

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

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

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**DECEMBER 31, 2020**

**FINANCIAL STATEMENTS – 2020**

# **EASTERN RIO BLANCO METROPOLITAN RECREATION AND PARK DISTRICT**

## **2020 BOARD OF DIRECTORS**

Kent Walter, President

Travis Mobley, Vice President

John Strate, Treasurer

Rob Baughman, Secretary

Dan Chinn

## **ADMINISTRATIVE STAFF**

Sean VonRoenn, Executive Director

Dondi Glasscock, Administrative Services Manager



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To the Board of Directors  
Eastern Rio Blanco Metropolitan Recreation and Park District

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Eastern Rio Blanco Metropolitan Recreation and Park District, as of and for the year ended December 31 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Eastern Rio Blanco Metropolitan Recreation and Park District, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule, schedule of the District's proportionate share of the Net Pension Liability, Schedule of the District's contributions – PERA Pension Plan, Schedule of the District's proportionate share of the Net OPEB Liability, and schedule of the District's contributions – PERA OPEB Plan information on pages 3-6 and 41-45 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.

*ColoOPA Services, PC*

Rangely, Colorado  
May 28, 2021

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The discussion and analysis of the Eastern Rio Blanco Metropolitan Recreation and Park District's (the "District") financial performance provides readers with an overall review of the financial activities of the District for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

### **FINANCIAL HIGHLIGHTS**

- The District's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$17,342,486 at December 31, 2020.
- Total District's cash and investments decreased by \$578,409 or 6 percent from 2019.
- The December 31, 2020 General Fund balance is \$613,898 less than the previous year. The total fund balance is 284 percent of 2030 General Fund operating expenditures.

### **USING THIS ANNUAL REPORT**

This Annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

The Statement of Net Position and Statement of Activities provides information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those assets. The Statement of Activities shows a net (expense) revenue and changes to net assets related to each department of the District. Fund financial statements tell how services were funded as well as what dollars remain for future spending.

### **OVERVIEW OF THE DISTRICTS 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. The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the District's net position and the changes in those positions. These changes in position are important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the District's tax base and the condition of District capital assets will also need to be evaluated.

In the Statement of Net Position and Statement of Activities, all of the District's activities are reported as Governmental Activities.

## Fund Financial Statements

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

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

**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 39 of this report.

**Budgetary Comparisons.** The District adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule has been provided for the General Fund on page 41 of this report.

### REPORTING THE DISTRICT AS A WHOLE

**Net Position.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

The following table provides a summary of the District's net position for 2019 and 2020.

	<b>Governmental Activities</b>	
	<u>2019</u>	<u>2020</u>
<b>Assets</b>		
Current and other assets	\$ 13,192,497	\$ 12,288,837
Capital assets	10,052,826	10,431,578
Total assets	<u>23,245,323</u>	<u>22,720,415</u>
<b>Deferred Outflows of Resources</b>	<u>674,215</u>	<u>384,821</u>
<b>Liabilities</b>		
Current and other liabilities	119,890	161,172
Long-term liabilities	3,275,093	1,997,024
Total Liabilities	<u>3,394,983</u>	<u>2,158,196</u>
<b>Deferred Inflows of Resources</b>	<u>3,158,215</u>	<u>3,604,554</u>
<b>Net Position</b>		
Net invested in capital assets	10,052,826	10,431,578
Restricted	333,307	348,336
Unrestricted	6,980,207	6,562,572
Total net position	<u>\$ 17,366,340</u>	<u>\$ 17,342,486</u>

A significant portion of the District's position represents unrestricted net position of \$6,562,572 which may be used to meet the ongoing obligations to patrons and creditors.

Another significant portion of the District's net position reflects its investment in capital assets. These assets include land, buildings, and equipment. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$348,336 of the District's net position represents resources that are subject to external restrictions on how they may be used. Included in this category are the TABOR emergency reserve of \$116,620 and restricted for conservation trust of \$231,716.

The following table indicates the changes in net position.

