

**FRASER VALLEY METROPOLITAN
RECREATION DISTRICT
FRASER, COLORADO**

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

DECEMBER 31, 2020

**FRASER VALLEY METROPOLITAN RECREATION DISTRICT
FRASER, COLORADO**

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Fraser Valley Metropolitan Recreation District
Fraser, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2020

As management of the Fraser Valley Metropolitan Recreation District, Fraser, Colorado (the "District") we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our annual audited financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$9,778,704 (net position). Of this amount, \$7,401,299 was invested in capital assets (net of accumulated depreciation and related debt) of the District and may not be used to meet the District's ongoing obligations to citizens and creditors.
- The District's deposit portfolio increased by \$599,396 during 2020. Overall, the District's total net position increased by \$23,221.
- In 2019, through a lease agreement, the District assumed operations of The Foundry Cinema and Bowl in Fraser. The Foundry offers 8 bowling lanes, two movie theaters, a full-service restaurant and bar, billiards table and a variety of arcade games. At the direction of the Board, the District established a reserve fund to track net revenues generated through the operation. The activities of this operation are included in the Business Type Activities of the District.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements.

The District's financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements 3) notes to the financial statements and 4) required supplementary information that provides comparisons of budget to actual on the Non-US GAAP (Accounting Principles Generally Accepted in the United States of America) budgetary basis.

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

- Statement of Net Position presents information on all of the District's assets, liabilities and deferred outflows and inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- Statement of Activities presents a comparison between direct expenses, general revenues and program revenues for each function of the District's government activities and the different business-like activities. The result represents how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.
- Fund financial statements are designed to provide readers with a broad overview of the general, conservation trust, debt service and proprietary funds, including the golf course and Foundry funds.

- Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$9,778,704 at the close of the most recent fiscal year.

A portion of the District's net position, (76%), is invested in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

District Net Position

	Governmental Activities		Business Type Activities		Total Government		
	2020	2019	2020	2019	2020	2019	Variance
Current assets	3,659,319	3,511,016	1,150,405	658,167	4,809,724	4,169,183	640,541
Restricted assets	78,263	67,703	-	-	78,263	67,703	10,560
Capital assets, net of accumulated depreciation and amortization	16,345,620	16,746,342	5,945,295	6,320,213	22,290,915	23,066,555	(775,640)
Total assets	20,083,202	20,325,061	7,095,700	6,978,380	27,178,902	27,303,441	(124,539)
Deferred outflows of resources (Deferred charge on refunding)	1,304,811	1,588,639	-	-	1,304,811	1,588,639	(283,828)
Total liabilities	16,117,364	16,460,960	403,714	511,346	16,521,078	16,972,306	(451,228)
Deferred inflows of resources (Deferred property tax revenue)	2,183,931	2,164,292	-	-	2,183,931	2,164,292	19,639
Net assets:	2,743,123	3,288,448	6,691,986	6,467,034	9,778,704	9,755,482	23,222
Net investment in capital assets	1,750,790	2,075,991	5,650,509	5,928,546	7,401,299	8,004,537	(603,238)
Restricted	374,059	200,919	-	-	374,059	200,919	173,140
Unrestricted	961,869	1,011,538	1,041,477	538,488	2,003,346	1,550,026	453,319
Total net position	3,086,718	3,288,448	6,691,986	6,467,034	9,778,704	9,755,482	23,221

At the end of the current fiscal year, the District is able to report a positive net position.

Change in the District's Net Position

	Governmental Activities		Business Type Activities		Total Government		
	2020	2019	2020	2019	2020	2019	Variance
User Charges:							
Golf course	-	-	2,682,169	2,056,742	2,682,169	2,056,742	625,427
Foundry Operations	-	-	568,339	1,264,747	568,339	1,264,747	(696,408)
Program activities	737,778	1,451,685	-	-	737,778	1,451,685	(713,907)
Other non-operating revenues	99,994	71,026	18,510	2,460	118,504	73,486	45,018
Property and specific ownership taxes	2,324,972	2,169,603	-	-	2,324,972	2,169,603	155,369
Other	35,706	54,815	226	9,525	35,932	64,340	(28,408)
Total revenues	<u>3,198,450</u>	<u>3,747,129</u>	<u>3,269,244</u>	<u>3,333,474</u>	<u>6,467,694</u>	<u>7,080,603</u>	<u>(612,702)</u>
Expenses:							
Operating	2,952,264	3,091,163	3,044,292	3,326,831	5,996,556	6,417,994	(421,438)
Non-operating	447,917	414,054			447,917	414,054	33,863
Total expenses	<u>3,400,181</u>	<u>3,505,217</u>	<u>3,044,292</u>	<u>3,326,831</u>	<u>6,444,473</u>	<u>6,832,048</u>	<u>(387,575)</u>
Transfers					-	-	-
Change in net position	(201,731)	241,912	224,952	6,643	23,221	248,555	(225,334)
Net position – beginning of year	<u>3,288,449</u>	<u>3,046,537</u>	<u>6,467,034</u>	<u>6,460,391</u>	<u>9,755,483</u>	<u>9,506,928</u>	<u>248,555</u>
Net position – end of year	3,086,718	3,288,449	6,691,986	6,467,034	9,778,704	9,755,483	23,221

Revenues for the District decreased \$612,702 over the year prior. This decrease can be attributed to the COVID-19 worldwide pandemic. The impact of the pandemic had a significant impact to the operating revenues of the District as follows:

- The Golf Course operations saw a tremendous amount of usage in 2020. Overall rounds of golf increased by more than 12,000.
- Indoor activities such as those at the Foundry operation saw a downturn in usage related to mandated closures and limited capacities. The decisions made by the movie studios to not release new movies during the pandemic impacted this operation the most.
- The mandated closures of recreation facilities along with limited capacity restrictions for program participation impacted the Program Activities revenue in 2020.
- The Assessed Valuations for the 2019 taxable year for collections in 2020 increased 26% from the year prior. However, the Residential Assessment Rate adjustment impacted the actual property taxes collected by the District.

Expenses for the District decreased \$387,575 over the year prior as a result of facility closures and an increased effort by the District to reduce expenses and restrict spending as much as possible.

Capital Asset and Debt Administration

Capital Assets: The District's investment in capital assets as of December 31, 2020 amounts to \$22,290,915 (net of accumulated depreciation of \$12,413,342). The investment in capital assets includes land, land improvements, buildings, equipment, leasehold improvements and vehicles.

