

MONTROSE RECREATION DISTRICT

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

December 31, 2019

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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, 2019, 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, 2019, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Directors
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Report on Summarized Comparative Information

We have previously audited the Montrose Recreation District's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 19, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the 2018 government-wide financial statements have been restated to reflect capital expenditures that should not have been recorded as capital assets as of December 31, 2018. Our opinion is not modified with respect to this matter.

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 10, and pages 54 through 64 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 65 through 67 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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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 31, 2020

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, 2019.

Financial & Operational 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. The result of this service is a healthier community, physically, socially and economically, with an overall higher quality of life than if the MRD did not exist.

Facilities and programs services:

Service at MRD sites included Ute, McNeil, Holly, the Montrose Community Recreation Center (CRC), and the Montrose Field House, both which opened in 2017. Service at non-MRD facilities included Montrose County School District gyms and Cerise Park. In general, participation in programs and at facilities continued to increase as more services increased. Without an increase to fees in 2019, revenues and participation reflected an increase of approximately 3.5% over 2018. Five hundred (500) scholarships were provided to offset program fees paid by participants in the amount of \$10,563. Much of the fundraising for these scholarships was generated by the Montrose Recreation Foundation, which continues to serve as the non-profit arm and partner in complement to the MRD.

Human Resources:

The MRD employed 316 part time and 23 core time staff members (full time and 3/4 time) who were centrally involved in providing services in the areas of parks and facilities maintenance, recreation programming (youth, adult, fitness/wellness, 50+, aquatics), customer service, internal support services (accounting, human resources) and facilities management.

Capital Development:

As for capital development, funds were secured and spent to leverage the future development of Holly Park, as a project that is to continue in 2020. Also, funding was provided as a match to the GOCO grant to the City of Montrose toward completing the GOCO Connect Trail, which has been scheduled for completion in 2020.

MRD continued with its fiscal discipline in 2019, spending \$3,638,946 in its general fund. This compares with \$4,201,671 in general fund revenue. As of the close of the year, the District has \$7,433,754 in combined ending cash and investment balances. This compares to \$7,030,870 in combined ending cash and investment balances for the 2018. This included revenue needed to cover the remaining expenses on the CRC and Field House construction in 2018. 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. 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 \$392,775,898 for 2018 and \$396,433,698 for 2019. The 2018 and 2019 mill levy was 4.5. Specific ownership tax and the property tax generated in 2019 was \$2,061,909. There was a new assessed valuation done for 2020 and 2021. 2020's assessed valuation was \$457,610,832.

Montrose's economy continues to improve. This is evidenced by sales tax revenues exceeding projections. In 2018, the City of Montrose collected \$1,788,420 in sales tax for MRD per the Rec. Center IGA with the City. MRD budgeted \$1,650,000 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 2019, the City of Montrose collected \$1,843,048 in sales tax for MRD. MRD had budgeted \$1,699,500.

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

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

Overview of the Financial Statements.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements.

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

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

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

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

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District are only in the governmental fund category.

Governmental funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

Proprietary funds.

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

Notes to the financial statements.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 53 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 54 through 64 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 65 through 67 of this report.

Government-wide Financial Analysis.

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's assets and deferred outflows exceeded liabilities and deferred inflows by \$8,191,018 at the close of the year 2019. This compares with \$9,106,444 from the previous year and constitutes a decrease of \$(915,426) 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

	2019	2018
Current & other assets	\$ 9,962,941	9,262,887
Capital assets	28,544,349	29,798,075
Total assets	<u>38,507,290</u>	<u>39,060,962</u>
Deferred outflows		
Deferred pension outflows	923,230	808,196
Deferred OPEB outflows	20,107	26,801
Total deferred outflows	<u>943,337</u>	<u>834,997</u>
Current liabilities	352,840	406,889
Noncurrent liabilities	28,039,671	28,448,261
Total liabilities	<u>28,392,511</u>	<u>28,855,150</u>
Deferred inflows		
Deferred revenues, property taxes	2,059,249	1,783,952
Deferred pension inflows	767,444	
Deferred OPEB inflows	40,405	413
Total deferred inflows	<u>2,867,098</u>	<u>1,784,365</u>
Net position:		
Net investment in capital assets	3,991,224	4,321,481
Restricted	3,532,150	3,521,938
Unrestricted	667,644	1,413,025
Total net position	<u>\$ 8,191,018</u>	<u>9,256,444</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>2019</u>	<u>2018 .</u>
Revenues:		
Program revenues:		
Fees and charges		
for recreational programs	\$2,148,894	2,179,973
Operating grants and contributions	33,020	100
Capital grants and contributions	180,726	658,720
General revenues:		
Taxes:		
Property and other taxes	2,061,909	2,018,260
Sales and use taxes	1,843,048	1,788,420
Earnings on investments	170,085	152,445
Total revenue	<u>6,437,682</u>	<u>6,797,918</u>
Expenses:		
Administrative	2,441,939	928,276
Park maintenance	318,616	254,729
Concessions	43,519	45,242
Marketing	56,525	54,068
Community Recreation Center	2,851,539	2,721,220
Programs	221,484	219,537
Field House	276,411	299,631
Interest on long-term debt	<u>1,143,075</u>	<u>1,170,720</u>
Total expenses	<u>7,353,108</u>	<u>5,693,423</u>
Increase (decrease) in net position	<u>(915,426)</u>	<u>1,104,495</u>
Net position - January 1st	<u>9,256,444</u>	<u>8,369,476</u>
Prior period adjustment	<u>(150,000)</u>	<u>(217,527)</u>
Net position - January 1st - restated	<u>9,106,444</u>	<u>8,151,949</u>
Net position - December 31st	<u>\$8,191,018</u>	<u>9,256,444</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 \$7,592,5641 an increase of 484,275 from the prior year. This was due to the construction investment in the Community Recreation Center made in 2018. 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) 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 \$1,826,529. For comparison the total general fund balance was \$2,665,492, even after a General Fund transfer of \$1,250,000 to the Capital Reserve Fund and Capital Improvement 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 50% of total general fund expenditures, while total fund balance represents 73% 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 through 2019 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 2019 was \$4,929,715. This was an increase of \$1,053,384 from the previous fiscal year. The actual expenditures and transfers for the General Fund were \$4,888,946, which included a \$1,250,000 transfer to the Capital Reserve Fund and Capital Improvement Fund.