	<b>Governmental Activities</b>	
	2019	2020
<b>Revenues:</b>		
Program revenues:		
Charge for services	\$ 232,435	\$ 130,572
Capital grants and contributions	62,435	164,262
<b>General revenues:</b>		
General property taxes	3,165,066	3,034,166
Specific ownership tax	133,503	111,554
Investment earnings	331,292	125,416
Other	92,033	337,259
<b>Total revenues</b>	<b>4,016,764</b>	<b>3,903,229</b>
<b>Expenses:</b>		
Administration	2,601,103	2,975,067
Aquatics/Rec Programs	1,009,502	952,016
<b>Total expenses</b>	<b>3,610,605</b>	<b>3,927,083</b>
Increase in net position	\$ 406,159	\$ (23,854)

**Governmental Activities.** Governmental activities decreased the District's net position by \$23,854 in 2020. Key elements of this increase are as follows:

Administration expenses were \$2,975,067, up 14 percent from the prior year. Also, with the COVID pandemic, the District was forced to close its doors to its recreation center for an extended period of time and programs to not be available causing service revenues to decrease.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUND

Information about the District's governmental fund begins on page 11. This fund is accounted for using the modified accrual basis of accounting.

As of December 31, 2020, the total fund balances of the District's governmental fund was \$9,330,809. Approximately 96 percent of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: (1) a State-Constitution mandated emergency reserve (\$116,620) and (2) conservation trust fund (\$231,716). The District had governmental revenues of \$3,887,342, expenditures of \$4,517,240, and other financing sources of \$16,000.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The District's general fund budget is prepared according to Colorado statutes.

#### **2020 General Fund Budget**

	<u>Original Budget</u>	<u>Amend-ments</u>	<u>Final Budget</u>	<u>Actual</u>
Beginning Fund Balance	\$ 9,930,000	\$ -	\$ 9,930,000	\$ 9,944,707
Revenue and other funding sources	3,845,000	-	3,845,000	3,903,342
Expenditures and other funding uses	(4,771,000)	-	(4,771,000)	(4,517,240)
Ending Fund Balance	<u>\$ 9,004,000</u>	<u>\$ -</u>	<u>\$ 9,004,000</u>	<u>\$ 9,330,809</u>

Actual expenditures and other financing uses were under budget by \$253,760. The difference includes administration being budgeted for \$3,200,500 but was actually \$2,714,148.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The District's net investment in capital assets for its governmental type activities as of December 31, 2020 totaled \$10,431,578 (net of accumulated depreciation). This investment includes all land, buildings, and equipment. The total increase in investment in capital assets for the current year was \$378,752 or 4 percent.

The District uses the straight-line depreciation method under GASB 34 for its capital assets, except for land and construction in progress which are not depreciated.

The District has no infrastructure assets.

## **ECONOMIC FACTORS AND OTHER MATTERS**

**Other Matters.** The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2021 budget:

- \* A decrease in capital projects budget.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, 101 Ute Road, Meeker, Colorado 81641.

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## **FINANCIAL STATEMENTS**

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

STATEMENT OF NET POSITION  
December 31, 2020

ASSETS

Cash and cash equivalents - unrestricted	\$ 7,882,139
Cash and cash equivalents - restricted	348,336
Investments	1,194,735
Receivable - county treasurer	8,897
Accounts receivable	20,108
Property taxes receivable	2,834,622
Capital assets, nondepreciable	1,181,230
Capital assets, net of accumulated depreciation	<u>9,250,348</u>
TOTAL ASSETS	<u>22,720,415</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	375,786
Deferred outflows related to postemployment benefit (OPEB)	<u>9,035</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>384,821</u>

LIABILITIES

Accounts payable	18,685
Accrued salaries	128,941
Accrued liabilities	13,546
Noncurrent liabilities	
Net pension liability	1,786,726
Net OPEB liability	<u>210,298</u>
TOTAL LIABILITIES	<u>2,158,196</u>

DEFERRED INFLOWS OF RESOURCES

Unearned property tax revenue	2,834,622
Deferred inflows related to pensions	730,974
Deferred inflows related to OPEB	<u>38,958</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,604,554</u>

NET POSITION

Net investment in capital assets	10,431,578
Restricted for Tabor emergencies	116,620
Restricted for conservation trust fund	231,716
Unrestricted	<u>6,562,572</u>
TOTAL NET POSITION	<u>\$ 17,342,486</u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2020

