

MOUNTAIN RECREATION METROPOLITAN DISTRICT
EAGLE COUNTY, COLORADO

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

MOUNTAIN RECREATION METROPOLITAN DISTRICT
FOR THE YEAR ENDED
DECEMBER 31, 2020

Board of Directors

Liz Jones – Chairman
Mike McCormack – Vice Chairman
Chris Pryor – Secretary/ Treasurer
Mikayla Curtis – Director
Thomas Pohl – Director

Administrative Staff

Janet Bartnik - Director
Alethea Platter – Accounting Manager

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Officers and Directors
Mountain Recreation Metropolitan District
Edwards, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Mountain Recreation Metropolitan District, Colorado, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* and *budgetary comparison information* as listed in the table of contents to 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

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise District's basic financial statements. The *Other Supplemental Information* as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The *Other Supplemental Information* is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 *Other Supplemental Information* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maggard & Hood, P.C.

MAGGARD & HOOD, P.C.
Glenwood Springs, Colorado
July 8, 2021

MOUNTAIN RECREATION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Established in 1980, the Mountain Recreation Metropolitan District, (the "District") has continually strived to provide the communities of Eagle County with a wide variety of quality, affordable recreational activities and facilities. The District's boundaries encompass an estimated area of 840 square miles in Eagle County, Colorado including the communities of Eagle, Edwards, Gypsum, Bond, McCoy, Cordillera, Lake Creek and Wolcott.

The Management's Discussion and Analysis of the Mountain Recreation Metropolitan District's financial performance provides an overview of the District's financial activities for the fiscal year. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended December 31, 2020 are as follows:

- The mill levy assessed by the District is 3.650 mills. These levies are assessed on all taxable properties within the District boundaries located in Eagle County.
- The District's *overall* net position increased \$366,931, or 2.27 % from the previous fiscal year.
- General Revenues accounted for \$3,068,468 or 60.9% of all revenues. These general revenues include taxes, grants, interest and other revenues not related to specific programs. Program specific revenues, in the form of charges for services, operating and capital grants and contributions, were \$1,969,742 or 39.1% of the District's total revenues of \$5,038,210.
- The District had \$4,671,279 of expenses. Of these expenses, \$1,969,742 were offset by program specific revenues. General Revenues (primarily property taxes) were adequate to provide for the remaining expenses, including depreciation of capital assets.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two types of information on the same statement that present different views of the District:

- *Government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- *Fund financial statements* that focus on *individual parts* of the District government, reporting the District's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Additional supplemental information has also been included to enhance the reader's understanding of the financial statements.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2020

REPORTING ON THE DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

While this report contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, “How did we do financially during the fiscal year?” The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting, similar to that used by most private sector companies, taking into account all of the current year’s revenues and expenses regardless of when cash was received or paid.

The focus of these government-wide financial statements is on the overall financial position and activities of the District. These financial statements are constructed around the concept of a primary government, the District.

The statement of net position and statement of activities report the District’s *net position* and changes therein. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the District’s property tax base, current property tax laws, statutorily required reserves, facility conditions, frequency of fires within the District and other factors. In the statement of net position and the statement of activities, the District’s operations are reported as a “Governmental Activity.” Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. All of the District’s programs and services are currently reported here.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District’s *funds*, focusing on its most significant funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District’s major governmental funds include the General Fund and Conservation Trust Fund. Like other state and local governments, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Unlike government-wide financial statements, the focus of the fund financial statements is directed to specific activities of the District rather than the District as a whole. Such information may be useful in evaluating a government’s near-term financing requirements.

Governmental Funds

The District’s activity is reported as a governmental fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. The governmental fund statements provide a detailed *short-term view* of the District’s general government operations and the basic services it provides. The funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is provided in reconciliations following the fund financial statements. The District maintains the following governmental funds:

General Fund – used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Conservation Trust Fund – used to account for funds received and restricted as to use in acquisition, development and maintenance of conservation sites pursuant to Colorado Revised Statutes. The fund has been designated by management to be used for all outdoor facility maintenance and operational expenses, as an approved conservation expenditure.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2020

NOTES TO THE FINANCIAL STATEMENTS

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

THE DISTRICT AS A WHOLE

Statement of Net Position

The perspective of the Statement of Net Position is of the District as a whole. Following is a summary of the District's net position for the current and prior fiscal year:

	<u>Governmental Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
<u>ASSETS:</u>			
Current and Other Assets	\$ 7,474,510	\$ 7,528,681	\$ (54,171)
Capital Assets, Net	<u>12,210,892</u>	<u>11,673,434</u>	<u>537,458</u>
Total Assets	<u>19,685,402</u>	<u>19,202,115</u>	<u>483,287</u>
<u>LIABILITIES:</u>			
Current and Other Liabilities	<u>445,066</u>	<u>348,571</u>	<u>96,495</u>
Total Liabilities	<u>445,066</u>	<u>348,571</u>	<u>96,495</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable Revenues - Property Taxes	<u>2,737,857</u>	<u>2,717,996</u>	<u>19,861</u>
<u>NET POSITION:</u>			
Invested in Capital Assets, Net of Related Debt	12,210,892	11,673,434	537,458
Restricted for Conservation Trust	-	-	-
Restricted for Emergencies	156,000	157,000	(1,000)
Unrestricted	<u>4,135,587</u>	<u>4,305,114</u>	<u>(169,527)</u>
Total Net Position	<u>\$ 16,502,479</u>	<u>\$ 16,135,548</u>	<u>\$ 366,931</u>

The District's current assets decreased from the prior year. This is primarily due to the District's programs temporarily ceasing due to Covid-19 pandemic resulting in less membership and program revenues to offset facility and staffing costs.

The increase in Capital Assets is the result of the capitalization of construction costs related to the Fairgrounds Facility upgrades.

