

MONTROSE RECREATION DISTRICT

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

December 31, 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, 2018, 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, 2018, 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.

Telephone (970) 249-3424 Facsimile (970) 249-3425

1675 East Niagara Road * Montrose, Colorado 81401

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Montrose Recreation District
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Change in Accounting Principles

As described in Notes 1 and 15 to the financial statements, the District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As discussed in Note 15 to the financial statements, the District has restated its net position as of January 1, 2018, accordance with this Statement. Our opinions are not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Montrose Recreation District's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 28, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 4 through 11, and pages 56 through 66 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 67 through 69 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Board of Directors
Montrose Recreation District
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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 19, 2019

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, 2018.

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 2018, 1,342 people were served per day on average. There were 483,139 participant visits, with different 46,064 participants served. Since the opening of the CRC and renovated Field House in 2017, 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 306 part time and 22 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. 758 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 2018, spending \$3,384,777 in its general fund. This compares with \$4,143,680 in general fund revenue. As of the close of the year, the District has \$7,030,870 in combined ending cash and investment balances. This compares to \$6,412,718 in combined ending cash and investment balances for 2017. 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 2018, the ending cash balances are 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 \$378,974,221 for 2017 and \$392,775,898 for 2018. 2018's mill levy was 4.5. Specific ownership tax and the property tax generated was \$2,018,260. There was a new assessed valuation done for 2019 and 2020. 2019's assessed valuation was \$396,433,698.

Montrose's economy continues to improve. This is evidenced by sales tax revenues exceeding projections. In 2017, the City of Montrose collected \$1,666,845 in sales tax for MRD per the Rec. Center IGA with the City. MRD budgeted \$1,560,000 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 2018, the City of Montrose collected \$1,788,420 in sales tax for MRD. MRD had budgeted \$1,650,000.

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 \$5,572,776, all available funds, at the end of 2018. MRD was at \$7,030,870 all available cash balances at the end of 2018. This includes foundation grants such as from the Daniels Fund and 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 \$500,000 in 2018.

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 12 and 13 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 14 through 17 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 18 through 55 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 56 through 66 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 67 through 69 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 \$9,256,444 at the close of the year 2018. This compares with \$8,369,476 from the previous year and constitutes an increase of \$886,968 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.

Governmental Activities

	<u>2018</u>	<u>2017</u>
Current & other assets	\$ 9,262,887	8,729,154
Capital assets	29,798,075	30,801,160
Total assets	<u>39,060,962</u>	<u>39,530,314</u>
Deferred outflows		
Deferred pension outflows	808,196	190,882
Deferred OPEB outflows	26,801	.
Total deferred outflows	<u>834,997</u>	<u>190,882</u>
Current liabilities	406,889	1,042,258
Noncurrent liabilities	28,448,261	28,034,564
Total liabilities	<u>28,855,150</u>	<u>29,076,822</u>
Deferred inflows		
Deferred revenues, property taxes	1,783,952	1,767,492
Deferred pension inflows		507,406
Deferred OPEB inflows	413	.
Total deferred inflows	<u>1,784,365</u>	<u>2,274,898</u>
Net position:		
Net investment in capital assets	4,321,481	4,730,408
Restricted	3,521,938	2,621,663
Unrestricted	<u>1,413,025</u>	<u>1,017,405</u>
Total net position	<u>\$ 9,256,444</u>	<u>8,369,476</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>2018</u>	<u>2017 .</u>
Revenues:		
Program revenues:		
Fees and charges		
for recreational programs	\$2,179,973	1,902,268
Operating grants and contributions	100	114,878
Capital grants and contributions	658,720	347,629
General revenues:		
Taxes:		
Property and other taxes	2,018,260	1,956,355
Sales and use taxes	1,788,420	1,666,845
Earnings on investments	<u>152,445</u>	<u>109,451</u>
Total revenue	<u>6,797,918</u>	<u>6,097,426</u>
Expenses:		
Administrative	928,276	1,842,619
Park maintenance	254,729	150,752
Concessions	45,242	54,835
Marketing	54,068	83,225
Community Recreation Center	2,721,220	2,414,824
Recreational programs	219,537	211,393
Field House	299,631	160,969
Interest on long-term debt	<u>1,170,720</u>	<u>1,197,800</u>
Total expenses	<u>5,693,423</u>	<u>6,116,417</u>
Increase (decrease) in net position	<u>1,104,495</u>	<u>(18,991)</u>
Net position - January 1st	8,369,476	8,388,467
Prior period adjustment	<u>(217,527)</u>	<u>.</u>
Net position - January 1st - restated	<u>8,151,949</u>	<u>.</u>
Net position - December 31st	<u>\$9,256,444</u>	<u>8,369,476</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 \$7,108,266 an increase of \$1,157,845 from the prior year. This was due to the construction investment in the Community Recreation Center and Field House made in 2017. Approximately 50% 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 \$2,424,359. For comparison the total general fund balance was \$3,352,767, even after a General Fund transfer of \$579,525 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 72% of total general fund expenditures, while total fund balance represents 99% of that same amount.** MRD plans to seek to retain these similar percentages to ensure continued strong financial health. This was 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 2018 was \$3,876,331 This was a decrease of \$124,669 from the previous fiscal year. The actual expenditures and transfers for the General Fund were \$3,964,302, which included a \$579,525 transfer to the Sales Tax Fund.

Capital Assets.

The District's investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$29,798,075 (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		
	2018	2017 .
Land	\$ 967,155	967,155
Improvements other than buildings	457,527	289,580
Buildings and improvements	27,654,793	28,661,288
Field house	277,317	303,417
Infrastructure	17,431	20,850
Equipment	416,462	558,870
Vehicles	7,390	.
Total	<u>\$29,798,075</u>	<u>30,801,160</u>

Additional information on the District's capital assets can be found in note 4 on page 30 of this report.

Long-Term Debt.

At the end of the current fiscal year, the District had \$24,960,000 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 Jeremy Master at jeremy@montroserec.com or P. O. Box 63, Montrose, Colorado 81402.

