



**Financial Report**

**December 31, 2016**

**Battlement Mesa Service Association  
(A Colorado Non-Profit Corporation)  
December 31, 2016**

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Battlement Mesa Service Association  
Battlement Mesa, Colorado**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Battlement Mesa Service Association (the "Association"), a Colorado non-profit corporation, which comprise the balance sheet as of December 31, 2016, and the related statements of revenues, expenses and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibilities***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**INDEPENDENT AUDITOR'S REPORT  
To the Board of Directors  
Battlement Mesa Service Association  
Battlement Mesa, Colorado**

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Battlement Mesa Service Association as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on page 12, Operating Fund – Comparison of Budgeted and Actual Revenue and Expenses, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, except for that portion marked "unaudited", on which we express no opinion, is fairly stated in all material respects in relation to the financial statements as a whole.

***Disclaimer of Opinion on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that The Schedule of Future Major Repairs and Replacements on page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial 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.

***Report on Summarized Comparative Information***

We have previously audited the Association's December 31, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**McMahan and Associates, L.L.C.**

**Battlement Mesa Service Association**  
**(A Colorado Non-Profit Corporation)**  
**Balance Sheets**  
**December 31, 2016**  
**(With Comparative Totals For 2015)**

	<u>2016</u>			<u>2015</u>
	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 112,843	187,957	300,800	246,813
Investments	-	599,799	599,799	599,276
Assessments receivable, net	53,767	-	53,767	81,315
Other receivables	2,236	-	2,236	2,646
Prepaid expenses	1,000	-	1,000	4,000
Due (to) from other fund	(25,414)	25,414	-	-
Land	100	49,215	49,315	49,315
<b>Total Assets</b>	<u>144,532</u>	<u>862,385</u>	<u>1,006,917</u>	<u>983,365</u>
<b>Liabilities and Fund Equity:</b>				
<b>Liabilities:</b>				
Accounts payable	45,777	8,100	53,877	3,750
Other current liabilities	-	-	-	9,576
Deferred assessment revenue	108,612	-	108,612	109,575
<b>Total Liabilities</b>	<u>154,389</u>	<u>8,100</u>	<u>162,489</u>	<u>122,901</u>
<b>Fund Equity:</b>				
Fund balances	(9,857)	854,285	844,428	860,464
<b>Total Fund Equity</b>	<u>(9,857)</u>	<u>854,285</u>	<u>844,428</u>	<u>860,464</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 144,532</u>	<u>862,385</u>	<u>1,006,917</u>	<u>983,365</u>

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

**Battlement Mesa Service Association**  
**(A Colorado Non-Profit Corporation)**  
**Statements of Revenues, Expenses and Changes in Fund Balances**  
**For the Year Ended December 31, 2016**  
**(With Comparative Totals For 2015)**

	<b>2016</b>			<b>2015</b>
	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>	<b>Total</b>
<b>Revenues:</b>				
Assessments	\$ 834,540	58,476	893,016	901,233
Cable television franchise fee	8,990	-	8,990	10,611
Investment income	18	4,181	4,199	2,075
Other	68,347	-	68,347	69,530
<b>Total Revenues</b>	<u>911,895</u>	<u>62,657</u>	<u>974,552</u>	<u>983,449</u>
<b>Expenses:</b>				
Maintenance	352,503	-	352,503	342,535
Utilities	171,915	-	171,915	169,628
Sprinkler system	161,137	-	161,137	143,746
Management fees	96,000	-	96,000	93,000
Office expense	46,114	-	46,114	50,503
Insurance	12,941	-	12,941	13,298
Professional fees	47,792	-	47,792	37,626
Security	16,800	-	16,800	18,200
Income taxes	1,757	-	1,757	1,477
Bad debt	15,495	-	15,495	39,559
Miscellaneous	-	-	-	2,861
Replacement Fund expenses	-	68,134	68,134	90,589
<b>Total Expenses</b>	<u>922,454</u>	<u>68,134</u>	<u>990,588</u>	<u>1,003,022</u>
<b>Excess (Deficiency) of Revenues Over Expenses</b>	(10,559)	(5,477)	(16,036)	(19,573)
<b>Beginning Fund Balances</b>	<u>702</u>	<u>859,762</u>	<u>860,464</u>	<u>880,037</u>
<b>Ending Fund Balances</b>	<u>\$ (9,857)</u>	<u>854,285</u>	<u>844,428</u>	<u>860,464</u>