The increase in deferred inflows of resources, which consists of property taxes to be collected in 2021, reflects changes in the overall assessed valuation of properties within the District's boundaries. This will impact the amount of funds available to provide recreation programs and service during the next fiscal year.

The net position of the District improved over the past fiscal year. This is primarily due to the capitalization of construction costs reported as invested in capital assets Net of Related Debt. This amount reflects total capital assets less the outstanding long-term obligations thereon. The restricted portion of District's net position reflects statutorily required Emergency Reserves (*see Note 10*).

MOUNTAIN RECREATION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2020

THE DISTRICT AS A WHOLE – CONTINUED

Statement of Activities

The perspective of the Statement of Activities is also of the District as a whole. The statement of activities reflects the cost of program services and the charges for services and sales, grants and contributions offsetting those costs. The following detail reflects the total cost of services supported by program revenues and general property taxes, as well as other general revenues, resulting in the overall change in net position for the current fiscal year:

	Governmental Activities		
	2020	2019	Increase (Decrease)
<u>REVENUES:</u>			
<i>Program Revenues:</i>			
Charges for Services & Sales -			
Eagle Pool/ Ice Rink	\$ 319,598	\$ 487,932	\$ (168,334)
Gypsum Recreation Center	976,848	1,502,437	(525,589)
Edwards Field House	319,037	518,277	(199,240)
Outdoor Recreation Programs	172,538	257,756	(85,218)
Operating Grants & Contributions	127,491	140,741	(13,250)
Capital Grants & Contributions	54,230	-	54,230
<i>General Revenues:</i>			
Property Taxes	2,703,367	2,530,435	172,932
Specific Ownership Taxes	134,995	137,050	(2,055)
Interest & Other Income	158,846	203,984	(45,138)
Miscellaneous	71,260	3,827	67,433
Total Revenues	5,038,210	5,782,439	(744,229)
<u>EXPENSES:</u>			
Administration	1,306,071	1,187,657	(118,414)
Eagle Pool/Ice Rink	782,448	960,185	177,737
Gypsum Recreation Center	1,378,438	1,708,984	330,546
Edwards Field House	717,669	930,138	212,469
Outdoor Recreation Programs	486,653	738,275	251,622
Total Expenses	4,671,279	5,525,239	853,960
Increase (Decrease) in Net Position	\$ 366,931	\$ 257,200	\$ 109,731

The District's revenues include property taxes assessed in the prior year and collected in the current year to support general operations. The District's program expenses consist of operational expenses and depreciation expense on capital assets. Current year operating grants and contributions consist of Conservation Trust lottery monies received. Overall net position increased \$366,931 from the prior fiscal year.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2020

THE DISTRICT AS A WHOLE – CONTINUED

As indicated above, the statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following table summarizes the information from the statement of activities, reflecting the total cost of program services, and the remaining net cost of program services which are supported by taxes and other general revenues:

	<u>Total Cost of Service</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Administration	\$ 1,306,071	\$ 1,187,657	\$ 1,306,071	\$ 1,187,657
Eagle Pool/Ice Rink	782,448	960,185	462,850	472,253
Gypsum Recreation Center	1,378,438	1,708,984	401,590	206,547
Edwards Field House	717,669	930,138	398,632	411,861
Outdoor Rec. Programs	<u>486,653</u>	<u>738,275</u>	<u>132,394</u>	<u>339,778</u>
Total Expenses	<u>\$ 4,671,279</u>	<u>\$ 5,525,239</u>	<u>\$ 2,701,537</u>	<u>\$ 2,618,096</u>

For all programs provided by the District, the dependence on taxes and other general revenues is apparent. For 2020 and 2019 approximately 58% and 47% of program services were supported through taxes and other general revenues. The community as a whole is the primary support for the District's activities.

THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending. As discussed above, for financial reporting purposes the District's General Fund and Conservation Trust Fund are considered governmental funds and are reported on the modified accrual basis of accounting. At the fund level, under the modified accrual basis of accounting, depreciable assets and their related depreciation expense are not reflected as they are not a current period financial resource or use. In addition, at the fund level, inflows from operating loans are presented as a revenue item while outflows for capital outlay and debt service payments are presented as an expenditure item, as these items represent current period financial resources and uses.

The General Fund ending fund balance decreased \$166,267 from \$4,528,200 to \$4,361,933 during the current fiscal year. This represents the excess of current period expenses (financial uses) over current period revenues (financial resources). The ending fund balance of \$4,361,933 is the amount of net resources available for future spending. Most financial resources are from property and specific ownership taxes, as well as program fees. The majority of expenses are directly related to providing recreation programs and maintenance of recreation facilities.

The Conservation Trust Fund ending fund balance did not change from the prior fiscal year. The fund balance remains at \$0. The ending fund balance of \$0 is the amount of net resources available for future Conservation Trust purposes.

The District, pursuant to the TABOR Amendment, reserves funds for emergencies. As discussed in the notes of the financial statements, the District reserves 3% of the total of all operational expenses every fiscal year. As operational expenses increase, this reserve will grow accordingly. At the end of each fiscal year, if the emergency reserves were not used, the funds are carried into the next year's operational funds.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 December 31, 2020

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's procedures in establishing budgetary data reflected in the financial statements are summarized in *Note I (D)* of the financial statements. The Board of Directors and management strive to budget appropriate amounts for each line item. This year's budget variations are not expected to have a significant effect on future services or liquidity.

General Fund Resources (Inflows)

The District's general fund final budgetary revenues and other financing sources in the amount of \$4,811,451 fell below budgeted expectations of \$5,553,877 by \$742,426, or 13%. This negative variance resulted from the District temporarily ceasing and limiting operations during the Covid-19 pandemic. Tax revenues in the form of specific ownership taxes on motor vehicles, other governmental support and investment earnings made up for shortfalls in program revenues. It is not anticipated that these variances will have a significant impact on future services.