District Capital Assets

	2020	2019	Variance
Land	4,488,787	4,488,787	0
Buildings and Improvements	26,531,025	26,489,999	41,026
Equipment and Vehicles	3,670,445	3,842,506	(172,061)
Intangibles	14,000	6,500	7,500
Total Cost	34,704,257	34,827,792	(123,535)
Less: Accumulated Depreciation	(12,413,342)	(11,761,237)	(652,105)
Total	22,290,915	23,066,555	(775,640)

Long-term Debt: Changes in long-term obligations as of the year ended December 31, 2020 are as follows:

	Beginning Balance	Additions	Payments / Retirements	Ending Balance
GOR Bonds - Series 2013	8,525,000	-	(8,525,000)	-
GOR Bonds - Series 2015	7,415,000	-	(7,415,000)	-
GOR Bonds - Series 2020	-	13,595,000	-	13,595,000
Premiums	262,248	2,238,776	(293,342)	2,207,682
Total Principal	16,202,248	15,833,776	(16,233,342)	15,802,682

During 2020, the District issued General Obligation Refunding Bonds in the amount of \$13,595,000. The bonds were issued at a premium of \$2,238,776. The proceeds were used to advance refund \$15,285,000 of outstanding Series 2013 and 2015 Bonds. The District advance refunded the Series 2013 and 2015 Bonds to reduce its total debt service payments by \$2,557,905. During 2020, the District paid \$607,514 interest on the bonds. Accrued interest at December 31, 2020 was \$37,492.

Board of Directors Emphasis for the 2021 Budget

In developing the budget for 2021, the state of the economy and the impact of the COVID-19 Pandemic was considered. The District took a phased approach to recovery when establishing the 2021 revenue budget with an expectation of a return to "normal" 100% by the fourth quarter of 2021. This budgeted revenue approach was taken for all Government Activities as well as the Foundry Cinema and Bowl operations. When establishing a revenue budget for the Golf Course Operations, the District considered the positive impact of COVID-19 to revenues. The District used a departmental line item method whereby

programs are budgeted in separate cost centers and individual projects make use of project accounting. Capital expenditure needs were closely evaluated during budget review.

The Assigned fund identifies reserves for future capital asset maintenance and replacement needs. The Unassigned fund includes reserves amounts that are available for any purpose. The final budget reflected reserves as follows:

RESERVES	<i>2020 Original Budget</i>	<i>2020 Amended Budget</i>	<i>2020 Forecast</i>	<i>2021 Budget</i>
CONSERVATION TRUST - Capital Reserve (Restricted)	72,703	74,803	74,797	91,747
TABOR RESERVES - State Mandate (Restricted)	75,000	75,000	75,000	75,000
DEBT SERVICE RESERVE FUND (Restricted)	127,675	290,899	291,171	291,809
GENERAL RESERVE FUND (UNASSIGNED)	392,849	272,934	273,575	302,995
GENERAL RESERVE FUND - FOUNDRY CINEMA & BOWL (UNASSIGNED)	246,122	(12,398)	(12,239)	77,223
GENERAL RESERVE FUND - POLE CREEK CAPITAL (ASSIGNED)	251,742	1,086,883	1,082,885	744,392
GENERAL RESERVE FUND - PARKS & REC CAPITAL (ASSIGNED)	434,936	464,286	485,935	201,494
TOTAL RESERVES	1,601,027	2,252,407	2,271,124	1,784,660

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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fraser Valley Metropolitan Recreation District
Fraser, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Fraser Valley Metropolitan Recreation District (the "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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities and each major fund of the Fraser Valley Metropolitan Recreation District, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fraser Valley Metropolitan Recreation District's basic primary government financial statements. The budgetary comparison information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Watson Coon Ryan, LLC

JUNE 25, 2021
CENTENNIAL, COLORADO

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Net Position
December 31, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 2,230,233	\$ 5,871	\$ 2,236,104
Accounts receivable:			
Property taxes receivable	2,185,460	--	2,185,460
Other taxes	13,368	--	13,368
Trade receivable	--	17,650	17,650
Member receivable	--	2,746	2,746
Other receivable	19,716	--	19,716
Grant receivable	8,085	--	8,085
Internal balances	(972,068)	972,068	--
Inventory	6,220	52,084	58,304
Prepaid expenses	60,060	99,986	160,046
Prepaid debt insurance, net of accumulated amortization	108,245	--	108,245
Restricted cash	78,263	--	78,263
Capital assets, net of accumulated depreciation of \$12,413,342	16,345,620	5,945,295	22,290,915
Total assets	20,083,202	7,095,700	27,178,902
Deferred outflows of resources:			
Deferred charge on refunding	1,304,811	--	1,304,811
Total deferred outflows of resources	1,304,811	--	1,304,811
Liabilities:			
Accounts payable	58,654	47,005	105,659
Accrued expenses	35,194	17,772	52,966
Accrued interest payable	37,492	--	37,492
Accrued compensated absence	30,370	18,624	48,994
Tournament deposits	--	--	-
Gift cards	7,554	24,622	32,176
Prepaid membership fees and golf passes	48,459	905	49,364
Leases payable:			
Due within one year	25,484	168,431	193,915
Due in more than one year	71,475	126,355	197,830
Bonds payable:			
Due within one year	730,000	--	730,000
Due in more than one year	15,072,682	--	15,072,682
Total liabilities	16,117,364	403,714	16,521,078
Deferred inflows of resources:			
Unavailable property tax revenue	2,183,931	--	2,183,931
Total deferred inflows of resources	2,183,931	--	2,183,931
Net position:			
Net investment in capital assets	1,750,790	5,650,509	7,401,299
Restricted for:			
TABOR	75,000	--	75,000
Debt Service Fund	220,796	--	220,796
Conservation Trust Fund	78,263	--	78,263
Unrestricted	961,869	1,041,477	2,003,346
Total net position	\$ 3,086,718	\$ 6,691,986	\$ 9,778,704

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Changes in Net Position
December 31, 2020

December 31, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Fund raising, Operating Grants and Contributions	Primary Government		
Functions/Programs	Expenses	Charges for Services		Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General recreation	\$ 276,131	\$ 95,208	--	\$ (180,923)		\$ (180,923)
Parks and facilities	529,627	131,349	--	(398,278)		(398,278)
Recreation center	1,356,299	511,221	--	(845,078)		(845,078)
Administration	447,917	--	35,706	(412,211)		(412,211)
Debt Service	790,207	--	--	(790,207)		(790,207)
Total governmental activities	<u>3,400,181</u>	<u>737,778</u>	<u>35,706</u>	<u>(2,626,697)</u>		<u>(2,626,697)</u>
Business activities:						
Foundry	719,967	568,339	--		\$ (151,628)	(151,628)
Golf course	2,324,325	2,682,169	226		358,070	358,070
Total business activities	<u>3,044,292</u>	<u>3,250,508</u>	<u>226</u>		<u>206,442</u>	<u>206,442</u>
Total Primary Government	<u>\$ 6,444,473</u>	<u>\$ 3,988,286</u>	<u>\$ 35,932</u>	<u>(2,626,697)</u>	<u>206,442</u>	<u>(2,420,255)</u>
General revenues:						
Taxes				2,324,972	--	2,324,972
Interest				7,494	--	7,494
Grants				79,072	--	79,072
Miscellaneous				13,428	18,510	31,938
Total general revenues				<u>2,424,966</u>	<u>18,510</u>	<u>2,443,476</u>
Change in net position				(201,731)	224,952	23,221
Net position - beginning of year				<u>3,288,449</u>	<u>6,467,034</u>	<u>9,755,483</u>
Net position - end of year				\$ 3,086,718	\$ 6,691,986	\$ 9,778,704

