

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

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

DECEMBER 31, 2022

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

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Fraser Valley Metropolitan Recreation District
Fraser, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2022

As management of the Fraser Valley Metropolitan Recreation District, Fraser, Colorado (the "District") we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our annual audited financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$11,374,114 (net position). Of this amount, \$8,486,680 was invested in capital assets (net of accumulated depreciation and related debt) of the District and may not be used to meet the District's ongoing obligations to citizens and creditors.
- The District's deposit portfolio increased by \$197,834 during 2022. Overall, the District's total net position increased by \$716,682.
- In 2019, through a lease agreement, the District assumed operations of The Foundry Cinema and Bowl in Fraser. The Foundry offers 8 bowling lanes, two movie theaters, a full-service restaurant and bar, billiards table and a variety of arcade games. At the direction of the Board, the District established a reserve fund to track net revenues generated through the operation. The activities of this operation are included in the Business Type Activities of the District.

Overview of the Financial Statements

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$11,374,114 at the close of the most recent fiscal year.

A portion of the District's net position, (74%), is invested in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

District Net Position

	Governmental Activities		Business Type Activities		Total Government		
	2022	2021	2022	2021	2022	2021	Variance
Current assets	\$4,104,460	\$3,863,588	\$1,680,629	\$1,565,113	\$5,785,089	\$5,428,701	\$356,388
Restricted assets	105,710	114,527	-	-	105,710	114,527	(8,817)
Capital assets, net	15,492,037	15,918,159	6,905,985	6,531,741	22,398,022	22,449,900	(51,878)
Total assets	19,702,207	19,896,274	8,586,614	8,096,854	28,288,821	27,993,128	295,693
Deferred outflows of resources (Deferred charge on refunding)	1,130,381	1,217,596	-	-	1,130,381	1,217,596	(87,215)
Total liabilities	14,476,157	15,293,023	1,124,447	858,285	15,600,604	16,151,308	(550,704)
Deferred inflows of resources (Deferred property tax revenue)	2,444,484	2,401,984	-	-	2,444,484	2,401,984	42,500
Net Position:							
Net investment in capital assets	2,518,990	2,098,832	5,967,690	5,831,080	8,486,680	7,929,912	556,768
Restricted	405,971	415,920	-	-	405,971	415,920	(9,949)
Unrestricted	986,986	904,111	1,494,477	1,407,489	2,481,463	2,311,600	169,863
Total net position	\$3,911,947	\$3,418,863	\$7,462,167	\$7,238,569	\$11,374,114	\$10,657,432	\$716,682

Current assets for the District increased \$358,388. The increase can be attributed, in part, to the District's deposit portfolio which increased \$197,834 as a result of increased user fees revenue and program participation as compared to the prior year. In addition, the District pre-paid the 2023 Property and Liability Insurance Premium in December of 2022.

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

Change in the District's Net Position

	Governmental Activities		Business Type Activities		Total Government		
	2022	2021	2022	2021	2022	2021	Variance
User Charges:							
Golf course	\$ -	\$ -	\$2,912,259	\$2,802,395	\$2,912,259	\$2,802,395	\$109,864
Foundry	-	-	1,136,686	866,984	1,136,686	866,984	269,702
Recreation Center	1,081,994	854,122	-	-	1,081,994	854,122	227,872
Program activities	474,385	430,423	-	-	474,385	430,423	43,962
Other non-operating revenues	13,032	13,459	10,700	1,859	23,732	15,318	8,414
Property and specific ownership taxes	2,546,732	2,347,586	-	-	2,546,732	2,347,586	199,146
Other	147,567	91,244	51,361	100,629	198,928	191,873	7,055
Total revenues	4,263,710	3,736,834	4,111,006	3,771,867	8,374,716	7,508,701	866,015
Expenses:							
Operating	3,391,104	3,009,307	3,887,408	3,225,284	7,278,512	6,234,591	1,043,921
Non-operating	379,522	395,382	-	-	379,522	395,382	(15,860)
Total expenses	3,770,626	3,404,689	3,887,408	3,225,284	7,658,034	6,629,973	1,028,061
Change in net position	493,084	332,145	223,598	546,583	716,682	878,728	(162,046)
Net position – beginning of year	3,418,863	3,086,718	7,238,569	6,691,986	10,657,432	9,778,704	878,728
Net position – end of year	\$3,911,947	\$3,418,863	\$7,462,167	\$7,238,569	\$11,374,114	\$10,657,432	\$716,682

Revenues for the District increased \$866,015 over the year prior. This increase can be attributed to increased fee revenue and program participation. Continued recovery from the impact of the pandemic affected operational revenues of the District as follows:

- The Golf Course operations continued to see a strong usage in 2022. Good course conditions allowed the course to charge high season prices early on in the season creating strong revenues.
- Indoor activities such as those at the Recreation Center and Foundry operation continue to show good improvement and have returned to near pre-pandemic levels. The movie studios continued to slow the release of new movies throughout most of the year. Blockbuster movies such as “Top Gun” were well received by the public.
- Recreation programming enrollments continued to increase in 2022.
- The Assessed Valuations for the 2021 taxable year for collections in 2022 showed an increase related to new construction and building in the area.

Expenses for the District increased \$1,043,921 over the year prior. Of this increase, nearly 47% can be attributed to increases in payroll related costs due to inflation and filling previously vacant positions. The

remainder of the increase can be attributed to inflation and the continued return to more typical operations after the pandemic.

