

MONTROSE RECREATION DISTRICT

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

December 31, 2017 and 2016

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September 27, 2018

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INDEPENDENT AUDITOR'S REPORT

DONALD R. MORELAND & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Montrose Recreation District
Montrose, Colorado 81401

We have audited the accompanying financial statements of the governmental activities and each major fund of the Montrose Recreation District, as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Montrose Recreation District, as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Directors
Montrose Recreation District
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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and Schedule of Activity - Net Pension Liability and Schedule of Activity - Employer Pension Contribution on pages 3 through 10, and pages 40 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental schedules on pages 50 through 52 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

These supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Donald R. Moreland & Associates, P.C.

Montrose, Colorado
August 28, 2018

MANAGEMENT' S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Montrose Recreation District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2017.

Financial Highlights.

The Montrose Recreation District (MRD) provides vital, community-building services to our community residents by offering activities that foster active lifestyles, social interaction and positive life skills to all our patrons. The result of this service is a healthier community, physically, socially and economically, with an overall better quality of life.

Service at MRD sites includes Ute, McNeil, Holly, the Montrose Community Recreation Center (CRC), which opened on January 27th, 2017 and the Montrose Field House, which opened on December 2nd, 2017. Service at non-MRD facilities includes all 7 Montrose County School District gyms and the City's Pavilion and Cerise Park.

In 2017, 1,270 people were served per day on average. There were 457,299 participant visits and 56,507 participants served. These are not unique participants as a child that participates in both basketball and soccer is counted as two participants. With the newly opened facilities, service to the community more than tripled and full cost recovery (operational revenues over expenses for both direct and indirect costs) more than doubled.

There were 311 part time and 21 core time staff members (full time and 3/4 time) that were centrally involved in providing this service and achieving these positive financials outcomes. MRD is the largest employer of teenagers in Montrose. 512 scholarships were provided and over 8000 volunteer hours were contributed, which saved MRD over \$120,000 in staff costs. Much of the fundraising for these scholarships was generated by the Montrose Recreation Foundation.

2014 was a seminal year in the history of the organization and an important year for the progress of the Montrose Community. On April 1, 2014, voters in the City of Montrose approved a 0.3% sales tax increase to help fund an 80,000 square foot Community Recreation Center (CRC) and re-purpose the antiquated Aquatic Center into an indoor turf Field House. The new revenue stream held in the sales tax fund, along with existing revenues from existing sources, pay the annual lease purchase payments used to finance the CRC. In 2015, construction on the CRC began and continued throughout the year. The CRC was completed at the end of 2016 and it opened to the public on January 27th, 2017.

In 2015, MRD saved a significant amount of funds for the CRC, over \$1,000,000. This is the net revenue over expense in all five funds. This compares with over \$900,000 in 2014 and over \$700,000 in 2013. On June 10, 2014, MRD sold Certificates of Participation to raise the lion's share of the funds needed to build the new facilities. Another significant source of CRC funding came from grants and fundraising, which totaled over \$3,000,000. The remaining construction expenses were paid in 2017 as well as all remaining grant revenue was received. The 2018 budget is the first year of normal, regular operation of the CRC and Field House where the budget and fund balances are not affected by CRC and Field House construction expenses or construction project related revenues.

MRD continued with its fiscal austerity in 2017, spending \$3,059,806 in its general fund. This compares with \$3,906,195 in general fund revenue. As of the close of the year, the District has \$6,412,718 in combined ending cash and investment balances. This compares to \$9,321,377 in combined ending cash and investment balances for the 2016. This included revenue needed to cover the remaining expenses on the CRC and Field House construction. Since all construction costs have been paid as of the end of the year 2017, the ending cash balances are much lower and more reflective of the fund balance of the District to be expected from year to year.

MRD continues to be in a good financial health and we have successfully integrated the CRC and Field House operation into our system. This fiscal responsibility has been a key focus for the District for a decade now. It was essential for demonstrating to the community that MRD was ready to offer a comprehensive multi-purpose recreation center as well as supplying a significant amount of the required resources from existing revenue sources. This, along with the grant funding and the sales tax increase described above, was necessary to make the CRC and the Field House financially feasible. This fiscal responsibility was at the core of why the community had the confidence to increase the sales tax rate to bridge the gap in funding and make the CRC a reality for Montrose.

MRD's assessed valuation was \$377,563,967 for 2016 and \$378,676,086 for 2017. 2017's mill levy was 4.5. Specific ownership tax and the property tax generated was \$1,956,355. There was a new assessed valuation done for 2018 and 2019. 2018's assessed valuation was \$392,775,898. 2019's assessed valuation is \$397,359,767.

Montrose's economy continues to improve. This is evidenced by sales tax revenues exceeding projections. In 2016, the City of Montrose collected \$1,504,131 in sales tax for MRD per the Rec. Center IGA with the City. MRD budgeted \$1,335,146 in MRD's 30 year budget presentation, which was used to plan the finances for MRD with the CRC online. Standard and Poors issued a BBB stable investment grade credit rating to MRD in 2014, which was utilized in the COP transaction. In 2015, Standard and Poors evaluated the District's finances, and upgraded the District's credit rating to BBB+. In 2017, the City of Montrose collected \$1,666,845 in sales tax for MRD. MRD had budgeted \$1,560,000.

MRD has no plans to issue general obligation bonds or general fund backed debt in the near future.

In MRD's 30 year budget projection, MRD forecast to be at \$2,876,105, all available funds, at the end of 2015. MRD was at \$4,325,489 all available cash balances at the end of 2015. This did not include foundation grants such as from the Daniels Fund or the pre-paid rent from Montrose Memorial Hospital, money that was provided to go towards the capital outlay of the CRC. This grant revenue amount was \$916,521 in 2015. This all available cash balances at the end of 2015 also did not include the remaining CRC Certificate of Participation revenues earmarked for CRC and Field House construction. Not including any grant revenue or CRC construction expense for the CRC, MRD was \$1,088,609 in combined net revenue over expense for 2015 in all 5 funds.

In MRD's 30 year budget projection, MRD forecast to be at \$2,248,386, all available funds at the end of 2016. MRD was at \$9,321,377 all available cash balances at the end of 2016. Unlike the numbers for 2015 described above, this did include some remaining construction expenses for the CRC and Field House and some remaining revenues earmarked to cover these expenses. We continue to outperform our projections and the overall financial strength of MRD is strong.

For the current budget year, MRD plans to continue strong fiscal responsibility. For 2018, MRD's General Fund expense is budgeted at \$3,876,331, which includes a transfer to the Capital Reserve Fund of \$350,000. MRD's general fund revenue is budgeted at \$3,993,062. This is \$116,730 in budgeted revenues over expenses plus the \$350,000 transfer to the Capital Reserve Fund. The General Fund balance at end of year 2018 is projected to grow again, to \$3,207,542. In 2016 at the end of the year, the general fund balance was \$2,745,120 and in 2017 at the end of the year, the general fund balance was \$3,163,864. We also anticipate sales tax collections to keep exceeding the 30 year budget projections, projections that were conservatively forecast for the life of the Certificate of Participation financing.

The new CRC and Field House facilities have increased service more than seven fold when compared with the old Aquatic Center and more than tripled service in all MRD programs and services. Level of Service, like finances, has greatly exceeded our conservative projections. Montrose has truly embraced its CRC and Field House.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the MRD's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements of the District distinguish only the functions of the District that are largely supported by taxes and intergovernmental revenues and not from other functions that are intended to recover all or a significant portion of their costs through user fees and charges as the District does not have any business type activities. The District does recover a large portion of direct programming costs. The governmental activities of MRD include administrative, park maintenance, concessions, the CRC, recreational programs and the Field House.

The government-wide financial statements can be found on pages 11 and 12 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. All of the funds of the District are only in the governmental fund category.

Governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all five funds. Although all funds do not meet the criteria of a major fund, the District has elected to report all funds as major funds in the governmental fund statements.

The District adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for the General Fund, Sales Tax Fund, Capital Improvement Fund, Capital Reserve Fund and Conservation Trust Fund to demonstrate compliance with the budget as required supplementary information and supplementary information in the report.

The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

Proprietary funds.