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

MONTROSE RECREATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 515,020
Investments	4,604,725
Due from other governments	295,948
Accounts receivable	41,380
Property taxes receivable	1,783,952
Bond issue costs	110,737
Restricted investments	1,911,125
Capital assets (net of accumulated depreciation)	
Land	967,155
Improvements other than buildings	457,527
Buildings and improvements	27,654,793
Field house	277,317
Infrastructure	17,431
Equipment	416,462
Vehicles	7,390
Total assets	<u>39,060,962</u>
DEFERRED OUTFLOWS	
Deferred pension outflows	808,196
Deferred OPEB outflows	<u>26,801</u>
	<u>834,997</u>
LIABILITIES	
Accounts payable	182,203
Accrued interest	146,952
Compensated absences	74,558
Accrued payroll taxes and benefits	3,171
Noncurrent liabilities:	
Due within one year	773,469
Certificates of participation	24,553,125
Net pension liability	2,862,559
Net OPEB liability	<u>259,108</u>
Total liabilities	<u>28,855,145</u>
DEFERRED INFLOWS	
Deferred revenue-property taxes	1,783,952
Deferred OPEB inflows	<u>413</u>
	<u>1,784,365</u>
NET POSITION	
Net investment in capital assets	4,321,481
Restricted for:	
Emergency	204,000
Intergovernmental agreement	3,317,938
Unrestricted	<u>1,413,025</u>
Total net position	<u>\$ 9,256,444</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, 2018

	Program Revenues		Net (Expense)
	Fees and Charges for Recreational Programs	Operating Grants and Contributions	Revenue and Changes in Net Position Governmental Activities
	Expenses	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES:			
Administrative	\$ 928,276	214	(769,342)
Park maintenance	254,729		(254,729)
Concessions	45,242	55,295	10,053
Marketing	54,068	5,420	(48,648)
Community Recreation Center Programs	2,721,220	1,752,748	(468,472)
Field House	219,537	218,254	(1,183)
Interest on long-term debt	299,631	148,042	(151,589)
Total governmental activities	<u>1,170,720</u>	<u>100</u>	<u>(1,170,720)</u>
	<u>5,693,423</u>	<u>2,179,973</u>	<u>(2,854,630)</u>
		<u>158,720</u>	
		<u>500,000</u>	
		<u>658,720</u>	

General Revenues:

Taxes	
Property and other taxes	2,018,260
Sales and use taxes	1,788,420
Earnings on investments	152,445
Total general revenues	<u>3,959,125</u>

Change in net position

NET POSITION - JANUARY 1	1,104,495
Prior period adjustment	8,369,476
NET POSITION - JANUARY 1 - RESTATED	<u>(217,527)</u>
NET POSITION - DECEMBER 31	<u>8,151,949</u>
	<u>\$ 9,256,444</u>

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, 2018

(With comparative totals for December 31, 2017)

	GENERAL	CONSERVATION TRUST	SALES TAX	CAPITAL IMPROVEMENT	CAPITAL RESERVE	TOTAL (MEMORANDUM ONLY)	
						2017	2016
<u>ASSETS</u>							
Cash	\$ 481,435	2,260	29,817	1,508	515,020	371,196	
Investments	2,972,492	43,974	1,102,388	29,055	4,604,725	4,130,397	
Due from other governments	21,340		274,608		295,948	415,166	
Accounts receivable	41,380				41,380	14,233	
Property taxes receivable	1,783,952		1,911,125		1,783,952	1,767,492	
Investments-restricted		46,234	3,317,938	30,563	1,911,125	1,911,125	
TOTAL ASSETS	\$ 5,300,599				9,152,150	8,609,609	
<u>LIABILITIES</u>							
Accounts payable	\$ 86,151				96,052	312,087	
Grants payable					-	500,000	
Compensated absences	74,558				74,558	76,020	
Accrued payroll taxes and benefits	3,171				3,171	3,589	
TOTAL LIABILITIES	163,880				259,932	891,696	
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred revenue-property taxes	1,783,952						
TOTAL DEFERRED INFLOWS OF RESOURCES	1,783,952						
<u>FUND BALANCES</u>							
Restricted	204,000		3,317,938				
Assigned	724,408	46,234		30,563	360,764	2,621,663	
Unassigned	2,424,359	46,234	3,317,938	30,563	2,424,359	2,978,864	
TOTAL FUND BALANCES	3,352,767				360,764	5,950,421	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,300,599	46,234	3,317,938	30,563	456,816	8,609,609	

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, 2018

Total fund balances for governmental funds \$ 7,108,266

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 \$1,216,076 accumulated depreciation	457,527
Buildings and improvements, net of \$2,582,052 accumulated depreciation	27,654,793
Field house, net of \$1,949,155 accumulated depreciation	277,317
Infrastructure, net of \$78,727 accumulated depreciation	17,431
Equipment, net of \$662,083 accumulated depreciation	416,462
Vehicles, net of \$135,263, accumulated depreciation	7,390
	<u>29,798,075</u>

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

Net pension liability	(2,862,559)
Deferred pension outflows	808,196
Deferred pension inflows	
	<u>(2,054,363)</u>

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

Net OPEB liability	(259,108)
Deferred OPEB outflows	26,801
Deferred OPEB inflows	(413)
	<u>(232,720)</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	(24,960,000)
Premium on certificates of participation (to be amortized over life of lease)	(366,594)
Deferred charge for issue costs (to be amortized over life of debt)	110,737
Accrued interest payable	(146,957)
	<u>(25,362,814)</u>

Total net position of governmental activities \$ 9,256,444

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, 2018
(With comparative totals for the year ended December 31, 2017)