General Fund Charges to Appropriations (Outflows)

The District's general fund final budgetary expenditures and other financing uses in the amount of \$3,987,748 were \$1,251,378 less than the final appropriated balance of \$5,239,126. Savings occurred in all budgeted departments due to the temporary shutdown of facilities and limiting recreation programs as a result of the Covid-19 pandemic. The following savings were noted Administration 7.3%, Eagle Pool Ice Rink 25.5%, Gypsum Recreation Center 24.43%, Edwards Fieldhouse 34.69%, Outdoor Recreation 41.29% and Capital Expenditures 56.38%.

General Fund Unappropriated Fund Balance

The General Fund ending fund balance carryover to fiscal year 2021 is \$4,361,933.

CAPITAL ASSETS

At the end of 2020, the District had a total of \$12,210,892 invested in capital assets of governmental activities. The following reflects the balances at the current and prior fiscal year-end:

<u>Capital Assets Net of Depreciation</u>	<u>2020</u>	<u>2019</u>
Edwards Field House/Equipment	\$ 6,541,939	\$ 6,720,700
Pool and Ice Rink Facility and Equipment	1,837,549	1,906,135
Outdoor Recreation Equipment	3,491,979	2,660,044
Gypsum Recreation Center Equipment	223,920	255,356
General Recreation Equipment	5,449	7,184
Administration	<u>110,056</u>	<u>124,015</u>
 Total Capital Assets	 <u>\$ 12,210,892</u>	 <u>\$ 11,673,434</u>

DEBT ADMINISTRATION

The District has no outstanding debt.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2020

ECONOMIC CONDITIONS AND OUTLOOK

In 2021, the District will continue its policy of providing extended recreation services for the residents within the District's boundaries consistent with available resources, as well as operations of the Gypsum Recreation Center, the Eagle Pool and Ice Rink facilities and the Edwards Field House. The District provides opportunities for its constituents to partake in a variety of recreational activities including sports as swimming, soccer, ice hockey, tennis, gymnastics, lacrosse, volleyball, basketball, pickleball and football, as well as a wide-reaching menu of health and wellness, outdoor recreation, and licensed school age childcare programs and services. The District's 2021 budget strategy is to levy an operating mill levy to cover the shortfall in fees collected compared to the general operating costs (including capital replacement expenditures) of the District. For the purposes of meeting all general operating expenses of the District during the next budget year, the District has levied a tax of 3.650 mills upon the total 2021 assessed valuation of taxable property within the District.

Following a name change and freshly distilled vision and mission for the Mountain Recreation Metropolitan District in 2018, the Mountain Rec Board approved a strategic plan with seven priorities. One of those priorities is centered around converting recreation centers into community centers and expanding district facilities to meet our growing community's needs. Following an ASK/LISTEN, PLAN, DELIVER model community engagement process, Mountain Recreation has studied all three major service hubs (Edwards, Eagle, and Gypsum) to create improvement plans for programs and services in each area. With the pandemic in play in early 2020, progress on bringing these plans to fruition was halted. After a year's hiatus, Mountain Rec restarted work toward ensuring that services and programs evolve to meet the needs of the growing community - Every Age, Every Season, Every One. A TABOR question is being considered for placement on the November 2021 ballot that, if approved by voters, will not only relieve the pressures associated with population growth and community needs for programs and services, will also address the District's increasing burden of deferred facility maintenance.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact the:

Mountain Recreation Metropolitan District - Administration Office
PO Box 1891
Edwards, CO 81632
Phone: (970) 688-7328

GOVERNMENT - WIDE FINANCIAL STATEMENTS

MOUNTAIN RECREATION METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2020

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 4,185,073
Receivables:	
Accounts Receivable	109,634
Cash with County Treasurer	11,007
Other Intergovernmental	320,154
Property Taxes	2,737,857
Prepaid Expenses	110,785
Capital Assets:	
Capital Assets, Net of Accumulated Depreciation	<u>12,210,892</u>
 TOTAL ASSETS	 <u>19,685,402</u>
<u>LIABILITIES:</u>	
Accounts Payable	177,024
Accrued Wages & Related Liabilities	33,358
Unearned Revenue	116,265
Other Liabilities	48,073
Long-term Obligations:	
Accrued Vacation and Comp Time	<u>70,346</u>
 TOTAL LIABILITIES	 <u>445,066</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>	
Unavailable Revenues – Property Taxes	<u>2,737,857</u>
 TOTAL DEFERRED INFLOW OF RESOURCES	 <u>2,737,857</u>
<u>NET POSITION:</u>	
Invested in Capital Assets, Net of Related Debt	12,210,892
Restricted for Conservation Trust	-
Restricted for Emergencies	156,000
Unrestricted	<u>4,135,587</u>
 TOTAL NET POSITION	 <u>\$ 16,502,479</u>

The accompanying notes are an integral part of these financial statements.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2020

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
Expenses	Charges For Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
GOVERNMENTAL ACTIVITIES:					
Administration	\$ 1,306,071	\$ -	\$ -	\$ -	\$ (1,306,071)
Eagle Pool & Ice Rink	782,448	319,598	-	-	(462,850)
Gypsum Recreation Center	1,378,438	976,848	-	-	(401,590)
Edwards Field House	717,669	319,037	-	-	(398,632)
Community Recreation	486,653	172,538	127,491	54,230	(132,394)
TOTAL PRIMARY GOVERNMENT	\$ 4,671,279	\$ 1,788,021	\$ 127,491	\$ 54,230	(2,701,537)
GENERAL REVENUES:					
					2,703,367
					134,995
					2,858
					155,988
					71,260
					Total General Revenues
					3,068,468
					Change in Net Position
					366,931
					NET POSITION BEGINNING OF YEAR
					16,135,548
					NET POSITION END OF YEAR
					\$ 16,502,479