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

**Battlement Mesa Service Association**  
**(A Colorado Non-Profit Corporation)**  
**Statements of Cash Flows**  
**For the Year Ended December 31, 2016**  
**(With Comparative Totals For 2015)**

	2016			2015
	Operating Fund	Replacement Fund	Total	Total
<b>Cash Flows From Operating Activities:</b>				
Cash received from owners for assessments	\$ 832,760	58,476	891,236	880,848
Cash received for interest	18	3,658	3,676	2,235
Cash received from other sources	77,748	-	77,748	80,744
Cash (paid) to vendors	(856,882)	(60,034)	(916,916)	(979,757)
Income taxes paid	(1,757)	-	(1,757)	(1,897)
Transfers (to) from other funds	(29,191)	29,191	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>22,696</u>	<u>31,291</u>	<u>53,987</u>	<u>(17,827)</u>
<b>Cash Flows From Investing Activities:</b>				
Cash paid to purchase investments	-	(600,000)	(600,000)	(600,000)
Cash received from matured investments	-	600,000	600,000	520,000
<b>Net Cash Provided (Used) By Investing Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80,000)</u>
<b>Net Increase (Decrease) In Cash</b>	22,696	31,291	53,987	(97,827)
<b>Cash at Beginning of Period</b>	90,147	156,666	246,813	344,640
<b>Cash at End of Period</b>	<u>112,843</u>	<u>187,957</u>	<u>300,800</u>	<u>246,813</u>
<b>Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:</b>				
Excess (Deficiency) of revenues over expenses	<u>(10,559)</u>	<u>(5,477)</u>	<u>(16,036)</u>	<u>(19,573)</u>
<b>Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:</b>				
Unrealized gain (loss) on investments	-	(523)	(523)	160
Decrease (increase) in assessments receivable, net	27,548	-	27,548	5,955
Decrease (increase) in other accounts receivable	410	-	410	417
Decrease (increase) in prepaid expenses	3,000	-	3,000	(4,000)
Increase (decrease) in accounts payable	42,027	8,100	50,127	(18,757)
Increase (decrease) in deferred assessment revenue	(963)	-	(963)	8,630
Increase (decrease) in accrued expenses	(9,576)	-	(9,576)	9,341
Net change in interfund transfers	(29,191)	29,191	-	-
<b>Total Adjustments</b>	<u>33,255</u>	<u>36,768</u>	<u>70,023</u>	<u>1,746</u>
<b>Net Cash Provided (Used) By Operating Activities</b>	<u>\$ 22,696</u>	<u>31,291</u>	<u>53,987</u>	<u>(17,827)</u>

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

**Battlement Mesa Service Association**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2016**

**1. Organization**

Battlement Mesa Service Association (the "Association") was incorporated in the State of Colorado in 1982 as a non-profit corporation. The Association was established to provide for the community, civic, and social welfare of the homeowners and to maintain the fences, pedestrian paths, landscaped common areas and street lighting. As of December 31, 2016, the Association consisted of two thousand three hundred sixty-six (2,366) properties located on approximately one thousand, six hundred acres in Garfield County, Colorado.

**2. Summary of Significant Accounting Policies**

**A. Basis of Accounting**

The financial statements are prepared on the accrual basis of accounting. The common expenses of the Association are paid by the Association for the members of the Association. The Board of Directors estimates the expenses and the Association's members are assessed for their pro-rata share of the estimated expenses.