Capital Assets.

The District's investment in capital assets for its governmental activities as of December 31, 2019, amounts to \$28,544,349 (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	
	2019	2018 .
Land	\$ 967,155	967,155
Improvements other than buildings	394,942	307,527
Buildings and improvements	26,627,973	27,654,793
Field house	252,536	277,317
Infrastructure	14,012	17,431
Equipment	282,504	416,462
Vehicles	5,227	7,390
Total	\$28,544,349	29,648,075

Additional information on the District's capital assets can be found in note 4 on page 28 of this report.

Long-Term Debt.

At the end of the current fiscal year, the District had \$24,215,000 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 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, Mari Steinbach, at mari@montroserec.com or P. O. Box 63, Montrose, Colorado 81402.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MONTROSE RECREATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 660,328
Investments	4,862,301
Due from other governments	344,726
Accounts receivable	23,075
Property taxes receivable	2,059,249
Bond issue costs	102,137
Restricted investments	1,911,125
Capital assets (net of accumulated depreciation)	
Land	967,155
Improvements other than buildings	394,942
Buildings and improvements	26,627,973
Field house	252,536
Infrastructure	14,012
Equipment	282,504
Vehicles	5,227
Total assets	<u>38,507,290</u>
DEFERRED OUTFLOWS	
Deferred pension outflows	923,230
Deferred OPEB outflows	<u>20,107</u>
	<u>943,337</u>
LIABILITIES	
Accounts payable	123,432
Accrued interest	143,826
Compensated absences	82,239
Accrued payroll taxes and benefits	3,343
Noncurrent liabilities:	
Due within one year	792,843
Certificates of participation	23,760,282
Net pension liability	3,224,496
Net OPEB liability	<u>262,050</u>
Total liabilities	<u>28,392,511</u>
DEFERRED INFLOWS	
Deferred revenue-property taxes	2,059,249
Deferred pension inflows	767,444
Deferred OPEB inflows	<u>40,405</u>
	<u>2,867,098</u>
NET POSITION	
Net investment in capital assets	3,991,224
Restricted for:	
Emergency	204,000
Intergovernmental agreement	3,328,150
Unrestricted (deficit)	<u>667,644</u>
Total net position	<u>\$ 8,191,018</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, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
	Expenses	Fees and Charges for Recreational Programs	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
Administrative	\$ 2,441,939	1,800	500	(2,258,913)
Park maintenance	318,616		32,520	(286,096)
Concessions	43,519	47,775		4,256
Marketing	56,525	7,145		(49,380)
Community Recreation Center	2,851,539	1,719,473		(1,132,066)
Programs	221,484	243,963		22,479
Field House	276,411	128,738		(147,673)
Interest on long-term debt	1,143,075			(1,143,075)
Total governmental activities	\$ 7,353,108	2,148,894	33,020	(4,990,468)
General Revenues:				
Taxes				
Property and other taxes				2,061,909
Sales and use taxes				1,843,048
Earnings on investments				170,085
Total general revenues				4,075,042
Change in net position				(915,426)
NET POSITION - JANUARY 1				9,256,444
Prior period restatement				(150,000)
NET POSITION - JANUARY 1 - RESTATED				9,106,444
NET POSITION - DECEMBER 31				\$ 8,191,018

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, 2019

(With comparative totals for December 31, 2018)

ASSETS	GENERAL	CONSERVATION TRUST	SALES TAX	CAPITAL IMPROVEMENT	CAPITAL RESERVE	TOTAL (MEMORANDUM ONLY)	
						2019	2018
Cash	\$ 627,235	2,148	29,047	1,898		660,328	515,020
Investments	2,156,216	120,364	1,079,215	783,742	722,764	4,862,301	4,604,725
Due from other governments	22,536		322,190			344,726	295,948
Accounts receivable	23,075					23,075	41,380
Due from other funds	13,427					13,427	
Property taxes receivable	2,059,249					2,059,249	1,783,952
Investments-restricted			1,911,125			1,911,125	1,911,125
TOTAL ASSETS	\$ 4,901,738	122,512	3,341,577	785,640	722,764	9,874,231	9,152,150
<u>LIABILITIES</u>							
Accounts payable	\$ 91,415				32,017	123,432	182,203
Due to other funds			13,427			13,427	
Compensated absences	82,239					82,239	74,558
Accrued payroll taxes and benefits	3,343					3,343	3,171
TOTAL LIABILITIES	176,997	-	13,427	-	32,017	222,441	259,932
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred revenue-property taxes	2,059,249					2,059,249	1,783,952
TOTAL DEFERRED INFLOWS OF RESOURCES	2,059,249	-	-	-	-	2,059,249	1,783,952
<u>FUND BALANCES</u>							
Restricted	204,000		3,328,150			3,532,150	3,521,938
Assigned	634,963	122,512		785,640	690,747	2,233,862	1,161,969
Unassigned	1,826,529					1,826,529	2,424,359
TOTAL FUND BALANCES	2,665,492	122,512	3,328,150	785,640	690,747	7,592,541	7,108,266
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,901,738	122,512	3,341,577	785,640	722,764	9,874,231	9,152,150

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, 2019

Total fund balances for governmental funds \$ 7,592,541

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 \$1,253,218 accumulated depreciation	394,942
Buildings and improvements, net of \$3,632,847 accumulated depreciation	26,627,973
Field house, net of \$1,973,936 accumulated depreciation	252,536
Infrastructure, net of \$82,146 accumulated depreciation	14,012
Equipment, net of \$781,767 accumulated depreciation	282,504
Vehicles, net of \$137,426, accumulated depreciation	5,227
	<u>28,544,349</u>