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Administration	\$ 2,975,067	\$ -	\$ -	\$ (2,975,067)
Aquatics/Rec Programs	952,016	130,572	164,262	(657,182)
TOTAL GOVERN- MENTAL ACTIVITIES	\$ 3,927,083	\$ 130,572	\$ 164,262	(3,632,249)
GENERAL REVENUES				
General property taxes				3,034,166
Specific ownership tax				111,554
Investment earnings				125,416
Gain on disposal of asset				15,887
Other income				321,372
		TOTAL GENERAL REVENUES		3,608,395
		CHANGE IN NET POSITION		(23,854)
		NET POSITION - BEGINNING OF YEAR		17,366,340
		NET POSITION - END OF YEAR		\$17,342,486

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

BALANCE SHEET  
GOVERNMENTAL FUND  
December 31, 2020

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents - unrestricted	\$ 7,882,139
Cash and cash equivalents - restricted	348,336
Investments	1,194,735
Receivable - county treasurer	8,897
Accounts receivable	20,108
Property taxes receivable	<u>2,834,622</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 12,288,837</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 18,685
Accrued salaries	91,175
Accrued liabilities	<u>13,546</u>
<b>TOTAL LIABILITIES</b>	<u>123,406</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned property tax revenue	<u>2,834,622</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>2,834,622</u>
<b>FUND BALANCES</b>	
Fund balances:	
Restricted for	
Labor emergencies	116,620
Conservation trust fund	231,716
Unassigned	<u>8,982,473</u>
<b>TOTAL FUND BALANCES</b>	<u>9,330,809</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 12,288,837</u></u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

RECONCILIATION OF GOVERNMENTAL FUND BALANCE TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
December 31, 2020

TOTAL GOVERNMENTAL FUND BALANCE		\$ 9,330,809
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		10,431,578
Half of compensated liabilities are not recorded in governmental funds because they are not generally expected to be liquidated with current expendable available financial resources.		(37,766)
Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		(1,997,024)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	375,786	
Deferred outflows of resources related to OPEB	9,035	
Deferred inflows of resources related to pensions	(730,974)	
Deferred inflows of resources related to OPEB	<u>(38,958)</u>	
Net deferred outflows (inflows)		<u>(385,111)</u>
NET POSTION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 17,342,486</u></u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPE  
For the Year Ended December 31, 2020

	<u>General Fund</u>
<b>REVENUES</b>	
General property taxes	\$ 3,034,166
Specific ownership tax	111,554
Conservation trust fund	18,912
Investment income	125,416
Charges for services	130,572
Grants and donations	145,350
Other income	<u>321,372</u>
TOTAL REVENUES	<u>3,887,342</u>
<b>EXPENDITURES</b>	
Current operating	
Administration	2,714,148
Swimming pool	7,359
Recreation and sports programs	86,907
County treasurer's fees	151,659
Facility maintenance	311,115
Guest services	9,437
Capital outlay	<u>1,236,615</u>
TOTAL EXPENDITURES	<u>4,517,240</u>
EXCESS OF OPERATING REVENUE OVER (UNDER) OPERATING EXPENDITURES	(629,898)
<b>OTHER FINANCING SOURCES (USES)</b>	
Disposal of asset	<u>16,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>16,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(613,898)
FUND BALANCE - BEGINNING OF YEAR	<u>9,944,707</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 9,330,809</u></u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

RECONCILIATION OF THE CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2020

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ (613,898)

***Amounts reported for governmental activities in the statement of activities are different because:***

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	1,236,615	
Current year depreciation	<u>(857,750)</u>	
TOTAL		378,865

One-half of PTO leave is deemed to be vacation pay and is considered a current liability. The other one-half of PTO leave is not deemed to be vacation pay and is not considered a current liability. This is the amount by which the one-half of PTO leave that is not considered a current liability increased in the current period. (7,918)

Governmental funds report the full amount received for the disposal of assets as an increase. However, in the statement of activities, the depreciation is taken into account. This is the difference. (113)

Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension income 212,722

Governmental funds recognize District OPEB contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to OPEB on a full accrual perspective. 6,488

CHANGE IN NET POSITION \$ (23,854)

The accompanying "Notes to Financial Statements" are an integral part of the statement.

