

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

**FINANCIAL STATEMENTS**

**With Independent Auditor's Report**

**December 31, 2022**

**Grand Lake Metropolitan Recreation District**

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## INDEPENDENT AUDITOR'S REPORT

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

### ***Opinions***

We have audited the accompanying financial statements of Grand Lake Metropolitan Recreation District (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the 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 Opinions***

We conducted our audits 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 the 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 opinions.

### ***Responsibilities of Management for the Financial Statements***

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 the 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 the 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 the 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 IV through VII be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

***Supplemental Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as identified in the table of contents is presented for purposes of additional analysis and legal compliance 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Fiscal Focus Partners, LLC*

Arvada, Colorado  
August 14, 2023

**Grand Lake Metropolitan Recreation District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2022**

The discussion and analysis of Grand Lake Metropolitan Recreation District's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the basic financial statements and the notes to financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

- Assets of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,769,923 (net position). Of this amount, \$1,184,288 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.
- The District's total net position increased by \$282,517 over the prior fiscal year, primarily due to the application for approximately \$250,000 in FEMA grants relating to tree removal and planting after the East Troublesome Fire.
- Operating revenues increased approximately 3.7% from the prior year.
- Operating expenses decreased \$61,292 or 4.2%, from the prior year.

**Overview of the Financial Statements**

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

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

The *Statement of Net Position* presents information on all of the District's assets and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned compensation). The statement reports the District's operating and nonoperating revenue by source along with operating and nonoperating expenses.

**Grand Lake Metropolitan Recreation District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2022  
(continued)**

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

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

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

**Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Grand Lake Metropolitan Recreation District, assets exceeded liabilities and deferred inflows of resources by \$2,769,923 at the close of the most recent fiscal year.

**Statements of Net Position**

	December 31,		
	2022	2021	2020
Current assets	\$ 2,418,504	\$ 2,596,950	\$ 2,264,568
Capital assets	2,581,290	2,481,339	1,978,471
Deferred outflows	62,676	86,788	114,564
Total assets and deferred outflows	5,062,470	5,165,077	4,357,603
Current liabilities	367,057	386,746	358,899
Long-term liabilities	1,121,821	1,435,108	1,743,997
Deferred inflows	803,669	855,817	732,353
Total liabilities and deferred inflows	2,292,547	2,677,671	2,835,249
Net position:			
Net investment in			
capital assets	1,146,182	732,342	-
Restricted	439,453	552,730	535,929
Unrestricted	1,184,288	1,202,334	966,425
Net position	\$ 2,769,923	\$ 2,487,406	\$ 1,502,354

At December 31, 2022, 41 percent of the District's net position is invested in capital assets. 16 percent of the District's net position is restricted for emergencies, parks and recreation, and debt service. 43 percent is unrestricted and available to meet the District's operational expenses.

**Grand Lake Metropolitan Recreation District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2022  
(continued)**

**Changes in Net Position**

	<b>For the Years Ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Revenues			
Operating revenue	\$ 1,009,761	\$ 972,994	\$ 987,687
Nonoperating revenue	1,223,991	1,566,869	822,810
Total revenues	2,233,752	2,539,863	1,810,497
Expenses			
Operating expenses	1,156,939	1,285,588	1,029,872
Depreciation	247,657	180,300	266,637
Nonoperating expenses	546,639	88,923	89,825
Extraordinary loss - fire	-	-	202,233
Total expenses	1,951,235	1,554,811	1,588,567
Change in net position	282,517	985,052	221,930
Net position - beginning	2,487,406	1,502,354	1,280,424
Net position - ending	\$ 2,769,923	\$ 2,487,406	\$ 1,502,354

**Budgetary Highlights**

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of capital outlay and debt repayment in addition to operations and nonoperating revenue and expenses and contributions. Depreciation is not reflected in the budget since it does not affect funds available. Funds available decreased by \$103,322.