Capital Asset and Debt Administration

Capital Assets: The District's investment in capital assets as of December 31, 2022 amounts to \$21,382,857 (net of accumulated depreciation of \$14,595,703). The investment in capital assets includes land, land improvements, buildings, equipment, leasehold improvements and vehicles.

<u>District Capital Assets</u>			
	2022	2021	Variance
Land	\$4,488,787	\$4,488,787	\$ -
Buildings and Improvements	27,343,272	26,872,266	471,006
Equipment and Vehicles	3,284,771	4,400,497	(1,115,726)
Right to Use Assets	1,862,893	-	1,862,893
Intangibles	14,000	14,000	-
Total Cost	36,993,723	35,775,550	1,218,173
Less: Accumulated Depreciation	(14,595,701)	(13,325,650)	(1,270,051)
Total	\$22,398,022	\$22,449,900	\$(51,878)

Overall Capital Assets decreased slightly over the prior year mainly due to depreciation. The District continues to invest in capital improvements especially at the golf course. The District continued the cart path paving project spending \$239,200 to asphalt 2 entire holes, tee to green, on the Ridge Course. Other improvements included repairs to the Gaylord Reservoir in the amount of \$167,762.

Long-term Debt: Changes in long-term obligations as of the year ended December 31, 2022 are as follows:

	Beginning Balance	Additions	Payments (Retirements)	Ending Balance
2020 GO Bonds	\$12,865,000		\$(755,000)	\$12,110,000
Premiums	2,058,430		(149,252)	1,909,178
Total	\$14,923,430	-	\$(904,252)	\$14,019,178

During 2022, the District paid \$434,042 interest on the bonds. Accrued interest at December 31, 2022 was \$35,017.

Board of Directors Emphasis for the 2023 Budget

In developing the budget for 2023, the state of the economy and the impact and recovery from the COVID-19 Pandemic was considered. The District considered historical averages as well as fee increases when establishing the 2023 budgeted revenue. The District used a departmental line item method whereby programs are budgeted in separate cost centers and individual projects make use of project accounting. The approved 2023 compensation plan was used as a reference to set budgeted payroll expenses. Capital expenditure needs were closely evaluated during budget review.

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

RESERVES	<i>2022 Original Budget</i>	<i>2022 Amended Budget</i>	<i>2022 Forecast</i>	<i>2023 Budget</i>
CONSERVATION TRUST - Capital Reserve (Restricted)	125,042	102,566	102,566	91,141
TABOR RESERVES - State Mandate (Restricted)	75,000	75,000	75,000	75,000
DEBT SERVICE RESERVE FUND (Restricted)	286,828	284,211	284,211	287,654
COMMUNITY GARDEN RESERVE FUND (Restricted)	9,000	9,000	9,000	9,000
GENERAL RESERVE FUND (UNASSIGNED)	335,450	312,776	312,776	320,645
GENERAL RESERVE FUND - FOUNDRY CINEMA & BOWL (UNASSIGNED)	184,715	189,359	189,359	260,814
GENERAL RESERVE FUND - POLE CREEK CAPITAL (ASSIGNED)	1,284,646	1,344,513	1,344,513	1,225,242
GENERAL RESERVE FUND - PARKS & REC CAPITAL (ASSIGNED)	366,048	475,791	475,791	391,090
TOTAL RESERVES	2,666,729	2,793,216	2,793,216	2,660,586

Requests for Information

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

Ann McConnell, Associate Director
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Winter Park, CO 80482
ann@fraservalleyrec.org

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the governmental activities, business-type activities and each major fund Fraser Valley Metropolitan Recreation District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Fraser Valley Metropolitan Recreation District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major of Fraser Valley Metropolitan Recreation District, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fraser Valley Metropolitan Recreation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Fraser Valley Metropolitan Recreation District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fraser Valley Metropolitan Recreation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fraser Valley Metropolitan Recreation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fraser Valley Metropolitan Recreation District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Fraser Valley Metropolitan Recreation District's basic financial statements. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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.

Watson Coon Ryan, LLC

CENTENNIAL, COLORADO
JULY 10, 2023

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Net Position
December 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 1,406,932	\$ 1,490,802	\$ 2,897,734
Accounts receivable:			
Property taxes receivable	2,446,213	--	2,446,213
Other taxes	10,849	--	10,849
Trade receivable	--	4,035	4,035
Other receivable	38,500	--	38,500
Inventory	7,557	49,160	56,717
Prepaid expenses	100,399	117,664	218,063
Prepaid debt insurance, net of accumulated amortization	94,010	--	94,010
Restricted cash	105,710	--	105,710
Capital assets, net of accumulated depreciation of \$14,595,703	15,492,037	6,905,985	22,398,022
Total assets	19,702,207	8,567,646	28,269,853
Deferred outflows of resources:			
Deferred charge on refunding	1,130,381	--	1,130,381
Total deferred outflows of resources	1,130,381	--	1,130,381
Liabilities:			
Accounts payable	117,313	76,619	193,932
Accrued expenses	68,710	40,318	109,028
Accrued interest payable	35,017	--	35,017
Accrued compensated absence	38,771	24,316	63,087
Gift cards	7,944	25,454	33,398
Prepaid membership fees and golf passes	104,974	477	105,451
Right of use leases payable:			
Due within one year	31,209	501,244	532,453
Due in more than one year	53,041	437,051	490,092
Bonds payable:			
Due within one year	780,000	--	780,000
Due in more than one year	13,239,178	--	13,239,178
Total liabilities	14,476,157	1,105,479	15,581,636
Deferred inflows of resources:			
Unavailable property tax revenue	2,444,484	--	2,444,484
Total deferred inflows of resources	2,444,484	--	2,444,484
Net position:			
Net investment in capital assets	2,518,990	5,967,690	8,486,680
Restricted for:			
TABOR	75,000	--	75,000
Debt Service Fund	216,261	--	216,261
Conservation Trust Fund	105,710	--	105,710
Community Garden	9,000	--	9,000
Unrestricted	986,986	1,494,477	2,481,463
Total net position	\$ 3,911,947	\$ 7,462,167	\$ 11,374,114