The District currently does not maintain any proprietary funds. Proprietary funds are usually accounted for as enterprise funds or internal service funds. Enterprise funds would be used to report the same functions presented as business-type activities, if the District had any, and internal service funds would be used as an accounting device used to accumulate and allocate costs internally among the District's various functions.

Notes to the financial statements.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 40 of this report.

Other information.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary comparisons for the General Fund and Conservation Trust Fund. Required supplementary information can be found on pages 41 through 49 of this report. It also presents other supplementary information concerning the District's Schedules of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual for the Sales Tax Fund, Capital Improvement Fund and Capital Reserve Fund. The supplementary information can be found on pages 50 through 50 of this report.

Government-wide Financial Analysis.

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's assets and deferred outflows exceeded liabilities and deferred inflows by \$8,369,476 at the close of the year 2017. This compares with \$8,388,467 from the previous year and constitutes small a decrease of \$18,991 over the prior year's net position.

A substantial portion of the District's net assets reflects its investment in the capital assets (e.g. land, land improvements, buildings, Community Recreation Center, Field Houses, equipment and vehicles) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide recreational activities to citizens; consequently, these assets are not available for future spending.

Montrose Recreation District's Net Position.

	<u>2017</u>	<u>2016</u>
Governmental Activities		
Current & other assets	\$ 8,729,154	11,885,583
Capital assets	30,801,160	30,247,590
Total assets	<u>39,530,314</u>	<u>42,133,173</u>
Deferred outflows		
Deferred pension outflows	190,882	373,001
Current liabilities	1,042,258	3,572,485
Noncurrent liabilities	28,034,564	28,835,096
Total liabilities	<u>29,076,822</u>	<u>32,407,581</u>
Deferred inflows		
Deferred revenues, property taxes	1,767,492	1,705,384
Deferred pension inflows	507,406	4,742
Total deferred inflows	<u>2,274,898</u>	<u>1,710,126</u>
Net position:		
Net investment in capital assets	4,730,408	3,562,005
Restricted	2,621,663	613,692
Unrestricted	1,017,405	4,212,770
Total net position	<u>\$ 8,369,476</u>	<u>8,388,467</u>

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors.

Montrose Recreation District's Changes in Net Position.

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Revenues:		
Program revenues:		
Fees and charges		
for recreational programs	\$1,902,268	591,950
Operating grants and contributions	114,878	213,360
Capital grants and contributions	347,629	1,203,843
General revenues:		
Taxes:		
Property and other taxes	1,956,355	2,111,303
Sales and use taxes	1,666,845	1,573,697
Earnings on investments	<u>109,451</u>	<u>129,004</u>
Total revenue	<u>6,097,426</u>	<u>5,823,157</u>
Expenses:		
Administrative	1,842,619	1,321,905
Park maintenance	150,752	151,715
Concessions	54,835	30,816
Marketing	83,225	62,560
Community Recreation Center	2,414,824	547,006
Recreational programs	211,393	217,697
Community Center/Field House	160,969	18,608
Interest on long-term debt	<u>1,197,800</u>	<u>1,271,920</u>
Total expenses	<u>6,116,417</u>	<u>3,622,227</u>
Increase (decrease) in net position	(18,991)	1,998,663
Net position - January 1st	<u>8,388,467</u>	<u>6,187,537</u>
 Net position - December 31st	 <u>\$8,369,476</u>	 <u>8,388,467</u>

Financial Analysis of the District's Funds.

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$5,950,421 a decrease of \$682,752 from the prior year. This was due to the construction investment in the Community Recreation Center made in 2017. Approximately 56% of the governmental fund balance constitutes *assigned and unassigned fund balances*, which is available for spending at the District's discretion. Of the total governmental fund balance none is committed, which is fund balance that will be spent for a specific purpose such as capital outlay. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed to: 1) emergency reserves and 2) construction and repayment of the Community Recreation Center. The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,978,864. For comparison the total general fund balance was \$3,163,864, even after a General Fund transfer of \$427,645 to the Sales Tax Fund. As a measure of the general fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers. **Unassigned fund balance represents 85% of total general fund expenditures, while total fund balance represents 91% of that same amount.** MRD plans to seek to retain these similar percentages to ensure continued strong financial health. This is especially important for 2016, 2017 and 2018 since the operational revenue and operational expense of the Community Recreation Center and the Field House is still a new enterprise. Educated forecasts have been completed, yet they are still forecasts. This is one reason for continuing to have a healthy unassigned fund balance as a percent of general fund expense.

General Fund Budgetary Highlights.

The final General Fund budget for fiscal year 2017 was \$4,001,000. This was an increase of \$1,758,904 from the previous fiscal year. The actual expenditures and transfers for the General Fund were \$3,487,451, which included a \$427,645 transfer to the Sales Tax Fund.

Capital Assets.

The District's investment in capital assets for its governmental activities as of December 31, 2017, amounts to \$30,801,160 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, field house, infrastructure, equipment, vehicles and the Community Recreation Center. Certain investments in land are subject to deed restrictions which limits their use and/or disposition.

Montrose Recreation District's Capital Assets.
(net of depreciation)

	Governmental Activities	
	2017	2016 .
Land	\$ 967,155	967,155
Construction in progress		27,200,566
Improvements other than buildings	289,580	219,727
Buildings and improvements	28,661,288	969,429
Field house	303,417	229,093
Infrastructure	20,850	24,270
Equipment	558,870	637,350
	<u>\$30,801,160</u>	<u>30,247,590</u>
Total		

Additional information on the District's capital assets can be found in note 4 on page 26 of this report.

Long-Term Debt.

At the end of the current fiscal year, the District had \$25,675,000 Certificates of Participation outstanding. Payments on Certificates of Participation are subject to annual appropriation in a lease purchase agreement. Therefore, Certificates of Participation do not constitute long-term debt. This was the main method of financing the construction of the Community Recreation Center and the renovation of the current Aquatic Center into an indoor turf Field House.

Requests for Information.

This financial report is designed to provide a general overview of the Montrose Recreation District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Executive Director Ken Sherbenou at ken@montroserec.com or P. O. Box 63, Montrose, Colorado 81402.

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

MONTROSE RECREATION DISTRICT

STATEMENT OF NET POSITION

December 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 371,196
Investments	4,130,397
Due from other governments	115,941
Accounts receivable	313,458
Property taxes receivable	1,767,492
Bond issue costs	119,545
Restricted investments	1,911,125
Capital assets (net of accumulated depreciation)	
Land	967,155
Improvements other than buildings	289,580
Buildings and improvements	28,661,288
Field house	303,417
Infrastructure	20,850
Equipment	558,870
Total assets	<u>39,530,314</u>
DEFERRED OUTFLOWS	
Deferred pension outflows	<u>190,882</u>
LIABILITIES	
Accounts payable	312,087
Grant payable	500,000
Accrued interest	150,562
Compensated absences	76,020
Accrued payroll taxes and benefits	3,589
Noncurrent liabilities:	
Due within one year	744,158
Certificates of participation	25,326,594
Net pension liability	1,963,812
Total liabilities	<u>29,076,822</u>
DEFERRED INFLOWS	
Deferred revenue-property taxes	1,767,492
Deferred pension inflows	507,406
	<u>2,274,898</u>
NET POSITION	
Net investment in capital assets	4,730,408
Restricted for:	
Emergency	185,000
Intergovernmental agreement	2,436,663
Unrestricted	1,017,405
Total net position	<u>\$ 8,369,476</u>

The notes to the financial statements are an integral part of this statement.