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## **NOTES TO FINANCIAL STATEMENTS**

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Eastern Rio Blanco Metropolitan Recreation and Park District (the District) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies consistently used in the preparation of the financial statements.

**A. Reporting Entity**

An elected five member Board of Directors governs the District. No additional separate government units, agencies, or nonprofit corporations are included in the financial statements of the District as component units. Component units are legally separate entities for which the District is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on the District.

The District's major operations are the recreation center, swimming pool, and park maintenance.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately for business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applications who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**C. Measurement focus, basis of accounting, and financial statement presentation**

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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**Governmental Fund**

**General Fund**

The General Fund is the District's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. The major revenue sources are local property taxes and charges for services. Expenditures include all costs associated with the daily operations of the District.

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

When committed, assigned, or unassigned funds are available for use, it is the government's policy to use committed amounts first, then assigned amounts, and then unassigned amounts as they are needed.

**D. Budgets and Budgetary Accounting**

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to October 15, the Executive Director submits to the Board of Directors a proposed budget for the fiscal year commencing the following January 1. The budget includes anticipated revenues and proposed expenditures.
2. Public hearings are conducted to obtain the taxpayers' comments.
3. Prior to December 15, the budget is legally enacted through passage of a resolution.
4. Budgets are adopted for the General and Bond Funds. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Appropriations lapse at the end of each calendar year.
6. The District's Board of Directors may authorize supplemental appropriations during the year. There was no supplemental appropriation made during the year ended December 31, 2020.

**E. Property Taxes**

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in full by June 15, if paid in installments, or April 30 with a single payment. Taxes are delinquent as of June 16. If the taxes are not paid within subsequent statutory periods, the property will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, in that the District's experience indicates that all material amounts will be collected and paid to the District.

**F. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**F. Capital Assets, continued**

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	5-20
Equipment	5-30
Recreation building and improvements	5-40
Pool facility and improvements	5-10

**G. Encumbrances**

The District does not use encumbrance accounting. Accordingly, no encumbrances have been recorded in the financial statements.

**H. Compensated Absences**

The District has a policy that allows employees to accumulate unused PTO up to a certain maximum hours. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds in the amount of ½ of accrued paid time off. The District's General Fund is used to pay compensated absences of the governmental activities. At the end of 2020, \$37,766 was accrued for paid time off.

**I. Use of Estimates**

The preparation of the governmental funds financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

- A. There are certain differences between the governmental fund balance sheet and the government-wide statement net assets. A reconciliation of the differences can be found on page 12 of the financial statements.
- B. There are certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities. A reconciliation of the differences can be found on page 14 of the financial statements.

**EASTERN RIO BLANCO METROPOLITAN  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3 - CASH AND INVESTMENTS**

The District's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Authority's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral included municipal bonds, U.S. government securities, mortgage, and deeds of trust.

State statutes specify the instruments in which the District is authorized to invest, including such instruments and local government investment pools identified in Parts 6 and 7 of Article 74 of Title 24 of the Colorado Revised Statutes.

The District's investment policy is not more restrictive than State statutes. The District's investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value arising from increasing interest rates.

Investments for the District are reported at market value. Investments held are as follows:

December 31, 2020	Cost	Market Value
Colotrust	\$ 7,786,041	\$ 7,786,041
Negotiable Certificates of Deposit	1,130,000	1,192,641
Total	\$ 8,916,041	\$ 8,978,682

At December 31, 2020, the District had invested \$7,786,041 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes as authorized by state statute. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. All securities owned by COLOTRUST 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 COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes. At December 31, 2020 the District's investment in the COLOTRUST was rated AAAM by Standard & Poors.

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3 - CASH AND INVESTMENTS, Continued**

A summary of cash and investments on the balance sheet is as follows:

Cash		
Cash on hand	\$ 900	
Cash deposits	<u>443,534</u>	
Total Cash		<u>444,434</u>
Investments		
Money Market	2,094	
Negotiable – Certificates of Deposit	<u>1,192,641</u>	
Sub-Total		1,194,735
Colotrust		<u>7,786,041</u>
Total Investments		<u>8,980,776</u>
Total Cash and Cash Equivalents		<u>\$ 9,425,210</u>

The District generally limits its concentration of investments to those which are believed to have a minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

**NOTE 4 - PROPERTY TAX**

Property taxes for 2020, collectible in 2021, were levied by the County Commissioners on December 15, 2020. Property taxes attached as an enforceable lien on January 1, 2021, are due in total April 30, 2021, or in equal installments February 28, 2021, and June 15, 2021, at the option of the taxpayer. The County Treasurer remits taxes collected to the District by the 10th day of the month following collection.