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

MOUNTAIN RECREATION METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

	<u>General Fund</u>	<u>Special Revenue Conservation Trust Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 4,185,073	\$ -	\$ 4,185,073
Receivables:			
Accounts Receivable	109,634	-	109,634
Cash with County Treasurer	11,007	-	11,007
Other Intergovernmental	320,154	-	320,154
Property Taxes	2,737,857	-	2,737,857
Prepaid Expense	<u>110,785</u>	<u>-</u>	<u>110,785</u>
 Total Assets	 <u>\$ 7,474,510</u>	 <u>\$ -</u>	 <u>\$ 7,474,510</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE:</u>			
Liabilities:			
Accounts Payable	\$ 177,024	\$ -	\$ 177,024
Accrued Wages & Related Liabilities	33,358	-	33,358
Unearned Revenue	116,265	-	116,265
Other Liabilities	<u>48,073</u>	<u>-</u>	<u>48,073</u>
 Total Liabilities	 <u>374,720</u>	 <u>-</u>	 <u>374,720</u>
Deferred Inflow of Resources:			
Unavailable Revenue from Property Taxes	<u>2,737,857</u>	<u>-</u>	<u>2,737,857</u>
 Total Deferred Inflow of Resources	 <u>2,737,857</u>	 <u>-</u>	 <u>2,737,857</u>
Fund Balances:			
Non-Spendable	110,785	-	110,785
Restricted for Conservation Trust	-	-	-
Restricted for Emergencies	156,000	-	156,000
Unassigned	<u>4,095,148</u>	<u>-</u>	<u>4,095,148</u>
 Total Fund Balances	 <u>4,361,933</u>	 <u>-</u>	 <u>4,361,933</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 7,474,510</u>	 <u>\$ -</u>	 <u>\$ 7,474,510</u>

The accompanying notes are an integral part of these financial statements.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2020

TOTAL GOVERNMENTAL FUND BALANCES \$ 4,361,933

Amounts reported for governmental activities on the statement of net position are different because of the following:

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

Governmental Capital Assets	\$ 20,110,020	
Less Accumulated Depreciation	<u>(7,899,128)</u>	12,210,892

Some liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds:

Compensated Absences	<u>\$ (70,346)</u>	<u>(70,346)</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 16,502,479

The accompanying notes are an integral part of these financial statements.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2020

	<u>General Fund</u>	<u>Special Revenue Conservation Trust Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>			
Property Taxes	\$ 2,703,367	\$ -	\$ 2,703,367
Specific Ownership Tax	134,995	-	134,995
Taxes – Delinquent Interest	2,858	-	2,858
Eagle Pool & Ice Rink	319,598	-	319,598
Gypsum Recreation Center	976,848	-	976,848
Edwards Field House	319,037	-	319,037
Outdoor Recreation	73,270	99,268	172,538
State Lottery Funds	-	127,491	127,491
Investment Earnings	155,988	-	155,988
Capital Sponsorship	54,230	-	54,230
Miscellaneous	71,260	-	71,260
	<u>4,811,451</u>	<u>226,759</u>	<u>5,038,210</u>
<u>EXPENDITURES:</u>			
Administration	1,272,019	-	1,272,019
Eagle Pool & Ice Rink Operations	672,952	-	672,952
Gypsum Recreation Center	1,297,002	-	1,297,002
Edwards Field House	504,148	-	504,148
Outdoor Recreation	134,535	191,950	326,485
Capital Outlay – Capital Projects & Improvements	<u>107,092</u>	<u>1,024,779</u>	<u>1,131,871</u>
	<u>3,987,748</u>	<u>1,216,729</u>	<u>5,204,477</u>
Excess of Revenues Over (Under) Expenditures	823,703	(989,970)	(166,267)
Other Financing Sources and (Uses):			
Transfer from Other Funds	-	989,970	989,970
Transfer (to) Other Funds	<u>(989,970)</u>	<u>-</u>	<u>(989,970)</u>
	<u>(989,970)</u>	<u>989,970</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(166,267)	-	(166,267)
FUND BALANCE – BEGINNING OF YEAR	<u>4,528,200</u>	<u>-</u>	<u>4,528,200</u>
FUND BALANCE – ENDING OF YEAR	<u>\$ 4,361,933</u>	<u>\$ -</u>	<u>\$ 4,361,933</u>

The accompanying notes are an integral part of these financial statements.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2020

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ (166,267)

Amounts reported for governmental activities on the Statement of Activities are different because of the following:

Governmental Funds report current year capital asset acquisitions as expenditures; however, on 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 capitalized assets in the current year:

	\$	1,039,410	
Capitalized Assets			
Depreciation		(501,952)	537,458

Compensated absences not payable from current resources are not reported as expenditures of the current year. In the Statement of Activities these costs represent expenses of the current year. This is the amount by which accrued vacation increased this year.

(4,260)

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 366,931

The accompanying notes are an integral part of these financial statements.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Mountain Recreation Metropolitan District, herein referred to as the District, conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Significant accounting policies of the District are described below.

A. Financial Reporting Entity

The Mountain Recreation Metropolitan District (the "District"), a political subdivision of the State of Colorado, was formed in 1980 for the purpose of providing recreational facilities for the residents and taxpayers of Eagle County.

The District is governed by an elected Board of Directors which is responsible for setting policy, appointing personnel and adopting an annual budget in accordance with state statutes.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity, nor is the District a component unit of any other government. The District's financial statements include the accounts of all District operations.

B. Basis of Presentation

GOVERNMENT-WIDE STATEMENTS

The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

B. Basis of Presentation - continued

In the statement of activities, direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

FUND FINANCIAL STATEMENTS

During the fiscal year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The District's funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations based upon the purposes for which they are to be spent and by the means by which spending activities are controlled. The various funds of the District are outlined as follows:

Governmental Funds

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures, other financing uses, and special items) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

General Fund - used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to statutory laws.

