anticipates an ending balance of approximately \$37,000. This anticipated decrease in fund balance is due to the planned use of existing equity for capital assets additions. The 2007 budget anticipates revenues of approximately \$126,000, and expenditures of \$280,000, of which \$182,000 is budgeted for capital expenditures.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Indian Mountain Metropolitan Recreation and Park District, P.O. Box 25, Como, CO 80432.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**Indian Mountain Metropolitan Recreation and Park District
Governmental Fund Balance Sheet/Statement of Net Assets
December 31, 2006**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets:			
Cash and cash equivalents - Unrestricted	206,632	-	206,632
Cash and cash equivalents - Restricted	1,435	-	1,435
Due from other governments	1,272	-	1,272
Assessed taxes receivable	105,091	-	105,091
Land and land improvements	-	511,228	511,228
Depreciable capital assets, net of accumulated depreciation	-	156,906	156,906
Total Assets	<u>314,430</u>	<u>668,134</u>	<u>982,564</u>
Liabilities:			
Accounts payable	951	-	951
Deferred tax revenues	105,091	-	105,091
Total Liabilities	<u>106,042</u>	<u>-</u>	<u>106,042</u>
Fund Balance/Net Assets:			
Fund Balance:			
Reserved for emergencies	3,900	(3,900)	-
Unreserved	204,488	(204,488)	-
Total Fund Balance	<u>208,388</u>	<u>(208,388)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>314,430</u>		
Net Assets:			
Invested in capital assets		668,134	668,134
Restricted for emergencies		3,900	3,900
Unrestricted		204,488	204,488
Total Net Assets		<u>876,522</u>	<u>876,522</u>

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

**Indian Mountain Metropolitan Recreation and Park District
Statement of Governmental Fund Revenues, Expenditures
and Changes in Fund Balance/Statement of Activities
For the Year Ended December 31, 2006**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property tax	102,756	-	102,756
Specific ownership tax	15,855	-	15,855
Investment income	7,024	-	7,024
Rental income	2,441	-	2,441
State lottery proceeds	807	-	807
Advertising income	1,440	-	1,440
Miscellaneous	171	-	171
Total Revenues	<u>130,494</u>	<u>-</u>	<u>130,494</u>
Expenditures/Expenses:			
Board expense	3,600	-	3,600
Office expense	4,471	-	4,471
Professional fees	18,053	-	18,053
Utilities	5,108	-	5,108
Newsletter and website	5,913	-	5,913
Insurance	3,952	-	3,952
Maintenance	23,418	-	23,418
County Treasurer's fees	3,083	-	3,083
Election expense	11,825	-	11,825
Socials expense	1,634	-	1,634
Tree protection	1,445	-	1,445
Miscellaneous	1,061	-	1,061
Depreciation	-	8,880	8,880
Capital outlay	30,906	(27,046)	3,860
Total Expenditures/Expenses	<u>114,469</u>	<u>(18,166)</u>	<u>96,303</u>
Excess of Revenues Over Expenditures	16,025	(16,025)	-
Change in Net Assets	-	34,191	34,191
Fund Balance/Net Assets:			
Beginning of the year	<u>192,363</u>		<u>842,331</u>
End of the year	<u>208,388</u>		<u>876,522</u>

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

FUND FINANCIAL STATEMENTS

Indian Mountain Metropolitan Recreation and Park District
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Revenues:				
Property tax	90,474	90,474	102,756	12,282
Specific ownership tax	12,000	12,000	15,855	3,855
Investment income	1,400	1,400	7,024	5,624
Rental income	4,000	1,780	2,441	661
State lottery proceeds	900	900	807	(93)
Advertising income	1,000	1,000	1,440	440
Miscellaneous	100	100	171	71
Total Revenues	<u>109,874</u>	<u>107,654</u>	<u>130,494</u>	<u>22,840</u>
Expenditures:				
Board expense	3,000	3,000	3,600	(600)
Office expense	5,000	5,000	4,471	529
Professional fees	8,000	21,700	18,053	3,647
Utilities	8,650	9,300	5,108	4,192
Travel and entertainment	800	-	-	-
Newsletter and website	8,000	9,000	5,913	3,087
Insurance	5,600	5,600	3,952	1,648
Maintenance	28,009	27,009	23,418	3,591
County Treasurer's fees	3,219	3,219	3,083	136
Election expense	2,000	12,000	11,825	175
Socials expense	2,000	3,000	1,634	1,366
Tree protection	5,000	2,000	1,445	555
Miscellaneous	1,050	1,850	1,061	789
Capital outlay	179,066	156,716	30,906	125,810
Contingency	9,750	9,750	-	9,750
Total Expenditures	<u>269,144</u>	<u>269,144</u>	<u>114,469</u>	<u>154,675</u>
Net Change in Fund Balance	(159,270)	(161,490)	16,025	177,515
Fund Balance - Beginning of Year	<u>192,363</u>	<u>192,363</u>	<u>192,363</u>	<u>-</u>
Fund Balance - End of Year	<u><u>33,093</u></u>	<u><u>30,873</u></u>	<u><u>208,388</u></u>	<u><u>177,515</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

Indian Mountain Metropolitan Recreation and Park District
Notes to the Financial Statements
December 31, 2006

I. Summary of Significant Accounting Policies

The Indian Mountain Metropolitan Recreation and Park District (the "District") is a quasi-municipal corporation that was established in 1975, and is operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide and manage recreational and park facilities for the use of owners of real property within the District and for their families and guests. The District operates under the control of an elected five member Board of Directors (the "Board").