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

Net pension liability	(3,224,496)
Deferred pension outflows	923,230
Deferred pension inflows	<u>(767,444)</u>
	<u>(3,068,710)</u>

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

Net OPEB liability	(262,050)
Deferred OPEB outflows	20,107
Deferred OPEB inflows	<u>(40,405)</u>
	<u>(282,348)</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	(24,215,000)
Premium on certificates of participation (to be amortized over life of lease)	(338,125)
Deferred charge for issue costs (to be amortized over life of debt)	102,137
Accrued interest payable	<u>(143,826)</u>
	<u>(24,594,814)</u>

Total net position of governmental activities \$ 8,191,018

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, 2019
(with comparative totals for the year ended December 31, 2018)

	GENERAL FUND	CONSERVATION TRUST	SALES TAX	CAPITAL IMPROVEMENT	CAPITAL RESERVE	TOTAL (MEMORANDUM ONLY)	
						2017	2016
REVENUES							
Property and other taxes	\$ 2,061,909					2,061,909	2,018,260
Rental and miscellaneous	9,445				64,035	73,480	128,367
Concessions	47,775					47,775	55,295
Community Recreation Center	1,655,438					1,655,438	1,630,015
Programs	243,963					243,963	218,354
Field House	128,738					128,738	148,042
Intergovernmental revenues		180,726	1,843,048			2,023,774	2,447,140
Donations				32,520		32,520	
Interest income	54,403	1,853	80,239	17,642	15,948	170,085	152,445
TOTAL REVENUES	4,201,671	182,579	1,923,287	50,162	79,983	6,437,682	6,797,918
EXPENDITURES							
CURRENT:							
Administrative	1,250,964		2,000			1,252,964	1,139,056
Park maintenance	195,865	5,989		29,162		231,016	242,733
Concessions	43,020					43,020	44,743
Marketing	56,525					56,525	54,068
Community Recreation Center	1,726,108			1,188		1,727,296	1,659,301
Programs	171,384	5,036				176,420	172,793
Field house	195,080			4,190		199,270	204,357
CAPITAL OUTLAY:							
Administrative				125,000		125,000	150,000
Park maintenance		95,276		109,174		204,450	63,347
Community Recreation Center				26,371		26,371	
Debt service:							
Principal			745,000			745,000	715,000
Interest			1,166,075			1,166,075	1,194,675
TOTAL EXPENDITURES	3,638,946	106,301	1,913,075	295,085	-	5,953,407	5,640,073
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	562,725	76,278	10,212	(244,923)	79,983	484,275	1,157,845
OTHER FINANCING SOURCES (USES)							
Transfers in	(1,250,000)			1,000,000	250,000	1,250,000	1,077,835
Transfers out						(1,250,000)	(1,077,835)
NET OTHER FINANCING SOURCES (USES)	(1,250,000)	-	-	1,000,000	250,000	-	-
NET CHANGE IN FUND BALANCES	(687,275)	76,278	10,212	755,077	329,983	484,275	1,157,845
FUND BALANCE - BEGINNING OF YEAR	3,352,767	46,234	3,317,938	30,563	360,764	7,108,266	5,950,421
FUND BALANCE - END OF YEAR	\$ 2,665,492	122,512	3,328,150	785,640	690,747	7,592,541	7,108,266

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, 2019

Net change in fund balances - total governmental funds	\$	484,275
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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 \$1,259,545 exceeded capital outlay \$155,819.

(1,103,726)

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	28,469
Bond issuance costs	(8,600)
Debt principal payments	745,000
Decrease in accrued interest	3,131
	<u>768,000</u>

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

(1,014,347)

OPEB 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

(49,628)

Change in net position of governmental activities

\$ (915,426)

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

NOTES TO FINANCIAL STATEMENTS

MONTROSE RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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, 2019

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

The District reports the following governmental fund types:

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

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

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

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

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

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

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

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, 2019

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, 2019

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, 2019 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, 2019.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND EQUITY (continued)

Fund balance classification. (continued)

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified emergency reserves required by the State Constitution, Article X, Section 20 as being restricted because their use is restricted by State Statute. The Sales Tax Fund fund balance is restricted pursuant to the intergovernmental agreement with the City of Montrose, Colorado.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2019.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to the Executive Director through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other government fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, 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.

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.

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.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.
- 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, 2019 are as follows:

	ORIGINAL BUDGET	AMENDMENT	FINAL BUDGET .
General Fund	\$ 4,929,715		4,929,715
Capital Improvement Fund	1,083,464		1,083,464
Capital Reserve Fund	0		0
Conservation Trust Fund	122,000		122,000
Sales Tax Fund	1,913,075		1,913,075
	<u>\$ 8,048,254</u>		<u>8,048,254</u>

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

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, 2019, none of the District's bank balances of \$629,932 were exposed to custodial credit risk as \$282,554 were insured and \$347,378 were collateralized by securities pledged by financial institutions.

INVESTMENTS

As of December 31, 2019, 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	\$4,862,301	4,862,301		
Repurchase agreements	<u>1,911,125</u>		<u>1,911,125</u>	
	<u>\$6,773,426</u>	<u>4,832,301</u>	<u>1,911,125</u>	

As of December 31, 2019, the District has invested \$4,862,301 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.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

2 - DEPOSITS AND INVESTMENTS (continued)

INVESTMENTS (continued)

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>2019 .</u>
Investments	\$4,862,301
Investments - restricted	<u>1,911,125</u>
	<u>\$6,773,426</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.

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.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

2 - DEPOSITS AND INVESTMENTS (continued)

INVESTMENTS (continued)

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, 2019:

<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	\$4,826,301			
Repurchase agreements	<u>1,911,125</u>		<u>1,911,125</u>	
Total investments	<u>\$6,773,426</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.