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Changes in Net Position
December 31, 2022

December 31, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Fund raising, Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General recreation	\$ 375,246	\$ 206,782	--	\$ (168,464)		\$ (168,464)
Parks and facilities	666,350	267,603	--	(398,747)		(398,747)
Recreation center	1,740,698	1,081,994	--	(658,704)		(658,704)
Administration	608,810	--	147,567	(461,243)		(461,243)
Debt Service	379,522	--	--	(379,522)		(379,522)
Total governmental activities	<u>3,770,626</u>	<u>1,556,379</u>	<u>147,567</u>	<u>(2,066,680)</u>		<u>(2,066,680)</u>
Business activities:						
Foundry	1,094,668	1,136,686	--		\$ 42,018	42,018
Golf course	2,792,740	2,912,259	10,700		130,219	130,219
Total business activities	<u>3,887,408</u>	<u>4,048,945</u>	<u>10,700</u>		<u>172,237</u>	<u>172,237</u>
Total Primary Government	<u>\$ 7,658,034</u>	<u>\$ 5,605,324</u>	<u>\$ 158,267</u>	<u>(2,066,680)</u>	<u>172,237</u>	<u>(1,894,443)</u>
General revenues:						
Taxes				2,546,732	--	2,546,732
Interest				11,490	--	11,490
Gain on disposal of assets				--	--	--
Miscellaneous				1,542	51,361	52,903
Total general revenues				<u>2,559,764</u>	<u>51,361</u>	<u>2,611,125</u>
Change in net position				493,084	223,598	716,682
Net position - beginning of year				<u>3,418,863</u>	<u>7,238,569</u>	<u>10,657,432</u>
Net position - end of year				<u>\$ 3,911,947</u>	<u>\$ 7,462,167</u>	<u>\$ 11,374,114</u>

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

FUND FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Balance Sheet
Governmental Funds
December 31, 2022

	General Fund	Debt Service	Conservation Trust Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,191,566	\$ 215,366	\$ -	\$ 1,406,932
Accounts receivable:				
Property taxes receivable	1,180,010	1,266,203	--	2,446,213
Other taxes	10,849	--	--	10,849
Other receivable	38,500	--	--	38,500
Inventory	7,557	--	--	7,557
Prepaid expenses and deposits	100,399	--	--	100,399
Restricted cash	--	--	105,710	105,710
Total assets	\$ 2,528,881	\$ 1,481,569	\$ 105,710	\$ 4,116,160
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 117,313	\$ --	--	\$ 117,313
Accrued liabilities	68,710	--	--	68,710
Gift cards payable	7,944	--	--	7,944
Prepaid membership fees	104,974	--	--	104,974
Total liabilities	298,941	--	--	298,941
Deferred inflows of resources:				
Unavailable property tax revenue	1,179,176	1,265,308	--	2,444,484
Total deferred inflows of resources	1,179,176	1,265,308	--	2,444,484
Fund balances				
Nonspendable for:				
Prepaid expenses and inventory	\$ 107,956	\$ --	\$ --	\$ 107,956
Restricted for:				
TABOR	75,000	--	--	75,000
Debt Service Fund	--	216,261	--	216,261
Conservation Trust Fund	--	--	105,710	105,710
Community Garden	9,000	--	--	9,000
Assigned for:				
Capital asset management	807,061	--	--	807,061
Unassigned	51,747	--	--	51,747
Total fund balances	1,050,764	216,261	105,710	1,372,735
Total liabilities, deferred inflows of resources and fund balances	\$ 2,528,881	\$ 1,481,569	\$ 105,710	

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

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

15,492,037

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

(12,952,825)

Net Position of Governmental Activities

\$ 3,911,947

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the year ended December 31, 2022

	General	Debt Service	Conservation Trust	Totals
Revenues:				
Property taxes	\$ 1,148,830	\$ 1,249,744	\$ --	\$ 2,398,574
Specific ownership taxes	148,158	--	--	148,158
General recreation	206,782	--	--	206,782
Parks & facilities	267,603	--	--	267,603
Recreation center	1,081,994	--	--	1,081,994
Fund raising	17,418	--	--	17,418
Grants	92,087	--	--	92,087
Interest	9,077	2,345	71	11,493
Miscellaneous	1,542	--	--	1,542
Conservation trust income	-	--	38,062	38,062
Total revenues	2,973,491	1,252,089	38,133	4,263,713
Expenditures:				
General recreation	356,449	--	--	356,449
Parks & facilities	522,976	--	--	522,976
Recreation center	1,343,115	--	--	1,343,115
Administration	454,473	400	--	454,873
Debt Service:				
Bond principal	-	755,000	--	755,000
Bond interest	-	435,300	--	435,300
Grant expenditures	30,719	--	--	30,719
Treasurer's fees	57,472	62,521	--	119,993
Capital outlay	115,928	--	46,950	162,878
Total expenditures	2,881,132	1,253,221	46,950	4,181,303
Excess (deficiency) of revenues over expenditures	92,359	(1,132)	(8,817)	82,410
Net change in fund balances	92,359	(1,132)	(8,817)	82,410
Fund balances - beginning of the year	958,405	217,393	114,527	1,290,325
Fund balances - end of the year	\$ 1,050,764	\$ 216,261	\$ 105,710	\$ 1,372,735