MONTROSE RECREATION DISTRICT

STATEMENT OF ACTIVITIES

For the year ended December 31, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
	Fees and Charges for Recreational Programs	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES:				
Administrative	\$ 1,842,619	728	153,876	(1,573,137)
Park maintenance	150,752	8,367		(142,385)
Concessions	54,835	64,539		9,704
Marketing	83,225	5,924		(77,301)
Community Recreation Center Programs	2,414,824	1,583,042	193,753	(638,029)
Community Center/Field House	211,393	208,479		(2,914)
Interest on long-term debt	160,969	31,189		(129,780)
Total governmental activities	\$ 1,197,800	1,902,268	347,629	(1,197,800)
	\$ 6,116,417	1,902,268	347,629	(3,751,642)

General Revenues:

Taxes	\$ 1,956,355
Property and other taxes	1,666,845
Sales and use taxes	109,451
Earnings on investments	3,732,651
Total general revenues	(18,991)
Change in net position	8,388,467
NET POSITION - JANUARY 1	\$ 8,369,476
NET POSITION - DECEMBER 31	

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

MONTROSE RECREATION DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2017

(With comparative totals for December 31, 2016)

	GENERAL	CONSERVATION TRUST	SALES TAX	CAPITAL IMPROVEMENT	CAPITAL RESERVE	TOTAL	
						2017	(MEMORANDUM ONLY) 2016
ASSETS							
Cash	\$ 342,253	2,438	25,932	573		371,196	392,753
Investments	2,959,348	95,728	200,381	65,809	809,131	4,130,397	7,017,498
Due from other governments	20,941				95,000	115,941	730,266
Accounts receivable	14,233		299,225			313,458	
Property taxes receivable	1,767,492					1,767,492	1,705,384
Investments-restricted			1,911,125			1,911,125	1,911,126
TOTAL ASSETS	\$ 5,104,267	98,166	2,436,663	66,382	904,131	8,609,609	11,757,027
LIABILITIES							
Accounts payable	\$ 93,302				218,785	312,087	2,845,181
Grants payable					500,000	500,000	500,000
Compensated absences	76,020					76,020	70,833
Accrued payroll taxes and benefits	3,589					3,589	2,456
TOTAL LIABILITIES	172,911	-	-	-	718,785	891,696	3,418,470
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue-property taxes	1,767,492					1,767,492	1,705,384
TOTAL DEFERRED INFLOWS OF RESOURCES	1,767,492	-	-	-	-	1,767,492	1,705,384
FUND BALANCES							
Restricted	185,000		2,436,663			2,621,663	613,692
Assigned	2,978,864	98,166		66,382	185,346	349,894	3,448,361
Unassigned	3,163,864	98,166	2,436,663	66,382	185,346	2,978,864	2,571,120
TOTAL FUND BALANCES	6,317,728	194,438	4,873,326	132,764	370,692	5,950,421	6,633,173
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,104,267	98,166	2,436,663	66,382	904,131	8,609,609	11,757,027

The notes to the financial statements are an integral part of this statement.

MONTROSE RECREATION DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 December 31, 2017

Total fund balances for governmental funds \$ 5,950,421

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	967,155
Improvements other than buildings, net of \$1,182,716 accumulated depreciation	289,580
Buildings and improvements, net of \$1,635,524 accumulated depreciation	28,661,288
Field house, net of \$1,923,055 accumulated depreciation	303,417
Infrastructure, net of \$75,308 accumulated depreciation	20,850
Equipment, net of \$517,188 accumulated depreciation	549,317
Vehicles, net of \$133,100, accumulated depreciation	9,553
	<u>30,801,160</u>

Items related to pensions are considered to be long term items and therefore are not reported in the funds,

Net pension liability	(1,963,812)
Deferred pension outflows	190,882
Deferred pension inflows	<u>(507,406)</u>
	<u>(2,280,336)</u>

Long-term liabilities including bonds and notes payable, capital leases, and accrued interest are not due and payable in the current period and therefore are not reported in the funds.

Certificates of participation	(25,675,000)
Premium on certificates of participation (to be amortized over life of lease)	(395,752)
Deferred charge for issue costs (to be amortized over life of debt)	119,545
Accrued interest payable	<u>(150,562)</u>
	<u>(26,101,769)</u>

Total net position of governmental activities \$ 8,369,476

The notes to the financial statements are an integral part of this statement.

MONTROSE RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 - GOVERNMENTAL FUNDS

For the year ended December 31, 2017
 (With comparative totals for the year ended December 31, 2016)

	GENERAL FUND	CONSERVATION TRUST	SALES TAX	CAPITAL IMPROVEMENT	CAPITAL RESERVE	TOTAL (MEMORANDUM ONLY)	
						2017	2016
REVENUES							
Property and other taxes	\$ 1,956,355					1,956,355	2,111,303
Rental and miscellaneous	28,432		8,538	11,155	81,772	129,897	221,294
Concessions	64,539					64,539	32,763
Community Recreation Center Programs	1,583,042					1,583,042	331,808
Community Center/Field House	208,479					208,479	219,445
Intergovernmental revenues	31,189	153,876	1,666,845		193,753	2,014,474	2,777,540
Interest income	34,159	1,004	62,638	2,922	8,728	109,451	129,004
TOTAL REVENUES	3,906,195	154,880	1,738,021	14,077	284,253	6,097,426	5,823,157
EXPENDITURES							
CURRENT:							
Administrative	1,211,694		2,000	10,557		1,224,251	1,005,516
Park maintenance	141,463					141,463	142,299
Concessions	54,336					54,336	30,317
Marketing	83,225					83,225	62,560
Community Recreation Center Programs	1,324,690			32,758		1,357,448	521,812
Community Center/Field house	151,163			11,201		162,364	167,202
CAPITAL OUTLAY:							
Administrative							19,094,948
Park maintenance	10,815	100,000				110,815	32,104
Concessions							303
Community Recreation Center			1,556,539			1,556,539	
Community Center/Field House	2,720		100,242			102,962	
Debt service:							
Principal			685,000			685,000	350,000
Interest			1,222,075			1,222,075	1,232,575
TOTAL EXPENDITURES	3,059,806	100,000	3,565,856	54,516	-	6,780,178	22,658,244
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	846,389	54,880	(1,827,835)	(40,439)	284,253	(682,752)	(16,835,087)
OTHER FINANCING SOURCES (USES)							
Transfers in	(427,645)	(92,156)	3,824,806	92,156	(3,397,161)	3,916,962	881,503
Transfers out	(427,645)	(92,156)	3,824,806	92,156	(3,397,161)	(3,916,962)	(881,503)
NET OTHER FINANCING SOURCES (USES)	418,744	(37,276)	1,996,971	51,717	(3,112,908)	(682,752)	(16,835,087)
FUND BALANCE - BEGINNING OF YEAR	2,745,120	135,442	439,692	14,665	3,298,254	6,633,173	23,468,260
FUND BALANCE - END OF YEAR	\$ 3,163,864	98,166	2,436,663	66,382	185,346	5,950,421	6,633,173

The notes to the financial statements are an integral part of this statement.

MONTROSE RECREATION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the year ended December 31, 2017

Net change in fund balances - total governmental funds \$ (682,752)

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$1,739,950 exceeded depreciation \$1,186,380. 553,570

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, however, this transaction has no effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Premium on certificates of participation	29,833
Bond issuance costs	(9,011)
Debt principal payments	685,000
Decrease in accrued interest	<u>3,453</u>
	<u>709,275</u>

Pension expense per Governmental Accounting Standards Board Statement Number 68 is not reported in the governmental funds but is reported as an expenditure in the statement of activities. (599,084)

Change in net position of governmental activities \$ (18,991)

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE FINANCIAL REPORTING ENTITY

The Montrose Recreation District is incorporated as a Special District under the laws of the State of Colorado and is governed by an elected seven person board. The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by generally accepted accounting principles, these financial statements present the Montrose Recreation District, a primary government. Based on criteria set forth by GASB, there are no component units for which the District is financial accountable.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities, however, the District does not have any fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish governmental activities only, as the District does not have any business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Due to the fact that the District's activities are substantially funded by taxes, the District considers all of its activities to be governmental activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING (continued)

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

Fund Financial Statements: The fund financial statements provide information about the District's funds. Statements for the fund category - *governmental funds only* - are presented as the District does not have any proprietary funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District does not have any *nonmajor* funds or any *fiduciary* fund types.

The District reports the following governmental fund types:

General Fund: This fund type is used to account for all financial resources, except those required by law or administrative action to be accounted for in another fund. The general fund is always reported as a major fund in the governmental fund statements.

Special Revenue Funds: This fund type is used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes other than debt service or capital projects. The District's special revenue fund is reported as a major fund.

Conservation Trust Fund: This fund is used to account for the proceeds of Colorado lottery funds that are legally restricted to expenditures for specified purposes. Although this fund does not meet the criteria of a major fund, the District has elected to report it as a major fund in the governmental fund statements.

