

**Grand Lake Metropolitan Recreation District
Grand County, Colorado**

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2020

Grand Lake Metropolitan Recreation District

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December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Grand Lake Metropolitan Recreation District
Grand County, Colorado

We have audited the accompanying financial statements of Grand Lake Metropolitan Recreation District (the District) as of and for the year ended December 31, 2020 and the related notes to the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Lake Metropolitan Recreation District, as of December 31, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance 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 management's discussion and analysis on pages III through VII 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 management's discussion and analysis 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and legal requirements, and is not a required part of the basic financial statements. The supplemental 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. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
September 16, 2021

**Grand Lake Metropolitan Recreation District
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020**

The discussion and analysis of Grand Lake Metropolitan Recreation District's financial performance provides an overall review of the District's financial activities 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 review the information presented here in conjunction with the basic financial statements and the notes to financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- Assets of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,502,354 (net position). Of this amount, \$966,425 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.
- The District's total net position increased by \$221,930 over the prior fiscal year.
- Service revenues were consistent with the prior year. The District collected \$131,242 (18.6%) more in recreation-related revenue than in the prior year, primarily due to the increase in golf course usage due to the Covid-19 pandemic.
- Operating expenses increased \$54,272 or 4.4%, from the prior year, largely due to higher maintenance costs, and pandemic and fire-related costs.
- The District incurred an extraordinary book loss of \$202,233 as a result of capital assets destroyed by the East Troublesome Fire.

Overview of the Financial Statements

The Grand Lake Metropolitan Recreation District basic financial statements included in this report are those of a special-purpose government engaged in a business-type activity, providing general and specialized recreation services. The statements are comprised of two components: 1) basic financial statements and 2) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

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

The *Statement of Net Position* presents information on all of the District's assets and liabilities and deferred 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.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing 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 the related cash flows. Thus,

**Grand Lake Metropolitan Recreation District
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020
(continued)**

revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned compensation). The statement reports the District's operating and nonoperating revenue by source along with operating and nonoperating expenses.

The *Statement of Cash Flows* reports the District's cash flows from operating activities, investing, capital and noncapital activities.

The *Notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

A budgetary comparison statement has been provided in the *supplemental information* to demonstrate compliance with the budget.

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 Grand Lake Metropolitan Recreation District, assets exceeded liabilities and deferred inflows of resources by \$23,857,921 at the close of the most recent fiscal year.

Statements of Net Position

	December 31,		
	2020	2019	2018
Current assets	\$ 2,264,568	\$ 1,928,633	\$ 1,667,270
Capital assets	1,978,471	2,389,692	2,643,580
Deferred outflows	114,564	168,012	189,235
Total assets and deferred outflows	<u>4,357,603</u>	<u>4,486,337</u>	<u>4,500,085</u>
Current liabilities	358,899	376,170	408,117
Long-term liabilities	1,743,997	2,074,664	2,426,550
Deferred inflows	752,353	755,079	687,914
Total liabilities and deferred inflows	<u>2,855,249</u>	<u>3,205,913</u>	<u>3,522,581</u>
Net position:			
Net investment in capital assets	-	96,145	-
Restricted	535,929	535,030	299,143
Unrestricted	966,425	649,249	678,361
Net position	<u>\$ 1,502,354</u>	<u>\$ 1,280,424</u>	<u>\$ 977,504</u>

**Grand Lake Metropolitan Recreation District
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020
(continued)**

At December 31, 2020, 36 percent of the District's net position is restricted for emergencies, parks and recreation, and debt service. 64 percent is unrestricted and available to meet the District's operational expenses.