Net Changes in Fund Balance of the Governmental Fund 82,410

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded

capital asset additions and contributed capital assets during the year. (336,306)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents principal payments made during the year and the effect of debt refunding. 755,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds. (8,020)

Change in Net Position of Governmental Activities \$ 493,084

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances -
General Fund
For the year ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 1,149,971	\$ 1,148,183	\$ 1,148,830	\$ 647
Specific ownership taxes	167,000	149,746	148,158	(1,588)
General recreation	205,700	204,576	206,782	2,206
Parks and facilities	230,000	256,574	267,603	11,029
Recreation center	1,017,000	1,093,297	1,081,994	(11,303)
Fundraising	750	18,862	17,418	(1,444)
Grants	1,500	92,087	92,087	0
Interest	1,800	8,323	9,077	754
Miscellaneous	-	-	1,542	1,542
Total revenues	2,773,721	2,971,648	2,973,491	1,843
Expenditures:				
General recreation	367,542	358,829	356,449	2,380
Parks and facilities	500,646	530,406	522,976	7,430
Recreation center	1,252,327	1,334,467	1,343,115	(8,648)
Fundraising	750	340	-	340
Administration	470,303	457,877	454,473	3,404
Grant expenditures	9,500	85,791	30,719	55,072
Treasurer's fees	57,475	57,476	57,472	4
Capital outlay	182,396	118,434	115,928	2,506
Total expenditures	2,840,939	2,943,620	2,881,132	62,488
Excess of revenues over (under) expenditures	\$ (67,218)	\$ 28,028	92,359	\$ 64,331
Other Financing Sources (Uses):				
Fund balance - beginning of year			<u>958,405</u>	
Fund balance - end of year			<u>\$ 1,050,764</u>	

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Net Position
Proprietary Funds
December 31, 2022

	The Foundry Fund	Golf Course Fund	Total
ASSETS			
Cash and cash equivalents	\$ 172,561	\$ 1,318,241	\$ 1,490,802
Accounts receivable:			
Trade receivable	3,960	75	4,035
Inventory	6,679	42,481	49,160
Prepaid expenses	65,347	52,317	117,664
Capital assets, net of accumulated depreciation of \$6,893,738	305,456	6,600,529	6,905,985
Total assets	554,003	8,013,643	8,567,646
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	40,262	36,357	76,619
Accrued salaries and wages	13,430	26,888	40,318
Compensated absence	5,160	19,156	24,316
Prepaid golf passes and event deposits	-	477	477
Gift cards	4,261	21,193	25,454
Right of use lease liability	-		
Current	294,541	206,703	501,244
Long-term	49,814	387,237	437,051
Total liabilities	407,468	698,011	1,105,479
Net Position			
Net investment in capital assets	(38,899)	6,006,589	5,967,690
Unrestricted	185,434	1,309,043	1,494,477
Total net position	146,535	7,315,632	7,462,167
Total liabilities and net position	\$ 554,003	\$ 8,013,643	\$ 8,567,646

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended December 31, 2022

	The Foundry Fund	Golf Course Fund	Total
Operating Revenues:			
Charges for sales and services:			
Merchandise sales	\$ -	\$ 219,620	\$ 219,620
Movie Tickets	275,884	-	275,884
Bowling Fees	322,313	-	322,313
Food and beverage sales	435,702	789,260	1,224,962
Vending and arcade income	17,616	-	17,616
Club rental	-	35,485	35,485
Golf cart rentals	-	419,442	419,442
Driving range	-	109,512	109,512
Green fees	-	999,859	999,859
Season Pass	-	182,512	182,512
Resident ID cards	-	79,052	79,052
Tournament premiums	17,761	63,968	81,729
Events	-	649	649
Sponsorships	45,000	-	45,000
Facility rental	22,410	-	22,410
Tee sign revenue	-	6,250	6,250
Grounds maintenance income	-	6,650	6,650
Fundraising	-	10,700	10,700
Total operating revenues	1,136,686	2,922,959	4,059,645
Operating expenses:			
Cost of goods sold:			
Pro shop merchandise and rentals	--	112,423	112,423
Food and beverage	139,768	299,032	438,800
Movies	135,462	--	135,462
Payroll and related taxes	352,673	1,178,066	1,530,739
Amortization expense	283,637	--	283,637
Advertising and marketing	11,402	17,309	28,711
Contracted services	3,000	9,124	12,124
Equipment	25,380	23,546	48,926
Repairs and maintenance	11,060	76,868	87,928
Turf maintenance and landscaping	--	19,219	19,219
Supplies and parts	22,757	239,283	262,040
Interest	13,969	--	13,969
Utilities	36,644	87,749	124,393
Other operating - general	58,916	225,147	284,063
Depreciation	--	504,974	504,974
Total operating expenses	1,094,668	2,792,740	3,887,408
Operating Income	42,018	130,219	172,237
Nonoperating revenues:			
Gain on disposal of assets	--	--	--
Miscellaneous income	2,792	48,569	51,361
Total nonoperating revenues	2,792	48,569	51,361
Change in Net Position	44,810	178,788	223,598
Net position - beginning of year	101,725	7,136,844	7,238,569
Net position - end of year	\$ 146,535	\$ 7,315,632	\$ 7,462,167