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant aspects of the government's accounting policies are described below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on these criteria, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District does not have any business-type activities, only governmental activities.

1. Government-wide Financial Statements

In the Governmental Fund Balance Sheet/Statement of Net Assets, the Statement of Net Assets column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts—invested in capital assets; restricted net assets; and unrestricted net assets.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Indian Mountain Metropolitan Recreation and Park District
Notes to the Financial Statements
December 31, 2006
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following governmental fund:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (i.e., 60 days). Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

Indian Mountain Metropolitan Recreation and Park District
Notes to the Financial Statements
December 31, 2006
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance for uncollectible accounts has been established, as the District considers all accounts to be collectible.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

4. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, equipment, and furniture and fixtures, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase, if applicable, is not capitalized as part of the value of the asset.

Buildings and improvements, equipment, and furniture and fixtures are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	30 -50
Furniture, fixtures and equipment	5 - 20

5. Deferred Revenue

Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. In subsequent periods, when revenue recognition criteria are met, the liability for deferred revenue is removed and revenue is recognized.

6. Use of Estimates

The preparation of financial statements to conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Indian Mountain Metropolitan Recreation and Park District
Notes to the Financial Statements
December 31, 2006
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Restricted Assets

State lottery proceeds, net of allowable expenditures, as defined in Colorado Revised Statutes, are classified as restricted assets on the balance sheet because they are maintained in a separate bank account and their use is limited by these statutes.

8. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of differences between the governmental fund Balance Sheet and the government-wide Statement of Net Assets

The governmental fund Balance Sheet/Statement of Net Assets includes an adjustment column. The explanation of the adjustment included in this column is as follows:

Capital assets used in governmental activities totaling \$668,134 are not financial resources and are therefore not reported in the funds.

B. Explanation of differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities includes an adjustment column. Explanations of the adjustments included in this column are as follows:

Governmental funds report capital outlay as expenditures when paid. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

The \$8,880 adjustment represents depreciation expense and the negative \$27,046 adjustment is related to capital outlay expenditures.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

In the fall of each year, the District's Board formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental fund is adopted on a basis consistent with U.S. GAAP.

- (1) For the 2006 budget, prior to August 25, 2005, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2005, only once by a single notification to the District.

Indian Mountain Metropolitan Recreation and Park District
Notes to the Financial Statements
December 31, 2006
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

- (2) On or before October 15, 2005, the District prepared a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) For the 2006 budget, prior to December 15, 2005, the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes as computed in the proposed budget.
- (4) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (c) it may approve emergency appropriations; and (d) it may reduce appropriations for which originally estimated revenues are insufficient.
- (6) All appropriations lapse at a year-end.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2005 were collected in 2006 and taxes certified in 2006 will be collected in 2007. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

B. TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used only for declared emergencies. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenues. The District has reserved a portion of its December 31, 2006, year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$3,900.

Indian Mountain Metropolitan Recreation and Park District
Notes to the Financial Statements
December 31, 2006
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

The District's voters approved the following TABOR ballot question on May 5, 1998:

Without imposing any new taxes or increases in tax rates, shall the Indian Mountain Metropolitan Recreation and Park District be authorized to retain all revenues from all sources, including grants, in 1998 and subsequent years, and spend the same as a voter approved revenue change and an exception to limits which would otherwise apply for each of said years?

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

IV. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$100,000 of the District's deposits at each financial institution. Deposit balances over \$100,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was \$208,067 at year end. At year end, the District had the following deposits with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	Less than five years
<i>Deposits:</i>				
Checking - Interest bearing	Not rated	\$ 206,632	206,632	-
Savings	Not rated	1,435	1,435	-
		<u>\$ 208,067</u>	<u>208,067</u>	<u>-</u>

Interest Rate Risk. The District has not formally adopted an investment policy. However, the District managed its exposure to declines in fair value by depositing its funds solely in interest bearing checking and savings accounts.

Credit Risk. Colorado statutes specify instruments in which local governments may invest, including:

- Obligations of the U.S. and certain U.S. governmental agency securities
- Certain international agency securities
- General obligation and revenue bonds for U.S. local governmental 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

Indian Mountain Metropolitan Recreation and Park District
Notes to the Financial Statements
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IV. Detailed Notes on All Funds (continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land and land improvements	\$ 511,228	-	-	511,228
Total capital assets, not being depreciated	<u>511,228</u>	<u>-</u>	<u>-</u>	<u>511,228</u>
Capital assets, being depreciated:				
Buildings and improvements	159,703	27,046	-	186,749
Furniture, fixtures, and equipment	19,147	-	-	19,147
Total capital assets being depreciated	<u>178,850</u>	<u>27,046</u>	<u>-</u>	<u>205,896</u>
Less accumulated depreciation for:				
Buildings and improvements	(30,853)	(5,918)	-	(36,771)
Furniture, fixtures, and equipment	(9,257)	(2,962)	-	(12,219)
Total accumulated depreciation	<u>(40,110)</u>	<u>(8,880)</u>	<u>-</u>	<u>(48,990)</u>
Total capital assets, being depreciated, net	<u>138,740</u>	<u>18,166</u>	<u>-</u>	<u>156,906</u>
Total Capital Assets, Net	<u><u>\$ 649,968</u></u>	<u><u>18,166</u></u>	<u><u>-</u></u>	<u><u>668,134</u></u>

V. Other Information – Risk Management

The District is exposed to various risks of loss related to workers compensation; general liability, unemployment, torts, theft of, damage to, and destruction of assets; and errors and omissions. The District has acquired commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.