Changes in Net Position

	For the Years Ended December 31,		
	2020	2019	2018
Revenues			
Operating revenue	\$ 987,687	\$ 826,472	\$ 888,237
Nonoperating revenue	822,810	843,574	756,849
Total revenues	<u>1,810,497</u>	<u>1,670,046</u>	<u>1,645,086</u>
Expenses			
Operating expenses	1,029,872	975,949	1,160,038
Depreciation	266,637	266,288	292,175
Nonoperating expenses	89,825	124,889	130,207
Extraordinary loss - fire	202,233	-	-
Total expenses	<u>1,588,567</u>	<u>1,367,126</u>	<u>1,582,420</u>
Change in net position	<u>221,930</u>	<u>302,920</u>	<u>62,666</u>
Net position - beginning	1,280,424	977,504	914,838
Net position - ending	<u>\$ 1,502,354</u>	<u>\$ 1,280,424</u>	<u>\$ 977,504</u>

Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of capital outlay and debt repayment in addition to operations and nonoperating revenue and expenses and contributions. Depreciation is not reflected in the budget since it does not affect funds available. Funds available (current assets, exclusive of property taxes receivable, less current liabilities, exclusive of current portion of long-term debt) increased by \$352,735.

The Covid-19 pandemic required periodic closures of the District's restaurant and lounge, and periodic closures of various recreational centers. The District adjusted operations and budgets accordingly, and ended 2020 \$114,350 higher in actual revenues than budgeted, due to increased golf demand, and \$208,310 lower in expenses than budgeted.

**Grand Lake Metropolitan Recreation District
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020
(continued)**

Capital Assets

The District's investment in capital assets, net of depreciation, as of December 31, 2020, 2019 and 2018 was as follows:

	December 31,		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land	\$ 1,368,736	\$ 1,357,666	\$ 1,357,666
Water rights	41,800	41,800	41,800
Building	1,560,114	1,614,275	1,614,275
Improvements	1,783,297	1,783,297	1,783,297
Equipment	1,431,181	1,801,301	1,804,517
Total assets	<u>6,185,128</u>	<u>6,598,339</u>	<u>6,601,555</u>
Accumulated depreciation	<u>(4,206,657)</u>	<u>(4,208,647)</u>	<u>(3,957,975)</u>
Net capital assets	<u>\$ 1,978,471</u>	<u>\$ 2,389,692</u>	<u>\$ 2,643,580</u>

Additional information relating to the District's capital assets activity can be found in Note 4 of this report.

To mitigate the effects of the East Troublesome Fire, the District, in 2021, is anticipating insurance reimbursements to construct a new cart barn, acquire new golf carts, repair golf course infrastructure, and begin reforestation efforts.

Debt Administration

As of December 31, 2020 the District had total debt obligations of \$2,041,611, which consists of revenue bonds, general obligation bonds, and capital lease obligations. During 2020, \$344,246 of G.O. debt was retired.

Additional detail on the District's debt is in Note 5 of this report.

Economic Factors and Next Year's Budget

Weather conditions, wildfires, and the completion of facility repairs will play major roles in the District's revenue generation in 2021. Further, while a lesser impact is anticipated than during 2020, the overall effects of the Covid-19 pandemic, which is ongoing in 2021, aren't determinable as of the date of this report.

The 2021 budgeted amount for capital expenditures is \$325,000, which is expected to be funded by insurance proceeds from claims filed due to East Troublesome Fire losses.

**Grand Lake Metropolitan Recreation District
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020
(continued)**

Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

District Administrator
Grand Lake Metropolitan Recreation District
alisong@grandlakerecreation.com

BASIC FINANCIAL STATEMENTS

Grand Lake Metropolitan Recreation District

STATEMENT OF NET POSITION

December 31, 2020

ASSETS

Current assets

Cash and cash equivalents	\$ 252,045
Cash and cash equivalents - restricted	136,252
Investments	1,100,184
Property taxes receivable	752,353
Inventory	17,291
Prepaid expenses and other	5,478
Total current assets	2,263,603

Capital assets, net

Land	1,368,736
Water rights	41,800
Depreciable property, net	567,935
Total capital assets	1,978,471