Conservation Trust Fund –used to account for proceeds of special revenue sources (lottery proceeds) that are legally restricted to expenditures for conservation purposes (park and recreation improvements). The fund has been designated by management to be used for all outdoor facility maintenance and operational expenses, as an approved conservation expenditure. Shortfalls will be supported by the General Fund.

C. Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, consist of property taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Accounting - continued

FUND FINANCIAL STATEMENTS

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The District considers all revenues available if they are collected within 60 days after year-end. The following material revenue sources are considered susceptible to accrual because they are both measurable and available to finance expenditures of the current period:

- Property Taxes
- Specific Ownership Taxes

Taxpayer-assessed local property and specific ownership taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, which is recognized when due. Proceeds of general long-term liabilities are reported as other financing sources.

D. Property Taxes Receivable and Deferred Inflows – Unavailable Property Tax Revenues

Property taxes are levied on December 15, and attach as an enforceable lien on property on January 1st of the following year. They may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th. Property taxes are levied and collected on behalf of the District by Eagle County and are reported as revenue when received by the County Treasurer. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31; however, since the taxes are not available to pay current liabilities, the receivable is recorded as deferred inflow.

E. Budgets and Budgetary Accounting

The District uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 15, the District staff submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. A “Notice of Budget” is published when the budget is received.
2. Public hearings are held to obtain taxpayer comments.
3. Prior to December 15, the Board adopts, by resolution, the budget for the ensuing fiscal year and certifies the tax levy to the Board of County Commissioners.
4. On or before December 31, the Board adopts an annual appropriating resolution in which such sums of money are appropriated as the Board deems necessary to defray all expenses and liabilities of the District during the ensuing year.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Budgets and Budgetary Accounting – continued

5. The District’s budgets are adopted on a basis consistent with generally accepted accounting principles for governmental entities. Annual appropriated budgets are adopted for all funds. The level of control in the budget at which expenditures exceed appropriations is at the fund level.
6. After adoption of the budget ordinance, the District may make by ordinance the following changes: a) supplemental appropriations to the extent of revenues in excess of the estimated budget; b) emergency appropriations; c) reduction of appropriations for which originally estimated revenues are insufficient.
7. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on final legally amended budgets.
8. Budget appropriations lapse at the end of each year.

The District legally adopted annual budgets for all of the District’s funds for 2020. The District amended its budgeted appropriations as follows:

	Original	Revised	Increase (Decrease)
General Fund	\$ 6,520,012	\$ 7,241,185	\$ 721,173
Conservation Trust Fund	\$ 1,597,792	\$ 2,208,174	\$ 610,382

The budgets for the Governmental Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

F. Cash and Cash Equivalents / Fair Value of Financial Instruments

The District’s policy in determining which items are treated as cash equivalents include cash, demand deposits, treasury bills, and other short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less. Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimate fair value. Additional cash disclosures are found in *Note 2* of the financial statements.

The District has a number of financial instruments, including cash and cash equivalents, receivables, and accounts payable, none of which are held for trading purposes. The District estimates the fair values of its financial instruments at December 31, 2020 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

G. Net Position / Fund Balance –

In the government-wide financial statements, net position is classified as follows:

Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component. Accumulated depreciation and the outstanding debt balances that are attributable to (already invested in) the acquisition, construction or improvement of these assets reduce this category.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

G. Net Position / Fund Balance – continued

Restricted – assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by various enabling legislation.

Unrestricted – represents the amount which is not restricted for any purpose. It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

In the governmental funds, fund balances are classified as follows:

Non-Spendable – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of permanently restricted funds to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, when applicable.

Restricted – when constraints are placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

Conservation Trust – Amounts on deposit received from lottery monies from the State of Colorado *restricted* for use in the acquisition, development and maintenance of new conservation and recreation sites pursuant to Colorado Revised Statutes.

Emergency Reserves – As discussed in *Note 10*, Colorado voters passed an amendment to the State Constitution, one of the provisions of which requires local governments to establish an emergency reserve which is calculated at 3% of certain expenditures. These funds may only be expended in cases of emergencies as defined by the amendment, and are used to fund appropriations only after unrestricted resources are depleted.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Board of Directors). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the residual for the general fund.

It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available. Committed and assigned amounts are considered to have been spent first when an expenditure is incurred for purposes for which such categories and unassigned amounts are available.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

H. Capital Assets

All capital assets purchased or acquired with an original cost in excess of the capitalization threshold (\$5,000) set by the District are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair value on the date of the donation. Repairs and maintenance are recorded as expenditures as incurred; while additions, improvements and capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Equipment & Furniture	5-20 years
Infrastructure	20-50 years

I. Vacation, Sick Leave and Other Compensated Absences

The District's policy is to permit full-time, non-temporary personnel to accumulate a limited amount of earned but unused vacation leave which may be paid upon separation from District service. In accordance with this criterion, the District has accrued a liability for compensated absences which is reflected in long-term obligations in the government-wide statement of net position. For governmental funds, the liability for compensated absences is not reflected since it is anticipated that none of the liability will be liquidated with expendable available current financial resources.

J. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

K. Inter-fund Receivables and Payables

To the extent that operating expenses are paid by another fund and/or transfers are made between the funds and these advances have not been repaid as of year-end, balances of inter-fund amounts receivable or payable are recorded.

J. Fair Value Measurement/ Investment Valuation

The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, fair value hierarchy categorizes the inputs used to measure the fair value into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At December 31, 2020, the District investments in CSIP were reported at the net asset value per share, measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. 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 State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in collateral pools. There is no custodial credit risk for public deposits collateralized under the PDPA.

The District has adopted a formal investment policy, the primary objectives of which are 1) Safety of Principal (to protect against the loss of any principal); 2) Liquidity (to ensure that funds are available to meet obligations as necessary; and 3) Yield (to optimize returns within the appropriate safety and liquidity restraints). The standard of a "prudent investor" is used which states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for preservation, considering the probably safety of their capital as well as the probable income to be derived. This policy applies to the investment of all financial assets and all funds of the District over which it exercises financial control."