Capital Projects Funds: These funds account for financial resources earmarked or segregated for the operation, maintenance and acquisition or construction of equipment and capital facilities that are supported by appropriations and/or advances from the General Fund or donations from private or public sources.

Sales Tax Fund: This fund is used to account for the financing and construction of a new Community Recreation Center financed partially with the proceeds of a 0.3 percent City of Montrose sales and use tax imposed within the City pledged to the District pursuant to the 2014 Recreation Facility IGA.

Capital Improvement Fund: This fund is used to account for the operation, maintenance and purchase of equipment and various construction projects of the District.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING (continued)

Capital Projects Funds: (continued)

Capital Reserve Fund: This fund is used to account for funds held in reserve for the purchase of equipment and capital improvements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

Government-wide Financial Statements. 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchanges, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the period for which the taxes are levied by the District. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues or operating fund transfers. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues or operating fund transfers.

MONTROSE RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2017

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITES, AND EQUITY

Deposits and investments The cash balances of substantially all funds are in separate financial institution accounts.

Property taxes. Property taxes are levied on December 22 and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a receivable at December 31, net of an estimated uncollectible portion.

Restricted assets. Restricted assets in governmental funds include assets restricted by various covenants of the Certificates of Participation issued by the District.

Capital assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets are reported at estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation is calculated using the straight-line method over the estimated useful lives, and depreciation is recorded in the year of acquisition or construction of such assets. Capital assets acquired by capital lease are depreciated over the estimated useful lives and are included in depreciation expense in the appropriate fund. The estimated useful lives are as follows:

Improvements other than buildings	15-25 years
Buildings and improvements	10-25 years
Infrastructure	15 years
Swimming Pool	25 years
Equipment	5 years
Vehicles	5 years

Deferred outflows. Deferred outflows consist of pension amounts paid to PERA in the current calendar year that were made subsequent to PERA's measurement date.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND EQUITY (continued)

Long-term debt. In the government-wide financial statements, long-term debt and other long-term obligations reported as liabilities in the statement of net position. Lease purchase premiums and discounts, as well as issuance costs are deferred and amortized over the life of the related debt using the bonds-outstanding method, which approximates the effective-interest method. At December 31, 2017 there were no lease-purchase discounts or losses on refinancing included in the statement of net position. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as program expenses.

In the fund financial statements, issuance costs are recognized when incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated absences. The liability for compensated absences reported in the government-wide and governmental fund statements consists of unpaid accumulated annual leave balances. The liability has been calculated using the vesting method, in which leave amounts for employees who currently are eligible to receive termination payments. The District's policies do not allow for payment to employees who are expected to become eligible in the future to receive such payments upon termination.

Deferred inflows. Deferred inflows consist of property taxes levied in the current year and of the District's proportionate share of PERA's collective deferred pension inflows.

Fund balance classification. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District did not have any nonspendable resources at December 31, 2017.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND EQUITY (continued)

Fund balance classification. (continued)

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified emergency reserves required by the State Constitution, Article X, Section 20 as being restricted because their use is restricted by State Statute. The Sales Tax Fund fund balance is restricted pursuant to the intergovernmental agreement with the City of Montrose, Colorado.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2017.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to the Executive Director through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other government fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund resources first to be defer the use of these other classified funds.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITES, AND EQUITY (continued)

Pensions. The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position Of LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of estimates in the preparation of financial statements. 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative data/reclassifications. Comparative total data for the prior year have been presented in the governmental fund financial statements in order to provide an understanding of the changes in financial position and operations of these funds. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

E. BUDGETS AND BUDGETARY ACCOUNTING

The District follows these procedures in establishing budgets:

- a. Budgets are required by state law for all governmental and proprietary funds.
- b. During September the proposed budget is submitted to the District Board for the fiscal year commencing the following January 1.
- c. Prior to December 31, the budget is adopted and appropriations are authorized by ordinance at the fund level for all funds. The legal level of budgetary control is at the individual fund level for all funds.
- d. Budgets are adopted on a basis consistent with the accounting basis of all funds.

MONTROSE RECREATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (continued)
 December 31, 2017

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETS AND BUDGETARY ACCOUNTING (continued)

- e. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class and in total by each fund. The total fund level constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to approval by resolution from the Board. Within the fund level control basis, management may transfer appropriations without Board approval. Revisions to the budget were made throughout the year. Budget amounts included in the budgetary comparison schedules are based on the final legally amended budget.
- f. Appropriations lapse at the end of each year, and the District Board may adopt supplemental appropriations during the year. The Board may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the District's director or the revenue estimates must be changed by the District Board when adopting supplemental appropriations.

Originally adopted budgeted expenditures, amendments and the final, amended budgeted expenditures for the year ended December 31, 2017 are as follows:

	ORIGINAL BUDGET	AMENDMENT	FINAL BUDGET
General Fund	\$ 3,169,837	831,163	4,001,000
Capital Improvement Fund	46,199	527,537	573,736
Capital Reserve Fund	3,447,161	(50,000)	3,945,161
Conservation Trust Fund	138,542	61,458	200,000
Sales Tax Fund	5,433,000	639,619	6,092,619
	<u>\$12,234,739</u>	<u>2,009,777</u>	<u>14,792,516</u>

2 - DEPOSITS AND INVESTMENTS

DEPOSITS

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. 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 at least equal the aggregate uninsured deposits.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2017, none of the District's bank balances of \$340,215 were exposed to custodial credit risk as \$292,472 were insured and \$47,743 were collateralized by securities pledged by financial institutions.

INVESTMENTS

At December 31, 2017 the District had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>
Colostrust Plus	N/A	\$4,130,397
Repurchase agreements		1,911,125
		<u>\$6,041,522</u>

The fair value of investments grouped by maturity at December 31, 2017 is:

Current to one year	\$4,130,397
Five years or more	1,911,125
	<u>\$6,041,522</u>

Interest rate risk. The District has an investment policy that limits investment maturities of certain repurchase agreements to a maximum term of ten years as a means of managing its exposure to fair value losses arising from increasing interest rates. The District has not experienced fair value losses for the past five years.

Credit risk. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of 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; and guaranteed investment contracts. The District's general investment policy is to apply the prudent-person rule: Prudence and protection of District funds are the primary criteria. All investments and bid requests for investments are predicated on liquidity, yield, safety and interest of the local economy. As of December 31, 2017, the District's investment in Colostrust Plus, a 2a7-like investment pool, was rated AAAm by Standard & Poor's.

MONTROSE RECREATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (continued)
 December 31, 2017

2 - DEPOSITS AND INVESTMENTS (continued)

INVESTMENTS (continued)

Concentration of credit risk. Investments must be in accordance with Colorado statutes. The District does not have an investment policy that limits the amounts that may be invested in specific investment types or financial institutions.

3 - ALLOWANCE FOR UNCOLLECTIBLES

Receivables are stated net of allowances for uncollectibles, however, at December 31, 2017, the District considered all accounts collectible and accordingly, no provision for an allowance is recorded.