	GENERAL FUND	CONSERVATION TRUST	SALES TAX	CAPITAL IMPROVEMENT	CAPITAL RESERVE	TOTAL (MEMORANDUM ONLY)	
						2017	2016
REVENUES							
Property and other taxes	\$ 2,018,260					2,018,260	1,956,355
Rental and miscellaneous	5,634				122,733	128,367	129,897
Concessions	55,295					55,295	64,539
Community Recreation Center Programs	1,630,015					1,630,015	1,583,042
Field House	218,354					218,354	208,479
Intergovernmental revenues	148,042					148,042	31,189
Interest income	68,080	158,720	1,788,420	1,180	500,000	2,447,140	2,014,474
TOTAL REVENUES	4,143,680	159,690	1,854,165	1,180	639,203	6,797,918	6,097,426
EXPENDITURES							
CURRENT:							
Administrative	1,137,056		2,000			1,139,056	1,224,251
Park maintenance	187,571	3,062		52,100		242,733	141,463
Concessions	44,743					44,743	54,336
Marketing	54,068					54,068	83,225
Community Recreation Center Programs	1,608,169	20,213		51,132		1,659,301	1,357,448
Field house	152,580			3,767		172,793	162,364
Field house	200,590					204,357	79,700
CAPITAL OUTLAY:							
Administrative	150,000					150,000	110,815
Park maintenance	63,347					63,347	-
Concessions						-	-
Community Recreation Center						-	1,556,539
Field House						-	102,962
Debt service:							
Principal							
Interest							
TOTAL EXPENDITURES	3,384,777	236,622	1,911,675	106,999	-	5,640,073	6,780,178
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	758,903	(76,932)	(57,510)	(105,819)	639,203	1,157,845	(682,752)
OTHER FINANCING SOURCES (USES)							
Transfers in	9,525	25,000	938,785	104,525	(463,785)	1,077,835	3,916,962
Transfers out	(579,525)			(34,525)		(1,077,835)	(3,916,962)
NET OTHER FINANCING SOURCES (USES)	(570,000)	25,000	938,785	70,000	(463,785)	-	-
NET CHANGE IN FUND BALANCES	188,903	(51,932)	881,275	(35,819)	175,418	1,157,845	(682,752)
FUND BALANCE - BEGINNING OF YEAR	3,163,864	98,166	2,436,663	66,382	185,346	5,950,421	6,633,173
FUND BALANCE - END OF YEAR	\$ 3,352,767	46,234	3,317,938	30,563	360,764	7,108,266	5,950,421

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, 2018

Net change in fund balances - total governmental funds \$ 1,157,845

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 depreciation \$1,216,432 exceeded capital outlay \$213,347.

(1,003,085)

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 29,158
Bond issuance costs (8,808)
Debt principal payments 715,000
Decrease in accrued interest 3,605

738,955

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.

233,044

OPFB expense per Governmental Accounting Standards Board Statement number 75 is not reported in the governmental funds but is reported as an expenditure in the Statement of Activities

(22,264)

Change in net position of governmental activities

\$ 1,104,495

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.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

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 types 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.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

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, 2018

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, 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
Field house	5-25 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.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

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, 2018 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, 2018.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITES, 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, 2018.
- Assigned: This classification includes amounts that are contrained 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.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

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, 2018

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, 2018 are as follows:

	<u>ORIGINAL BUDGET</u>	<u>AMENDMENT</u>	<u>FINAL BUDGET</u>
General Fund	\$ 3,876,331		3,876,331
Capital Improvement Fund	120,033		120,033
Capital Reserve Fund			
Conservation Trust Fund	223,211		223,211
Sales Tax Fund	1,911,675		1,911,675
	<u>\$ 6,131,250</u>		<u>6,131,250</u>

The following funds had amounts expended in excess of the amounts budgeted which may be a violation of Colorado State law.

	<u>EXPENDED</u>	<u>BUDGETED</u>	<u>DIFFERENCE</u>
General Fund	\$ 3,964,302	3,876,331	87,971
Capital Reserve Fund	463,785		463,785
Conservation Trust Fund	236,622	223,211	13,411

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. IMPLEMENTATION OF GASB 75

As January 1, 2018, the District adopted GASB 75. The implementation of this standard replaces the requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45), and requires that governments calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan, which include the net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. The effect of the implementation of this standard on beginning net position is disclosed in Note 15 and the additional disclosures required by this standard are included in Note 6.

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by PERA. The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2018, none of the District's bank balances of \$512,357 were exposed to custodial credit risk as \$315,214 were insured and \$197,143 were collateralized by securities pledged by financial institutions.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

2 - DEPOSITS AND INVESTMENTS (continued)

INVESTMENTS

As of December 31, 2018, the District had the following investments and maturities:

<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>	<u>INVESTMENT MATURITIES (in years)</u>		
		<u>LESS THAN</u>		
		<u>1</u>	<u>1-5</u>	<u>6-10</u>
Colotrust	4,604,725	4,604,725		
Repurchase agreements	1,911,125			1,911,625
	<u>\$6,515,850</u>	<u>4,604,725</u>		<u>1,911,625</u>

As of December 31, 2018, the District has invested \$4,604,725 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool.

The District's investment in COLOTRUST is rated AAAM by S&P. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to operations and investments. Separately issued financial statements may be obtained at the following address:

COLOTRUST
717 17th Street, Suite 1850
Denver, CO 80202
www.colotrust.com

These investments are presented on the balance sheet as follows:

	<u>2018</u>
Investments	\$4,604,725
Investments - restricted	1,911,125
	<u>\$6,515,850</u>

Fair value measurement. Government Accounting Standards Board Statement No. 72 (GASB 72) *Fair Value Measurement and Application* establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques. According to GASB 72, an investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

2 - DEPOSITS AND INVESTMENTS (continued)

INVESTMENTS (continued)

The District records assets and liabilities in accordance with GASB 72, which establishes general principles for measuring fair value, provides additional fair application guidance and enhances disclosures about fair value measurements.

The District's investments and derivative instruments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure fair value of assets and liabilities as follows.

Level 1 - Quoted prices in active markets for identical securities.

Level 2 - Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with the evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy.

Level 3 - Prices determined using significant unobservable inputs. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

The following table reflects the fair value of the District's investments and derivative instruments as of December 31, 2018:

<u>Assets</u>	<u>Fair Value Measurement Using</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Colotrust	\$4,604,725			
Repurchase agreements	\$1,911,125		1,911,125	
Total investments	<u>\$6,515,850</u>		<u>1,911,125</u>	

(A) During the year, the District invested in COLOTRUST, a local government investment pool. The valuation is measured at net asset value and is designed to approximate the share value. The pool's Board of Trustees, elected by the participants, is responsible for overseeing the management of COLOTRUST, including establishing operating standards and policies. COLOTRUST is designed to provide local governments with a convenient method for investing in short-term investments carefully chose to provide maximum safety and liquidity, while still maximizing interest earnings.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

2 - DEPOSITS AND INVESTMENTS (continued)

INVESTMENTS (continued)

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, 2018, the District's investment in Colotrust Plus, a 2a7-like investment pool, was rated AAAM by Standard & Poor's.