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

FUND FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Balance Sheet
Governmental Funds
December 31, 2020

	General Fund	Debt Service	Conservation Trust Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,230,233	\$ --	\$ --	\$ 2,230,233
Accounts receivable:				
Property taxes receivable	944,578	1,240,882	--	2,185,460
Other taxes	13,368	--	--	13,368
Other receivable	19,716	--	--	19,716
Grant Receivable	8,085	--	--	8,085
Inventory	6,220	--	--	6,220
Prepaid expenses and deposits	60,060	--	--	60,060
Restricted cash	--	--	78,263	78,263
Total assets	\$ 3,282,260	\$ 1,240,882	\$ 78,263	\$ 4,601,405
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 48,755	\$ --	9,900	\$ 58,655
Accrued liabilities	35,194	--	--	35,194
Gift cards payable	7,554	--	--	7,554
Internal balances	1,201,895	(219,928)	(9,900)	972,067
Prepaid membership fees	48,459	--	--	48,459
Total liabilities	1,341,857	(219,928)	--	1,121,929
Deferred inflows of resources:				
Unavailable property tax revenue	943,917	1,240,014	--	2,183,931
Total deferred inflows of resources	943,917	1,240,014	--	2,183,931
Fund balances				
Nonspendable for:				
Prepaid expenses and inventory	\$ 66,280	\$ --	\$ --	\$ 66,280
Restricted for:				
TABOR	75,000	--	--	75,000
Debt Service Fund	--	220,796	--	220,796
Conservation Trust Fund	--	--	78,263	78,263
Assigned for:				
Capital asset management	795,342	--	--	795,342
Unassigned	59,864	--	--	59,864
Total fund balances	996,486	220,796	78,263	1,295,545
Total liabilities, deferred inflows of resources and fund balances	\$ 3,282,260	\$ 1,240,882	\$ 78,263	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. 16,345,620

Long-term liabilities, including earned benefits payable, accrued interest, leases and bonds payable are not due and payable in the current period and therefore, are not reported in the funds. (14,662,692)

Prepaid bond insurance costs are recognized as expenditures in the funds, but are amortized over the life of the related bond in the statement of net position. 108,245

Net Position of Governmental Activities \$ 3,086,718

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the year ended December 31, 2020

	General	Debt Service	Conservation Trust	Totals
Revenues:				
Property taxes	\$ 923,664	\$ 1,237,655	\$ --	\$ 2,161,319
Specific ownership taxes	163,653	--	--	163,653
General recreation	95,208	--	--	95,208
Parks & facilities	131,349	--	--	131,349
Recreation center	511,221	--	--	511,221
Fund raising	5,432	--	--	5,432
Grants	79,072	--	--	79,072
Interest	4,943	2,365	186	7,494
Miscellaneous	8,600	4,825	--	13,425
Conservation trust income	-	--	30,274	30,274
Total revenues	1,923,142	1,244,845	30,460	3,198,447
Expenditures:				
General recreation	255,080	--	--	255,080
Parks & facilities	371,240	--	--	371,240
Recreation center	990,834	--	--	990,834
Administration	320,932	600	--	321,532
Debt Service:				
Bond principal	-	655,000	--	655,000
Bond interest	-	364,664	--	364,664
Bond insurance	-	108,245	--	108,245
Bond amortization	-	--	--	--
Refunding bond issuance costs	-	191,607	--	191,607
Grant expenditures	10,429	--	--	10,429
Interest Expense	-	--	--	--
Treasurer's fees	46,271	62,001	--	108,272
Capital outlay	84,061	--	19,900	103,961
Total expenditures	2,078,847	1,382,117	19,900	3,480,864
Excess (deficiency) of revenues over expenditures	(155,705)	(137,272)	10,560	(282,417)
Other Financing Sources (Uses):				
Transfers between funds	--	--	--	--
Proceeds of refunding bonds	--	13,595,000	--	13,595,000
Debt service - principal	--	(15,533,923)	--	(15,533,923)
Bond premium	--	2,238,775	--	2,238,775
Total other financing sources (uses)	--	299,852	--	299,852
Net change in fund balances	(155,705)	162,580	10,560	17,435
Fund balances - beginning of the year	1,152,191	58,216	67,703	1,278,110
Fund balances - end of the year	\$ 996,486	\$ 220,796	\$ 78,263	\$ 1,295,545

Net Changes in Fund Balance of the Governmental Fund 17,435

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 cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions and contributed capital assets during the year. (431,428)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents principal payments made during the year and the effect of debt refunding. 220,543

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds. (8,284)

Change in Net Position of Governmental Activities \$ (201,734)

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances -
General Fund
For the year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	924,928	924,928	923,664	\$ (1,264)
Specific ownership taxes	152,500	158,456	163,653	5,197
General recreation	158,550	96,797	95,208	(1,589)
Parks and facilities	166,000	108,821	131,349	22,528
Recreation center	1,031,300	505,368	511,221	5,853
Fundraising	21,500	12,969	5,432	(7,537)
Grants	1,500	5,632	79,072	73,440
Interest	18,500	4,702	4,943	241
Miscellaneous	--	37,732	8,600	(29,132)
Total revenues	2,474,778	1,855,405	1,923,142	67,737
Expenditures:				
General recreation	317,647	260,222	255,080	5,142
Parks and facilities	397,301	375,554	371,240	4,314
Recreation center	1,313,703	976,167	990,834	(14,667)
Fundraising	1,500	-	-	--
Administration	349,036	331,866	320,932	10,934
Grant expenditures	9,500	10,049	10,429	(380)
Treasurer's fees	46,247	46,244	46,271	(27)
Interest	--	--	-	--
Capital outlay	215,275	73,529	84,061	(10,532)
Total expenditures	2,650,209	2,073,631	2,078,847	(5,216)
Excess of revenues over (under) expenditures	\$ (175,431)	\$ (218,226)	(155,705)	\$ 62,521
 Fund balance - beginning of year			<u>1,152,191</u>	
Fund balance - end of year			<u>\$ 996,486</u>	

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Net Position
Proprietary Funds
December 31, 2020