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

- Obligations of the United States and certain U.S. governmental agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee Valley authority, and certain international agency securities, including the World Bank.
- General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- Bankers' acceptances of certain banks
- Certain securities lending agreements
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed Investment contracts
- Local government investment pools
- The investing local government's own securities including certificates of participation and lease obligations.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - CASH AND INVESTMENTS - continued

The District uses the following guidelines to ensure proper diversification:

<u>Instrument</u>	<u>% of Portfolio Allowed</u>	<u>Maximum % Per Issuer</u>
U.S. Treasuries	100%	100%
U.S. Agencies	75%	50%
Repurchase Agreements	100%	50%

COLORADO STATEWIDE INVESTMENT PROGRAM

As of December 31, 2020, the District had \$1,460,713 invested in the Colorado Statewide Investment Program (“CSIP”). CSIP is an investment program that provides professional investment services designed specifically to meet the cash management needs of Colorado governments, non-profit institutions and other institutional entities. CSIP’s goal is to help member institutions achieve their objectives of safety, liquidity and competitive returns.

CSIP invests in the Colorado Investors Class of the PFM Funds Prime Series (“the Fund”), a money market mutual fund registered under the Investment Company Act of 1940, as amended. The Fund is managed to maintain a dollar-weighted average portfolio of 60 days or less and seeks to maintain a constant net asset value (“NAV”) per share of \$1.00.

Program elements:

- Daily liquidity
- Competitive money market returns
- Unlimited number of deposits and withdrawals
- Transactions by wire and ACH
- Sub-accounting to track multiple funds/accounts
- Dedicated Program website

The Fund invests in obligations of the United States government and its agencies, high quality fixed income securities of U.S. companies and obligations of financial institutions. The District's CSIP investments are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form.

The District’s total cash and cash equivalents at December 31, 2020 are classified below:

Checking/Savings/Certificate of Deposit	\$ 2,769,280
Local Government Investment Pools	<u>1,460,713</u>
Total Bank Balances	4,229,993
Outstanding Items	<u>(44,920)</u>
Total Cash and Cash Equivalents	<u>\$ 4,185,073</u>

At December 31, 2020 the District’s bank deposits were entirely covered by federal depository insurance (FDIC) or uninsured but collateralized under PDPA in accordance with state statute. The District had bank balances of \$203,959 of which the entire balance was covered by FDIC insurance. As of December 31, 2020, the District had invested \$2,565,321 in Certificates of Deposit (including accrued interest income of \$6,995) of which \$2,493,679 was covered by FDIC and \$71,642 by PDPA.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - CASH AND INVESTMENTS - continued

Included in cash and cash equivalents are investments rated as follows:

Subject to Public Depository Act –

<u>Investments</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Agency</u>
CSIP Accounts	\$ 1,460,713	AAAm	Standard & Poors
Certificates of Deposit	\$ 2,565,321	Not Rated	-

Risk Disclosures

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits District investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The District has deposits in CSIP investments with ratings as provided above.

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. District policy places no limit on the amount the District may invest in any one issuer; however, the District maintains general guidelines for investments to ensure proper diversification by security type and institution. All District investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by the Public Depository Protection Act, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk disclosure requirements.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an investment policy that limits investment maturities to three years as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows as approved by the Board. The District's investments in CSIP are not considered to be subject to material interest rate risk.

Investment subject to interest rate risk disclosures are shown below:

		<u>Maturities</u>
Certificate of Deposit	\$ 148,552	11/23/21
Certificate of Deposit	156,002	11/29/21
Certificate of Deposit	225,544	12/06/21
Certificate of Deposit	257,488	12/06/22
Certificate of Deposit	257,439	12/08/22
Certificate of Deposit	261,160	04/18/23
Certificate of Deposit	213,581	07/26/23
Certificate of Deposit	254,143	01/30/23
Certificate of Deposit	265,575	05/02/24
Certificate of Deposit	265,061	05/23/24
Certificate of Deposit	260,776	01/30/25
Total	<u>\$2,565,321</u>	

Investments are stated at market value of \$2,565,321. The value includes \$6,995 of accrued interest at December 31, 2020.

The District was not subject to foreign currency risk as of December 31, 2020.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 3 - CAPITAL ASSETS

A summary of changes in Capital Assets follows:

	Balance 01/01/20	Additions	Disposals	Balance 12/31/20
<i>Depreciable Capital Assets:</i>				
Office/Other Equipment	\$ 609,288	\$ 15,833	\$ -	\$ 625,121
Pool/Ice Rink & Equip	2,935,437	-	-	2,935,437
Gypsum Rec Center Equip	365,553	-	-	365,553
Edwards Field House and Equipment	8,675,730	34,761	-	8,710,491
Athletic Fields & Parks	6,391,742	988,816	-	7,380,558
Recreation Equipment	92,860	-	-	92,860
Accumulated Depreciation	(7,397,176)	(501,952)	-	(7,899,128)
Governmental Activities				
Capital Assets, Net	\$ 11,673,434	\$ 537,458	\$ -	\$ 12,210,892

Depreciation is calculated using the straight-line method. For the year ending December 31, 2020 depreciation expense in the amount of \$501,952 was allocated to the various District functions as follows:

Administration	\$ 29,792
Eagle Pool/Ice Rink	68,586
Gypsum Recreation Center	31,436
Edwards Field House	213,521
Community Recreation	156,881
Recreation Equipment	1,736
 Total Depreciation	 \$ 501,952

NOTE 4 - LONG-TERM DEBT

A summary of changes in General Long-term Debt as of December 31, 2020 follows:

	Balances 01/01/20	Additions	Reductions	Balance 12/31/20	Amounts Due Within One Year
Compensated Absences	\$ 66,086	\$ 147,971	\$ (143,711)	\$ 70,346	\$ -
Total	\$ 66,086	\$ 147,971	\$ (143,711)	\$ 70,346	\$ -

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 - DEFERRED COMPENSATION PLAN

Plan Description

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the Colorado County Officials and Employees Retirement Association (CCOERA). The CCOERA provides retirement and death benefits for members and their beneficiaries. Plan participation is voluntary and available to any full-time, non-temporary/ seasonal employee of the District with 1 year of service. All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries. The annual financial report that includes financial statements and required supplementary information for the plan may be obtained through the plan's website at: www.ccoera.org.