**Capital Assets**

The District's investment in capital assets, net of depreciation, as of December 31, 2022, 2021 and 2020 was as follows:

**Grand Lake Metropolitan Recreation District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2022  
(continued)**

**Capital Assets**

	December 31,		
	2022	2021	2020
Land	\$ 1,368,736	\$ 1,368,736	\$ 1,368,736
Water rights	41,800	41,800	41,800
Building	1,860,918	1,810,022	1,560,114
Improvements	2,012,149	1,783,297	1,783,297
Equipment	1,880,413	1,836,665	1,431,181
Total assets	7,164,016	6,840,520	6,185,128
Accumulated depreciation	(4,582,726)	(4,359,181)	(4,206,657)
Net capital assets	\$ 2,581,290	\$ 2,481,339	\$ 1,978,471

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

The District reinvested approximately \$579,000 from 2021 insurance reimbursements in capital assets such as construction of a new cart barn, acquired new golf carts, repaired golf course infrastructure, and construction a new deck, and reinvested approximately \$295,000 in grant and insurance reimbursements in 2022 in recreation and building improvements.

**Debt Administration**

As of December 31, 2022 the District had total debt obligations of \$1,425,000, which consists of Series 2003 and 2012 refunding bonds. During 2022, \$310,000 of G.O. debt was retired.

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

**Economic Factors and Next Year's Budget**

Weather conditions will play a major role in the District's revenue generation in 2023 and may lead to variations from prior years and from budgeted amounts. The 2023 budgeted amount for capital improvements is \$150,000.

**Requests for Information**

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

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

## **BASIC FINANCIAL STATEMENTS**

**Grand Lake Metropolitan Recreation District**

**STATEMENT OF NET POSITION**

**December 31, 2022**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 289,765
Cash and cash equivalents - restricted	33,627
Investments	1,032,686
Accounts receivable - County Treasurer	0
Grant reimbursement receivable	207,281
Property taxes receivable	803,669
Inventory	37,274
Prepaid expenses and other	13,237
<b>Total current assets</b>	<u>2,417,539</u>

**Capital assets, net**

Land	1,368,736
Water rights	41,800
Depreciable property, net	1,170,754
<b>Total capital assets</b>	<u>2,581,290</u>

**Other assets**

Deposits	965
<b>Total other assets</b>	<u>965</u>
<b>Total assets</b>	<u>4,999,794</u>

**DEFERRED OUTFLOWS of RESOURCES**

Deferred loss on advanced refunding	62,676
<b>Total deferred outflows of resources</b>	<u>62,676</u>

**Total assets and deferred outflows of resources** \$ 5,062,470

**LIABILITIES**

**Current liabilities**

Accounts payable	\$ 23,077
Accrued salaries, benefits and related liabilities	16,754
Accrued interest payable	3,127
Accrued vacation	10,812
Deposits	0
Current portion of long-term debt	313,287
<b>Total current liabilities</b>	<u>367,057</u>
Bonds payable	1,121,821
<b>Total long-term liabilities</b>	<u>1,121,821</u>
<b>Total liabilities</b>	<u>1,488,878</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred property taxes	803,669
<b>Total deferred inflows of resources</b>	<u>803,669</u>

**NET POSITION**

Net investment in capital assets	1,146,182
Restricted	439,453
Unrestricted	1,184,288
<b>Total net position</b>	<u><u>\$ 2,769,923</u></u>

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

**Grand Lake Metropolitan Recreation District**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Year Ended December 31, 2022**

<b>OPERATING REVENUES</b>	
Golf course and other recreation	\$ 860,344
Lounge and restaurant	131,084
Miscellaneous income	18,333
<b>Total operating revenues</b>	<u>1,009,761</u>
<b>OPERATING EXPENSES</b>	
Cost of goods sold	76,138
Cost of services	640,897
General and administrative	439,904
Depreciation and amortization	247,657
<b>Total operating expenses</b>	<u>1,404,596</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(394,835)</u>
<b>NONOPERATING REVENUES</b>	
Property taxes	849,808
Specific ownership taxes	53,341
Grant income	277,190
Fire insurance claim	18,586
Net investment income	25,066
<b>Total nonoperating revenues</b>	<u>1,223,991</u>
<b>NONOPERATING EXPENSES</b>	
Fire recovery expenses	460,408
County Treasurer fees	42,600
Interest	43,631
<b>Total nonoperating expenses</b>	<u>546,639</u>
<b>CHANGE IN NET POSITION</b>	<u>282,517</u>
<b>NET POSITION - beginning of year</b>	<u>2,487,406</u>
<b>NET POSITION - end of year</b>	<u><u>\$ 2,769,923</u></u>