Other assets

Deposits	965
Total other assets	965
Total assets	4,243,039

DEFERRED OUTFLOWS of RESOURCES

Deferred loss on advanced refunding	114,564
Total deferred outflows of resources	114,564

Total assets and deferred outflows of resources	\$ 4,357,603
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LIABILITIES

Current liabilities

Accounts payable	\$ 10,630
Accrued salaries, benefits and related liabilities	22,654
Accrued interest payable	4,264
Accrued vacation	5,261
Current portion of long-term debt	316,090
Total current liabilities	358,899

Long-term liabilities

Bonds payable	1,743,997
Total long-term liabilities	1,743,997
Total liabilities	2,102,896

DEFERRED INFLOWS OF RESOURCES

Deferred property taxes	752,353
Total deferred inflows of resources	752,353

NET POSITION

Net investment in capital assets	-
Restricted	535,929
Unrestricted	966,425
Total net position	\$ 1,502,354

*The accompanying Notes to Financial Statements
are an integral part of these statements.*

Grand Lake Metropolitan Recreation District
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2020

OPERATING REVENUES	
Golf course and other recreation	\$ 837,215
Lounge and restaurant	117,327
Miscellaneous income	33,145
Total operating revenues	<u>987,687</u>
OPERATING EXPENSES	
Cost of goods sold	68,318
Cost of services	594,120
General and administrative	367,434
Depreciation and amortization	266,637
Total operating expenses	<u>1,296,509</u>
OPERATING INCOME (LOSS)	<u>(308,822)</u>
NONOPERATING REVENUES	
Property taxes	755,140
Specific ownership taxes	57,048
Net investment income	10,622
Total nonoperating revenues	<u>822,810</u>
NONOPERATING EXPENSES	
County Treasurer fees	37,827
Interest	51,998
Total nonoperating expenses	<u>89,825</u>
INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS	<u>424,163</u>
EXTRAORDINARY ITEM	
Loss on capital assets - fire destruction	<u>(202,233)</u>
CHANGE IN NET POSITION	221,930
NET POSITION - beginning of year	<u>1,280,424</u>
NET POSITION - end of year	<u><u>\$ 1,502,354</u></u>

*The accompanying Notes to Financial Statements
are an integral part of these statements.*

Grand Lake Metropolitan Recreation District
STATEMENT OF CASH FLOWS
Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 987,687
Payments to suppliers for goods and services	(447,527)
Payments to employees for services	(549,993)
Net cash provided (used) by operating activities	<u>(9,833)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	755,140
Specific ownership taxes	57,048
County Treasurer's fees	(37,827)
Net cash provided (used) by noncapital financing activities	<u>774,361</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of fixed assets	(20,820)
Debt principal payments	(344,245)
Interest paid on debt	(65,373)
Net cash provided (used) by capital and related financing activities	<u>(430,438)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net redemption/(purchase) of investments	(139,728)
Interest earnings received	10,622
Net cash provided (used) by investing activities	<u>(129,106)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	204,984
CASH AND CASH EQUIVALENTS - beginning of year	<u>183,313</u>
CASH AND CASH EQUIVALENTS - end of year	<u><u>\$ 388,297</u></u>

(continued)

The accompanying Notes to Financial Statements are an integral part of these statements.

Grand Lake Metropolitan Recreation District
STATEMENT OF CASH FLOWS
For the years ended December 31, 2020 and 2019
(continued)

**RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income (loss)	<u>\$ (308,822)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation and amortization	266,637
Change in assets and liabilities:	
(Increase) decrease in:	
Inventory	18,955
Increase (decrease) in:	
Accounts payable	8,683
Accrued salaries, benefits and related liabilities	<u>4,714</u>
Total adjustments	<u>298,989</u>
Net cash provided (used) by operating activities	<u><u>\$ (9,833)</u></u>

The accompanying Notes to Financial Statements are an integral part of these statements.