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, 2019, 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.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

3 - ALLOWANCE FOR UNCOLLECTIBLES

Receivables are stated net of allowances for uncollectibles, however, at December 31, 2019, the District considered all accounts collectible and accordingly, no provision for an allowance is recorded.

4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	<u>BEGINNING BALANCES</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCES.</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 967,155			967,155
Total capital assets not being depreciated	<u>967,155</u>			<u>967,155</u>
Capital assets being depreciated:				
Improvements other than buildings	1,523,603	124,557		1,648,160
Buildings and improvements	30,236,845	23,975		30,260,820
Field house	2,226,472			2,226,472
Infrastructure	96,158			96,158
Equipment	1,078,545	7,287	21,561	1,064,271
Vehicles	<u>142,653</u>			<u>142,653</u>
Total capital assets being depreciated	<u>35,304,276</u>	<u>155,819</u>	<u>21,561</u>	<u>35,438,534</u>
Less accumulated depreciation for:				
Improvements other than buildings	1,216,076	37,142		1,253,218
Buildings and improvements	2,582,052	1,050,795		3,632,847
Field house	1,949,155	24,781		1,973,936
Infrastructure	78,727	3,419		82,146
Equipment	662,083	141,245	21,561	781,767
Vehicles	<u>135,263</u>	<u>2,163</u>		<u>137,426</u>
Total accumulated depreciation	<u>6,623,356</u>	<u>1,259,545</u>	<u>21,561</u>	<u>7,861,340</u>
Total capital assets being depreciated, net	<u>28,680,920</u>	<u>(1,103,726)</u>		<u>27,577,194</u>
Governmental activity capital assets, net	<u>\$29,648,075</u>	<u>(1,103,726)</u>		<u>28,544,349</u>

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

Community Recreation Center	\$1,124,243
Park maintenance	12,598
Concessions	499
Field house	77,141
Programs, including depreciation of infrastructure assets	<u>45,064</u>
Total depreciation expense	<u>\$1,259,545</u>

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. SB 18-200 makes changes to certain benefit provisions. Some, but not all of these changes were in effect as of December 31, 2019.

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, 2019. 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.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

5 - DEFINED BENEFIT PENSION PLAN (continued)

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

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

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

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

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. 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 of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive an annual increase of 1.25 percent of the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP 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.

MONTROSE RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2019

5 - DEFINED BENEFIT PENSION PLAN (continued)

General Information about the Pension Plan (continued)

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, 2019. 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. The employee contribution rates for the period of January 1, 2019 through December 31, 2019 are summarized in the table below:

	January 1, 2019 through December 31, 2019
Employee contribution (all employees except State Troopers)	8.00%
State Troopers only	N/A

Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

	January 1, 2019 through December 31, 2019
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).

MONTROSE RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2019

5 - DEFINED BENEFIT PENSION PLAN (continued)

General Information about the Pension Plan (continued)

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Montrose Recreation District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Montrose Recreation District were \$223,960 for the year ended December 31, 2019.

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

At December 31, 2019, the Montrose Recreation District reported a liability of \$3,224,496 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The Montrose Recreation District proportion of the net pension liability was based on Montrose Recreation District contributions to the LGDTF for the calendar year 2019 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2019, the Montrose Recreation District proportion was 0.2564797266 percent, which was a decrease of 0.0006140259 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2019, the Montrose Recreation District recognized pension expense of \$(1,014,847). At December 31, 2019, the Montrose Recreation District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources.
Difference between expected and actual experience	\$	
Changes of assumptions or other inputs		
Net difference between projected and actual earnings or pension plan investments	122,754	767,444
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(7,720)	
Contributions subsequent to the measurement date	N/A	N/A
Total	<u>\$115,034</u>	<u>767,444</u>

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

5 - DEFINED BENEFIT PENSION PLAN (continued)

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

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>	
2020	\$283,190
2021	283,190
2022	191,125
2023	31,157
2024	<u>(130,482)</u>

Thereafter \$ 0

Actuarial assumptions. The total pension liability in the December 31, 2018 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)	1.25 percent compounded annually
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.

5 - DEFINED BENEFIT PENSION PLAN (continued)

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

Post-retirement non-disabled mortality assumptions 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.

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, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2016, 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.

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.

MONTROSE RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2019

5 - DEFINED BENEFIT PENSION PLAN (continued)

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

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset 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, 2019

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 additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019 and effective July 1, 2020. 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 the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019 and effective July 1, 2020. Employer contributions also include 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 reflect 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.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

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 projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$3,445,833	1,875,870	555,545

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, 2019.

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.

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.

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 \$17,665 for the year ended December 31, 2019.

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

At December 31, 2019, the Montrose Recreation District reported a liability of \$262,050 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The Montrose Recreation District proportion of the net OPEB liability was based on Montrose Recreation District contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the Montrose Recreation District proportion was 0.0192606720 percent, which was a decrease of 0.0006768442 percent from its proportion measured as of December 31, 2018.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

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, 2019, the Montrose Recreation District recognized OPEB expense of \$49,628. At December 31, 2019, 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	2,514	39,972
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(9,208)	
Contributions subsequent to the measurement date	<u> </u>	<u>N/A</u>
Total	\$ <u>(6,694)</u>	<u>39,992</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>	
2020	\$14,616
2021	14,615
2022	14,614
2023	14,614
2024	<u>9,337</u>
Thereafter	<u>\$ 0</u>

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

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, 2018 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	5.60 percent in 2019, gradually decreasing to 4.50 percent 2029
Medicare Part A premiums	3.50 percent for 2019, gradually increasing to 4.50 percent in 2029
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, 2018, 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 2019 for the PERA Benefit Structure:

<u>Medicare Plan</u>	<u>Cost for Members Without Medicare Part A</u>	<u>Premiums for Members Without Medicare Part A</u>
Medicare Advantage		
Self-Insured Prescription	\$601	240
Kaiser Permanente Medicare		
Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 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:

<u>Medicare Plan</u>	<u>Cost for Members Without Medicare Part A</u>
Medicare Advantage/ Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	57

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

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

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)**

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 industry methods developed by health plan actuaries and administrators. In addition projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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	PERACare	Medicare Part A
	<u>Medicare Plans</u>	<u>Premiums</u>
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029	4.50%	4.50%

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.