Property taxes for 2020, collectible in 2021, are shown as property taxes receivable and unearned revenue on the balance sheet in the amount of the assessed taxes less estimated uncollectible amounts.

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Estimated Percent Collectible</u>	<u>Taxes Receivable</u>	<u>Unearned Revenue</u>
General Fund	\$497,389.410	5.699	100.00%	\$ 2,834,622	\$ 2,834,622

**Revenue Recognized in 2020**

Local property taxes levied for 2019 and collected in 2020 are recognized as revenue in these financial statements as shown below:

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount of Taxes</u>		<u>Percent Collected</u>
			<u>Levied</u>	<u>Collected</u>	
General Fund	\$554,088,000	5.699	\$ 3,157,748	\$ 3,046,112	96.46%

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 5 – CAPITAL ASSETS**

A summary of changes in capital assets during 2020 follows:

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Governmental activities:				
Capital assets, nondepreciable				
Land/Park	\$ 585,418	\$ -	\$ -	\$ 585,418
Construction in progress	182,175	413,637	-	595,812
Total capital assets, nondepreciable	<u>767,593</u>	<u>413,637</u>	<u>-</u>	<u>1,181,230</u>
Capital assets, being depreciated:				
Land improvements	4,657,608	130,000	-	4,787,608
Equipment	2,723,554	351,645	(32,151)	3,043,048
Recreation building and improvements	8,649,748	341,333	-	8,991,081
Total capital assets, being depreciated	<u>16,030,910</u>	<u>822,978</u>	<u>(32,151)</u>	<u>16,821,737</u>
Less accumulated depreciation for:				
Land improvements	(2,171,036)	(403,539)	-	(2,574,575)
Equipment	(1,955,771)	(221,381)	32,038	(2,145,114)
Recreation building and improvements	(2,618,870)	(232,830)	-	(2,851,700)
Total accumulated depreciation	<u>(6,745,677)</u>	<u>(857,750)</u>	<u>32,038</u>	<u>(7,571,389)</u>
Total capital assets, being depreciated, net	<u>9,285,233</u>	<u>(34,772)</u>	<u>(113)</u>	<u>9,250,348</u>
Governmental activities capital assets, net	<u>\$10,052,826</u>	<u>\$ 378,865</u>	<u>\$ (113)</u>	<u>\$ 10,431,578</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General government	
Aquatics/Rec Programs/Total depreciation expense – governmental activities	<u>\$ 857,750</u>

**NOTE 6 - DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

*Pensions.* The Eastern Rio Blanco Metropolitan Recreation and Park District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pensions 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 the 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.

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued**

**Summary of Significant Accounting Policies, continued**

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, 2020.

**General Information about the Pension Plan**

*Plan description.* Eligible employees of the Eastern Rio Blanco Metropolitan Recreation and Park District are provided with pensions through the (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/investments/pera-financial-reports](http://www.copera.org/investments/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 option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

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

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued**

**General Information about the Pension Plan, continued**

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. 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 will 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 on or after January 1, 2007 will receive the lesser of an annual increase of 1.25 percent or 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 annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

*Contributions provisions as of December 31, 2020.* Eligible employees and Eastern Rio Blanco Metropolitan Recreation and Park District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. § 24-51-413. Employee contribution rates for the period of January 1, 2019 through December 31, 2020 are summarized in the table below:

	January 1, 2019 Through December, 31 2019	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employee contribution (all employees except State Troopers)	8.00%	8.00%	8.50%
State Troopers Only	N/A	10.00%	10.50%

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

The employer contribution requirements for all employees are summarized in the table below:

	January 1, 2019 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer contribution rate	10.00%	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	8.98%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
<b>Total employer contribution rate to the LGDTF</b>	<b>12.68%</b>	<b>13.18%</b>

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

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued**

**General Information about the Pension Plan, continued**

The employer contribution requirements for State Troopers are summarized in the table below:

	January 1, 2019 Through December 31, 2019	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer contribution rate	N/A	12.00%	12.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	N/A	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	N/A	10.98%	11.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	N/A	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	N/A	1.50%	1.50%
<b>Total employer contribution rate to the LGDTF</b>	<b>N/A</b>	<b>14.68%</b>	<b>15.18%</b>

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Eastern Rio Blanco Metropolitan Recreation and Park District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Eastern Rio Blanco Metropolitan Recreation and Park District were \$214,631 for the year ended December 31, 2020.