Funding Policy

The CCOERA is funded by member contributions of includable compensation to a maximum level set by the Internal Revenue Service. Employee contributions are matched by the District up to 10% of the employee's wages and vest immediately with the employee when made. Any employer contributions made during the plan year apply toward the maximum deferral limits mentioned above. The District's and members' contributions to the CCOERA 457 plan for the year ended December 31, 2020 and 2019 were \$165,933 and \$144,111 respectively.

NOTE 5 - DEFINED CONTRIBUTION PENSION PLAN

Plan Description

Mountain Recreation Metropolitan District contributes to the Colorado County Officials and Employees Retirement Association (CCOERA) Defined Contribution 401(a) Plan administered by CCOERA. All employees of the District are enrolled in the plan, in lieu of Social Security, upon date of hire. Employees' retirement accounts under the 401(a) plans are 100% vested and become property of the employee. The annual financial report that includes financial statements and required supplementary information for the plan may be obtained through its website at: www.ccoera.org.

Funding Policy

Employees' with 0-5 years of service contribute 3.75% of their compensation on a mandatory basis to the plan, and the District contributes 3.75% of the employees' gross compensation to the plan. Employees' with 6 plus years of continuous employment contribute 6% of their compensation on a mandatory basis, with a District contribution of 6% of the employees' gross compensation. The District's and members' contributions to the 401(a) plans for the year ended December 31, 2020 were each \$110,317 totaling \$220,634.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 6 - 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 is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. Settled claims have not exceeded this coverage in any of the past three fiscal years. The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and accumulated funds, the Pool may require additional contributions from the members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. During the year ended December 31, 2020, the pool made no distributions to the District.

NOTE 7 - CONTINGENCIES

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statement as of December 31, 2020.

NOTE 8 - INTERGOVERNMENTAL AGREEMENTS & COMMITMENTS

Eagle Pool and Ice Rink Agreement

The Mountain Recreation Metropolitan District and the Town of Eagle, Colorado, entered into an agreement for the construction, ownership and operation of a recreation facility, consisting of a community swimming pool and ice rink, located in Eagle, Colorado. The recreation facility was conveyed to the District in 2003 and the Town retained full fee simple title to the ground upon which the facilities are constructed. The District is responsible for operation and maintenance of the recreation facilities.

Gypsum Community Recreation Center Agreement

The Mountain Recreation Metropolitan District and the Town of Gypsum, Colorado, entered into an agreement for the construction, ownership and operation of a community recreation facility located in Gypsum, Colorado. The District is responsible for the operation and maintenance of the community recreation center and the Town retains full fee simple title to the community center and community center site. Pursuant to the agreement, a contribution in the amount of \$320,154 is due to the District from the Town for the fiscal year ended December 31, 2020 to cover one half of the operational deficits.

Other Intergovernmental Agreements

The Mountain Recreation Metropolitan District and other governmental entities have entered into agreements for the use of various facilities & parks located in the District boundaries. A complete listing is available at the District Administration Office and filed with the Colorado Department of Local Affairs.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 9 - COMPLIANCE

TABOR AMENDMENT - REVENUE AND SPENDING LIMITATION

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, 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.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years. In 1996, the District's electorate voted to allow the District to collect, retain, and expend revenues notwithstanding any of TABOR's restrictions. Such provisions were made effective January 1, 1997.

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 spending (excluding bonded debt service). The required reserve at December 31, 2020 is approximately \$156,000.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment. However, the entity has made certain interpretations of the Amendment's language in order to determine its compliance.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2020 through the issuance date of this report. In early 2020 a worldwide pandemic arose caused by the coronavirus (Covid-19) and is ongoing into 2021, which has negatively impacted the general operations of the District. The District's management has acknowledged the threat of Covid-19; however, the long-term impact on operations is currently unknown as of the date of the auditor's report. There have been no additional material events noted during this period that would impact the result reflected in this report or the District's results going forward.

REQUIRED SUPPLEMENTAL INFORMATION

MOUNTAIN RECREATION METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
– BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended December 31, 2020

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>BUDGETARY REVENUES:</u>				
Property Taxes	\$ 2,717,996	\$ 2,717,996	\$ 2,703,367	\$ (14,629)
Specific Ownership Taxes	135,900	135,900	134,995	(905)
Taxes – Delinquent Interest	3,000	3,000	2,858	(142)
Eagle Pool & Ice Rink Revenue	489,480	492,630	319,598	(173,032)
Gypsum Recreation Center Revenue	1,352,530	1,352,530	976,848	(375,682)
Edwards Field House	555,524	555,524	319,037	(236,487)
Outdoor Recreation	163,605	163,605	73,270	(90,335)
Interest Income	58,192	58,192	155,988	97,796
Capital Sponsorship	-	50,000	54,230	4,230
Miscellaneous Income	24,500	24,500	71,260	46,760
	<u>5,500,727</u>	<u>5,553,877</u>	<u>4,811,451</u>	<u>(742,426)</u>
<u>BUDGETARY EXPENDITURES:</u>				
Administration	1,273,855	1,372,646	1,272,019	100,627
Eagle Pool & Ice Rink Operations	903,669	903,669	672,952	230,717
Gypsum Recreation Center	1,704,220	1,716,220	1,297,002	419,218
Edwards Field House	771,944	771,944	504,148	267,796
Outdoor Recreation	229,147	229,147	134,535	94,612
Capital Expenditures	245,500	245,500	107,092	138,408
	<u>5,128,335</u>	<u>5,239,126</u>	<u>3,987,748</u>	<u>1,251,378</u>
Other Financing Sources:				
Transfer (from) to Other Funds	1,391,677	2,002,059	989,970	1,012,089
	<u>1,391,677</u>	<u>2,002,059</u>	<u>989,970</u>	<u>1,012,089</u>
TOTAL BUDGETARY EXPENDITURES AND OTHER FINANCING USES	<u>6,520,012</u>	<u>7,241,185</u>	<u>4,977,718</u>	<u>2,263,467</u>
Excess of Budgetary Revenues and Other Sources Over (Under) Budgetary Expenditures				
	(1,019,285)	(1,687,308)	(166,267)	1,521,041
FUND BALANCE – BEGINNING OF YEAR	<u>4,201,859</u>	<u>4,201,859</u>	<u>4,528,200</u>	<u>326,341</u>
FUND BALANCE – END OF YEAR	<u>\$ 3,182,574</u>	<u>\$ 2,514,551</u>	<u>\$ 4,361,933</u>	<u>\$ 1,847,382</u>