Post-retirement non-disabled 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.

Post-retirement non-disabled 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.

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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- 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, 2019

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>
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$244,785	216,490	192,291

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, 2019, 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.
- 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, 2019

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	\$244,785	216,490	192,291

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, 2019.

7 - SHORT-TERM DEBT

During the year ended December 31, 2019, 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, 2019

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, 2019, follows:

<u>YEAR ENDING DECEMBER 31</u>	<u>SCHEDULE OF BASE RATES.</u>
2020	\$ 1,906,225
2021	1,910,625
2022	1,908,625
2023	1,907,125
2024	1,908,625
2025 - 2029	9,541,075
2030 - 2034	9,543,375
2035 - 2039	9,545,125
TOTAL BASE RENTALS	38,170,800
Lease amounts representing interest	13,955,800
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	<u>\$24,215,000</u>

9 - LONG-TERM DEBT

The following is a summary of long-term liability activity of the District for the year ended December 31, 2019:

	<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	\$24,960,000		745,000	24,215,000	765,000
Premium on Certificates of Participation	366,594		28,469	338,125	27,843
GOVERNMENTAL ACTIVITY					
LONG-TERM LIABILITIES	<u>\$25,326,594</u>		<u>773,469</u>	<u>24,553,125</u>	<u>792,843</u>

MONTROSE RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2019

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 \$1,826,529 at December 31, 2019.

11 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of Interfund balances as of December 31, 2019 is as follows:

A. DUE FROM/TO OTHER FUNDS

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT.</u>
General	Sales Tax	\$13,427

The above balance was advanced by the General Fund to pay debt service.

MONTROSE RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2019

11 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)

B. INTERFUND TRANSFERS

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

	<u>TRANSFERS OUT</u>	<u>TRANSFERS IN</u>
General Fund	\$1,250,000	
Capital Reserve Fund		250,000
Capital Improvement Fund		<u>1,000,000</u>
TOTAL	<u>\$1,250,000</u>	<u>1,250,000</u>

The above amounts were transferred for operations and capital outlay.

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, 2019

15 - PRIOR PERIOD RESTATEMENTS

The District has restated the beginning net position in the government-wide financial statements as summarized below:

<u>DESCRIPTION</u>	<u>GOVERNMENT-WIDE</u>
Capital asset over statement	\$ (150,000)
Ending net position - Prior year audit	<u>9,256,444</u>
Beginning net position - restated	<u>\$9,106,444</u>

The District has decreased the beginning net position in the Government-Wide Financial Statements by \$150,000 representing assets that were incorrectly capitalized in 2018, therefore, overstating the net position balance in the Government-Wide Financial Statements.

16 - SUBSEQUENT EVENTS

Subsequent events were evaluated through August 31, 2020 which is the date the financial statements were available to be issued.

In 2020, domestic and international economies face uncertainty related to the COVID-19 pandemic. Voluntary, and then subsequently mandatory, shelter-in-place orders necessitated temporary business closing as the uncertainty continues. Though the extent of disruption is expected to be temporary, the extent of the financial impact and other possible impacting matters are unknown at this time.

REQUIRED SUPPLEMENTARY
INFORMATION

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2019 with comparative actual amounts
for the year ended December 31, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ACTUAL
<u>GENERAL REVENUES</u>				
Taxes				
Property taxes	\$ 1,783,952	1,774,572	(9,380)	1,760,595
Specific ownership tax	238,418	283,549	45,131	253,485
Penalties and interest on delinquent tax		3,788	3,788	4,180
TOTAL TAXES	2,022,370	2,061,909	39,539	2,018,260
Interest income	61,489	54,403	(7,086)	68,080
Rental and miscellaneous				
Donations		500	500	
Brochure advertisements	7,555	7,145	(410)	5,420
Batting cage revenue			-	214
Asset sales	1,000	1,800	800	
TOTAL RENTAL AND MISCELLANEOUS	8,555	9,445	890	5,634
Concessions	50,500	47,775	(2,725)	55,295
TOTAL GENERAL REVENUES \$	2,142,914	2,173,532	30,618	2,147,269

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2019 with comparative actual amounts
for the year ended December 31, 2018

	2019			2018
			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
<u>ADMINISTRATIVE EXPENDITURES</u>				
Current:				
Salaries	\$ 500,159	445,053	55,106	412,696
Medicare	6,543	6,194	349	5,693
Board paid PERA	233,832	253,156	(19,324)	226,630
Unemployment	4,076	5,788	(1,712)	5,339
Insurance - package	63,985	70,797	(6,812)	60,938
Insurance - health and life	252,008	239,700	12,308	208,753
Insurance - workmen's compensation	25,524	20,415	5,109	26,640
Insurance - board liability		210	(210)	210
Recruitment	440	9,669	(9,229)	1,571
Postage	1,048	2,357	(1,309)	
Copier and computer	5,413	6,598	(1,185)	5,896
Office supplies	5,545	8,859	(3,314)	6,416
Accounting	16,433	19,075	(2,642)	16,425
Auto mileage	404	1,601	(1,197)	790
Training and travel	6,690	6,884	(194)	3,847
Software support	22,002	18,129	3,873	15,297
Dues	6,271	6,067	204	3,897
Treasurer's fees	54,296	35,565	18,731	35,306
Miscellaneous	4,454	503	3,951	394
Water, sewer and sanitation	348	409	(61)	412
Natural gas	1,171	2,483	(1,312)	973
Electricity	836	990	(154)	1,100
Telephone	360	3,080	(2,720)	2,910
Uniforms		1,149	(1,149)	688
Bank charges	28,528	33,781	(5,253)	31,516
Board meeting expense	3,559	2,725	834	4,196
Networking	2,380	2,487	(107)	2,020
Legal	11,154	9,421	1,733	11,084
Consulting	9,731	10,421	(690)	23,698
Shared services	9,302	22,208	(12,906)	18,399
Security	900	900	-	900
Maintenance repairs		24	(24)	
Maintenance supplies	184	78	106	4
Advertising		114	(114)	100
Vehicle operations and maintenance			-	62
Safety and medical supplies		3,774	(3,774)	
Awards	1,787	300	1,487	2,256
Furniture, fixtures and equipment	540		540	
TOTAL ADMINISTRATIVE EXPENDITURES \$	1,279,903	1,250,964	28,939	1,137,056