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, 2018, the District considered all accounts collectible and accordingly, no provision for an allowance is recorded.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	<u>BEGINNING BALANCES</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCES.</u>
Governmental activities: <i>Capital assets not being depreciated:</i>				
Land	\$ 967,155			967,155
Total capital assets not being depreciated	<u>967,155</u>			<u>967,155</u>
<i>Capital assets being depreciated:</i>				
Improvements other than buildings	1,472,296	51,307		1,523,603
Buildings and improvements	30,296,812		59,967	30,236,845
Field house	2,226,472			2,226,472
Infrastructure	96,158			96,158
Equipment	1,066,505	12,040		1,078,545
Vehicles	142,653			142,653
Total capital assets being depreciated	<u>35,300,896</u>	<u>63,347</u>	<u>59,967</u>	<u>35,304,276</u>
Less accumulated depreciation for:				
Improvements other than buildings	1,182,716	33,360		1,216,076
Buildings and improvements	1,635,524	1,006,495	59,967	2,582,052
Field house	1,923,055	26,100		1,949,155
Infrastructure	75,308	3,419		78,727
Equipment	517,188	144,895		662,083
Vehicles	133,100	2,163		135,263
Total accumulated Depreciation	<u>5,466,891</u>	<u>1,216,432</u>	<u>59,967</u>	<u>6,623,356</u>
Total capital assets being depreciated, net	<u>29,834,005</u>	<u>(1,153,085)</u>		<u>28,680,920</u>
Governmental activity capital assets, net	<u>\$30,801,160</u>	<u>(1,153,085)</u>		<u>29,648,075</u>

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

Community Recreation Center	\$1,061,919
Park maintenance	11,996
Concessions	499
Field house	95,274
Programs, including depreciation of infrastructure assets	<u>46,744</u>

Total depreciation expense \$1,216,432

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

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.

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.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the LGDTF that were in effect on the LGDTF's December 31, 2018 measurement date are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employee contribution rates for the LGDTF 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, increases 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.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and the 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 members of the Local Government Division hired on or after January 1, 2019. 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 trust to pay down the unfunded liability plus any defined benefit investment earnings thereon.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

5 - DEFINED BENEFIT PENSION PLAN (continued)

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 (CAFR) that can be obtained at www.copera.org/investment/pera-financial-reports.

Benefits provided as of December 31, 2018. 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 structure(s) 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.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

5 - DEFINED BENEFIT PENSION PLAN (continued)

General Information about the Pension Plan (continued)

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.

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increased (AI) for 2018 and 2019. Thereafter, 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, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 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 1.5 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. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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 lifetime retirement benefit formula(s) 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, 2018. 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, and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of January 1, 2018 through December 31, 2018. The employer contribution requirements during the period of January 1, 2018 through December 31, 2018 are summarized in the table below:

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

5 - DEFINED BENEFIT PENSION PLAN (continued)

General Information about the Pension Plan (continued)

	January 1, 2018 through <u>December 31, 2018</u>
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 for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

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 \$213,818 for the year ended December 31, 2018.

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

At December 31, 2018, the Montrose Recreation District reported a liability of \$2,862,559 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The Montrose Recreation District proportion of the net pension liability was based on Montrose Recreation District contributions to the LGDTF for the calendar year 2018 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2018, the Montrose Recreation District proportion was 0.2570937525 percent, which was an increase of 0.0226435673 percent from its proportion measured as of December 31, 2017.

For the year ended December 31, 2018, the Montrose Recreation District recognized pension expense of \$(324). At December 31, 2018, the Montrose Recreation District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

5 - DEFINED BENEFIT PENSION PLAN (continued)

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

	<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	556,076	
Changes in proportion and differences between contributions recognized and proportionate share of contributions	<u>252,120</u>	_____.
Total	<u>\$808,196</u>	_____.

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

<u>Year ended December 31</u>	
2019	\$413,674
2020	413,672
2021	413,672
2022	321,907
2023	<u>161,939</u>

Thereafter \$ _____0

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)

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

5 - DEFINED BENEFIT PENSION PLAN (continued)

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

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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.

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, 2017, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

5 - DEFINED BENEFIT PENSION PLAN (continued)

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

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.

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%.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

5 - DEFINED BENEFIT PENSION PLAN (continued)

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

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 rates in effect for each year, including scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, 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 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. 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 middle of the year.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

5 - DEFINED BENEFIT PENSION PLAN (continued)

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

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.

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	\$4,944,622	3,232,216	1,799,615

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's CAFR 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, 2018.

Changes between the measurement date of the net position liability and December 31, 2018.

During the 2019 legislative session, the Colorado General Assembly passed HB 19-1217: PERA Public Employees' Retirement Association Local Government Division Member Contribution Rate. The bill was signed into law by Governor Polis on May 20, 2019, and eliminates the 2 percent increase in the contribution rate for members in the Local Government Division mandated by SB 18-200.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of significant Accounting Policies

OPEB. Montrose Recreation District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the Montrose Recreation District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 the premium subsidies. 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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

General Information about the OPEB Plan (continued)

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

General Information about the OPEB Plan (continued)

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Montrose Recreation District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Montrose Recreation District were \$17,200 for the year ended December 31, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018, the Montrose Recreation District reported a liability of \$236,754 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The Montrose Recreation District proportion of the net OPEB liability was based on Montrose Recreation District contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the Montrose Recreation District proportion was 0.0199375162 percent, which was an increase of .0017200319 percent from its proportion measured as of December 31, 2017.

MONTROSE RECREATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (continued)
 December 31, 2018

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

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

For the year ended December 31, 2018, the Montrose Recreation District recognized OPEB expense of \$17,200. At December 31, 2018, the Montrose Recreation District reported deferred outflows of resources and deferred inflows of resources related to OPEB 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 on OPEB plan investments	4,447	413
Changes in proportion and differences between contributions recognized and proportionate share of contributions	<u>22,354</u>	<u>.</u>
Total	<u>\$26,804</u>	<u>413</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended</u>	
2019	\$5,278
2020	5,278
2021	5,278
2022	5,277
2023	<u>5,277</u>
Thereafter	<u>\$ 0</u>

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

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

Actuarial assumptions. The total OPEB 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 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.25 percent for 2018, gradually rising to 5.00 percent in 2025
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

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

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2017, 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. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

<u>Medicare Plan</u>	<u>Cost for Members Medicare Part A</u>	<u>Premiums for Members Without Medicare Part A</u>
Self-Funded Medicare Supplement Plans	\$736	367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

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

<u>Medicare Plan</u>	<u>Cost for Members Without Medicare Part A</u>
Self-Funded Medicare Supplement Plans	\$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

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

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on 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.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on 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.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 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 68 percent factor applied to rates for ages less than 80, a 106 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.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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 HCTF, 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.