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Cash Flows
Golf Course Fund
December 31, 2022

Cash flows from operating activities:

Cash received from customers and others	\$ 2,975,789
Cash paid to employees	158,729
Cash paid for goods and services	<u>(1,139,494)</u>

Net cash provided by operating activities 1,995,024

Cash flows from capital and related financing activities:

Acquisition of capital assets	(463,926)
Payment on leases	<u>(216,557)</u>

Net cash (used) by capital and related financing activities (680,483)

Increase in cash and cash equivalents 1,314,541

Cash and cash equivalents - beginning 3,700

Cash and cash equivalents - ending \$ 1,318,241

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

Operating loss	\$ 178,788
----------------	------------

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

Depreciation and amortization	504,974
Decrease in accounts receivable	4,261
(Increase) in prepaid expenses	(37,379)
(Increase) in inventory	(8,382)
Increase in accounts payable	20,218
Increase in accrued salaries and wages	7,648
(Decrease) in other liabilities	(4,251)
Decrease in internal funds	1,332,998
(Decrease) in compensated absences	<u>(3,851)</u>

Total Adjustments 1,816,236

Net cash provided by operating activities \$ 1,995,024

Noncash capital financing activities:

Right-of-use assets obtained in exchange for lease liabilities	<u><u>\$ 109,836</u></u>
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The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Cash Flows
Foundry Fund
December 31, 2022

Cash flows from operating activities:

Cash received from customers and others	\$	1,139,105
Cash paid to employees		(270,788)
Cash paid for goods and services		(453,173)

Net cash provided by operating activities		415,144
--	--	----------------

Cash flows from capital and related financing activities:

Payment on leases		(244,738)
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Net cash (used) by capital and related financing activities		(244,738)
--	--	------------------

Increase in cash and cash equivalents		170,406
--	--	----------------

Cash and cash equivalents - beginning		2,155
--	--	--------------

Cash and cash equivalents - ending	\$	172,561
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Reconciliation of operating income/(loss) to net cash provided by operating activities:

Operating income	\$	44,810
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Adjustments to reconcile operating loss to net cash provided/(used) by operating activities:

Depreciation and amortization		283,637
(Increase) in accounts receivable		(373)
(Increase) in prepaid expenses		(8,330)
Decrease in inventory		24,324
Increase in accounts payable		(12,201)
Increase in other liabilities		1,997
(Decrease) in internal funds		81,280

Total Adjustments		370,334
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Net cash provided by operating activities	\$	415,144
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The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Basis of presentation

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

The statement of changes in net position presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) fees or charges paid by the recipients for goods or services offered by the program, and 2) grants, contributions and other revenues that are restricted to use in the operational or capital requirements of a specific function or program. Other revenues not directly related to a particular function or program, if any, are reported separately as general revenues.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2022

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following proprietary funds:

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

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

Measurement focus, basis of accounting – The government-wide and proprietary financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, including property taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The exceptions to this general rule are that principal and interest on general long-term debt are recognized when due.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2022

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

Deposits and investments - The District considers cash and cash equivalents to be cash on hand, demand deposits and unrestricted investments with an original maturity of three months or less to be cash and cash equivalents. The District does not hold any investments as of December 31, 2022.

Receivables - The District considered all receivables collectible as of December 31, 2022.

Property taxes - Property taxes are levied on December 15 of each year, and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in two equal installments, due February 28 and June 15 if paid in installments, or April 30 with a single payment. Taxes are delinquent as of June 16. If the taxes are not paid within subsequent statutory periods, the property tax lien will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. In accordance with US GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

Inventory - Inventories consist principally of materials and supplies held for consumption and are recorded at cost using the first in-first out method for governmental funds and at the lower of average cost or net realizable value for proprietary funds. In the governmental funds, the cost of inventories is recorded as expenditures at the time of consumption, while in the proprietary funds, the cost of inventories is recorded as an expense when consumed. Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure/expense when consumed, rather than when purchased in both the governmental and proprietary funds. In the governmental funds, reported inventories and prepaid items are classified as nonspendable fund balances.

Capital assets - The District's policy is to capitalize all capital purchases that are individually greater than \$5,000. Capital purchases with a cost less than \$5,000 are expensed as incurred. The District records capital assets at historical cost. Donated capital assets are valued at their estimated fair value on the date donated. Depreciation is provided in amounts sufficient to relate the cost of depreciable capital assets to operations over the estimated service lives. Depreciation and amortization is provided under the straight-line method, with estimated service lives as follows:

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

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2022

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

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

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

Leases -GASB Statement No. 87 defines a lease as a contract that transfers the right to use another entity's asset for a specific period of time in an exchange or exchange-like transaction. The District has entered in to various lease agreements, primarily for equipment and the Foundry building. Under these contracts, the District recognizes a lease liability and a lease asset (intangible right-to-use asset) and the commencement of the lease term in the government-wide financial statements. The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs

An amendment to a lease contract is considered a lease modification, unless the lessee's right-to-use the underlying asset decreases, in which case it is considered a partial or full lease termination. A lease termination is accounted for by reducing the carrying values of the lease liability and lease asset by a lessee, or the lease receivable and deferred inflows of resources by the lessor, with any differences being recognizes as a gain or loss.