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2019 with comparative actual amounts
for the year ended December 31, 2018

	2019		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2018
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
<u>PARK MAINTENANCE</u>				
Salaries	\$ 129,462	98,123	31,339	97,432
Medicare	799	1,469	(670)	1,246
Equipment rental	2,500	2,678	(178)	2,338
Auto mileage		421	(421)	
Training and travel	3,000	2,221	779	1,088
Water, sewer and sanitation	6,300	7,667	(1,367)	6,275
Water lease	1,030	295	735	322
Natural gas	900	1,285	(385)	984
Electricity	11,500	10,026	1,474	12,022
Telephone		720	(720)	720
Chemicals	15,000	13,653	1,347	2,249
Irrigation	5,000	6,259	(1,259)	8,278
Uniforms	3,000	1,726	1,274	919
Safety and medical supplies		70	(70)	
Shared services	9,000	2,512	6,488	14,173
Maintenance repair	14,500	9,737	4,763	14,069
Maintenance supplies	11,000	11,589	(589)	5,973
Signage	500		500	
Vehicle repairs	9,000	9,147	(147)	9,284
Vehicle operations and maintenance	4,500	11,499	(6,999)	6,914
Furniture, fixtures and equipment	4,000	2,159	1,841	3,285
Facility, repair and development	5,000	2,609	2,391	
TOTAL PARK MAINTENANCE \$	235,991	195,865	40,126	187,571
<u>CONCESSIONS</u>				
Salaries	\$ 4,473	4,683	(210)	5,305
Medicare	105	68	37	77
Cost of goods sold	30,000	33,251	(3,251)	34,089
Sales tax	4,000	3,229	771	3,752
Training and travel		230	(230)	60
Maintenance repairs	650	730	(80)	707
Maintenance supplies	150	10	140	304
Vehicle operations and maintenance	150	139	11	179
Dues		270	(270)	270
Uniforms	250	410	(160)	
Furniture, fixtures and equipment	750		750	
TOTAL CONCESSIONS \$	40,528	43,020	(2,492)	44,743
<u>MARKETING EXPENDITURES</u>				
CURRENT:				
Newsletter	\$ 1,200	1,386	(186)	2,657
Website	3,500	2,668	832	2,585
Printing	19,503	24,518	(5,015)	20,300
Postage	16,074	12,600	3,474	13,335
Office supplies	100	8	92	87
Software support		179	(179)	
Program supplies	250	699	(449)	
Advertising	12,650	4,924	7,726	10,526
Awards	500	545	(45)	170
Special events	5,500	3,841	1,659	1,691
Promotional items	5,000	5,157	(157)	2,717
TOTAL MARKETING EXPENDITURES \$	64,277	56,525	7,752	54,068

MONTROSE RECREATION DISTRICT

For the year ended December 31, 2019 with comparative actual amounts
for the year ended December 31, 2018

	2019		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2018
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
<u>COMMUNITY RECREATION CENTER REVENUES</u>				
General admission	\$ 300,157	289,725	(10,432)	302,183
Annual passes and punch cards	1,150,348	1,163,333	12,985	1,130,854
Private and public lessons	100,105	74,306	(25,799)	79,527
Personal training	20,000	53,076	33,076	33,735
Sales and rentals	12,264	8,543	(3,721)	15,214
Facility rental	31,951	25,782	(6,169)	29,763
Red Cross training	12,129	5,490	(6,639)	9,747
Program fees	9,747	16,732	6,985	8,928
Special events		3,500	3,500	
Child watch	18,080	14,951	(3,129)	16,712
Miscellaneous	1,500		(1,500)	3,352
TOTAL REVENUES \$	1,656,281	1,655,438	(843)	1,630,015
<u>COMMUNITY RECREATION CENTER EXPENDITURES</u>				
Salaries	\$ 1,152,544	1,154,177	(1,633)	1,058,337
Medicare	1,797	16,599	(14,802)	15,263
Office supplies	280	5,862	(5,582)	7,045
Auto mileage	1,200	21	1,179	46
Training and travel	4,900	2,618	2,282	4,525
Postage			-	108
Water, sewer and sanitation	23,000	30,217	(7,217)	23,371
Natural gas	140,000	133,278	6,722	129,288
Electricity	150,000	152,745	(2,745)	167,351
Telephone		11,145	(11,145)	24,599
Chemicals	55,000	66,196	(11,196)	47,441
Irrigation	5,000	4,491	509	
Uniforms	3,550	3,172	378	3,088
Security		508	(508)	90
Field trips				320
Program supplies	19,195	17,025	2,170	11,622
Maintenance repairs	43,680	58,587	(14,907)	34,018
Maintenance supplies	45,300	37,168	8,132	51,924
Program equipment	18,990	22,499	(3,509)	16,951
Shared services			-	3,032
Awards	500	127	373	605
Safety and medical supplies	1,800	222	1,578	1,423
Rental items	300	293	7	
Special events	900	711	189	655
American Red Cross	4,740	4,554	186	5,216
Miscellaneous		146	(146)	1,851
Facility repair and development	4,000	3,747	253	
TOTAL EXPENDITURES \$	1,676,676	1,726,108	(49,432)	1,608,169