Grand Lake Metropolitan Recreation District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Note 1 – Definition of reporting entity

Grand Lake Metropolitan Recreation District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in the Grand Lake, Colorado vicinity. The District was organized in 1959 to provide general and specialized recreational activities, including but not limited to golf, cross-country skiing, tennis, and other general sports and recreation activities.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set 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 District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Note 2 – Summary of significant accounting policies

The more significant accounting policies of the District are described as follows:

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

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

Basis of Accounting

The District's financial statements are reported as an enterprise, using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and payments on loans are recorded as reductions in liabilities.

Grand Lake Metropolitan Recreation District

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

Enterprise Funds

Enterprise funds are proprietary funds used to account for operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Operating revenues and expenses

The District distinguishes between operating revenues and expenses from nonoperating items in the Statements of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and delivering goods in connection with the District's purpose of providing recreation service and activities to its customers. Operating revenues consist of charges to customers for service and goods provided. Operating expenses include the cost of service, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Cash equivalents

For purposes of the Statement of Cash Flows, the District considers cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition, to be cash equivalents.

Property Taxes

Property taxes are levied based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November and December. The County Treasurer remits the taxes collected monthly to the District. Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Grand Lake Metropolitan Recreation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2020

Capital assets

Capital assets include land, water rights, buildings and improvements, and equipment. Capital assets are defined by the District as those assets with an initial, individual cost of \$5,000 or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives, ranging from 3 to 20 years.

Water rights

The cost of water rights includes acquisition cost, and legal and engineering costs related to the development and augmentation of those rights. Water rights have a perpetual life, thus the cost is not amortized. All other costs, including costs incurred for the protection of those rights are expensed.

Inventory valuation

Merchandise inventory for resale is valued at cost on a first-in, first-out basis.

Compensated absences

The District has a policy that allows employees to accumulate unused paid time off up to a certain maximum hours. Compensated absences are accrued when incurred in the financial statements.

Debt issue costs

Debt issuance costs are expensed in the period incurred.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements.

Grand Lake Metropolitan Recreation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2020

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until then. The District has a deferred loss on refunding reported in the statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources until then. The District has deferred property tax revenue. This item has been reported as a deferred inflow on the statement of net position.

Note 3 – Cash and investments

Cash and investments are reflected on the December 31, 2020 Statements of Net Position as follows:

Cash and cash equivalents	\$	252,045
Cash and cash equivalents - restricted		136,252
Investments		1,100,184
Total cash and investments	\$	<u>1,488,481</u>

Cash and investments as of December 31, 2020 consist of the following:

Deposits with financial institutions	\$	388,297
Investments		1,100,184
Total cash and investments	\$	<u>1,488,481</u>

At December 31, 2020, the District's cash deposits had bank balances of \$384,053 carrying balances of \$388,297.

Grand Lake Metropolitan Recreation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2020

Deposits with financial institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2020 the federal insurance limit was \$250,000. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has not adopted a deposit policy for custodial credit risk. As of December 31, 2020, the District's bank balances and carrying balances were insured or collateralized as follows:

Bank balances:	
Federally insured	\$ 134,053
Collateralized	250,000
Total bank balances	<u>\$ 384,053</u>

Carrying balances:	
Federally insured	\$ 138,297
Collateralized	250,000
Total carrying balances	<u>\$ 388,297</u>

Investments

The District's investment policy restricts investments to only those permitted by state statutes. Additionally, the District's policy is to hold investments until maturity.

The District primarily limits its investments to certain money market funds, federal government and agency securities, and local government investments pools, which are believed to have 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 custodial credit risk for investments that are in the possession of another party.