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

**Grand Lake Metropolitan Recreation District**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2022**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 999,724
Payments to suppliers for goods and services	(516,194)
Payments to employees for services	(680,243)
<b>Net cash provided (used) by operating activities</b>	<u>(196,713)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Property taxes	849,808
Specific ownership taxes	53,341
County Treasurer's fees	(42,600)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>860,549</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of fixed assets	(323,496)
Fire recovery expenses	(460,408)
Proceeds from insurance claims	18,586
Grant proceeds	69,909
Debt principal payments	(310,000)
Interest paid on debt	(43,057)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(1,048,466)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Net redemption/(purchase) of investments	420,843
Interest earnings received	25,066
<b>Net cash provided (used) by investing activities</b>	<u>445,909</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	61,279
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<u>262,113</u>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<u>\$ 323,392</u>

(continued)

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

**Grand Lake Metropolitan Recreation District**  
**STATEMENT OF CASH FLOWS**  
**Year ended December 31, 2022**  
**(continued)**

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

Operating income (loss)	\$ (394,835)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation and amortization	247,657
Change in assets and liabilities:	
(Increase) decrease in:	
Inventory	(12,748)
Prepaid expenses	(13,237)
Increase (decrease) in:	
Accounts payable	(16,482)
Accrued salaries, benefits and related liabilities	(2,068)
Deposits	(5,000)
Total adjustments	198,122
<b>Net cash provided (used) by operating activities</b>	<b>\$ (196,713)</b>

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

# Grand Lake Metropolitan Recreation District

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

### Note 1 – Definition of reporting entity

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

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

### Note 2 – Summary of significant accounting policies

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

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

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

#### **Basis of Accounting**

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

# **Grand Lake Metropolitan Recreation District**

## **NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 2022**

### **Enterprise Funds**

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

### **Operating revenues and expenses**

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

### **Cash equivalents**

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

### **Property Taxes**

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

**Grand Lake Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2022**

**Capital assets**

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

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

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

**Water rights**

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

**Inventory valuation**

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

**Compensated absences**

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

**Debt issue costs**

Debt issuance costs are expensed in the period incurred.

**Budgets**

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

**Grand Lake Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2022**

**Estimates**

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

**Deferred Outflows of Resources**

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

**Deferred Inflows of Resources**

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

**Note 3 – Cash and investments**

Cash and investments are reflected on the December 31, 2022 Statements of Net Position as follows:

Cash and cash equivalents	\$ 289,765
Cash and cash equivalents - restricted	33,627
Investments	1,032,686
Total cash and investments	<u>\$ 1,356,078</u>

Cash and investments as of December 31, 2022 consist of the following:

Deposits with financial institutions	\$ 323,392
Investments	1,032,686
Total cash and investments	<u>\$ 1,356,078</u>

At December 31, 2022, the District's cash deposits had bank balances of \$342,155 carrying balances of \$323,392.

**Grand Lake Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2022**

**Deposits with financial institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2022 the federal insurance limit was \$250,000. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has not adopted a deposit policy for custodial credit risk. As of December 31, 2022, the District's bank balances and carrying balances were insured or collateralized as follows:

Bank balances:	
Federally insured	\$ 92,155
Collateralized	250,000
Total bank balances	<u>\$ 342,155</u>
Carrying balances:	
Federally insured	\$ 73,392
Collateralized	250,000
Total carrying balances	<u>\$ 323,392</u>

**Investments**

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

The District primarily limits its investments to certain money market funds, federal government and agency securities, and local government investments pools, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to custodial credit risk for investments that are in the possession of another party.

**Grand Lake Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2022**

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

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

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

As of December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	355,713
Colorado Surplus Asset Fund Trust (CSAFE) - Colorado CORE	Weighted average under 180 days	676,973
Total investments		<u>\$ 1,032,686</u>

**CSAFE**

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

**Grand Lake Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2022**

value to \$2.00. CORE measures all of its investments at amortized cost with a weighted average maturity of 180 days or less. CORE is rated AAf/S1 by Fitch Ratings. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**Restricted cash and investments**

As of December 31, 2022, the District had restricted cash of \$25,000 for emergencies as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 8), and 8,627 restricted for parks and recreation related to receipt of lottery funds.