The future lease payments are discounted using the interest rate implicit in the lease. If the interest rate is not available, the District uses its incremental borrowing rate determined by the District. The lease term is determined by the sum of the non-cancellable periods, plus renewal options when they are reasonably certain of being exercised or early termination options when they are reasonably certain of not being exercised. The District did not have any variable lease payments, residual value guarantees or penalties recognized during the period that were not previously included in the lease liability.

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2022

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

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

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

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

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$75,000 of the General Fund balance has been restricted in compliance with this requirement. Additionally, \$9,000 has been restricted for use in the community garden.

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

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

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

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

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

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

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

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2022

Fair value of financial instruments - The District's financial instruments include cash and cash equivalents, accounts receivable, inventory, prepaid expenses, accrued liabilities, and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Use of estimates - The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

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

TABOR Amendment - Revenue and Spending Limitation Amendment - In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20 commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2022

only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year general revenues (excluding bonded debt service) for the fiscal year ended December 31, 2022.

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

Recently Issued Accounting Pronouncements - Statement No. 87 increases the usefulness of financial statements by requiring the recognition of certain lease assets and liabilities that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on provisions of the contract. The District adopted this pronouncement effective January 1, 2022, there was no restatement of previously presented balances.

2. DETAILED NOTES

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

As of December 31, 2022, all of the District's deposits over FDIC were held in an eligible public depository as required by PDPA.

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

At December 31, 2022 the District's deposit portfolio consisted of the following:

Cash and cash equivalents	
Checking	\$ 155,816
Money market	2,734,559
Cash on hand	7,359
	\$ 2,897,734
Restricted money market	\$ 105,710

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2022

Capital assets

The following schedule shows changes in capital assets, by category for the year ended December 31, 2022:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Not being depreciated:				
Land	\$ 3,553,505	\$ -	\$ -	\$ 3,553,505
Total not being depreciated	3,553,505	-	-	3,553,505
Being depreciated:				
Building and improvements	17,650,302	64,042	-	17,714,344
Vehicles and equipment	1,732,188	63,940	(43,121)	1,753,007
Intangibles	14,000	-	-	14,000
Total being depreciated	19,396,490	127,982	(43,121)	19,481,351
Right to use assets being amortized:				
Equipment	159,147	-	-	159,147
Total being amortized	159,147	-	-	159,147
Less accumulated depreciation				
Building and improvements	(6,000,441)	(456,320)	-	(6,456,761)
Vehicles and equipment	(1,151,397)	(80,599)	43,121	(1,188,875)
Intangibles	(8,200)	(2,800)	-	(11,000)
Less accumulated amortization				
Right to use equipment	(30,945)	(14,385)	-	(45,330)
Total accumulated	(7,190,983)	(554,104)	43,121	(7,701,966)
Net capital assets – Governmental Activities	\$ 15,918,159	\$ (426,122)	\$ -	\$ 15,492,037
<u>Business-type Activities:</u>				
Not being depreciated:				
Land	\$ 935,282	\$ -	\$ -	\$ 935,282
Total not being depreciated	935,282	-	-	935,282
Being depreciated:				
Building and improvements	9,221,967	406,961	-	9,628,928
Vehicles and equipment	1,504,344	56,961	(29,541)	1,531,764
Total being depreciated	10,726,311	463,922	(29,541)	11,160,692
Lease assets being amortized:				
Equipment	1,004,816	109,837	-	1,114,653
Building	-	589,093	-	589,093
Total being amortized	1,004,816	698,930	-	1,703,746
Less accumulated depreciation				
Building and improvements	(4,545,252)	(255,549)	-	(4,800,801)
Vehicles and equipment	(1,290,204)	(29,880)	29,541	(1,290,543)
Less accumulated amortization				
Equipment	(299,214)	(219,545)	-	(518,759)
Building	-	(283,637)	-	(283,637)
Total accumulated	(6,134,668)	(788,608)	29,541	(6,893,735)
Net capital assets – Business-type Activities	\$ 6,531,741	\$ 374,244	\$ -	\$ 6,905,985
Net capital assets	\$ 22,449,900	\$ (51,878)	\$ -	\$ 22,398,022

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

Governmental activities:		
General recreation	\$	18,800
Parks and facilities		143,374
Recreation center		391,930
Total depreciation and amortization expense - Governmental activities	\$	<u>554,104</u>
Business-type activities:		
Golf Course	\$	504,971
Foundry		283,637
Total depreciation and amortization expense - Business-type activities	\$	<u>788,608</u>

Lease Liabilities

The following represents the changes in lease liabilities for the year ended December 31, 2022:

	Beginning Balance*	Additions	Deletions	Ending Balance
Governmental activities:				
Parks Truck	\$ 23,271	\$ -	\$ (11,130)	\$ 12,141
Mini Bus	47,849	-	(9,442)	38,407
Bobcat Lease	42,373	-	(8,671)	33,702
Total lease payable- Governmental activities	\$ 113,493	\$ -	\$ (29,243)	\$ 84,250
Business-type activities:				
Toro Equipment Lease #12139	\$ 15,900	\$ -	\$ (15,900)	\$ -
Equipment Lease #12193	29,380	-	(14,232)	15,148
2019 Turf Truck	16,056	-	(7,120)	8,936
Toro Equipment Lease	65,019	-	(20,801)	44,218
Exchange Bank #12319	97,598	-	(23,260)	74,338
Golf Car lease #12352	476,708	-	(113,755)	362,953
Exchange Bank #12391	-	109,837	(21,490)	88,347
Foundry Building	589,093	-	(244,738)	344,355
Total lease payable - Business-type activities	\$ 1,289,754	\$ 109,837	\$ (461,296)	\$ 938,295

*Restated for GASB Statement No. 87 *Leases*.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
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Governmental Activity Leases:

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

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

In March 2021, the District entered into a lease agreement for a 2021 Bobcat R Series. The lease term is 60 months with payments of \$835 and interest accruing at 3.52%. The lease will expire August 2026.