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

At December 31, 2020, the Eastern Rio Blanco Metropolitan Recreation and Park District reported a liability of \$1,786,726 for its proportionate share of the net pension liability. The net pension liability 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 Eastern Rio Blanco Metropolitan Recreation and Park District proportion of the net pension liability was based on Eastern Rio Blanco Metropolitan Recreation and Park 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 Eastern Rio Blanco Metropolitan Recreation and Park District proportion was 0.244 percent, which was an increase of 0.004 from its proportion measured as of December 31, 2018.

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued**

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

For the year ended December 31, 2020, the Eastern Rio Blanco Metropolitan Recreation and Park District recognized pension income of \$212,722. At December 31, 2020, the Eastern Rio Blanco Metropolitan Recreation and Park District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	116,920	-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	730,974
Changes in proportion and differences between contributions recognized and proportionate share of contributions	44,235	-
Contributions subsequent to the measurement date	214,631	N/A
<b>Total</b>	<b>375,786</b>	<b>730,974</b>

\$214,631 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	
2021	(103,361)
2022	(189,666)
2023	(27,382)
2024	(249,410)
2025	-
Thereafter	-

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued**

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

*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) <sup>1</sup>	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) <sup>1</sup>	Financed by the Annual Increase Reserve

<sup>1</sup> For 2019, the annual increase was 0.00 percent.

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 appropriated margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Health 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 of ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012 through December 31, 2015, as well as the October 28, 2016, actuarial assumption 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 presentation to PERA's Board on October 28, 2016.

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued**

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

Several factors were considered in evaluating the long-term rate of return assumptions for the LGDTF, including long-term historical data, estimates inherent in current market data, and long-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 by the investment consultant 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
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 US Fixed Income - Developed	1.84%	0.60%
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%	0.20%
<b>Total</b>	<b>100.00%</b>	

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 percent.

*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 cost 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 consist 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 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect 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. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued**

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law 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 percent, at which point, the AED and SAED will each drop 0.50 percent 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 used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriated. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- 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 LGDTF'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 Eastern Rio Blanco Metropolitan Recreation and Park 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	3,282,084	1,786,726	529,145

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

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 7 – DEFINED CONTRIBUTION PENSION PLANS**

Voluntary Investment Program

*Plan Description* – Employees of the Eastern Rio Blanco Metropolitan Recreation and Park District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, and Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available CAFR which includes additional information on the Voluntary Investment Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contribution and investment earnings. For the year ended December 31, 2020, the program members contributed \$6,835.

**NOTE 8 – DEFINED BENEFIT OTHER POSTEMPLOYMENT (OPEB) PLAN**

**Summary of Significant Accounting Policies**

*OPEB.* Eastern Rio Blanco Metropolitan Recreation and Park 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 Eastern Rio Blanco Metropolitan Recreation and Park 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](http://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.

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**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT (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.

*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 Eastern Rio Blanco Metropolitan Recreation and Park District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Eastern Rio Blanco Metropolitan Recreation and Park District were \$16,930 for the year ended December 31, 2020.