**B. Fund Accounting**

The Association uses the fund method of accounting, which requires that funds, such as operating funds and funds designated for future major repairs, replacements and additions be classified separately for accounting and reporting purposes.

Fund accounting is helpful in segregating funds having restrictions on their use. Disbursements from the Operating Fund are generally at the discretion of the Board of Directors and the property manager. Disbursements from the Replacement Fund may be made only for designated purposes.

**C. Recognition of Assets**

The Association recognizes common real property to which it has title and that it can dispose of for cash, while retaining the proceeds thereto, as an asset on its financial statements. This asset is recorded at cost and is not depreciated.

**D. Cash and Cash Equivalents**

Cash and cash equivalents for the statement of cash flows consist of cash in bank, cash on hand, and investments with maturities of three months or less.

**E. Investments**

The Association has invested certain excess funds in certificates of deposit. Because these investments are intended to fund expenditures in the Operating and Replacement Funds and may provide a ready source of cash when so required, these investments are classified as trading for financial statement purposes. Accordingly, investments are reported on these financial statements at fair value, and all realized and unrealized gains and losses are included in current period earnings.

Investment income is unrestricted unless the earnings are restricted, either as to purpose or time period, by the donor of the original contribution.



**Battlement Mesa Service Association  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2016  
(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**E. Investments (continued)**

U.S. generally accepted accounting principles require financial assets be valued at "fair value", determined through application of a three-tiered hierarchy of input levels. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based on the best information available in circumstances where markets are non-existent or illiquid.

**F. Interest Allocation**

The Board's policy is to record interest earned in the fund that holds the underlying investment.

**G. Accounts Receivable**

Accounts receivable at the balance sheet date represent assessment fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are in excess of \$500.

The Association uses the allowance method for recognizing potential uncollectible delinquent accounts receivable. At December 31, 2016, the Association has established an allowance for uncollectible owner's assessments receivable of \$28,365.

**H. Deferred Assessment Revenues**

Deferred assessment revenues consist of cash receipts collected in the current year for the subsequent year's assessments.

**I. Common Assessments**

Common assessments are the primary source of revenue for the Association. The Board, together with the Association's managing agent, prepares an annual budget to estimate the annual expenses of maintaining the Association's common elements.

On a quarterly basis, members of the Association are assessed for their share of these estimated expenses. Since the Association is designed only to operate as a conduit to collect assessments and pay operating expenses on behalf of members, any excess or deficiency of revenues over expenses is repaid to, or recovered from, the members in a subsequent year by reducing or increasing assessments, or, with the approval of the Board, transferred to the Replacement Fund.

**Battlement Mesa Service Association  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2016  
(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**J. Income Taxes**

While the Association has been organized under Colorado non-profit statutes as a corporation without capital stock or shareholders, the Association is not a tax-exempt organization. Consequently, the Association is subject to Federal and state income taxes on net income derived from investments and other non-membership sources.

The income tax returns of the Association are subject to examination by the Internal Revenue Service and the Colorado Department of Revenue. The Association's returns are no longer subject to examination for tax years prior to 2013 by the Internal Revenue Service and for tax years prior to 2012 by the Colorado Department of Revenue.

**K. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**L. Subsequent Events**

Management has evaluated subsequent events through the date of the auditor's report.

**M. Comparative Information**

The financial statements include certain prior year comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2015, from which the comparative totals were derived.