Business-Type Activity Leases:

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

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

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

In June 2020 the District entered into a lease for additional Toro equipment. The lease commencement date was June 1, 2020 with three payments of \$7,698 per year. The lease will expire August 1, 2024. Interest accrues at 3.9%.

In February 2021 the District entered into a lease for additional Toro equipment. The lease commencement date was February 11, 2021 with three payments of \$8,770 per year. The lease will expire August 1, 2025. Interest accrues at 3.4%.

In April 2021 the District entered into a lease for 100 Club Car Electric Golf Cars and Two Club Car Café Express Beverage Carts. The lease commencement date was April 27, 2021 with three payments of \$42,320 per year. The lease will expire August 1, 2025. Interest accrues at 3.0%.

In February 2022 the District entered into a lease for Toro equipment. The lease commencement date was February 23, 2022 with three payments of \$7,919 per year. The lease will expire August 1, 2026. Interest accrues at 3.54%.

In February 2019, the District entered into a lease for the Foundry Cinema & Bowling facility. The amended lease terminates in February 2024, but may be terminated sooner under specific lease provisions. An additional abatement of \$5,000 was included for each month beginning on January 1, 2022 through December 31, 2022 as a result of the constraints on operations caused by the pandemic. Additionally, there

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
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was a revenue share provision during the year 2022. The District has the option to purchase the facility for \$4,250,000 at any time through August 10, 2023.

Future minimum lease payments

Governmental activities:

	Principal	Interest	Total
2023	31,563	3,819	35,382
2024	20,076	2,270	22,346
2025	21,142	1,204	22,346
2026	11,469	185	11,654
Total	\$ 84,250	\$ 7,478	\$ 91,728

Business-type activities:

	Principal	Interest	Total
2023	501,244	22,986	524,230
2024	241,041	10,364	251,405
2025	172,738	4,290	177,028
2026	23,272	485	23,757
Total	\$ 938,295	\$ 38,125	\$ 976,420

Long-term debt

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

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

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2022

Changes in long-term obligations as of the year ended December 31, 2022 are as follows:

	Beginning Balance	Additions	Payments (Amortization)	Ending Balance
2020 GO Bonds	12,865,000		(755,000)	12,110,000
Premiums	2,058,430		(149,252)	1,909,178
Total	\$ 14,923,430	\$ -	\$ (904,252)	\$ 14,019,178

During 2022, the District paid \$434,042 interest on the bonds. Accrued interest at December 31, 2022 was \$35,017.

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

	Principal	Interest	Total
2023	780,000	420,200	1,200,200
2024	805,000	404,600	1,209,600
2025	800,000	388,500	1,188,500
2026	825,000	372,500	1,197,500
2027	835,000	356,000	1,191,000
2028-2032	4,685,000	1,251,600	5,936,600
2033-2035	3,380,000	273,600	3,653,600
	\$ 12,110,000	\$ 3,467,000	\$ 15,577,000

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

3. OTHER INFORMATION

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

5. POST-RETIREMENT BENEFITS

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

Under the plan, the employees are fully vested in the District's contribution plus any applicable investment earnings upon entry into the plan. During 2022, the District contributed \$113,406 to the plan.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2022

6. Reconciliation of government-wide and fund financial statements

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

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

Capital assets of \$23,194,003 less accumulated depreciation and amortization of \$7,701,966 or a net book value of \$15,492,037 are not financial resources and therefore are not reported in the governmental funds.

Prepaid bond insurance costs of \$101,127 are recognized as expenditures in the funds when incurred, but are amortized over the life of the related bond in the statement of net position. Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Deferred charge on refunding	\$ (1,130,381)
Prepaid bond insurance	(94,010)
Accrued compensated absences	38,771
Accrued interest payable	35,017
Leases payable: Due within one year	31,209
Leases payable: Due in more than one year	53,041
Bond Premium, net of amortization	1,909,178
Bonds payable: Due within one year	780,000
Bonds payable: Due in more than one year	11,330,000
Net adjustment	<u>\$ 12,952,825</u>

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

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

Depreciation and amortization expense	\$ (499,184)
Capital outlay	162,878
Net adjustment	<u>\$ (336,306)</u>

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds:

Bond principal payments	\$ 755,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds.