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RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued**

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

At December 31, 2020, the Eastern Rio Blanco Metropolitan Recreation and Park District reported a liability of \$210,298 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 Eastern Rio Blanco Metropolitan Recreation and Park District proportion of the net OPEB liability was based on Eastern Rio Blanco Metropolitan Recreation and Park 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 Eastern Rio Blanco Metropolitan Recreation and Park District proportion was 0.019 percent, which was a decrease of 0.000 from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Eastern Rio Blanco Metropolitan Recreation and Park District recognized OPEB income of \$6,487. At December 31, 2020, the Eastern Rio Blanco Metropolitan Recreation and Park 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	698	35,338
Changes of assumptions or other inputs	1,745	-
Net difference between projected and actual earnings on OPEB plan investments	-	3,510
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(10,338)	110
Contributions subsequent to the measurement date	16,930	N/A
Total	9,035	38,958

\$16,930 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended December 31:</b>	
2021	(10,168)
2022	(10,168)
2023	(9,151)
2024	(10,165)
2025	(6,800)
Thereafter	(401)

**EASTERN RIO BLANCO METROPOLITAN  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT (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 in 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

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:

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

The 2019 Medicare Part A premium is \$437 per month.

**EASTERN RIO BLANCO METROPOLITAN  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued**

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

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older 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:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and 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 Plans	Medicare Part A Premiums
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%

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.

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued**

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

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

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.

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.

**EASTERN RIO BLANCO METROPOLITAN  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, 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%	0.60%
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%	0.20%
<b>Total</b>	<b>100.00%</b>	

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 percent.

*Sensitivity of the Eastern Rio Blanco Metropolitan Recreation and Park 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:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
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	205,303	210,298	216,071

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT (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 percent.
- 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 used by the plan 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.

*Sensitivity of Eastern Rio Blanco Metropolitan Recreation and Park 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	237,784	210,298	186,792

*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](http://www.copera.org/investments/pera-financial-reports).

**NOTE 9 – CHANGES IN LONG-TERM DEBT**

The following is a summary of changes in long-term debt liabilities:

	1/1/2020 Balance	Additions	Deductions	12/31/2020 Balance	Due in One Year
Net pension liability			\$1,234,79		
Net OPEB liability	\$ 3,021,516	\$ -	0	\$ 1,786,726	\$ -
	253,577	-	43,279	210,298	-
			\$1,278,06		
Total	\$ 3,275,093	\$ -	9	\$ 1,997,024	\$ -

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 10 - CONTINGENCIES**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. The amendment also requires that reserves be established for declared emergencies, with 3% of fiscal year spending required.

In 1997, the registered voters of the Eastern Rio Blanco Metropolitan Recreation and Park District voted to allow the District to collect, retain and expend all revenues and other funds collected in 1997 and each subsequent years thereafter, for general operations expenses without limiting in any year the amount of the other revenues that may be collected and expended by the District in excess of the limits of Article X, Section 20 of the Colorado Constitution. At the same time, the District's registered voters also authorized waiver of the 5.5% revenue limitation imposed by C.R.S. § 29-1-301.

The District has no authorized but unissued debt subject to the amendment's limitations. Based on fiscal year spending for 2020, \$116,620 of the year-end fund balance in the General Fund has been reserved for emergencies.

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

**NOTE 11 - RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Claims made against the District and losses incurred by the District are covered by commercial insurance for all major areas. There have been no significant reductions in insurance coverage in the current year and settlement amounts, if any, have not exceeded insurance coverage for any of the three preceding years.

**NOTE 12 - COMMITTED FUND BALANCE**

Beginning with the fiscal year 2010, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a governments' fund balances more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 – COMMITTED FUND BALANCE, Continued**

The board establishes (and modifies or rescinds) fund balance commitments as action items in board meetings. A fund balance commitment is further indicated in the budget document as a designation or commitment on the fund. Assigned fund balance is established by the board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure of which any could be used.

**NOTE 13 – REPORTING FOR PENSIONS**

Beginning in 2015, financial reporting information pertaining to the District's participation in Public Employees' Retirement Association of Colorado (PERA) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

**NOTE 14 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through May 27, 2021, the date at which the financial statements were available to be issued, and determined that no subsequent events have occurred that require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2020