**3. Investments**

	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>
Certificates of deposit:			
Maturing within one year, interest at 0.65% - 0.70% p.a.	\$ -	599,799	599,799
<b>Total</b>	<b>\$ -</b>	<b>599,799</b>	<b>599,799</b>

**Battlement Mesa Service Association  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2016  
(Continued)**

**3. Investments (continued)**

The following schedule summarizes the investment income in the Statements of Revenues, Expenses and Changes in Fund Balances:

	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>
Interest income	\$ 18	3,213	3,231
Net gains (loses)	-	968	968
<b>Total</b>	<b>\$ 18</b>	<b>4,181</b>	<b>4,199</b>

The fair values of assets measured on a recurring basis at December 31, 2016 are as follows:

	<b>Fair Value</b>	<b>Quoted Prices in Active Markets (Level 1)</b>
Certificates of deposit	\$ 599,799	599,799
<b>Total</b>	<b>\$ 599,799</b>	<b>599,799</b>

**4. Future Major Repairs and Replacement Reserve**

The Association's governing documents allow for the accumulation of funds for future major repairs and replacements. Accumulated funds are held in a separate savings and investment account and generally not available for expenditures for normal operations.

The Association commissioned a study in 2011 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were prepared by reserve study engineers, based upon bids received from similar projects, past expenditures on similar work and cost estimating guides. In 2012, the Board formed a committee that adjusted the reserve study estimates established by the engineers to correspond with the Association's estimates. The table included in the unaudited Supplementary Information - Schedule of Future Major Repairs and Replacements is based on the study and subsequent Board adjustments.

In accordance with industry guidelines, it is the Association's primary duty to maintain and preserve the common property of the owners. Therefore, it is the Association's responsibility to determine a method for funding the costs of future major repairs and maintenance by assessing owners when funds are needed or by anticipating costs over extended time periods, assessing owners for the anticipated costs, and accumulating funds in reserves to meet the future funding requirements.

Funds are being accumulated in the Replacement Fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the Replacement Fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to the Board of Director's approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The Replacement Fund had a balance of \$854,285 at December 31, 2016.

**Battlement Mesa Service Association  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2016  
(Continued)**

**5. Homeowners' Fees and Economic Dependence**

As of December 31, 2016, 2 unimproved units and 380 developed units of the 2,399 total assessment units were still owned by Battlement Mesa Partners (the Declarant). The Declarant pays one-half of the assessment per lot on unimproved lots and full assessment on improved lots. The Declarant paid \$393,310 in assessments for the year ended December 31, 2016. This amount represents approximately 53% of the total assessments charged by the Association. In accordance with the Declaration of Covenants, the Declarant is responsible to pay the Association the amount of any shortage caused by an excess of common expenses over common assessments by its payment of its assessment at the 50% rate up to 100% of the assessment.

In addition, as of December 31, 2016, a member of the Association owned 981.5 assessment units. The member paid \$217,893 in assessments for the year ended December 31, 2016. This amount represents approximately 29% of the total assessments charged by the Association.

**6. Tamarisk Village Contingency Funds**

The Association assesses an additional service assessment on residents of the Tamarisk Village area contained within the borders of the Association to pay for accounting fees and for irrigation, water and maintenance of front yard sprinkler systems required in that area. The residents of Tamarisk Village voted at an annual homeowners' meeting for that area to retain any excess funds collected for this purpose to be used as a contingency fund. The funds so designated can be used at the discretion of the Board of Directors to meet funding shortages for the irrigation, water and sprinkler system maintenance of Tamarisk Village. In the current year, assessments exceeded expenses for common area landscaping by \$3,851. The net effect resulted in an increase of an excess of the prior year's assessments in excess of expenses from Tamarisk Village. As of December 31, 2016, the contingency fund balance had cumulative assessments in excess of expenditures of \$10,360. When the contingency fund balance has cumulative assessments in excess of expenditures, it is the policy of the Association to allocate interest earned on these funds to the Tamarisk Village contingency fund.

**7. Management Contract**

In 2015 the Association entered into a management agreement with the Battlement Mesa Metropolitan District ("BMMD") to manage the day-to-day operations of the Association under the direction of the Association's Board of Directors. The agreement commenced on January 1, 2015 and expires December 31, 2017.