Net change in accrued compensated absences	\$ (3,625)
Change in accrued Bond interest	<u>(4,395)</u>
Net adjustment	<u>(8,020)</u>

OTHER SUPPLEMENTARY INFORMATION

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Debt Service Fund
For the year ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 1,252,014	\$ 1,249,053	\$ 1,249,744	\$ 691
Interest	2,000	2,344	2,345	1
Total revenues	1,254,014	1,251,397	1,252,089	692
Expenditures/expenses:				
Administration	400	400	400	--
Bond principal	755,000	755,000	755,000	--
Bond interest	435,300	435,300	435,300	--
Treasurer's fees	62,601	62,601	62,521	80
Total expenditures/expenses	1,253,301	1,253,301	1,253,221	80
Excess (deficiency) of revenues over expenditures	713	(1,904)	(1,132)	772
Net change in fund balances	\$ 713	\$ (1,904)	(1,132)	\$ 772
Fund balance - beginning of year			217,393	
Fund balance - end of year			\$ 216,261	

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Conservation Trust Fund
For the year ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Conservation trust income	\$ 34,500	\$ 34,918	\$ 38,062	\$ 3,144
Interest income	15	71	71	-
Total revenues	34,515	34,989	38,133	3,144
Expenditures/expenses:				
Capital outlay	\$ 24,000	\$ 46,950	\$ 46,950	\$ -
Total expenditures/expenses	24,000	46,950	46,950	--
Excess of revenues over expenditures	<u>\$ 10,515</u>	<u>\$ (11,961)</u>	(8,817)	<u>\$ 3,144</u>
Fund balance - beginning of year			<u>114,527</u>	
Fund balance - end of year			<u>\$ 105,710</u>	

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenses, and Changes in Fund Net Position -
Budget (non-US GAAP Basis) to Actual
Golf Course Fund
For the year ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues:				
Charges for sales and services:				
Merchandise sales	\$ 185,000	\$ 223,749	\$ 219,620	\$ (4,129)
Food and beverage sales	670,600	779,088	789,260	10,172
Club rental	28,000	35,485	35,485	-
Golf cart rentals	400,000	422,562	419,442	(3,120)
Driving range	102,000	110,136	109,512	(624)
Green fees	875,000	1,000,459	999,859	(600)
Season Pass	160,000	182,352	182,512	160
Resident ID cards	70,000	79,052	79,052	-
Tournament premiums	68,500	68,644	63,968	(4,676)
Events	1,000	649	649	-
Tee sign revenue	6,000	6,250	6,250	-
Grounds maintenance income	6,650	6,650	6,650	-
Fundraising	--	10,700	10,700	-
Total operating revenues	2,572,750	2,925,776	2,922,959	(2,817)
Operating expenses:				
Cost of goods sold:				
Pro shop merchandise and rentals	92,500	109,784	112,423	(2,639)
Food and beverage	218,300	292,465	299,032	(6,567)
Payroll and related taxes	1,107,030	1,180,002	1,178,066	1,936
Advertising and marketing	13,000	16,436	17,309	(873)
Contracted services	9,000	20,859	9,124	11,735
Equipment	144,711	143,449	23,546	119,903
Repairs and maintenance	77,750	79,448	76,868	2,580
Turf maintenance and landscaping	18,000	18,620	19,219	(599)
Supplies and parts	231,000	240,567	239,283	1,284
Utilities	96,700	90,094	87,749	2,345
Other operating - general	147,407	196,029	225,147	(29,118)
Capital outlay	455,520	573,069	463,926	109,143
Total operating expenses	2,610,918	2,960,822	2,751,692	209,130
Operating income	(38,168)	(35,046)	171,267	206,313
Nonoperating revenues (expenses):				
Miscellaneous income	--	48,569	48,569	-
Total nonoperating revenues	--	48,569	48,569	-
Net income/(loss)	\$ (38,168)	\$ 13,523	\$ 219,836	\$ 206,313
Reconciliation to GAAP Basis				
Capital outlay			(463,926)	
Depreciation			504,974	
Total reconciliation to GAAP Basis			41,048	
Net income/(loss) on GAAP Basis			178,788	
Net position - beginning of year			7,136,844	
Net position - end of year			\$ 7,315,632	

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenses, and Changes in Fund Net Position -
Budget (non-US GAAP Basis) to Actual
Foundry Fund
For the year ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues:				
Charges for sales and services:				
Movie Tickets	\$ 283,000	\$ 294,045	\$ 275,884	\$ (18,161)
Bowling Fees	288,000	316,385	322,313	5,928
Food and beverage sales	409,000	442,248	435,702	(6,546)
Vending and arcade income	14,000	17,913	17,616	(297)
Tournament premiums	15,000	16,801	17,761	960
Events	1,000	-	-	-
Sponsorships	37,000	45,120	45,000	(120)
Facility rental	6,000	21,510	22,410	900
Total operating revenues	1,053,000	1,154,022	1,136,686	(17,336)
Operating expenses:				
Cost of goods sold:				
Food and beverage	\$ 135,737	\$ 153,956	\$ 139,768	\$ 14,188
Movies	141,500	162,425	135,462	26,963
Payroll and related taxes	311,063	350,038	352,673	(2,635)
Rent expense	240,000	244,644	283,637	(38,993)
Interest expense	-	-	13,969	(13,969)
Advertising and marketing	10,000	5,542	11,402	(5,860)
Contracted services	3,000	3,000	3,000	-
Equipment	10,300	17,734	25,380	(7,646)
Repairs and maintenance	13,500	12,267	11,060	1,207
Supplies and parts	26,500	26,830	22,757	4,073
Utilities	38,000	36,395	36,644	(249)
Other operating - general	58,400	74,342	58,916	15,426
Total operating expenses	988,000	1,087,173	1,094,668	(7,495)
Operating income	65,000	66,849	42,018	(9,841)
Nonoperating revenues (expenses):				
Miscellaneous income	-	2,795.00	2,792	2,792
Total nonoperating revenues	-	2,795	2,792	2,792
Net income/(loss)	\$ 65,000	\$ 69,644	\$ 44,810	\$ (9,841)
Net position - beginning of year			101,725	
Net position - end of year			\$ 146,535	

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