4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	<u>BEGINNING</u> <u>BALANCES</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING</u> <u>BALANCES.</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 967,155			967,155
Construction in progress	<u>27,200,566</u>	<u>1,468,823</u>	<u>28,669,389</u>	<u> .</u>
Total capital assets not being depreciated	<u>28,167,721</u>	<u>1,468,823</u>	<u>28,669,389</u>	<u>967,155</u>
Capital assets being depreciated:				
Improvements other than buildings	1,372,296	100,000		1,472,296
Buildings and improvements	1,627,423	28,669,389		30,296,812
Field house	2,402,140	102,962	278,630	2,226,472
Infrastructure	96,158			96,158
Equipment	1,012,613	57,350	3,458	1,066,505
Vehicles	<u>150,333</u>	<u>10,815</u>	<u>18,495</u>	<u>142,653</u>
Total capital assets being depreciated	<u>6,660,963</u>	<u>28,940,516</u>	<u>300,583</u>	<u>35,300,896</u>
Less accumulated depreciation for:				
Improvements other than buildings	1,152,569	30,147		1,182,716
Buildings and improvements	657,994	977,530		1,635,524
Field house	2,173,047	28,638	278,630	1,923,055
Infrastructure	71,888	3,420		75,308
Equipment	375,263	145,383	3,458	517,188
Vehicles	<u>150,333</u>	<u>1,262</u>	<u>18,495</u>	<u>133,100</u>
Total accumulated Depreciation	<u>4,581,094</u>	<u>1,186,380</u>	<u>300,583</u>	<u>5,466,891</u>
Total capital assets being depreciated, net	<u>2,079,869</u>	<u>27,754,136</u>	<u> .</u>	<u>29,834,005</u>
Governmental activity capital assets, net	<u>\$30,247,590</u>	<u>29,222,959</u>	<u>28,669,389</u>	<u>30,801,160</u>

MONTROSE RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2017

4 - CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs of the District's governmental activities as follows:

Community Recreation Center	\$1,046,294
Park maintenance	9,289
Concessions	499
Field house	81,269
Programs, including depreciation of infrastructure assets	<u>49,029</u>
Total depreciation expense	<u>\$1,186,380</u>

5 - DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The Montrose Recreation District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position Of LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* Governmental accounting standards require the net pension liability and related amounts of the LGDTF for financial reporting purposes be measured using the plan provisions in effect as of the LGDTF's measurement date of December 31, 2017. As such the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled *Changes between the measurement date of the net pension liability and December 31, 2017.*

General Information about the Pension Plan

Plan description. Eligible employees of the Montrose Recreation District are provided with pensions through the Local Government Division Trust Fund (LGDTF) - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investment/pera-financial-reports.

5 - DEFINED BENEFIT PENSION PLAN (continued)

General Information about the Pension Plan (continued)

Benefits provided as of December 31, 2017. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structures under which the member retires, the benefit options selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

5 - DEFINED BENEFIT PENSION PLAN (continued)

General Information about the Pension Plan (continued)

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of December 31, 2017. Eligible employees and the Montrose Recreation District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

Employer Contribution Rate	10.00%
Amount of Employer Contribution	
apportioned to the Health Care Trust	
Fund as specified in C.R.S. 24-51-208(1)(f)	(1.02)%
Amount apportioned to the LGDTF	8.98%
Amortization Equalization Disbursement (AED)	
as specified in C.R.S. 24-51-411	2.20%
Supplemental Amortization Equalization	
Disbursement (SAED) as specified in C.R.S.	
24-51-411	1.50%
Total Employer Contribution Rate to the LGDTF	<u>12.68%</u>

*Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

5 - DEFINED BENEFIT PENSION PLAN (continued)

General Information about the Pension Plan (continued)

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Montrose Recreation District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Montrose Recreation District were \$187,539 for the year ended December 31, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Montrose Recreation District reported a liability of \$1,963,812 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The Montrose Recreation District proportion of the net pension liability was based on Montrose Recreation District contributions to the LGDTF for the calendar year 2017 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2017, the Montrose Recreation District proportion was 0.2344501852 percent, which was an increase of 0.0826729267 percent from its proportion measured as of December 31, 2016.

For the year ended December 31, 2017, the Montrose Recreation District recognized pension expense of \$599,084. At December 31, 2017, the Montrose Recreation District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$	
Changes of assumptions or other inputs		
Net difference between projected and actual earnings or pension plan investments	190,882	507,406
Changes in proportion and differences between contributions recognized and proportionate share of contributions	<u>1,116,366</u>	<u> .</u>
Total	<u>\$1,307,248</u>	<u>507,406</u>

MONTROSE RECREATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (continued)
 December 31, 2017

5 - DEFINED BENEFIT PENSION PLAN (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31</u>	
2018	\$252,034
2019	252,034
2020	252,033
2021	252,033
2022	<u>159,968</u>
	Thereafter \$ <u>0</u>

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 - 10.45 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

5 - DEFINED BENEFIT PENSION PLAN (continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources
and Deferred Inflows of Resources Related to Pensions** (continued)

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

5 - DEFINED BENEFIT PENSION PLAN (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income-Developed	1.84%	.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

5 - DEFINED BENEFIT PENSION PLAN (continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources
and Deferred Inflows of Resources Related to Pensions** (continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flow is not a factor (i.e., the plan's fiduciary net position is projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the LDGTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

5 - DEFINED BENEFIT PENSION PLAN (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Sensitivity of the Montrose Recreation District proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent):

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate share of the net pension liability	\$3,511,654	1,963,812	1,445,908

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Payables to the pension plan

The District had no payables due to the LGDTF at December 31, 2017.

Changes between the measurement date of the net position liability and December 31, 2017.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

MONTROSE RECREATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (continued)
 December 31, 2017

5 - DEFINED BENEFIT PENSION PLAN (continued)

Changes between the measurement date of the net position liability and December 31, 2017. (continued)

- Member contributions, employer contributions, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to new members hired on or after January 1, 2019, in the Local Government Division. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

At December 31, 2017, the Montrose Recreation District reported a liability of \$1,963,812 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what the Montrose Recreation District proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the LGDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the LGDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
<u>7.25%</u>	<u>\$1,389,038</u>

6 - OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Plan Description - The Montrose Recreation District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Montrose Recreation District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Montrose Recreation District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2017, 2016, and 2015, the Montrose Recreation District contributions to the HCTF were \$14,857, \$10,081, and \$8,250, respectively, equal to their required contributions for each year.

7 - SHORT-TERM DEBT

During the year ended December 31, 2017, the District had no short term debt.

8 - CAPITAL LEASES

Certificates of Participation

The District entered into a ground and improvement lease with UMB Bank, N.A. UMB Bank, N.A. issued \$27,010,000 certificates of participation, Series 2014, dated June 24, 2014, to be used for the cost of constructing, acquiring and equipping a new recreation center and associated improvements as authorized, fund a reserve fund and pay the costs of issuing the certificates.

MONTROSE RECREATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (continued)
 December 31, 2017

8 - CAPITAL LEASES (continued)

Certificates of Participation (continued)

The District has agreed to pay base rentals from annually appropriated funds. The lease agreements are in accordance with Colorado law as to being subject to annual appropriation by the District. The District intends to annually appropriate for the lease payments in its Sales Tax Fund. The primary revenues on deposit in the Sales Tax Fund are comprised of funds received from the City of Montrose pursuant to an Intergovernmental Agreement - Recreation Facility Election 2014, entered into as of May 6, 2014 between the District and the City. At an election held on April 1, 2014, the City's voters authorized an increase in the City's sales and use tax from 3.0% to 3.3% and also authorized the City to enter into the 2014 Recreation Facility IGA. Pursuant to the 2014 Recreation Facility IGA, the City will pledge the proceeds of the additional 0.3% sales and use tax imposed within the City to the District for the Project. A \$1,911,125 reserve is held by a trustee, as required by the agreement.

The interest rates range from 2.00% to 4.75% payable semiannually on June 1 and December 1. A schedule, by years, of future minimum lease payments as of December 31, 2017, follows:

<u>YEAR ENDING DECEMBER 31</u>	<u>SCHEDULE OF BASE RATES.</u>
2018	\$ 1,909,675
2019	1,911,075
2020	1,906,225
2021	1,910,625
2022	1,908,625
2023 - 2027	9,540,075
2028 - 2032	9,541,625
2033 - 2037	9,547,375
2038 - 2039	<u>3,816,250</u>
	TOTAL BASE RENTALS 41,991,550
Lease amounts representing interest	<u>16,316,550</u>
	PRESENT VALUE OF MINIMUM LEASE PAYMENTS <u>\$25,675,000</u>

9 - LONG-TERM DEBT

The following is a summary of long-term liability activity of the District for the year ended December 31, 2017:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
Governmental Activities:					
Capital leases:					
Certificates of Participation	\$26,360,000		685,000	25,675,000	715,000
Premium on Certificates of Participation	<u>425,585</u>		<u>29,833</u>	<u>395,752</u>	<u>29,158</u>
GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES	<u>\$26,685,585</u>		<u>714,833</u>	<u>26,070,752</u>	<u>744,158</u>

MONTROSE RECREATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (continued)
 December 31, 2017

10 - FUND BALANCE

The District has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can be used only for specific purposes determined by a formal action by Board of Director's resolution.