The accompanying notes are an integral part of these financial statements.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
– BUDGET AND ACTUAL – SPECIAL REVENUE CONSERVATION TRUST FUND
For the Year Ended December 31, 2020

	Conservation Trust Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
General Revenues:				
State Lottery Funds	\$ 123,600	\$ 123,600	\$ 127,491	\$ 3,891
Fairgrounds Field Rental	7,000	7,000	1,990	(5,010)
Freedom Park Field Rental	35,900	35,900	19,778	(16,122)
Eagle County Maintenance Contract	39,600	39,600	52,500	12,900
Contributions & Grants	-	-	25,000	25,000
Interest Income	15	15	-	(15)
Total General Revenues	206,115	206,115	226,759	20,644
Other Financing Sources:				
Transfers (to) from Other Funds	1,391,677	2,002,059	989,970	(1,012,089)
Total Other Financing Sources	1,391,677	2,002,059	989,970	(1,012,089)
Total Budgetary Revenue and Other Financing Sources:	1,597,792	2,208,174	1,216,729	(991,445)
Budgetary Expenditures:				
Fairgrounds:				
Maintenance Wages	43,552	43,552	20,634	22,918
Payroll Taxes	3,032	3,032	1,553	1,479
Health Insurance	4,405	5,460	5,786	(326)
Retirement	400	400	701	(301)
Utilities	31,125	31,125	15,850	15,275
Maintenance Services	7,900	7,900	3,266	4,634
Maintenance Supplies	9,400	9,400	11,918	(2,518)
Maintenance Equipment	1,200	1,200	-	1,200
Spectator Area Improvements	1,360,000	1,730,000	-	1,730,000
Building Design & Construction	-	230,000	990,018	(760,018)
Freedom Park:				
Maintenance Wages	64,524	64,524	44,804	19,720
Payroll Taxes	973	3,385	2,998	387
Health Insurance	4,405	9,960	10,318	(358)
Retirement	400	1,760	1,759	1
Utilities	-	-	2,451	(2,451)
Maintenance Supplies	9,300	9,300	14,438	(5,138)
Maintenance Service Contract	16,000	16,000	22,906	(6,906)
Equipment – Maintenance/ Recreation	3,500	3,500	928	2,572
Janitorial Service Contract	20,000	20,000	9,008	10,992
Goals and Equipment	2,400	2,400	2,400	-
Outdoor Ice Rink	-	-	16,960	(16,960)
Park Equipment	-	-	34,761	(34,761)
McCoy Field:				
Lease	1,500	1,500	1,500	-
Professional Services	4,800	4,800	-	4,800
Utilities	540	540	489	51
Maintenance Service	2,436	2,436	1,283	1,153
Maintenance Supplies	1,000	1,000	-	1,000
Equipment/ Playground	5,000	5,000	-	5,000
Total Budgetary Expenditures	1,597,792	2,208,174	1,216,729	991,445
Excess of Budgetary Revenues and Other Uses Over (Under) Expenditures	-	-	-	-
FUND BALANCE – BEGINNING OF YEAR	-	-	-	-
FUND BALANCE – END OF YEAR	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

OTHER SUPPLEMENTAL INFORMATION

Capital Projects Expenditures and Improvements – Budget and Actual

MOUNTAIN RECREATION METROPOLITAN DISTRICT
CAPITAL PROJECTS EXPENDITURES AND IMPROVEMENTS – BUDGET AND ACTUAL
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>GENERAL FUND</u>				
Capital Replacement and Repair	\$ 60,000	\$ 60,000	\$ -	\$ 60,000
Capital Reserve – EPIR	40,000	40,000	40,000	-
Capital Reserve – GRC	50,000	50,000	50,000	-
Computers/Office Equipment	6,000	6,000	15,833	(9,833)
Eagle Capital Equipment	-	-	899	(899)
Field Mod Planning	-	-	360	(360)
GRC Pool Repair	32,000	32,000	-	32,000
GRC Gymnastics Floor Repair	8,000	8,000	-	8,000
GRC DirecTV Equipment	43,500	43,500	-	43,500
Gypsum Area Projects	6,000	6,000	-	6,000
	245,500	245,500	107,092	138,408
<u>CONSERVATION TRUST FUND</u>				
Fairgrounds Facility	-	230,000	990,018	(760,018)
Fairgrounds Spectator Area	1,360,000	1,730,000	-	1,730,000
Freedom Park	-	-	34,761	(34,761)
	1,360,000	1,960,000	1,024,779	935,221
Total Capital Expenditures and Improvements	\$ 1,605,500	\$ 2,205,500	1,131,871	\$ 1,073,629
Less Non- Capitalized Expenditures and Improvements			(92,461)	
Total Capitalized Assets			\$ 1,039,410	

The accompanying notes are an integral part of these financial statements.