	The Foundry Fund	Golf Course Fund	Total
ASSETS			
Cash and cash equivalents	\$ 2,155	\$ 3,716	\$ 5,871
Accounts receivable:			
Trade receivable	16,641	1,009	17,650
Member receivable	-	2,746	2,746
Other receivable	-	-	-
Internal Balances	(61,829)	1,033,897	972,068
Inventory	15,154	36,930	52,084
Prepaid expenses	62,896	37,090	99,986
Capital assets, net of accumulated depreciation of \$5,659,995	--	5,945,295	5,945,295
Total assets	35,017	7,060,683	7,095,700
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	32,058	14,947	47,005
Accrued salaries and wages	7,631	10,141	17,772
Compensated absence	499	18,125	18,624
Prepaid golf passes and event deposits	-	905	905
Tournament deposits	-	-	-
Gift cards	2,982	21,640	24,622
Leases payable:			--
Current	-	168,431	168,431
Long-term	-	126,355	126,355
Total liabilities	43,170	360,544	403,714
Net Position			
Net investment in capital assets	-	5,650,509	5,650,509
Unrestricted	(8,153)	1,049,630	1,041,477
Total net position	(8,153)	6,700,139	6,691,986
Total liabilities and net position	\$ 35,017	\$ 7,060,683	\$ 7,095,700

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended December 31, 2020

	The Foundry Fund	Golf Course Fund	Total
Operating Revenues:			
Charges for sales and services:			
Merchandise sales	\$ -	\$ 166,979	\$ 166,979
Movie Tickets	112,671	-	112,671
Bowling Fees	187,538	-	187,538
Food and beverage sales	224,778	693,861	918,639
Vending and arcade income	5,646	-	5,646
Club rental	-	20,315	20,315
Golf cart rentals	-	367,556	367,556
Driving range	-	115,580	115,580
Green fees	-	1,044,728	1,044,728
Season Pass	-	146,999	146,999
Resident ID cards	-	68,737	68,737
Tournament premiums	5,220	44,839	50,059
Events	697	200	897
Sponsorships	27,474	-	27,474
Facility rental	4,315	-	4,315
Tee sign revenue	-	6,000	6,000
Grounds maintenance income	-	6,375	6,375
Fund raising	-	226	226
Total operating revenues	568,339	2,682,395	3,250,734
Operating expenses:			
Cost of goods sold:			
Pro shop merchandise and rentals	--	92,180	92,180
Food and beverage	82,941	218,487	301,428
Movies	46,632	--	46,632
Payroll and related taxes	254,073	976,249	1,230,322
Rent expense	220,000	--	220,000
Advertising and marketing	11,218	10,589	21,807
Contracted services	2,275	9,649	11,924
Equipment	9,341	21,559	30,900
Repairs and maintenance	8,278	70,327	78,605
Turf maintenance and landscaping	--	19,141	19,141
Supplies and parts	18,182	189,079	207,261
Utilities	29,537	88,307	117,844
Other operating - general	37,490	123,988	161,478
Depreciation	--	504,770	504,770
Total operating expenses	719,967	2,324,325	3,044,292
Operating Income	(151,628)	358,070	206,442
Nonoperating revenues:			
Miscellaneous income	14,117	4,393	18,510
Total nonoperating revenues	14,117	4,393	18,510
Change in Net Position	(137,511)	362,463	224,952
Net position - beginning of year	129,358	6,337,676	6,467,034
Net position - end of year	\$ (8,153)	\$ 6,700,139	\$ 6,691,986

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Cash Flows
Golf Course Fund
December 31, 2020

Cash flows from operating activities:

Cash received from customers and others	\$ 2,692,176
Cash paid to employees	(1,665,120)
Cash paid for goods and services	(800,306)

Net cash provided by operating activities 226,750

Cash flows from capital and related financing activities:

Acquisition of capital assets	(23,901)
Payment on leases	(202,832)

Net cash (used) by capital and related financing activities (226,733)

Increase in cash and cash equivalents 17

Cash and cash equivalents - beginning 5,825

Cash and cash equivalents - ending \$ 5,842

Reconciliation of operating income/(loss) to net cash provided by operating activities:

Operating loss	\$ 362,463
----------------	------------

Adjustments to reconcile operating loss to net cash provided/(used) by operating activities:

Depreciation	504,770
(Increase) in accounts receivable	5,388
Decrease in prepaid expenses	3,522
(Increase) in inventory	29,279
Increase in accounts payable	8,169
(Decrease) in accrued salaries and wages	3,983
Increase in other liabilities	2,030
(Increase) in internal funds	(699,167)
Increase in compensated absences	6,313

Total Adjustments (135,713)

Net cash provided by operating activities \$ 226,750

Noncash capital financing activities:

Acquisition of capital assets	129,851
Less assets acquired under capital lease	<u>(105,950)</u>
Cash paid for acquisition of capital assets	23,901

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Cash Flows
Foundry Fund
December 31, 2020

Cash flows from operating activities:

Cash received from customers and others	\$	565,815
Cash paid to employees		(101,375)
Cash paid for goods and services		(464,440)
Net cash provided by operating activities		--
Increase in cash and cash equivalents		--
Cash and cash equivalents - beginning		2,155
Cash and cash equivalents - ending	\$	2,155
Reconciliation of operating income/(loss) to net cash provided by operating activities:		
Operating income	\$	(137,511)
Adjustments to reconcile operating loss to net cash provided/(used) by operating activities:		
(Increase) in accounts receivable		(16,641)
Increase in prepaid expenses		589
(Increase) in inventory		2,710
Increase in accounts payable		(2,133)
Increase in other liabilities		(29,113)
(Increase) in internal funds		182,099
Total Adjustments		137,511
Net cash provided by operating activities	\$	-

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

NOTES TO THE FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

The Fraser Valley Metropolitan Recreation District (the "District") was formed under Colorado statutes as a special district in 1979 to provide recreational programs and facilities to residents and visitors of eastern Grand County, Colorado. The District owns and operates the Pole Creek Golf Club, the Grand Park Community Recreation Center and the Fraser Valley Sports Complex which is also home to the IceBox Ice Rink. Additionally, the District currently leases and operates the Foundry Cinema & Bowl. The District is governed by a five person elected Board of Directors.

Reporting entity

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments ("US GAAP"). As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of such significant policies consistently applied in the preparation of the financial statements.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the Governmental Accounting Standards Board (GASB) Pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

Basis of presentation

Government-wide Statements: The statement of net position and the statement of changes in net position display information about the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed by fees charged to external parties.

The statement of changes in net position presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) fees or charges paid by the recipients for goods or services offered by the program, and 2) grants, contributions and

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2020

other revenues that are restricted to use in the operational or capital requirements of a specific function or program. Other revenues not directly related to a particular function or program, if any, are reported separately as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental fund, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund.