Assigned - Amounts that are designated by the Executive Director for a specific purpose but are not spendable until a resolution is passed by the Board of Directors.

Unassigned - All amounts not included in other spendable classifications.

The details of the fund balances are included in the Balance Sheet - Governmental Funds. As discussed in Note 1, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Board of Directors or the Assignment has been changed by the Executive Director. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

General Fund

The General Fund has Unassigned Fund Balance of \$2,978,864 at December 31, 2017.

11 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of Interfund balances as of December 31, 2017 is as follows:

A. INTERFUND TRANSFERS

Interfund transfers to supplement the expenditures of other funds were as follows:

	<u>TRANSFERS OUT</u>	<u>TRANSFERS IN</u>
General Fund	\$ 427,645	
Capital Reserve Fund	3,397,161	
Conservation Trust Fund	92,156	
Capital Improvement Fund		92,156
Sales Tax Fund		<u>3,824,806</u>
TOTAL	<u>\$3,916,962</u>	<u>3,916,962</u>

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2017

11 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)

The above amounts were transferred for operations, capital outlay and debt service.

12 - PARTICIPATION IN PUBLIC ENTITY RISK POOL

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 has joined together with other special districts in the State to form the Colorado Special Districts Property and Liability Pool (CSDPLP), a public entity risk pool currently operating as a common risk management and insurance program for member special districts. The District pays an annual premium to CSDPLP for its general insurance coverage and workers' compensation insurance coverage. The intergovernmental agreement of the CSDPLP provides that CSDPLP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1 million for each insured event.

The District continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

13 - TAX, SPENDING AND DEBT LIMITATIONS

The State Constitution, Article X, Section 20, has several limitations regarding revenue raising, spending abilities, and other specific requirements of state and local governments. The Section is complex and subject to judicial interpretation. In 1998, the District obtained voter approval to collect and retain all revenues including property tax beginning in fiscal year 1996 without limitation under the Section. District management therefore believes it is in compliance with the Section. The emergency reserves required under the Section have been funded.

14 - CONTINGENT LIABILITIES

Under the terms of federal and state grants, costs may be questioned as not being appropriate expenses that could lead to reimbursement to the grantor agencies. District management is not aware of any such expenses that would not be allowed.

REQUIRED SUPPLEMENTARY
INFORMATION

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2017 with comparative actual amounts
for the year ended December 31, 2016

	2017			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2016
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
<u>GENERAL REVENUES</u>					
Taxes					
Property taxes	\$ 1,704,046	1,699,038	1,707,186	8,148	1,872,561
Specific ownership tax	215,081	215,081	242,479	27,398	234,358
Penalties and interest on delinquent tax	5,822	5,822	6,690	868	4,384
TOTAL TAXES	<u>1,924,949</u>	<u>1,919,941</u>	<u>1,956,355</u>	<u>36,414</u>	<u>2,111,303</u>
Interest income			<u>34,159</u>	<u>34,159</u>	<u>17,931</u>
Rental and miscellaneous					
Donations	100	100		(100)	
Brochure advertisements	10,990	6,956	5,924	(1,032)	6,833
Scholarships	5,337	5,337	724	(4,613)	2,163
Miscellaneous	320	320	12,689	12,369	
Facility rental	850	850	60	(790)	275
Batting cage revenue	1,087	1,087	668	(419)	826
Asset sales	10,000	10,000	8,367	(1,633)	
TOTAL RENTAL AND MISCELLANEOUS	<u>28,684</u>	<u>24,650</u>	<u>28,432</u>	<u>3,782</u>	<u>10,097</u>
Concessions	<u>42,500</u>	<u>42,500</u>	<u>64,539</u>	<u>22,039</u>	<u>32,763</u>
TOTAL GENERAL REVENUES \$	<u>1,996,133</u>	<u>1,987,091</u>	<u>2,083,485</u>	<u>96,394</u>	<u>2,172,094</u>

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2017 with comparative actual amounts
for the year ended December 31, 2016

	2017			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2016
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
<u>ADMINISTRATIVE EXPENDITURES</u>					
Current:					
Salaries	\$ 484,530	477,236	569,277	(92,041)	489,086
Medicare	6,019	5,900	8,975	(3,075)	7,290
Board paid PERA	164,067	158,505	199,554	(35,487)	125,322
Unemployment	2,585	2,585	4,982	(2,397)	3,574
Insurance - package	26,603	26,603	48,866	(22,263)	24,351
Insurance - health and life	210,806	189,359	171,318	18,041	143,315
Insurance - workmen's compensation	17,698	17,698	17,820	(122)	15,126
Insurance - board liability	210	210	210	-	210
Recruitment	525	525	296	229	962
Printing				-	
Postage	1,062	1,062	1,501	(439)	594
Copier and computer	4,521	4,521	6,811	(2,290)	4,784
Office supplies	4,819	4,819	5,644	(825)	4,099
Accounting	10,750	10,750	16,575	(5,825)	16,290
Auto mileage	1,442	1,442	543	899	932
Training and travel	4,952	4,952	7,803	(2,851)	5,576
Software support	9,968	13,776	32,338	(18,562)	10,994
Dues	3,295	3,295	4,095	(800)	3,089
Treasurer's fees	46,467	34,420	34,279	141	37,557
Miscellaneous			500	(500)	10,210
Water, sewer and sanitation	2,440	2,440	461	1,979	2,509
Natural gas	2,626	2,626	796	1,830	909
Electricity	908	908	1,054	(146)	1,039
Telephone	7,091	7,091	3,647	3,444	7,640
Uniforms	5,000	10,000	5,557	4,443	1,760
Bank charges	14,000	14,000	29,068	(15,068)	8,876
Board meeting expense	5,688	5,688	3,756	1,932	3,362
Networking	1,400	1,400	2,008	(608)	2,752
Red Cross			81	(81)	
Legal	10,000	10,000	13,562	(3,562)	16,040
Consulting	6,862	6,862	8,856	(1,994)	10,606
Shared services	13,280	19,854	18,665	(5,385)	21,566
Security	350	350	970	(620)	580
Maintenance repairs			85	(85)	
Maintenance supplies			310	(310)	2
Advertising			114	(114)	254
Vehicle operations and maintenance	136	136	46	90	19
Special events	22	22		22	
Inclusion services				-	
Awards	287	287	2,086	(1,799)	31
Scholarships				-	8,545
TOTAL ADMINISTRATIVE EXPENDITURES	\$ 1,070,409	1,039,322	1,222,509	(183,187)	989,851

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2017 with comparative actual amounts
for the year ended December 31, 2016

	2017			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2016
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
<u>PARK MAINTENANCE</u>					
Salaries	\$ 73,544	73,544	74,401	(857)	62,743
Medicare			1,079	(1,079)	920
Equipment rental	1,200	1,200		1,200	785
Training and travel	3,000	3,000	2,319	681	2,674
Water, sewer and sanitation	9,000	9,000	6,052	2,948	6,258
Water lease	1,024	1,024	1,027	(3)	1,019
Natural gas	1,300	1,300	707	593	599
Electricity	10,000	10,000	10,888	(888)	10,352
Telephone	2,160	2,160	690	1,470	660
Chemicals	12,000	12,000	161	11,839	529
Irrigation	4,500	4,500	4,466	34	
Uniforms	1,000	1,000	567	433	324
Safety and medical supplies			27	(27)	
Shared services	3,000	10,005	2,040	7,965	8,517
Maintenance repair	14,500	14,500	3,147	11,353	16,213
Maintenance supplies	11,000	11,000	10,506	494	11,422
Signage				-	165
Vehicle repairs	9,000	9,000	8,138	862	10,523
Vehicle operations and maintenance	4,500	4,500	3,999	501	5,222
Furniture, fixtures and equipment	2,675	2,675	11,249	(8,574)	
Facility, repair and development	6,000	6,000		6,000	
TOTAL PARK MAINTENANCE \$	<u>169,403</u>	<u>176,408</u>	<u>141,463</u>	<u>34,945</u>	<u>138,925</u>
<u>CONCESSIONS</u>					
Salaries	\$ 8,394	8,394	7,023	1,371	8,748
Medicare	75	75	102	(27)	127
Maintenance repairs	500	500	442	58	1,667
Maintenance supplies	150	150	166	(16)	154
Vehicle operations and maintenance	400	400	367	-	292
Cost of goods sold	20,000	20,000	39,554	(19,554)	18,092
Sales tax	750	750	4,854	(4,104)	1,237
Dues			253	(253)	
Uniforms			1,315	(1,315)	
Furniture, fixtures and equipment	500	500		-	303
TOTAL CONCESSIONS \$	<u>30,769</u>	<u>30,769</u>	<u>54,336</u>	<u>(23,567)</u>	<u>30,620</u>
<u>MARKETING EXPENDITURES</u>					
CURRENT:					
Newsletter	\$ 658	658	966	(308)	658
Printing	29,004	24,787	29,285	(4,498)	20,831
Postage	21,600	19,662	20,102	(440)	17,127
Office supplies			112	(112)	64
Training and travel			275	(275)	
Software				-	
Program supplies				-	78
Advertising	6,059	6,059	10,180	(4,121)	10,943
Awards	644	644	520	124	905
Special events	8,034	8,034	12,723	(4,689)	9,156
Promotional items	3,000	3,000	5,322	(2,322)	
Website	3,500	3,500	3,740	(240)	2,798
Furniture, fixtures and equipment				-	
TOTAL MARKETING EXPENDITURES \$	<u>72,499</u>	<u>66,344</u>	<u>83,225</u>	<u>(16,881)</u>	<u>62,560</u>