	General Fund			Variance from final budget
	Budget		Actual	
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 3,158,000	\$ 3,158,000	\$ 3,034,166	\$ (123,834)
Specific ownership tax	-	-	111,554	111,554
Conservation trust fund	20,000	20,000	18,912	(1,088)
Investment income	175,000	175,000	125,416	(49,584)
Charge for services	201,000	201,000	130,572	(70,428)
Grants and contributions	-	-	145,350	145,350
Other income	291,000	291,000	321,372	30,372
<b>TOTAL REVENUES</b>	<b>3,845,000</b>	<b>3,845,000</b>	<b>3,887,342</b>	<b>42,342</b>
<b>EXPENDITURES</b>				
Current operating				
Administration	3,200,500	3,200,500	2,714,148	486,352
Swimming pool	8,500	8,500	7,359	1,141
Recreation and sports programs	102,500	102,500	86,907	15,593
County treasurer's fees	170,000	170,000	151,659	18,341
Facility maintenance	246,000	246,000	311,115	(65,115)
Guest services	10,500	10,500	9,437	1,063
Capital outlay	1,033,000	1,033,000	1,236,615	(203,615)
<b>TOTAL EXPENDITURES</b>	<b>4,771,000</b>	<b>4,771,000</b>	<b>4,517,240</b>	<b>253,760</b>
<b>EXCESS OF OPERATING REVENUES OVER (UNDER ) OPERATING EXPENDITURES</b>	<b>(926,000)</b>	<b>(926,000)</b>	<b>(629,898)</b>	<b>296,102</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Disposal of asset	-	-	16,000	16,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>16,000</b>	<b>16,000</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (926,000)</b>	<b>\$ (926,000)</b>	<b>(613,898)</b>	<b>\$ 312,102</b>
FUND BALANCE - BEGINNING OF YEAR			9,944,707	
FUND BALANCE - END OF YEAR			<u>\$ 9,330,809</u>	

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PERA PENSION PLAN  
Last 10 Fiscal Years

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as Percentage of Total Pension Liability
12/31/2014	0.203%	\$ 1,671,734	\$ 1,149,542	145%	81.78%
12/31/2015	0.210%	1,882,663	1,373,590	137%	80.72%
12/31/2016	0.244%	2,692,294	1,633,157	165%	76.90%
12/31/2017	0.260%	3,508,555	1,606,153	218%	73.60%
12/31/2018	0.255%	2,833,222	1,576,338	180%	79.37%
12/31/2019	0.240%	3,021,516	1,682,310	180%	75.96%
12/31/2020	0.240%	1,786,726	1,659,803	108%	86.26%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

\* The data provided in the schedule is based as of the measurement date of PERA's net pension liability, which is as of the calendar year end that occurred before the District's fiscal year end.

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
PERA PENSION PLAN  
Last 10 Fiscal Years**

Year Ending	Statutorily Required Contributions	Actual Employer Contributions	Contributions Excess/ Deficiency	Actual Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2013	\$ 140,038	\$ 140,038	\$ -	\$ 1,104,398	12.68%
12/31/2014	145,762	145,762	-	1,149,542	12.68%
12/31/2015	174,171	174,171	-	1,373,590	12.68%
12/31/2016	207,084	207,084	-	1,633,157	12.68%
12/31/2017	203,660	203,660	-	1,606,153	12.68%
12/31/2018	199,880	199,880	-	1,576,338	12.68%
12/31/2019	213,317	213,317	-	1,682,310	12.68%
12/31/2020	214,631	214,631	-	1,659,803	12.93%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

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**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
PERA OPEB PLAN  
Last 10 Fiscal Years

Year Ended*	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Actual Covered Payroll	Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as Percentage of Total OPEB Liability
12/31/2017	0.020%	\$ 258,596	\$ 1,606,152	16%	16.72%
12/31/2018	0.020%	257,112	1,576,338	16%	17.53%
12/31/2019	0.019%	253,577	1,682,310	15%	17.03%
12/31/2020	0.019%	210,298	1,659,803	13%	24.49%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

\* The data provided in the schedule is based as of the measurement date of PERA's net OPEB liability, which is as of the calendar year end that occurred before the District's fiscal year end.

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**EASTERN RIO BLANCO METROPOLITAN  
RECREATION AND PARK DISTRICT**

SCHEDULE OF DISTRICT CONTRIBUTIONS  
PERA OPEB PLAN  
Last 10 Fiscal Years

<u>Year Ending</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contributions Excess/ Deficiency</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2017	\$ 16,383	\$ 16,383	\$ -	\$ 1,606,152	1.02%
12/31/2018	16,079	16,079	-	1,576,338	1.02%
12/31/2019	17,160	17,160	-	1,682,310	1.02%
12/31/2020	16,930	16,930	-	1,659,803	1.02%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

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