Grand Lake Metropolitan Recreation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2020

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest including the following:

- . Obligations of the United States and certain U.S. government agency securities
- . Certain international agency securities
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

As of December 31, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	435,150
Colorado Surplus Asset Fund Trust (CSAFE) - Colorado CORE	Weighted average under 180 days	665,034
Total investments		<u>\$ 1,100,184</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The Trust offers funds in two portfolios, CSAFE Cash (CSAFE) and CSAFE Colorado Core (CORE). The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each CSAFE share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE measures all of its investments at amortized cost with a weighted average maturity of 60 days or less. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. CORE authorized securities primarily include highly rated commercial paper and corporate bonds, bank deposits (collateralized through PDPA) and other Colorado LGIP funds inclusive of other funds offered by the

Grand Lake Metropolitan Recreation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2020

Trust as allowed. CORE operates similarly to a money market fund and each share is equal in value to \$2.00. CORE measures all of its investments at amortized cost with a weighted average maturity of 180 days or less. CORE is rated AAf/S1 by Fitch Ratings. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Restricted cash and investments

As of December 31, 2020, the District had restricted cash of \$25,000 for emergencies as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 8), and 111,252 restricted for parks and recreation related to receipt of lottery funds.

Note 4 – Capital assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance at December 31, 2019	Increases	Adjustments/ Decreases	Balance at December 31, 2020
Capital assets, not being depreciated				
Land	\$ 1,357,666	\$ 11,070	\$ -	\$ 1,368,736
Water rights	41,800	-	-	41,800
Total capital assets, not being depreciated	<u>1,399,466</u>	<u>11,070</u>	<u>-</u>	<u>1,410,536</u>
Capital assets being depreciated				
Buildings	1,614,275	-	(54,161)	1,560,114
Improvements	1,783,297	-	-	1,783,297
Equipment	1,801,301	9,750	(379,870)	1,431,181
Total capital assets being depreciated	<u>5,198,873</u>	<u>9,750</u>	<u>(434,031)</u>	<u>4,774,592</u>
Accumulated depreciation	<u>4,208,647</u>	<u>213,189</u>	<u>(215,179)</u>	<u>4,206,657</u>
Total capital assets being depreciated, net	<u>990,226</u>	<u>(203,439)</u>	<u>(218,852)</u>	<u>567,935</u>
Capital assets, net	<u>\$ 2,389,692</u>	<u>\$ (192,369)</u>	<u>\$ (218,852)</u>	<u>\$ 1,978,471</u>

Depreciation expense of \$213,189 for the year ended December 31, 2020 was charged to operating expenses.

Grand Lake Metropolitan Recreation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2020

Note 5 – Long term obligations

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2020:

	Balance at December 31, 2019	Additions	Reductions	Balance at December 31, 2020	Due Within One Year
Bonds:					
Series 2003 Refunding	\$ 130,000	\$ -	\$ (30,000)	\$ 100,000	\$ 35,000
Series 2012 Refunding	2,210,000	-	(275,000)	1,935,000	270,000
Direct Borrowings and Direct Placements:					
Capital Lease	45,857	-	(39,246)	6,611	6,611
Other:					
Premium on 2012 Bonds	23,557	-	(5,081)	18,476	4,479
	<u>\$ 2,409,414</u>	<u>\$ -</u>	<u>\$ (349,327)</u>	<u>\$ 2,060,087</u>	<u>\$ 316,090</u>

2003 Revenue Refunding Bonds

In July 2003, the District issued \$570,000 in Revenue Refunding and Improvement Bonds, Series 2003. These bonds bear interest rates ranging from 1.65% to 5.25%. Interest payments are due in May and November of each year, and principal payments are due in November of each year, with final payment due in 2023.

2012 General Obligation Refunding Bonds

General Obligation Refunding Bonds, Series 2012, were issued on August 28, 2012 in the amount of \$3,540,000, with variable interest rates starting at 2% in 2012 and ranging up to 3%. The bonds were issued to advance refund a portion of the outstanding Series 2006 General Obligation Bonds. Net proceeds of \$3,614,305, including \$60,657 of issuance costs including underwriter fees and other professional costs, and \$160,000 of District funds were deposited with an escrow agent to provide for all future debt service payments on the 2006 series bonds. As a result, the 2006 series bonds are considered to be defeased, and the liability for those bonds has been removed from the statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the carrying amount of the old debt of \$460,743. This difference, reported in the statement of net position as a deferred outflow of resources, is being charged through operations through 2027, using the effective-interest method.