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2017 with comparative actual amounts

for the year ended December 31, 2016

	2017			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2016
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
<u>COMMUNITY RECREATION CENTER REVENUES</u>					
General admission	\$ 84,828	350,000	315,656	(34,344)	79,022
Annual passes and punch cards	678,860	1,218,322	1,109,561	(108,761)	148,428
Private and public lessons	70,400	81,168	74,972	(6,196)	73,631
Personal training	8,000	8,000	13,225	5,225	
Sales and rentals	17,020	13,884	13,572	(312)	18,886
Facility rental	25,000	42,054	33,871	(8,183)	7,275
Red Cross training	2,900	4,155	4,835	680	4,555
Program fees		3,266	2,853	(413)	
Special events	1,000			-	
Child watch	6,750	14,075	14,497	422	
Miscellaneous	1,980	680		(680)	11
TOTAL REVENUES \$	<u>896,738</u>	<u>1,735,604</u>	<u>1,583,042</u>	<u>(152,562)</u>	<u>331,808</u>
<u>COMMUNITY RECREATION CENTER EXPENDITURES</u>					
Salaries	\$ 588,372	765,569	793,859	(28,290)	361,576
Medicare	4,571	4,571	11,412	(6,841)	5,093
Office supplies	3,000	8,196	7,158	1,038	938
Auto mileage	200	450		450	
Training and travel	4,909	1,618	2,760	(1,142)	1,801
Postage		50		50	69
Water, sewer and sanitation	107,328	15,000	18,245	(3,245)	13,529
Natural gas	103,163	144,220	134,704	9,516	31,329
Electricity	106,052	153,517	160,160	(6,643)	34,940
Telephone	3,000	3,000	8,229	(5,229)	2,015
Chemicals	38,000	48,367	49,263	(896)	17,362
Uniforms	2,500	3,013	3,217	(204)	2,583
Security	5,000		610	(610)	
Program supplies	2,737	22,728	18,541	4,187	1,493
Maintenance repairs	23,000	10,826	12,127	(1,301)	14,302
Maintenance supplies	30,000	50,000	48,642	1,358	25,867
Program equipment	1,700	13,530	8,112	5,418	1,962
Shared services		30,000	34,421	(4,421)	
Awards	200	200		200	72
Safety and medical supplies	500	1,800	1,893	(93)	325
Sale items	2,600			-	1,993
Rental items	300			-	
Special events	500	452	390	62	327
American Red Cross	3,600	3,200	6,259	(3,059)	3,635
Miscellaneous			240	(240)	601
Signage		59	59	-	
Furniture, fixtures and equipment	4,750	3,756	4,389	(633)	
TOTAL EXPENDITURES \$	<u>1,035,982</u>	<u>1,284,122</u>	<u>1,324,690</u>	<u>(40,568)</u>	<u>521,812</u>

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2017 with comparative actual amounts
for the year ended December 31, 2016

	2017				2016
	ORIGINAL	FINAL		VARIANCE	
	BUDGET	BUDGET	ACTUAL	WITH FINAL	ACTUAL
				BUDGET	
				POSITIVE	
				(NEGATIVE)	
<u>FIELD HOUSE REVENUES</u>					
Facility rental	\$ 13,850	4,225	5,149	924	
General admission	50,880	360	2,052	1,692	
Punch cards	4,000	1,000	550	(450)	
Sales and rentals	2,800		14	14	
Player fees	15,296	4,725	6,221	1,496	
Sponsor fees	12,250		2,242	2,242	
Program fees	29,882	14,682	14,961	279	
TOTAL REVENUES \$	<u>128,958</u>	<u>24,992</u>	<u>31,189</u>	<u>6,197</u>	
<u>FIELD HOUSE EXPENDITURES</u>					
Salaries	\$ 91,069	15,763	25,673	(9,910)	9,432
Medicare	1,039	934	346	588	
Water, sewer, sanitation	1,332	3,925	5,571	(1,646)	4,935
Natural gas	4,809	9,313	8,011	1,302	
Electric	4,400	11,240	11,677	(437)	
Telephone			2,851	(2,851)	
Maintenance repair	5,000	12,600	11,419	1,181	449
Maintenance supplies	8,500	500	4,030	(3,530)	3,662
Safety and medical supplies			323	(323)	130
Printing	250	250	176	74	
Training and travel	150	150		150	
Chemicals	3,750	3,750		3,750	
Uniforms	900	1,170	1,813	(643)	
Field trip	200			-	
Program supplies	3,900	1,375	1,431	(56)	
Program equipment	4,748	3,736	4,667	(931)	
Awards	1,160	568	129	439	
Transportation	650	650		650	
Miscellaneous			647	(647)	
Signage		1,100	2,720	(1,620)	
Furniture, fixtures and equipment			936	(936)	
TOTAL EXPENDITURES \$	<u>131,857</u>	<u>67,024</u>	<u>82,420</u>	<u>(15,396)</u>	<u>18,608</u>

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2017 with comparative actual amounts

for the year ended December 31, 2016

	2017			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2016
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
<u>PROGRAM REVENUES</u>					
Player fees	\$ 156,758	151,628	121,029	(30,599)	124,008
Sponsor fees	18,825	20,525	10,525	(10,000)	18,259
Program fees	49,669	62,151	70,604	8,453	77,178
Sale of merchandise	11,350	13,500	6,021	(7,479)	
Facility rental	1,200	1,200	300	(900)	
TOTAL REVENUES	\$ 237,802	249,004	208,479	(40,525)	219,445
<u>PROGRAM EXPENDITURES</u>					
Salaries	\$ 85,671	92,003	81,001	11,002	96,458
Medicare	1,282	1,255	1,002	253	1,182
Sales tax	750	750	443	307	781
Facility rental	2,435	2,435	542	1,893	2,021
Printing	20	20	244	(224)	
Postage	300	300	210	90	
Office supplies	190	190	278	(88)	114
Auto mileage	500	500	455	45	351
Training and travel	1,575	1,575	1,241	334	591
Dues	3,000	3,000	4,100	(1,100)	4,035
Water, sewer and sanitation	200	200	85	115	170
Uniforms	13,020	12,700	19,113	(6,413)	13,464
Field trips	8,803	8,803	7,089	1,714	6,635
Program supplies	3,748	3,748	2,573	1,175	6,406
Maintenance repairs	285	285	10	275	1,796
Maintenance supplies	5,930	6,154	4,210	1,944	6,462
Program equipment	18,607	18,735	16,500	2,235	16,273
Advertising	1,900	1,900	1,410	490	1,532
Awards	7,470	7,594	6,650	944	5,306
Special events			341	(341)	
Safety and medical supplies	975	1,000	477	523	143
Vehicle operations and maintenance	1,217	1,217	754	463	807
Transportation	2,840	2,840	2,435	405	1,600
Promotional items				-	1,075
Inclusion services	200	200		200	
TOTAL PROGRAM EXPENDITURES	160,918	167,404	151,163	16,241	167,202
TOTAL EXPENDITURES	2,671,837	2,831,393	3,059,806	(228,413)	1,929,578
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	587,794	1,165,298	846,389	(318,909)	793,769
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in		350,000		(350,000)	
Transfers out	(498,000)	(1,169,607)	(427,645)	741,962	(305,983)
TOTAL OTHER FINANCING SOURCES (USES)	(498,000)	(819,607)	(427,645)	391,962	(305,983)
NET CHANGE IN FUND BALANCE	89,794	345,691	418,744	73,053	487,786
FUND BALANCE - BEGINNING OF YEAR	2,923,571	2,745,120	2,745,120	-	2,257,334
FUND BALANCE - END OF YEAR	\$ 3,013,365	3,090,811	3,163,864	73,053	2,745,120