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

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	.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%.

Sensitivity of the Montrose Recreation District proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
PERACare Medicare	4.00%	5.00%	6.00%
Initial Medicare Part A	2.00%	3.00%	4.00%
Ultimate Medicare Part A	3.25%	4.25%	5.25%
Net OPEB Liability			

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

6 -- DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.
- 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%.
- 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

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

Sensitivity of the Montrose Recreation District proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB 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) than the current rate:

	1% Decrease (6.25)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$303,514	271,258	243,682

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

Payables to the OPEB plan

The District had no payables due to the OPEB plan at December 31, 2018.

7 - SHORT-TERM DEBT

During the year ended December 31, 2018, 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.

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.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

8 - CAPITAL LEASES (continued)

Certificates of Participation (continued)

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, 2018, follows:

<u>YEAR ENDING DECEMBER 31</u>	<u>SCHEDULE OF BASE RATES.</u>
2019	\$ 1,911,075
2020	1,906,225
2021	1,910,625
2022	1,908,625
2023	1,907,125
2024 - 2028	9,543,125
2029 - 2033	9,543,325
2034 - 2038	9,545,625
2039	<u>1,907,125</u>
	TOTAL BASE RENTALS 40,081,875
Lease amounts representing interest	<u>15,121,875</u>
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	<u>\$24,960,000</u>

9 - LONG-TERM DEBT

The following is a summary of long-term liability activity of the District for the year ended December 31, 2018:

	<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	\$25,675,000		715,000	24,960,000	745,000
Premium on Certificates of Participation	<u>395,752</u>		<u>29,158</u>	<u>366,594</u>	<u>28,469</u>
GOVERNMENTAL ACTIVITY					
LONG-TERM LIABILITIES	<u>\$26,070,752</u>		<u>744,158</u>	<u>25,326,594</u>	<u>773,469</u>

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

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 \$2,424,359 at December 31, 2018.

11 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of Interfund balances as of December 31, 2018 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	\$ 579,525	9,525
Capital Reserve Fund	463,785	
Conservation Trust Fund		25,000
Capital Improvement Fund	34,525	104,525
Sales Tax Fund		<u>938,785</u>
TOTAL	<u>\$1,077,835</u>	<u>1,077,835</u>

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

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

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.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

15 - CHANGE IN ACCOUNTING PRINCIPLE - RESTATEMENT OF BEGINNING NET POSITION

As of January 1, 2018, the District adopted GASB 75. The implementation of this standard replaces the requirements of GASB 45 and requires governments calculate and report the cost and obligations associated with other postemployment benefits other than pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position for governmental activities was restated to adopt the provisions of GASB 75 to report the beginning net OPEB liability and deferred inflows and outflows of resources related to contributions made after the measurement date as follows:

	<u>Governmental Activities.</u>
Net position at December 31, 2017, as previously reported	\$8,369,479
Prior period adjustment for recognition of OPEB amounts, change in accounting principle	<u>(217,527)</u>
Net position, January 1, 2018 as restated	<u>\$8,151,949</u>

REQUIRED SUPPLEMENTARY
INFORMATION

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2018 with comparative actual amounts
for the year ended December 31, 2017

	2018		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2017
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
<u>GENERAL REVENUES</u>				
Taxes				
Property taxes	\$ 1,767,492	1,760,595	(6,897)	1,707,186
Specific ownership tax	187,468	253,485	66,017	242,479
Penalties and interest on delinquent tax	179	4,180	4,001	6,690
TOTAL TAXES	<u>1,955,139</u>	<u>2,018,260</u>	<u>63,121</u>	<u>1,956,355</u>
Interest income	<u>28,293</u>	<u>68,080</u>	<u>39,787</u>	<u>34,159</u>
Rental and miscellaneous				
Donations			-	
Brochure advertisements	6,825	5,420	(1,405)	5,924
Scholarships			-	724
Miscellaneous			-	12,689
Facility rental	120		(120)	60
Batting cage revenue	734	214	(520)	668
Asset sales	400		(400)	8,367
TOTAL RENTAL AND MISCELLANEOUS	<u>8,079</u>	<u>5,634</u>	<u>(2,445)</u>	<u>28,432</u>
Concessions	<u>57,000</u>	<u>55,295</u>	<u>(1,705)</u>	<u>64,539</u>
TOTAL GENERAL REVENUES \$	<u>2,048,511</u>	<u>2,147,269</u>	<u>98,758</u>	<u>2,083,485</u>

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2018 with comparative actual amounts
for the year ended December 31, 2017

	2018		VARIANCE	2017
	ORIGINAL AND	ACTUAL	WITH FINAL	ACTUAL
	FINAL BUDGET		BUDGET	
			POSITIVE	
			(NEGATIVE)	
<u>ADMINISTRATIVE EXPENDITURES</u>				
Current:				
Salaries	\$ 450,755	412,696	38,059	569,277
Medicare	8,613	5,693	2,920	8,975
Board paid PERA	196,068	226,630	(30,562)	199,554
Unemployment	2,096	5,339	(3,243)	4,982
Insurance - package	70,369	60,938	9,431	48,866
Insurance - health and life	170,706	208,753	(38,047)	171,318
Insurance - workmen's compensation	24,526	26,640	(2,114)	17,820
Insurance - board liability	420	210	210	210
Recruitment		1,571	(1,571)	296
Printing			-	
Postage			-	1,501
Copier and computer	7,644	5,896	1,748	6,811
Office supplies	8,496	6,416	2,080	5,644
Accounting		16,425	(16,425)	16,575
Auto mileage	509	790	(281)	543
Training and travel	2,544	3,847	(1,303)	7,803
Software support	13,776	15,297	(1,521)	32,338
Dues	5,993	3,897	2,096	4,095
Treasurer's fees	53,079	35,306	17,773	34,279
Miscellaneous	1,000	394	606	500
Water, sewer and sanitation	416	412	4	461
Natural gas	1,075	973	102	796
Electricity	683	1,100	(417)	1,054
Telephone	3,807	2,910	897	3,647
Uniforms	8,632	688	7,944	5,557
Bank charges	26,069	31,516	(5,447)	29,068
Board meeting expense	3,225	4,196	(971)	3,756
Election	1,500		1,500	
Networking	1,834	2,020	(186)	2,008
Red Cross	108		108	81
Legal	17,113	11,084	6,029	13,562
Consulting	6,862	23,698	(16,836)	8,856
Shared services	1,277	18,399	(17,122)	18,665
Security	520	900	(380)	970
Maintenance repairs			-	85
Maintenance supplies	564	4	560	310
Advertising		100	(100)	114
Vehicle operations and maintenance		62	(62)	46
Special events			-	
Inclusion services			-	
Awards	3,089	2,256	833	2,086
Scholarships			-	
TOTAL ADMINISTRATIVE EXPENDITURES \$	<u>1,093,368</u>	<u>1,137,056</u>	<u>(43,688)</u>	<u>1,222,509</u>