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2019 with comparative actual amounts
for the year ended December 31, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ACTUAL
<u>FIELD HOUSE REVENUES</u>				
Facility rental	\$ 48,600	48,306	(294)	29,382
General admission	39,915	25,424	(14,491)	23,923
Punch cards	3,500	4,775	1,275	3,723
Sales and rentals	250	397	147	274
Player fees	38,186	16,080	(22,106)	24,496
Sponsor fees	2,775	2,690	(85)	1,304
Program fees	33,574	31,066	(2,508)	29,940
Intergovernmental			-	35,000
TOTAL REVENUES \$	166,800	128,738	(38,062)	148,042
<u>FIELD HOUSE EXPENDITURES</u>				
Salaries	\$ 126,876	111,755	15,121	104,258
Medicare	1,658	1,558	100	1,514
Water, sewer, sanitation	6,500	8,001	(1,501)	7,068
Natural gas	12,000	13,782	(1,782)	13,265
Electric	18,000	23,506	(5,506)	19,545
Telephone	1,500	931	569	1,821
Maintenance repair	8,500	7,732	768	18,596
Maintenance supplies	8,800	11,294	(2,494)	8,564
Safety and medical supplies	880	641	239	1,128
Printing	250	132	118	121
Office supplies	500	70	430	524
Training and travel	250	114	136	1,877
Chemicals	7,500	2,495	5,005	6,945
Irrigation	2,000	933	1,067	
Uniforms	4,020	3,336	684	2,322
Security	500	2,780	(2,280)	408
Field trips	200	80	120	162
Program supplies	2,200	1,417	783	2,398
Program equipment	2,713	2,429	284	7,856
Advertising	1,500	265	1,235	143
Awards	2,353	993	1,360	696
Special events		240	(240)	298
Transportation	600	9	591	616
Signage	700	418	282	
Vehicle operations and maintenance		169	(169)	
Furniture, fixtures and equipment	500		-	
TOTAL EXPENDITURES \$	210,500	195,080	15,420	200,590

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2019 with comparative actual amounts
for the year ended December 31, 2018

	2019			2018
			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
<u>PROGRAM REVENUES</u>				
Player fees	\$ 149,780	140,338	(9,442)	127,889
Sponsor fees	16,975	12,197	(4,778)	11,610
Program fees	65,707	84,765	19,058	72,495
Sale of merchandise	6,000	5,588	(412)	6,150
Facility rental		95	95	110
Special events		980	980	
Donation			-	100
TOTAL PROGRAM REVENUES	\$ 238,462	243,963	5,501	218,354
<u>PROGRAM EXPENDITURES</u>				
Salaries	\$ 100,925	107,962	(7,037)	83,215
Medicare	1,160	1,352	(192)	1,036
Sales tax		413	(413)	476
Equipment reantl	500		500	
Facility rental	353	329	24	81
Printing			-	
Postage			-	285
Office supplies	261	260	1	207
Auto mileage	337	484	(147)	346
Training and travel		839	(839)	239
Dues	1,100		1,100	
Water, sewer and sanitation	300	935	(635)	850
Uniforms	12,097	10,906	1,191	17,555
Field trips	10,457	12,130	(1,673)	11,576
Program supplies	2,878	4,169	(1,291)	3,924
Maintenance repairs	200		200	79
Maintenance supplies	7,195	2,788	4,407	3,782
Program equipment	15,832	15,218	614	16,562
Advertising	1,200	936	264	727
Awards	8,260	6,127	2,133	5,028
Special events		5	(5)	
Safety and medical supplies	650	397	253	423
Vehicle operations and maintenance	670	1,714	(1,044)	1,144
Tourney fees	4,000	4,420	(420)	3,100
Transportation	2,365		2,365	1,945
Promotional items	1,000		1,000	
Inclusion services	100		100	
TOTAL PROGRAM EXPENDITURES	171,840	171,384	456	152,580
TOTAL EXPENDITURES	3,679,715	3,638,946	40,769	3,384,777
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	524,742	562,725	37,983	758,903
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in			-	9,525
Transfers out	(1,250,000)	(1,250,000)	-	(579,525)
TOTAL OTHER FINANCING SOURCES (USES)	(1,250,000)	(1,250,000)	-	(570,000)
NET CHANGE IN FUND BALANCE	(725,258)	(687,275)	37,983	188,903
FUND BALANCE - BEGINNING OF YEAR	3,352,767	3,352,767	-	3,163,864
FUND BALANCE - END OF YEAR	\$ 2,627,509	2,665,492	37,983	3,352,767

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - CONSERVATION TRUST FUND

For the year ended December 31, 2019 with comparative actual amounts
for the year ended December 31, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ACTUAL
<u>REVENUES</u>				
Intergovernmental revenues	\$ 162,301	180,726	18,425	158,720
Interest	1,034	1,853	819	970
TOTAL REVENUES	163,335	182,579	19,244	159,690
<u>EXPENDITURES</u>				
CURRENT:				
Maintenance repair			-	20,440
Program equipment	6,000	5,036	964	2,835
CAPITAL OUTLAY:				
Adminstrative				150,000
Park maintenance		5,989	(5,989)	63,347
Furniture, fixtures and equipment	14,000		14,000	
Facility repair and development	102,000	95,276	6,724	
TOTAL EXPENDITURES	122,000	106,301	15,699	236,622
Excess (deficiency) of revenues over expenditures	41,335	76,278	34,943	(76,932)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in			-	25,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	25,000
NET CHANGE IN FUND BALANCE	41,335	76,278	34,943	(51,932)
FUND BALANCE - BEGINNING OF YEAR	46,234	46,234	-	98,166
FUND BALANCES - END OF YEAR	\$ 87,569	122,512	34,943	46,234