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - CONSERVATION TRUST FUND

For the year ended December 31, 2017 with comparative actual amounts
for the year ended December 31, 2016

	2017			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2016
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
<u>REVENUES</u>					
Intergovernmental revenues	\$ 150,039	150,039	153,876	3,837	173,369
Interest	461	461	1,004	543	1,488
TOTAL REVENUES	<u>150,500</u>	<u>150,500</u>	<u>154,880</u>	<u>4,380</u>	<u>174,857</u>
<u>EXPENDITURES</u>					
CURRENT:					
Maintenance repair				-	3,374
Bank charges				-	40
CAPITAL OUTLAY:					
Park maintenance	138,542	200,000	100,000	100,000	32,104
TOTAL EXPENDITURES	<u>138,542</u>	<u>200,000</u>	<u>100,000</u>	<u>100,000</u>	<u>35,518</u>
Excess (deficiency) of revenues over expenditures	11,958	(49,500)	54,880	104,380	139,339
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in				-	40,000
Transfers out			(92,156)	(92,156)	(432,091)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(92,156)</u>	<u>(92,156)</u>	<u>(392,091)</u>
NET CHANGE IN FUND BALANCE	11,958	(49,500)	(37,276)	12,224	(252,752)
FUND BALANCE - BEGINNING OF YEAR	<u>68,397</u>	<u>135,442</u>	<u>135,442</u>	<u>-</u>	<u>388,194</u>
FUND BALANCES - END OF YEAR	<u>\$ 80,355</u>	<u>85,942</u>	<u>98,166</u>	<u>12,224</u>	<u>135,442</u>

MONTROSE RECREATION DISTRICT

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

For the year ended December 31, 2017

MEASUREMENT DATE	EMPLOYER PROPORTION OF NPL	EMPLOYER PROPORTIONATE SHARE OF NPL	EMPLOYER COVERED PAYROLL	EMPLOYER		PENSION PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY
				SHARE OF NPL AS A PERCENTAGE OF COVERED PAYROLL	PROPORTIONATE SHARE OF NPL AS A PERCENTAGE OF COVERED PAYROLL	
December 31, 2015	0.14830	\$ 1,663,683	807,596	202%		76.9%
December 31, 2016	0.15178	2,049,511	914,757	224%		73.6%
December 31, 2017	0.23445	1,963,812	1,455,924	135%		79.4%

MONTROSE RECREATION DISTRICT

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

For the year ended December 31, 2017

FISCAL YEAR ENDED	REQUIRED EMPLOYER CONTRIBUTION		EMPLOYER CONTRIBUTIONS RECOGNIZED BY THE PLAN		DIFFERENCE	EMPLOYER COVERED PAYROLL		CONTRIBUTIONS A PERCENTAGE OF EMPLOYER COVERED PAYROLL	
December 31, 2015	\$	110,814		106,797	4,017		807,596		13.72%
December 31, 2016		125,322		116,651	8,671		914,757		13.70%
December 31, 2017		199,554		187,539	12,015		1,455,924		13.71%

OTHER SUPPLEMENTARY INFORMATION

MONTROSE RECREATION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SALES TAX FUND

For the year ended December 31, 2017 with comparative actual amounts for the year ended December 31, 2016

	2017		2016
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Intergovernmental revenues	\$ 1,560,000	1,560,000	1,666,845
Donations		9,588	8,538
Interest		1,569,588	62,638
TOTAL REVENUES	1,560,000	1,569,588	1,738,021
<u>EXPENDITURES</u>			
<u>CURRENT:</u>			
Bank fees	2,000	2,000	2,000
<u>CAPITAL OUTLAY:</u>			
Land			
Construction	3,523,925	4,163,544	1,569,065
Equipment			87,716
<u>DEBT SERVICE:</u>			
Principal	685,000	685,000	685,000
Interest	1,222,075	1,222,075	1,222,075
TOTAL EXPENDITURES	5,433,000	6,072,619	3,565,856
Excess (deficiency) of revenues over expenditures	(3,873,000)	(4,503,031)	(1,827,835)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	3,397,161	4,263,339	3,824,806
TOTAL OTHER FINANCING SOURCES (USES)	3,397,161	4,263,339	3,824,806
NET CHANGE IN FUND BALANCE	(475,839)	(239,692)	1,996,971
FUND BALANCE - BEGINNING OF YEAR	2,578,183	439,692	439,692
FUND BALANCES - END OF YEAR	\$ 2,102,344	200,000	2,436,663
			(18,545,455)
			103,429
			(438,533)
			103,429
			(18,442,026)
			18,881,718
			439,692

MONTROSE RECREATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
CAPITAL IMPROVEMENT FUND

For the year ended December 31, 2017 with comparative actual amounts
for the year ended December 31, 2016

	2017		2016		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ACTUAL
REVENUES					
Donations	\$ 337	337	11,155	11,155	17,780
Interest	337	337	2,922	2,585	1,386
TOTAL REVENUES	337	337	14,077	13,740	19,166
EXPENDITURES					
CURRENT:					
Software support	10,757	10,757	10,557	200	10,557
Program equipment	2,000	3,000	8,701	(5,701)	
Donations			2,500	(2,500)	
Maintenance repairs	33,442	33,442	32,758	684	3,068
Consulting		68,924		68,924	
CAPITAL OUTLAY:					
Construction					471,102
Facility repair and development		457,613		457,613	
Meeting rooms					
Aquatics					
TOTAL EXPENDITURES	46,199	573,736	54,516	519,220	484,727
Excess (deficiency) of revenues over expenditures	(45,862)	(573,399)	(40,439)	532,960	(465,561)
OTHER FINANCING SOURCES (USES)					
Transfers in	50,000		92,156	92,156	432,091
TOTAL OTHER FINANCING SOURCES (USES)	50,000	-	92,156	92,156	432,091
NET CHANGE IN FUND BALANCE	4,138	(573,399)	51,717	625,116	(33,470)
FUND BALANCE - BEGINNING OF YEAR	9,409	14,665	14,665	-	48,135
FUND BALANCES - END OF YEAR	\$ 13,547	(558,734)	66,382	625,116	14,665

MONTRÖSE RECREATION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL RESERVE FUND

For the year ended December 31, 2017 with comparative actual amounts for the year ended December 31, 2016

	2017		2016	
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>				
Intergovernmental revenues	\$ 504,662	845,859	193,753	(652,106)
Donations			4,762	4,762
Interest	26,453	13,226	8,728	(4,498)
Miscellaneous			77,010	77,010
TOTAL REVENUES	531,115	859,085	284,253	(574,832)
<u>EXPENDITURES</u>				
TOTAL EXPENDITURES				
Excess (deficiency) of revenues over expenditures	531,115	859,085	284,253	(574,832)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	498,000	303,429		(303,429)
Transfers out	(3,447,161)	(3,945,161)	(3,397,161)	548,000
TOTAL OTHER FINANCING SOURCES (USES)	(2,949,161)	(3,641,732)	(3,397,161)	244,571
NET CHANGE IN FUND BALANCE	(2,418,046)	(2,782,647)	(3,112,908)	(330,261)
FUND BALANCE - BEGINNING OF YEAR	3,775,887	3,298,254	3,298,254	-
FUND BALANCE - END OF YEAR	\$ 1,357,841	515,607	185,346	(330,261)