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2018 with comparative actual amounts
for the year ended December 31, 2017

	2018		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2017
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
<u>PARK MAINTENANCE</u>				
Salaries	\$ 85,987	97,432	(11,445)	74,401
Medicare	960	1,246	(286)	1,079
Equipment rental	1,000	2,338	(1,338)	
Training and travel	3,000	1,088	1,912	2,319
Water, sewer and sanitation	7,200	6,275	925	6,052
Water lease	1,030	322	708	1,027
Natural gas	850	984	(134)	707
Electricity	12,000	12,022	(22)	10,888
Telephone	2,880	720	2,160	690
Chemicals		2,249	(2,249)	161
Irrigation	6,500	8,278	(1,778)	4,466
Uniforms	1,000	919	81	567
Safety and medical supplies			-	27
Shared services	14,050	14,173	(123)	2,040
Maintenance repair	14,500	14,069	431	3,147
Maintenance supplies	11,000	5,973	5,027	10,506
Signage			-	
Vehicle repairs	9,000	9,284	(284)	8,138
Vehicle operations and maintenance	4,500	6,914	(2,414)	3,999
Red Cross	54		54	11,249
Furniture, fixtures and equipment	2,500	3,285	(785)	
Facility, repair and development	4,500		4,500	
TOTAL PARK MAINTENANCE	\$ 182,511	187,571	(5,060)	141,463
<u>CONCESSIONS</u>				
Salaries	\$ 8,524	5,305	3,219	7,023
Medicare	90	77	13	102
Training and travel		60		442
Maintenance repairs	500	707	(207)	166
Maintenance supplies	200	304	(104)	
Vehicle operations and maintenance	100	179	(79)	367
Cost of goods sold	32,000	34,089	(2,089)	39,554
Sales tax	1,800	3,752	(1,952)	4,854
Dues		270	(270)	253
Uniforms			-	1,315
Furniture, fixtures and equipment	1,000		1,000	260
TOTAL CONCESSIONS	\$ 44,214	44,743	(529)	54,336
<u>MARKETING EXPENDITURES</u>				
CURRENT:				
Newsletter	\$ 1,050	2,657	(1,607)	966
Website	3,500	2,585	915	3,740
Printing	17,892	20,300	(2,408)	29,285
Postage	14,747	13,335	1,412	20,102
Office supplies		87	(87)	112
Training and travel			-	275
Program supplies			-	
Advertising	4,500	10,526	(6,026)	10,180
Awards	500	170	330	520
Special events	4,250	1,691	2,559	12,723
Promotional items	3,000	2,717	283	5,322
Furniture, fixtures and equipment			-	
TOTAL MARKETING EXPENDITURES	\$ 49,439	54,068	(4,629)	83,225

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2018 with comparative actual amounts
for the year ended December 31, 2017

	2018		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2017
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
<u>COMMUNITY RECREATION CENTER REVENUES</u>				
General admission	\$ 308,700	302,183	(6,517)	315,656
Annual passes and punch cards	1,074,452	1,130,854	56,402	1,109,561
Private and public lessons	80,400	79,527	(873)	74,972
Personal training	10,000	33,735	23,735	13,225
Sales and rentals	13,500	15,214	1,714	13,572
Facility rental	40,000	29,763	(10,237)	33,871
Red Cross training	3,195	9,747	6,552	4,835
Program fees	3,266	8,928	5,662	2,853
Special events			-	
Child watch	14,075	16,712	2,637	14,497
Miscellaneous	1,000	3,352	2,352	
TOTAL REVENUES \$	<u>1,548,588</u>	<u>1,630,015</u>	<u>81,427</u>	<u>1,583,042</u>
<u>COMMUNITY RECREATION CENTER EXPENDITURES</u>				
Salaries	\$ 1,024,382	1,058,337	(33,955)	793,859
Medicare	10,722	15,263	(4,541)	11,412
Office supplies	10,000	7,045	2,955	7,158
Auto mileage	1,800	46	1,754	
Training and travel	5,249	4,525	724	2,760
Postage		108	(108)	
Water, sewer and sanitation	20,000	23,371	(3,371)	18,245
Natural gas	145,000	129,288	15,712	134,704
Electricity	155,000	167,351	(12,351)	160,160
Telephone	4,005	24,599	(20,594)	8,229
Chemicals	55,000	47,441	7,559	49,263
Uniforms	3,500	3,088	412	3,217
Security	770	90	680	610
Field trips		320		
Program supplies	14,175	11,622	2,553	18,541
Maintenance repairs	30,200	34,018	(3,818)	12,127
Maintenance supplies	45,000	51,924	(6,924)	48,642
Program equipment	17,000	16,951	49	8,112
Shared services	19,290	3,032	16,258	34,421
Awards	500	605	(105)	
Safety and medical supplies	1,600	1,423	177	1,893
Sale items			-	
Rental items	300		300	
Special events	850	655	195	390
American Red Cross	3,400	5,216	(1,816)	6,259
Miscellaneous	12	1,851	(1,839)	240
Signage			-	59
Furniture, fixtures and equipment	1,000		-	
TOTAL EXPENDITURES \$	<u>1,568,755</u>	<u>1,608,169</u>	<u>(39,414)</u>	<u>1,324,690</u>

MONTRÖSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2018 with comparative actual amounts
for the year ended December 31, 2017

	2018		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2017
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
<u>FIELD HOUSE REVENUES</u>				
Facility rental	\$ 29,850	29,382	(468)	5,149
General admission	64,980	23,923	(41,057)	2,052
Punch cards	10,000	3,723	(6,277)	550
Sales and rentals	2,800	274	(2,526)	14
Player fees	47,390	24,496	(22,894)	6,221
Sponsor fees	1,650	1,304	(346)	2,242
Program fees	17,400	29,940	12,540	14,961
Intergovernmental		35,000	35,000	
TOTAL REVENUES \$	<u>174,070</u>	<u>148,042</u>	<u>(26,028)</u>	<u>31,189</u>
<u>FIELD HOUSE EXPENDITURES</u>				
Salaries	\$ 113,781	104,258	9,523	25,673
Medicare	934	1,514	(580)	346
Water, sewer, sanitation	7,000	7,068	(68)	5,571
Natural gas	20,000	13,265	6,735	8,011
Electric	25,000	19,545	5,455	11,677
Telephone		1,821	(1,821)	2,851
Maintenance repair	4,000	18,596	(14,596)	11,419
Maintenance supplies	15,000	8,564	6,436	4,030
Safety and medical supplies	370	1,128	(758)	323
Printing	250	121	129	176
Office supplies		524	(524)	
Training and travel	150	1,877	(1,727)	
Chemicals	15,000	6,945	8,055	
Uniforms	1,650	2,322	(672)	1,813
Security		408	(408)	
Field trips	200	162	38	
Program supplies	2,400	2,398	2	1,431
Program equipment	1,848	7,856	(6,008)	4,667
Advertising		143	(143)	
Awards	568	696	(128)	129
Special events		298	(298)	
Transportation	500	616	(116)	
Miscellaneous			-	647
Signage	1,100		1,100	2,720
Furniture, fixtures and equipment		465	(465)	936
TOTAL EXPENDITURES \$	<u>209,751</u>	<u>200,590</u>	<u>9,161</u>	<u>82,420</u>

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2018 with comparative actual amounts
for the year ended December 31, 2017

	2018		VARIANCE WITH FINAL BUDGET	2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)	ACTUAL
<u>PROGRAM REVENUES</u>				
Player fees	\$ 145,660	127,889	(17,771)	121,029
Sponsor fees	14,550	11,610	(2,940)	10,525
Program fees	55,683	72,495	16,812	70,604
Sale of merchandise	6,000	6,150	150	6,021
Facility rental		110	110	300
Donation		100	100	
TOTAL PROGRAM REVENUES	\$ 221,893	218,354	(3,539)	208,479
<u>PROGRAM EXPENDITURES</u>				
Salaries	\$ 93,214	83,215	9,999	81,001
Medicare	1,203	1,036	167	1,002
Sales tax	421	476	(55)	443
Facility rental	349	81	268	542
Printing			-	244
Postage		285	(285)	210
Office supplies	150	207	(57)	278
Auto mileage	424	346	78	455
Training and travel	1,865	239	1,626	1,241
Dues			-	4,100
Water, sewer and sanitation	200	850	(650)	85
Uniforms	10,400	17,555	(7,155)	19,113
Field trips	8,785	11,576	(2,791)	7,089
Program supplies	2,794	3,924	(1,130)	2,573
Maintenance repairs	285	79	206	10
Maintenance supplies	6,610	3,782	2,828	4,210
Program equipment	15,779	16,562	(783)	16,500
Advertising	1,800	727	1,073	1,410
Awards	7,684	5,028	2,656	6,650
Special events			-	341
Safety and medical supplies	735	423	312	477
Vehicle operations and maintenance	885	1,144	(259)	754
Tourney fees		3,100	(3,100)	
Transportation	2,460	1,945	515	2,435
Promotional items	1,750		1,750	
Inclusion services	500		500	
TOTAL PROGRAM EXPENDITURES	158,293	152,580	5,713	151,163
TOTAL EXPENDITURES	3,306,331	3,384,777	(78,446)	3,059,806
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	686,731	758,903	72,172	846,389
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in		9,525	9,525	
Transfers out	(570,000)	(579,525)	(9,525)	(427,645)
TOTAL OTHER FINANCING SOURCES (USES)	(570,000)	(570,000)	-	(427,645)
NET CHANGE IN FUND BALANCE	116,731	188,903	72,172	418,744
FUND BALANCE - BEGINNING OF YEAR	3,090,811	3,163,864	73,053	2,745,120
FUND BALANCE - END OF YEAR	\$ 3,207,542	3,352,767	145,225	3,163,864

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - CONSERVATION TRUST FUND

For the year ended December 31, 2018 with comparative actual amounts
for the year ended December 31, 2017

	2018		VARIANCE WITH FINAL BUDGET	2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)	ACTUAL
<u>REVENUES</u>				
Intergovernmental revenues	\$ 146,266	158,720	12,454	153,876
Interest	899	970	71	1,004
TOTAL REVENUES	147,165	159,690	12,525	154,880
<u>EXPENDITURES</u>				
CURRENT:				
Maintenance repair		20,440	(20,440)	
Program equipment		2,835	(2,835)	
CAPITAL OUTLAY:				
Administrative		150,000		
Park maintenance		63,347	(63,347)	100,000
Facility repair and maintenance	223,211			
TOTAL EXPENDITURES	223,211	236,622	(13,411)	100,000
Excess (deficiency) of revenues over expenditures	(76,046)	(76,932)	(886)	54,880
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in		25,000	25,000	
Transfers out			-	(92,156)
TOTAL OTHER FINANCING SOURCES (USES)	-	25,000	25,000	(92,156)
NET CHANGE IN FUND BALANCE	(76,046)	(51,932)	24,114	(37,276)
FUND BALANCE - BEGINNING OF YEAR	98,166	98,166	-	135,442
FUND BALANCES - END OF YEAR	\$ 22,120	46,234	24,114	98,166