MONTROSE RECREATION DISTRICT

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

For the year ended December 31, 2019

MEASUREMENT DATE	EMPLOYER		EMPLOYER		EMPLOYER		EMPLOYER		PENSION PLAN'S	
	PROPORTION		SHARE OF NPL		PROPORTIONATE		SHARE OF NPL AS A		FIDUCIARY	
	OF NPL		SHARE OF NPL		SHARE OF NPL		PERCENTAGE OF		NET POSITION AS	
							COVERED PAYROLL		A PERCENTAGE	
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%				
December 31, 2019	0.25648%		3,224,496	1,846,920	174%	86.3%				

MONTEROSE RECREATION DISTRICT

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

For the year ended December 31, 2019

<u>FISCAL YEAR ENDED</u>	<u>REQUIRED EMPLOYER CONTRIBUTION</u>	<u>EMPLOYER CONTRIBUTIONS RECOGNIZED BY THE PLAN</u>	<u>DIFFERENCE</u>	<u>EMPLOYER COVERED PAYROLL</u>	<u>CONTRIBUTIONS AS A PERCENTAGE OF EMPLOYER COVERED PAYROLL</u>
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	226,630	213,818	12,812	1,686,251	13.44%
December 31, 2019	253,156	223,960	29,196	1,849,920	13.68%

MONTROSE RECREATION DISTRICT

SCHEDULE OF ACTIVITY - NET OPEB LIABILITY

For the year ended December 31, 2019

MEASUREMENT DATE	EMPLOYER PROPORTION OF NET OPEB LIABILITY	EMPLOYER PROPORTIONATE SHARE OF NET OPEB LIABILITY	EMPLOYER COVERED PAYROLL	EMPLOYER			OPEB PLAN'S FIDUCIARY	
				SHARE OF NET OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	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%		
December 31, 2019	0.01926%	262,050	1,849,920	14.17%		24.49%		

MONTROSE RECREATION DISTRICT

SCHEDULE OF ACTIVITY - EMPLOYER OPEB CONTRIBUTIONS

For the year ended December 31, 2019

FISCAL YEAR ENDED	EMPLOYER CONTRIBUTIONS RECOGNIZED		DIFFERENCE	EMPLOYER COVERED PAYROLL		CONTRIBUTIONS AS A PERCENTAGE OF EMPLOYER COVERED PAYROLL
	REQUIRED EMPLOYER CONTRIBUTION	BY THE PLAN				
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%	
December 31, 2019	17,665	17,665	-	1,731,839	1.02%	

OTHER SUPPLEMENTARY INFORMATION

MONTEROSE RECREATION DISTRICT

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

For the year ended December 31, 2019 with comparative actual amounts

for the year ended December 31, 2018

	2019		2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			<u>ACTUAL</u>
Intergovernmental revenues	\$ 1,699,500	1,843,048	143,548
Interest	8,756	80,239	71,483
TOTAL REVENUES	1,708,256	1,923,287	215,031
<u>EXPENDITURES</u>			
<u>CURRENT:</u>			
Bank fees	2,000	2,000	-
DEBT SERVICE:			
Principal	745,000	745,000	-
Interest	1,166,075	1,166,075	-
TOTAL EXPENDITURES	1,913,075	1,913,075	-
Excess (deficiency) of revenues over expenditures	(204,819)	10,212	215,031
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in			938,785
TOTAL OTHER FINANCING SOURCES (USES)	-	-	938,785
NET CHANGE IN FUND BALANCE	(204,819)	10,212	215,031
FUND BALANCE - BEGINNING OF YEAR	3,317,938	3,317,938	-
FUND BALANCES - END OF YEAR	\$ 3,113,119	3,328,150	215,031

MONTROSE RECREATION DISTRICT

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

For the year ended December 31, 2019 with comparative actual amounts
for the year ended December 31, 2018

	2019		2018	
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ACTUAL
REVENUES				
Donations		32,520	32,520	
Interest	1,648	17,642	15,994	1,180
	1,648	50,162	48,514	1,180
TOTAL REVENUES				
EXPENDITURES				
CURRENT:				
Safety and medical supplies		1,188	(1,188)	
Program equipment		4,190	(4,190)	3,767
Maintenance repairs	57,255	29,162	28,093	51,132
CAPITAL OUTLAY:			-	
Furniture, fixtures and equipment	10,500	6,593	3,907	
Facility repair and development	1,015,709	253,952	761,757	52,100
	1,083,464	295,085	788,379	106,999
TOTAL EXPENDITURES				
Excess (deficiency) of revenues over expenditures	(1,081,816)	(244,923)	836,893	(105,819)
OTHER FINANCING				
SOURCES (USES)				
Transfers in	1,000,000	1,000,000	-	104,525
Transfers out			-	(34,525)
TOTAL OTHER FINANCING SOURCES (USES)	1,000,000	1,000,000	-	70,000
NET CHANGE IN FUND BALANCE	(81,816)	755,077	836,893	(35,819)
FUND BALANCE - BEGINNING OF YEAR	30,563	30,563	-	66,382
FUND BALANCES - END OF YEAR	(51,253)	785,640	836,893	30,563

MONTROSE RECREATION DISTRICT

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

For the year ended December 31, 2019 with comparative actual amounts

for the year ended December 31, 2018

	2019		2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			<u>ACTUAL</u>
Rental	\$	64,035	122,733
Intergovernmental revenues			500,000
Interest	7,662	15,948	16,470
TOTAL REVENUES	7,662	79,983	639,203
<u>EXPENDITURES</u>			
TOTAL EXPENDITURES			
Excess (deficiency) of revenues over expenditures	7,662	79,983	639,203
<u>OTHER FINANCING</u>			
<u>SOURCES (USES)</u>			
Transfers in	250,000	250,000	(463,785)
Transfers out			(463,785)
TOTAL OTHER FINANCING SOURCES (USES)	250,000	250,000	
NET CHANGE IN FUND BALANCE	257,662	329,983	175,418
FUND BALANCE - BEGINNING OF YEAR	360,764	360,764	185,346
FUND BALANCE - END OF YEAR	\$ 618,426	690,747	360,764