The bonds were issued at a premium (difference between the face value and issue price) of \$74,305. This difference, reported in the statement of net position as an addition to bonds payable, is being charged through operations through 2027, using the effective-interest method.

Grand Lake Metropolitan Recreation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2020

The advance refunding resulted in a net economic gain (difference between the present value of the old and new debt service payments) of \$193,527. The difference in cash flows required to service the old and new debt is \$237,046 less on the new debt.

The bonds constitute general obligations of the District. All of the taxable property in the District is subject to the levy of an ad valorem tax to pay the principal and interest on the bonds. The net proceeds of the issuance were used to finance forest management, building maintenance, and irrigation system improvements.

Annual debt service requirements for the District's bond obligations are as follows:

	2003 Revenue Refunding Bonds			2012 G.O Refunding Bonds			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 30,000	\$ 5,250	\$ 35,250	\$ 270,000	\$ 51,169	\$ 321,169	\$ 300,000	\$ 56,419	\$ 356,419
2022	35,000	3,675	38,675	275,000	44,419	319,419	310,000	48,094	\$ 358,094
2023	35,000	1,837	36,837	275,000	37,544	312,544	310,000	39,381	\$ 349,381
2024	-	-	-	275,000	30,669	305,669	275,000	30,669	\$ 305,669
2025	-	-	-	280,000	23,450	303,450	280,000	23,450	\$ 303,450
2026-2027	-	-	-	560,000	23,800	583,800	560,000	23,800	\$ 583,800
Total	<u>\$ 100,000</u>	<u>\$ 10,762</u>	<u>\$ 110,762</u>	<u>\$ 1,935,000</u>	<u>\$ 211,051</u>	<u>\$ 2,146,051</u>	<u>\$ 2,035,000</u>	<u>\$ 221,813</u>	<u>\$ 2,256,813</u>

Debt authorization

The District has authorized but unissued indebtedness of \$5,000 at December 31, 2020.

Note 6 – Capital leases

The District entered into three agreements to lease equipment in 2016. These agreements are, in substance, purchases of capital assets as they contain bargain purchase option prices. Interest rates range from 0% to 7.87%. Maturities range from 2019 to 2021. As of December 31, 2020, one final payment remains, due in May of 2021, in the principal amount of \$6,611 and interest of \$20.

Note 7 – Net position

The District reports net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2020, the District had a net investment in capital assets as follows:

Grand Lake Metropolitan Recreation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2020

Capital assets, net	\$ 1,978,471
Current portion of outstanding long-term obligations	(316,090)
Noncurrent portion of outstanding long-term obligations	(1,743,997)
Excess of assets written off (Note 11) over book value net of debt	<u>81,616</u>
Net investment in capital assets	<u><u>\$ -</u></u>

Restricted assets include net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2020, the District had restricted net position as follows:

Emergencies (Note 10)	\$ 25,000
Parks and recreation - lottery proceeds	111,252
Debt Service (Note 5)	<u>399,677</u>
	<u><u>\$ 535,929</u></u>

The District had unrestricted net position of \$966,425 and total net position of \$1,502,354 as of December 31, 2020.

Note 8 – Deferred compensation plans

The District offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan is available to all employees including support staff and is administered by ICMA Retirement Corporation.

The Plan is funded through contributions of up to a maximum limit set by the Internal Revenue Service. The District contributes 6.2% of gross wages to the Plan on behalf of all full-time employees. For the year ended December 31, 2020, the District contributed \$14,915 to the Plan. The District has no liability for losses under the Plan, as it is not the Trustee. Consequently, the Plan is not reported in the District's financial statements.