The District reports the following major governmental funds:

General Fund – is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Debt Service Fund – accounts for financial resources that are to be used by property taxes levied for debt payment on general obligation bonds.

Conservation Trust Fund – accounts for financial resources that are to be used for the acquisition, operation, or maintenance of capital assets for recreational use approved by the State of Colorado.

The District reports the following proprietary funds:

Golf Course Fund – accounts for revenues and expenses associated with the District's golf course and clubhouse. This fund includes golf fees, pro shop, turf maintenance and food and beverage services.

Foundry Fund – accounts for revenues and expenses associated with the operations of the Foundry Cinema & Bowl complex that is currently leased by the District. This fund includes bowling fees, movie tickets, facility rentals and food and beverage services.

Measurement focus, basis of accounting

The government-wide and proprietary 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 the related cash flow. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, including property taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Governmental fund 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 *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 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. The exceptions to this general rule are that principal and interest on general long-term debt are recognized when due.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2020

Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

Deposits and investments

The District considers cash and cash equivalents to be cash on hand, demand deposits and unrestricted investments with an original maturity of three months or less to be cash and cash equivalents. The District does not hold any investments as of December 31, 2020.

Receivables

The District considered all receivables collectible as of December 31, 2020.

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 two equal installments, due February 28 and 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 tax lien will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. In accordance with US GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

Inventory

Inventories are valued at cost using the first-in, first-out (FIFO) method.

Capital assets

The District's policy is to capitalize all capital purchases that are individually greater than \$2,500. Capital purchases with a cost less than \$2,500 are expensed as incurred. The District records capital assets at historical cost. Donated capital assets are valued at their estimated fair value on the date donated. Depreciation is provided in amounts sufficient to relate the cost of depreciable capital assets to operations over the estimated service lives. Depreciation and amortization is provided under the straight-line method, with estimated service lives as follows:

Buildings	10- 40 years
Equipment	5-10 years
Land improvements	40 years
Leasehold improvements	10 years
Vehicles	5-10 years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category, the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2020

and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental funds Balance Sheet and Statement of Net Position. The governmental funds report unavailable revenue only from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated absences

Employees may accumulate earned but unused benefits up to a specified maximum. The District has recorded an accrued liability for compensated absences in the government-wide and proprietary fund financial statements that was calculated using the vesting method.

Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds.

Fund equity

The District follows GASB Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. In the fund financial statements, the District considered all restricted and unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. The District considers all committed, assigned, or unassigned amounts to have been spent when expenditure is incurred for the purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund balance – the portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to maintain intact.

Restricted fund balance – the portion of the fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the criteria described above. Additionally, the assigned fund balance may be a negative amount, except for in the general fund, which reports only a positive unassigned fund balance amount. A negative amount is appropriate in other governmental funds (excluding the general fund) if the expenditures incurred for specific purposes exceed the

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2020

amount that are restricted, committed or assigned to those purposes.

The non-spendable fund balance in the General Fund represents prepaid expenditures and inventory.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$75,000 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund is restricted for the repayment of debt.

The restricted fund balance in the Conservation Trust Fund is restricted for the payment of capital assets or improvements in accordance with State requirements.

The assigned fund balance was authorized by the Board of Directors of the District to reserve funds for future capital asset maintenance and replacement.

It is the District's policy to use restricted resources first when expenditure is incurred for purposes for which more than one classification is available.

Net position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District will use the most restricted net position first.

Internal balances

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported in the funds as "internal balances". These amounts are eliminated in the Statement of Net Position.

Fair value of financial instruments

The District's financial instruments include cash and cash equivalents, accounts receivable, inventory, prepaid expenses, accrued liabilities, and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2020 does not differ materially from the aggregate carrying values of

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2020

its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Use of estimates

The preparation of financial statements in conformity with US GAAP 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.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

Budgets are adopted on a US GAAP basis for the governmental funds. The budget for the proprietary fund is adopted on a non-GAAP basis where depreciation and gain on disposal of assets are not budgeted and capital outlay is budgeted. State law requires the District to adopt annual appropriated budgets for all funds.

The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements: On or before October 15, of each year the District's accountant submits to the Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.

After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes that allows the District to amend the budget and adopt a supplementary appropriation if money for a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.

As of December 31, 2020 there were some expenses and expenditures in excess of final budgeted amounts, however no material expenditure or expenses in excess of budgeted amounts were noted.

TABOR Amendment - Revenue and Spending Limitation Amendment

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 that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2020

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year general revenues (excluding bonded debt service) for the fiscal year ended December 31, 2020.

The District's management believes it is in compliance with the provisions of TABOR, as it is currently understood. However, TABOR is complex and subject to interpretation. Many of the provisions may not become fully understood without judicial review.

Recently Issued Accounting Pronouncements

GASB Statement No 87 - In June 2017, GASB issued statement No 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in statement 87 are effective for reporting periods beginning after June 15, 2021 (originally December 15, 2019). Management is currently evaluating the effect on the District's 2021 financial statements.

Subsequent Events

In November 2020, Colorado voters approved Amendment B to repeal the 1982 amendment to Article X, § 3 of the Colorado Constitution ("Gallagher Amendment"). Effective January 1, 2021, property tax rates will not be subject to the annual reassessment of the residential assessment rate. The impact of these legislative changes may impact the future property tax revenue to be collected by the District. No accruals or adjustments are reflected in the current financial statements to account for the potential impacts of this change.

2. DETAILED NOTES

Deposits - custodial credit risk

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The Pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits.

As of December 31, 2020, all of the District's deposits were either insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

The District money markets accounts are with Citywide Banks, and are unrated.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2020

At December 31, 2020 the District's deposit portfolio consisted of the following:

Cash and cash equivalents	
Checking	\$ 80,058
Money market	2,148,675
Cash on hand	7,341
	<u>\$ 2,236,074</u>
Restricted money market	<u>\$ 78,263</u>