Payments to BMMD for services provided under the management agreement during the year ended December 31, 2016 are included in these financial statements as follows:

Maintenance	\$ 17,376
Irrigation water	148,846
Management and accounting	96,000
Office expense	8,100
Street sweeping	<u>15,000</u>
<b>Total</b>	<u><u>\$ 285,322</u></u>

As of December 31, 2016, the Association owed \$8,871 to BMMD.

**Battlement Mesa Service Association  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2016  
(Continued)**

**8. Designation of Replacement Fund**

The Association's Replacement Fund activities are designated between a General Fund Replacement Reserve and a General Fund Capital Reserve.

During the year ended December 31, 2016, activity was recorded in these categories of the Association's Replacement Fund as follows:

	<b>General Fund Replacement</b>	<b>General Fund Capital</b>	<b>Total</b>
<b>Balances - Beginning of Year</b>	\$ 463,168	396,594	859,762
Revenues:			
Assessments	46,781	11,695	58,476
Interest	3,345	836	4,181
Expenses	(10,120)	(58,014)	(68,134)
<b>Balances - End of Year</b>	<b>\$ 503,174</b>	<b>351,111</b>	<b>854,285</b>

**9. Related Parties**

The Association paid \$15,450 to Lush Green Landscapes for landscaping services during 2016. A portion of Lush Green Landscapes is owned by a Board member of the Association, whose term expired in 2016. At December 31, 2016, the Association owed \$7,586 to Lush Green Landscapes.

**10. Deficit Fund Balance**

At December 31, 2016, the Association had a deficit fund balance of \$9,857 in the Operating Fund.

**11. Subsequent Event**

In 2017, the Association filed an application for recognition of exemption under section 501(c)4 of the Internal Revenue Code. The Association has yet to receive a response from the Internal Revenue Service regarding the application.

**Battlement Mesa Service Association**  
**(A Colorado Non-Profit Corporation)**  
**Operating Fund**  
**Comparison of Budgeted and Actual Revenue and Expenses**  
**For the Year Ended December 31, 2016**  
**(With Comparative Totals For the Year Ended 2015)**

	2016			2015
	Budget (Unaudited)	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Assessments	\$ 850,760	834,540	(16,220)	826,913
Cable television franchise fee	10,000	8,990	(1,010)	10,611
Investment income	20	18	(2)	18
Other	60,700	68,347	7,647	69,530
<b>Total Revenues</b>	921,480	911,895	(9,585)	907,072
<b>Expenses:</b>				
Maintenance	348,000	352,503	(4,503)	342,535
Utilities	168,800	171,915	(3,115)	169,628
Sprinkler system	158,800	161,137	(2,337)	143,746
Management fees	96,000	96,000	-	93,000
Office expense	52,380	46,114	6,266	50,503
Insurance	13,000	12,941	59	13,298
Professional fees	41,620	47,792	(6,172)	37,626
Security	16,800	16,800	-	18,200
Income taxes	1,600	1,757	(157)	1,477
Bad debt	22,000	15,495	6,505	39,559
Miscellaneous	50	-	50	2,861
<b>Total Expenses</b>	\$ 919,050	922,454	(3,404)	912,433

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

**Battlement Mesa Service Association  
(A Colorado Non-Profit Corporation)  
Schedule of Future Major Repairs and Replacements  
December 31, 2016  
(Unaudited)**

The Association commissioned a study in 2011 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were prepared by reserve study engineers, based upon bids received from similar projects, past expenditures on similar work and cost estimating guides. In 2012, the Board formed a committee and adjusted the reserve study estimates established by the engineers to correspond with the Association's estimates.

The balance of the Replacement Fund has not been designated by the Board for specific components of common property.

The following table is based on the study and presents significant information about the components of common property:

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Replacement Fund Balance 2016</u>
Median improvements	0-6	\$ 310,000	-
Fences	0-14	279,000	-
Trails	1-14	70,000	-
Other improvements	0-1	<u>160,000</u>	<u>-</u>
<b>Totals</b>		<u><u>\$ 819,000</u></u>	<u><u>854,285</u></u>

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