Note 9 – Risk management

The District is exposed to various risks of loss related to torts; thefts of, damage to or destruction of assets; errors or omissions; injuries to employees or acts of God.

The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool), which is sponsored by the Special District Association of Colorado. The Pool is an organization created by an intergovernmental agreement to provide property, liability, public official liability, boiler and machinery and workers

Grand Lake Metropolitan Recreation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2020

compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three years.

The District pays annual premiums to the Pool for property, general liability and public official liability coverage. Members of the Pool may be required to make additional surplus contributions in the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to the distribution formula. During 2020, the Pool made no distributions to the District.

Note 10 – Tax, spending and debt limitations

Article X, Section 20 of the Colorado constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. While the District receives more than 10% of its revenue from government sources, the District's management believes a significant portion of its operations qualifies for this exclusion.

Spending and revenue limits are determined based on the prior year's fiscal year spending as adjusted for allowable increases for inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless retention of such revenue has been approved by the voters.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. The District has reserves of \$25,000 restricted in compliance of this requirement.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise will require judicial interpretation.

On November 2, 1999, the District voters approved a ballot question to remove the revenue and spending limitations of TABOR from the entire District.

Grand Lake Metropolitan Recreation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2020

Note 11 – Extraordinary loss – East Troublesome Fire

In October of 2020, a large wildfire began in the Arapahoe National Forest and spread to Rocky Mountain National Park and the Grand Lake, Colorado vicinity. The fire destroyed property throughout the District's boundaries, including trees, buildings and equipment. The damage led to the absorption of considerable extra costs, and a loss on book value of assets totaling \$202,223, which is reported as an extraordinary loss on the statement of revenues, expenses, and changes in net position.

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SUPPLEMENTAL INFORMATION

Grand Lake Metropolitan Recreation District
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES			
Pro Shop sales	\$ 618,800	\$ 759,449	\$ 140,649
Food and beverage sales	123,000	117,327	(5,673)
General recreation	5,100	4,367	(733)
Touring center	121,195	73,399	(47,796)
Property taxes	755,325	755,140	(185)
Specific ownership taxes	40,000	57,048	17,048
Interest income	19,727	10,622	(9,105)
Lottery	12,000	13,363	1,363
Other income	1,000	19,782	18,782
Total Revenues	<u>1,696,147</u>	<u>1,810,497</u>	<u>114,350</u>
EXPENDITURES			
Pro shop	214,790	348,911	(134,121)
Maintenance	416,373	394,058	22,315
Food and beverage	156,212	83,062	73,150
Property management	126,889	16,634	110,255
General recreation	41,508	16,564	24,944
Touring center	182,908	47,376	135,532
General and administrative	152,518	207,549	(55,031)
Bond and lease principal payments	305,000	305,000	-
Interest payments	64,874	65,608	(734)
Emergency	32,000	-	32,000
Total Expenditures	<u>1,693,072</u>	<u>1,484,762</u>	<u>208,310</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,075</u>	<u>325,735</u>	<u>322,660</u>
BEGINNING FUNDS AVAILABLE	<u>1,069,946</u>	<u>1,142,706</u>	<u>72,760</u>
ENDING FUNDS AVAILABLE	<u>\$ 1,073,021</u>	<u>\$ 1,468,441</u>	<u>\$ 395,420</u>

**RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT
OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

Revenues (budgetary basis)	\$ 1,810,497
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>1,810,497</u>
Expenditures (budgetary basis)	1,484,762
Depreciation and amortization	266,637
Debt principal payments	(344,245)
Capital outlay	(20,820)
Extraordinary loss on capital assets - fire destruction	202,233
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	<u>1,588,567</u>
Change in net position per Statement of Revenue, Expenses and Changes in Net Position	<u>\$ 221,930</u>