Capital assets

The following schedule shows changes in capital assets, by category for the year ended December 31, 2020:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<u>Governmental Activities:</u>					
Not being depreciated:					
Land	\$ 3,553,505	\$ -	\$ -	-	\$ 3,553,505
Total not being depreciated	<u>3,553,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,553,505</u>
Being depreciated:					
Building and improvements	17,613,449	36,850	-	-	17,650,299
Vehicles and equipment	1,787,288	102,106	(8,231)	-	1,881,163
Intangibles	6,500	7,500	-	-	14,000
Total being depreciated	<u>19,407,237</u>	<u>146,457</u>	<u>(8,231)</u>	<u>-</u>	<u>19,545,462</u>
Less accumulated depreciation and amortization	<u>(6,214,400)</u>	<u>(547,178)</u>	<u>8,231</u>	<u>-</u>	<u>(6,753,347)</u>
Net capital assets - Governmental Activities	<u>\$ 16,746,342</u>	<u>\$ (400,721)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 16,345,620</u>
	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<u>Business-type Activities:</u>					
Not being depreciated:					
Land	\$ 935,282	\$ -	\$ -	-	\$ 935,282
Total not being depreciated	<u>935,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>935,282</u>
Being depreciated:					
Building and improvements	8,876,550	4,177	-	-	8,880,727
Vehicles and equipment	2,055,218	125,675	(391,612)	-	1,789,281
Total being depreciated	<u>10,931,768</u>	<u>129,851</u>	<u>(391,612)</u>	<u>-</u>	<u>10,670,008</u>
Less accumulated depreciation and amortization	<u>(5,546,837)</u>	<u>(504,770)</u>	<u>391,612</u>	<u>-</u>	<u>(5,659,995)</u>
Net capital assets - Business-type Activities	<u>\$ 6,320,213</u>	<u>\$ (374,919)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 5,945,295</u>
Net capital assets	<u>\$ 23,066,555</u>	<u>\$ (775,640)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 22,290,915</u>

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General recreation	\$	21,051
Parks and facilities		138,184
Recreation center		387,945
Administration		-
Total depreciation expense - Governmental activities	\$	<u>547,180</u>
Business-type activities:		
Golf Course	\$	<u>504,770</u>
Total depreciation expense - Business-type activities	\$	<u><u>504,770</u></u>

As of December 31, 2020, the District had capital assets under a capital leases in the Governmental activities and Business-type activities in the original amount of \$161,723 and \$595,864, respectively, with accumulated depreciation of \$81,905 and \$373,236, respectively.

Capital lease payable

The following represents the changes in capital lease payable for the year ended December 31, 2020:

	Beginning Balance	Additions	Payments/ Retirements	Ending Balance
Governmental activities:				
Parks Truck	\$ 43,497	\$ -	\$ (9,557)	\$ 33,940
Mini Bus	13,243	-	(6,913)	6,330
Mini Bus	-	60,895	(4,206)	56,689
Total lease payable- Governmental activities	\$ 56,740	\$ 60,895	\$ (20,676)	\$ 96,959
Business-type activities:				
2015 Chevy Silverado	3,595	-	(3,595)	-
Toro Turf Maint Equipment #12055	31,520	-	(31,520)	-
Club Car Carryall - #12056	3,195	-	(3,195)	-
Electric Golf Carts	182,518	-	(90,015)	92,503
Trailer Lease #12103	40,751	-	(20,097)	20,654
Toro Equipment Lease #12139	45,955	-	(14,744)	31,211
Equipment Lease #12193	55,317	-	(12,564)	42,753
2019 Turf Truck	28,816	-	(6,145)	22,671
Toro Equipment Lease	-	105,950	(20,956)	84,994
Total lease payable - Business-type activities	\$ 391,667	\$ 105,950	\$ (202,831)	\$ 294,786

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
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In May 2014, the District entered into a lease agreement for a Mini Bus for the Recreation Center. The lease term is for 85 months with payments of \$600 and interest accruing at 2.85%.

In January 2019, the District entered into a lease agreement for a Chevy Silverado for the Parks system. The lease term is for 60 months with payments of \$1,046 and interest accruing at 7.64%.

In June 2020, the District entered into a lease agreement for a 2019 Ford Turtle Top Van for the Park system. The lease term is for 72 months with payments of 1,027 and interest accruing at 6.61%

In April 2015 the District entered into a lease for a Chevy Silverado. The lease term is 60 months. The District will make monthly payments of \$912, Interest is not stated, but is implicitly 7.375%.

In April 2016 the District entered into a lease for a Club Car Carryall. The lease term began April 1, 2016 and ends October 1, 2020. Seasonal monthly payments of \$548 are due each April, May, June, July, August, and September. Interest accrues at 3.750% .

In April 2016 the District entered into a lease for a Toro Spray Vehicle, Groundsmaster, and Triplex mower. The lease term began April 1, 2016 and ends October 1, 2020. Seasonal monthly payments of 5,411 are due each April, May, June, July, August, and September. Interest accrues at 3.750%.

In 2017 The District entered into a lease for 100 Club Car Electric Golf Cars, Two Club Car Café Express Beverage Carts and One Solo-rider. The lease commencement date was June 1, 2017 with three payments of \$31,328 per year. The lease will expire August 1, 2021. Interest accrues at 2.730%.

In 2017 The District entered into a lease for Toro Reelmaster 5410-D, 6 Toro Greensmaster 1000, 6 Toro Trans Pro 80 Greensmower Trailers. The lease commencement date was June 1, 2017 with three payments of \$7,059 per year. The lease will expire August 1, 2021. Interest accrues at 2.730%.

In 2018 The District entered into a lease for a variety of Toro equipment. The lease commencement date was March 14, 2018 with three payments of \$5,486 per year. The lease will expire in March 2022. Interest accrues at 3.777%.

In 2019 The District entered into a lease for additional Toro equipment. The lease commencement date was June 1, 2019 with three payments of \$5,346 per year. The lease will expire in August 1, 2023. Interest is not stated, but is implicitly 6.335%.

In January 2019, the District entered into a lease agreement for a Chevy Silverado Turf Truck. The lease term is for 60 months with payments of \$672 and interest accruing at 7.39%.

In June 2020 the District entered into a lease for additional Toro equipment. The lease commencement date was June 1, 2020 with three payments of \$7,698 per year. The lease will expire August 1, 2024. Interest accrues at XX%.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2020

Future minimum capital lease payments

Governmental activities:

	Principal	Interest	Total
2021	25,485	5,788	31,273
2022	20,572	4,300	24,872
2023	22,581	2,776	25,357
2024	10,772	1,549	12,321
2025	11,506	815	12,321
2026	6,044	117	6,161
Total	\$ 96,960	\$ 15,345	\$ 112,305

Business-type activities:

	Principal	Interest	Total
2021	168,431	10,375	178,806
2022	58,053	5,588	63,641
2023	44,474	2,707	47,181
2024	23,828	545	24,373
Total	\$ 294,786	\$ 19,215	\$ 314,001

Long-term debt

The District issued General Obligation bonds in February 2008 in the amount of \$19,500,000 at an interest rate ranging from 3.5% to 5.375% and at a premium of \$735,261. The Series 2008 Bonds are subject to mandatory sinking fund redemption requirements beginning December 1, 2022. Interest on the Bonds is payable semi-annually on June 1 and December 1 beginning June 1, 2008. The 2008 bonds were partially refinanced by the 2015 refunding bonds and fully refunded by the 2020 bonds – see note below.