MONTROSE RECREATION DISTRICT

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

For the year ended December 31, 2018

MEASUREMENT DATE	EMPLOYER PROPORTION OF NPL	EMPLOYER PROPORTIONATE SHARE OF NPL	EMPLOYER COVERED PAYROLL	EMPLOYER SHARE OF NPL AS A PERCENTAGE OF COVERED PAYROLL	PENSION PLAN'S FIDUCIARY	
					NET POSITION AS A PERCENTAGE OF TOTAL	PENSION LIABILITY
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%
December 31, 2018	0.25709%	2,862,559	1,686,251	170%		76.0%

MONTROSE RECREATION DISTRICT

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

For the year ended December 31, 2018

FISCAL YEAR ENDED	REQUIRED	EMPLOYER	CONTRIBUTIONS	DIFFERENCE	EMPLOYER	CONTRIBUTIONS
	EMPLOYER	CONTRIBUTION	RECOGNIZED	BY THE PLAN	COVERED PAYROLL	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%
December 31, 2018	226,680		213,818	12,812	1,686,251	13.69%

MONTROSE RECREATION DISTRICT

SCHEDULE OF ACTIVITY - NET OPEB LIABILITY

For the year ended December 31, 2018

MEASUREMENT DATE	EMPLOYER PROPORTION OF NET OPEB LIABILITY	EMPLOYER PROPORTIONATE SHARE OF NET OPEB LIABILITY	EMPLOYER COVERED PAYROLL	EMPLOYER SHARE OF NET OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	OPEB PLAN'S FIDUCIARY	
					NET POSITION AS A PERCENTAGE OF TOTAL	OPEB LIABILITY
December 31, 2017	0.01822%	\$ 236,754	1,455,924	16.26%		17.53%
December 31, 2018	0.01994%	259,108	1,686,251	15.37%		17.03%

MONTROSE RECREATION DISTRICT

SCHEDULE OF ACTIVITY - EMPLOYER OPEB CONTRIBUTIONS

For the year ended December 31, 2018

FISCAL YEAR ENDED	REQUIRED	EMPLOYER	CONTRIBUTIONS	DIFFERENCE	EMPLOYER	CONTRIBUTIONS
	EMPLOYER	CONTRIBUTION	RECOGNIZED		COVERED PAYROLL	A PERCENTAGE
			BY THE PLAN			OF EMPLOYER
					COVERED PAYROLL	COVERED PAYROLL
December 31, 2017	\$ 15,086		13,963	1,123	1,455,924	1.04%
December 31, 2018	17,200		15,919	1,281	1,686,251	1.02%

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, 2018 with comparative actual amounts
 for the year ended December 31, 2017

	2018		2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
			ACTUAL
REVENUES			
Intergovernmental revenues	\$ 1,650,000	1,788,420	1,666,845
Donations	43,666	65,745	8,538
Interest	1,693,666	1,854,165	62,638
TOTAL REVENUES			1,738,021
EXPENDITURES			
CURRENT:			
Bank fees	2,000	2,000	2,000
CAPITAL OUTLAY:			
Land	-	-	-
Construction	-	-	-
Equipment	-	-	-
DEBT SERVICE:			
Principal	715,000	715,000	685,000
Interest	1,194,675	1,194,675	1,222,075
TOTAL EXPENDITURES	1,911,675	1,911,675	3,565,856
Excess (deficiency) of revenues over expenditures	(218,009)	(57,510)	(1,827,835)
OTHER FINANCING SOURCES (USES)			
Transfers in	220,000	938,785	3,824,806
TOTAL OTHER FINANCING SOURCES (USES)	220,000	938,785	3,824,806
NET CHANGE IN FUND BALANCE	1,991	881,275	1,996,971
FUND BALANCE - BEGINNING OF YEAR	199,999	2,436,663	439,692
FUND BALANCES - END OF YEAR	\$ 201,990	\$ 3,317,938	\$ 2,436,663

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

For the year ended December 31, 2018 with comparative actual amounts
 for the year ended December 31, 2017

	2018		2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
			ACTUAL
<u>REVENUES</u>			
Donations	\$ -	1,180	11,155
Interest	-	1,180	2,922
TOTAL REVENUES		<u>1,180</u>	<u>14,077</u>
<u>EXPENDITURES</u>			
<u>CURRENT:</u>			
Software support		3,767	10,557
Program equipment			8,701
Donations			2,500
Maintenance repairs	120,033	51,132	32,758
<u>CAPITAL OUTLAY:</u>			
Facility repair and development		52,100	
TOTAL EXPENDITURES	<u>120,033</u>	<u>106,999</u>	<u>54,516</u>
Excess (deficiency) of revenues over expenditures	(120,033)	(105,819)	(40,439)
<u>OTHER FINANCING</u>			
<u>SOURCES (USES)</u>			
Transfers in		104,525	92,156
Transfers out		(34,525)	
TOTAL OTHER FINANCING SOURCES (USES)		<u>70,000</u>	<u>92,156</u>
NET CHANGE IN FUND BALANCE	(120,033)	(35,819)	51,717
FUND BALANCE - BEGINNING OF YEAR	144,416	66,382	14,665
FUND BALANCES - END OF YEAR	\$ 24,383	\$ 30,563	\$ 66,382

MONTROSE RECREATION DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL RESERVE FUND
 For the year ended December 31, 2018 with comparative actual amounts
 for the year ended December 31, 2017

	2018		2017	
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
			POSITIVE (NEGATIVE)	
<u>REVENUES</u>				
Rental and miscellaneous		122,733	122,733	193,753
Intergovernmental revenues		500,000	500,000	4,762
Donations		-	-	8,728
Interest		16,470	16,470	77,010
Miscellaneous				
	-	639,203	639,203	284,253
TOTAL REVENUES				
<u>EXPENDITURES</u>				
Excess (deficiency) of revenues over expenditures	-	639,203	639,203	284,253
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	350,000	(463,785)	(350,000) (463,785)	(3,397,161)
Transfers out				
	350,000	(463,785)	(813,785)	(3,397,161)
TOTAL OTHER FINANCING SOURCES (USES)				
	350,000	175,418	(174,582)	(3,112,908)
NET CHANGE IN FUND BALANCE				
	717,636	185,346	(532,290)	3,298,254
FUND BALANCE - BEGINNING OF YEAR				
FUND BALANCE - END OF YEAR	\$ 1,067,636	360,764	(706,872)	185,346