During 2013, the District issued General Obligation Refunding Bonds in the amount of \$9,375,000 at an interest rate ranging from 2.0% to 3.125% and at a premium of \$44,524. The proceeds were used to advance refund \$7,540,000 of outstanding Series 2008 Bonds which had interest rates ranging from 3.5% to 5.375%. The net proceeds of \$9,294,197 (after payment of \$125,327 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the Series 2008 Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,495,277. This amount was being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded a portion of the Series 2008 Bonds to reduce its total debt service payments by \$578,519 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$454,615.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2020

During 2015, the District issued General Obligation Refunding Bonds in the amount of \$8,780,000 at an interest rate ranging from 2.0% to 4% and at a premium of \$293,661. The proceeds were used to advance refund \$8,050,000 of outstanding Series 2008 Bonds which had interest rates ranging from 3.5% to 5.375%. The net proceeds of \$9,141,332 (after payment of \$141,798 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the Series 2008 Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

The reacquisition price exceeded the net carrying amount of the old debt by \$768,960. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded a portion of the Series 2008 Bonds to reduce its total debt service payments by \$1,127,180 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$755,878.

During 2020, the District issued General Obligation Refunding Bonds in the amount of \$13,595,000 at an interest rate ranging from 2.0% to 4% payable semiannually on each June 1 and December 1. Payments of principal and interest on the bonds are insured in accordance with the terms of a financial guaranty insurance policy. The Series 2020 Bonds maturing on and before December 1, 2030 are not subject to redemption prior to their maturity dates. The Series 2020 Bonds maturing on and after December 1, 2031, are subject to redemption prior to maturity at the option of the District, in whole or in part in integral multiples of \$5,000, and if in parts in such order of maturity as the District determines and by lot within maturity on December 1, 2030 and on any date thereafter, at a redemption price equal to the principal amount, plus accrued interest to the redemption date.

The bonds were issued at a premium of \$2,238,776. The proceeds were used to advance refund \$15,285,000 of outstanding Series 2013 & 2015 Bonds which had interest rates ranging from 3.125% to 4%. The net proceeds of \$15,533,923 (after payment of \$299,853 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2013 and 2015 Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,326,391. This amount was being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded the Series 2013 and 2015 Bonds to reduce its total debt service payments by \$2,557,905 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,043,679.

Changes in long-term obligations as of the year ended December 31, 2020 are as follows:

	Beginning Balance	Additions	Payments (Retirements)	Ending Balance
2013 GO Bonds	8,525,000	--	(8,525,000)	-
2015 GO Bonds	7,415,000	--	(7,415,000)	-
2020 GO Bonds	-	13,595,000	--	13,595,000
Premiums	262,248	2,238,776	(292,342)	2,207,682
Total	<u>\$ 16,202,248</u>	<u>\$ 15,833,776</u>	<u>\$ (16,232,342)</u>	<u>\$ 15,802,682</u>

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2020

During 2020, the District paid \$607,514 interest on the bonds. Accrued interest at December 31, 2020 was \$37,492.

The District's annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
2021	730,000	449,900	1,179,900
2022	755,000	435,300	1,190,300
2023-2027	4,045,000	1,941,800	5,986,800
2028-2032	4,685,000	1,251,600	5,936,600
2033-2035	3,380,000	273,600	3,653,600
	\$ 13,595,000	\$ 4,352,200	\$ 17,947,200

Debt Authorization

In 2007, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness of \$19,500,000 for capital projects.

3. OTHER INFORMATION

Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to manage these risks, the District has purchased commercial insurance with various deductibles. Settled claims have not exceeded the District's coverage limits in any of the past three years.

Operating leases

In November 2009, the District entered into a lease for office equipment with an initial term of 60 months. The lease was renewed in December 2015 for an additional 60 months and monthly payments of \$973. During 2020, total rent expense incurred on the office equipment lease was \$11,676.

In February 2019, the District entered into a lease for the Foundry Cinema & Bowling facility. The amended lease terminates in February 2024, but may be terminated sooner under specific lease provisions. Rent is \$25,000 per month, beginning April 1, 2020 \$8,888 of the monthly payment was abated for a total abatement in 2020 of \$80,000. Any net income generated by the premises in 2020 would be used to offset this abatement. Additional rent may be billed under movie licensing agreements held by the Landlord. The District has the option to purchase the facility for \$4,250,000 at any time through August 10, 2023.

In December 2020, the lease was amended. The term was extended to 2024 as noted above and an additional abatement of 12,500 was included for each month beginning on January 1, 2021 through December 31, 2021 as a result of the constraints on operations caused by the pandemic. If the District files notice to terminate the lease at any time during this period, the abatement will cease and the entire \$25,000 monthly payment will be due for any remaining months.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2020

During 2020, total rent expense incurred on this lease was \$220,000

5. COMMITMENTS AND CONTINGENCIES

At the time these financial statements were issued, the world economy was continuing to respond to the novel COVID-19 pandemic. This pandemic may continue to have a negative affect the District's revenues through 2021. No accruals or adjustments are reflected in the current financial statements to account for the potential impacts of the pandemic. There were no other commitments or contingencies noted as of December 31, 2020.

6. POST-RETIREMENT BENEFITS

Defined contribution plan

The District provides pension benefits for all of the District's employees through a defined contribution plan administered by the Colorado County Officials and Employees Retirement Association. Under a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. All employees are required to participate in the plan. Under the plan the District contributes 3.75% of each covered employee's compensation.

Under the plan, the employees are fully vested in the District's contribution plus any applicable investment earnings upon entry into the plan. During 2020, the District contributed \$80,627 to the plan.

7. Reconciliation of government-wide and fund financial statements

Explanation of differences between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

The Governmental Funds Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Capital assets of \$ 23,098,969 less accumulated depreciation of \$6,753,348 or a net book value of \$16,345,620 are not financial resources and therefore are not reported in the governmental funds.

Prepaid bond insurance costs of 108,245 are recognized as expenditures in the funds, but are amortized over the life of the related bond in the statement of net position.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Deferred charge on refunding	\$ (1,304,811)
Accrued compensated absences	30,370
Accrued interest payable	37,492
Leases payable: Due within one year	25,484
Leases payable: Due in more than one year	71,475
Bond Premium, net of amortization	2,207,682
Bonds payable: Due within one year	730,000
Bonds payable: Due in more than one year	12,865,000
Net adjustment	<u>\$ 14,662,692</u>

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2020

Explanation of differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

Governmental funds report capital outlay as expenditures. However, in the Statement of changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation and amortization expense	\$	(537,664)
Capital outlay		<u>106,236</u>
Net adjustment	\$	<u>(431,428)</u>

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Bond principal payments	\$	655,000
Refunding bonds issued		(13,595,000)
Payment to refunded bond escrow agent		15,533,923
Bond issuance costs		108,245
Bond interest		(242,850)
Capital lease obligations		<u>(2,238,775)</u>
Net Adjustment	\$	<u>230,543</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds.

Net change in accrued compensated absences	\$	(8,284)
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OTHER SUPPLEMENTARY INFORMATION

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Debt Service Fund
For the year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 1,239,365	\$ 1,239,365	\$ 1,237,655	\$ (1,710)
Miscellaneous	--	4,827	4,825	(2)
Interest	1,800	2,091	2,365	274
Total revenues	1,241,165	1,246,283	1,244,845	(1,438)
Expenditures/expenses:				
Administration	600	600	600	--
Bond principal	655,000	655,000	655,000	--
Bond interest	522,768	364,663	364,664	(1)
Bond insurance	--	--	108,245	(108,245)
Bond issuance costs	--	--	191,607	(191,607)
Treasurer's fees	62,058	62,058	62,001	57
Total expenditures/expenses	1,240,426	1,082,321	1,382,117	(299,796)
Excess (deficiency) of revenues over expenditures	739	163,962	(137,272)	(301,234)
Net change in fund balances	\$ 739		(137,272)	\$ (301,234)
Other Financing Sources (Uses):				
Transfers between funds			-	
Proceeds of refunding bonds			13,595,000	
Debt service - principal			(15,533,923)	
Bond premium			2,238,775	
Fund balance - beginning of year			58,216	
Fund balance - end of year			\$ 220,796	

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Conservation Trust Fund
For the year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Conservation trust income	\$ 29,750	\$ 28,906	\$ 30,274	\$ 1,368
Grants	-		-	-
Interest income	250	194	186	\$ (8)
Total revenues	30,000	29,100	30,460	1,360
Expenditures/expenses:				
Capital outlay	\$ 25,000	\$ 22,000	\$ 19,900	\$ (2,100)
Transfers to other funds	--	--	--	--
Total expenditures/expenses	25,000	22,000	19,900	(2,100)
Excess of revenues over expenditures	<u>\$ 5,000</u>	<u>\$ 7,100</u>	10,560	\$ 3,460
Fund balance - beginning of year			<u>67,703</u>	
Fund balance - end of year			<u>\$ 78,263</u>	

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenses, and Changes in Fund Net Position -
Budget (non-US GAAP Basis) to Actual
Golf Course Fund
For the year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues:				
Charges for sales and services:				
Merchandise sales	\$ 147,500	\$ 172,275	\$ 166,979	\$ (5,296)
Food and beverage sales	610,475	705,920	693,861	(12,059)
Club rental	22,500	20,315	20,315	-
Golf cart rentals	248,500	367,556	367,556	-
Driving range	78,000	115,580	115,580	-
Green fees	634,000	1,044,728	1,044,728	-
Season Pass	133,250	146,999	146,999	-
Resident ID cards	57,150	68,692	68,737	45
Tournament premiums	68,000	44,839	44,839	-
Events	3,000	800	200	(600)
Tee sign revenue	6,250	6,000	6,000	-
Grounds maintenance income	6,500	6,375	6,375	-
Fund raising	8,000	226	226	--
Total operating revenues	2,023,125	2,700,305	2,682,395	(17,910)
Operating expenses:				
Cost of goods sold:				
Pro shop merchandise and rentals	80,000	91,775	92,180	(405)
Food and beverage	203,060	217,698	218,487	(789)
Payroll and related taxes	995,032	971,183	976,249	(5,066)
Advertising and marketing	15,250	9,403	10,589	(1,186)
Contracted services	10,850	10,648	9,649	999
Equipment	107,285	102,650	21,559	81,091
Repairs and maintenance	69,000	71,781	70,327	1,454
Turf maintenance and landscaping	18,000	12,638	19,141	(6,503)
Supplies and parts	196,150	191,291	189,079	2,212
Utilities	90,600	88,972	88,307	665
Other operating - general	126,540	128,326	123,988	4,338
Capital outlay	247,011	152,492	129,851	22,641
Total operating expenses	2,158,778	2,048,857	1,949,406	99,451
Operating income	(135,653)	651,448	732,989	81,541
Nonoperating revenues (expenses):				
Miscellaneous income	--	4,271	4,393	122
Total nonoperating revenues	--	4,271	4,393	122
 Net income/(loss)	 \$ (135,653)	 \$ 655,719	 \$ 737,382	 \$ 81,663
Reconciliation to GAAP Basis				
Capital outlay			(129,851)	
Depreciation			504,770	
Loss on disposal of assets			-	
Total reconciliation to GAAP Basis			374,919	
Net income/(loss) on GAAP Basis			362,463	
Net position - beginning of year			<u>6,337,676</u>	
Net position - end of year			<u>\$ 6,700,139</u>	

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenses, and Changes in Fund Net Position -
Budget (non-US GAAP Basis) to Actual
Foundry Fund
For the year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues:				
Charges for sales and services:				
Movie Tickets	\$ 440,000	\$ 106,611	\$ 112,671	\$ 6,060
Bowling Fees	341,750	190,348	187,538	(2,810)
Food and beverage sales	517,500	237,084	224,778	(12,306)
Vending and arcade income	12,000	5,697	5,646	(51)
Tournament premiums	1,000	6,540	5,220	(1,320)
Events	1,000	697	697	-
Sponsorships	44,500	28,508	27,474	(1,034)
Facility rental	15,000	4,195	4,315	120
Total operating revenues	1,372,750	579,680	568,339	(11,341)
Operating expenses:				
Cost of goods sold:				
Food and beverage	\$ 190,312	\$ 87,783	\$ 82,941	\$ (4,842)
Movies	213,262	43,256	46,632	3,376
Payroll and related taxes	385,492	251,829	254,073	2,244
Rent expense	300,000	220,000	220,000	-
Advertising and marketing	19,000	11,650	11,218	(432)
Contracted services	3,000	2,325	2,275	(50)
Equipment	5,180	9,088	9,341	253
Repairs and maintenance	17,500	9,418	8,278	(1,140)
Supplies and parts	31,550	18,978	18,182	(796)
Utilities	36,500	31,859	29,537	(2,322)
Other operating - general	54,215	37,997	37,490	(507)
Total operating expenses	1,256,011	724,183	719,967	(4,216)
Operating income	116,739	(144,503)	(151,628)	(7,125)
Nonoperating revenues (expenses):				
Miscellaneous income	0	2,722	14,117	11,395
Total nonoperating revenues	-	2,722	14,117	11,395
Net income/(loss)	\$ 116,739	\$ (141,781)	\$ (137,511)	\$ (7,125)
Net position - beginning of year			129,358	
Net position - end of year			\$ (8,153)	

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