**Note 4 – Capital assets**

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance at December 31, 2021	Increases	Adjustments/ Decreases	Balance at December 31, 2022
Capital assets, not being depreciated				
Land	\$ 1,368,736	\$ -	\$ -	\$ 1,368,736
Water rights	41,800	-	-	41,800
Total capital assets, not being depreciated	<u>1,410,536</u>	<u>-</u>	<u>-</u>	<u>1,410,536</u>
Capital assets being depreciated				
Buildings	1,810,022	50,896	-	1,860,918
Improvements	1,783,297	228,852	-	2,012,149
Equipment	1,836,665	43,748	-	1,880,413
Total capital assets being depreciated	<u>5,429,984</u>	<u>323,496</u>	<u>-</u>	<u>5,753,480</u>
Accumulated depreciation	<u>4,359,181</u>	<u>223,545</u>	<u>-</u>	<u>4,582,726</u>
Total capital assets being depreciated, net	<u>1,070,803</u>	<u>99,951</u>	<u>-</u>	<u>1,170,754</u>
Capital assets, net	<u>\$ 2,481,339</u>	<u>\$ 99,951</u>	<u>\$ -</u>	<u>\$ 2,581,290</u>

Depreciation expense of \$223,545 for the year ended December 31, 2022 was charged to operating expenses.

**Note 5 – Long term obligations**

The following is an analysis of the changes in the District's long-term obligations for the year ended 12/31/2022:

**Grand Lake Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2022**

	<b>Balance at December 31, 2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at December 31, 2022</b>	<b>Due Within One Year</b>
<b>Bonds:</b>					
Series 2003 Refunding	\$ 70,000	\$ -	\$ (35,000)	\$ 35,000	\$ 35,000
Series 2012 Refunding	1,665,000	-	(275,000)	1,390,000	275,000
<b>Other:</b>					
Premium on 2012 Bonds	13,997	-	(3,889)	10,108	3,287
	<u>\$ 1,748,997</u>	<u>\$ -</u>	<u>\$ (313,889)</u>	<u>\$ 1,435,108</u>	<u>\$ 313,287</u>

**2003 Revenue Refunding Bonds**

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

**2012 General Obligation Refunding Bonds**

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

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

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

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

The bonds constitute general obligations of the District. All of the taxable property in the District is subject to the levy of an ad valorem tax to pay the principal and interest

**Grand Lake Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2022**

on the bonds. The net proceeds of the issuance were used to finance forest management, building maintenance, and irrigation system improvements.

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

	2003 Revenue Refunding Bonds			2012 G.O Refunding Bonds			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 35,000	\$ 1,837	\$ 36,837	\$ 275,000	\$ 37,544	\$ 312,544	\$ 310,000	\$ 39,381	\$ 349,381
2024	-	-	-	275,000	30,669	305,669	275,000	30,669	\$ 305,669
2025	-	-	-	280,000	23,450	303,450	280,000	23,450	\$ 303,450
2026	-	-	-	280,000	15,750	295,750	280,000	15,750	\$ 295,750
2027	-	-	-	280,000	8,050	288,050	280,000	8,050	\$ 288,050
2027	-	-	-	-	-	-	-	-	\$ -
<b>Total</b>	<b>\$ 35,000</b>	<b>\$ 1,837</b>	<b>\$ 36,837</b>	<b>\$ 1,390,000</b>	<b>\$ 115,463</b>	<b>\$ 1,505,463</b>	<b>\$ 1,425,000</b>	<b>\$ 117,300</b>	<b>\$ 1,542,300</b>

**Debt authorization**

The District has authorized but unissued indebtedness of \$5,000 at December 31, 2022.

**Note 6 – Net position**

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2022, the District had a net investment in capital assets as follows:

Capital assets, net	\$ 2,581,290
Current portion of outstanding long-term obligations	(313,287)
Noncurrent portion of outstanding long-term obligations	<u>(1,121,821)</u>
Net investment in capital assets	<u>\$ 1,146,182</u>

Restricted assets include net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2022, the District had restricted net position as follows:

**Grand Lake Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS  
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**December 31, 2022**

Emergencies (Note 10)	\$ 25,000
Parks and recreation - lottery proceeds	8,627
Debt Service (Note 5)	405,826
	<u>\$ 439,453</u>

The District had unrestricted net position of \$1,184,288 and total net position of \$2,769,923 as of December 31, 2022.

**Note 7 – Deferred compensation plans**

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

The Plan is funded through contributions of up to a maximum limit set by the Internal Revenue Service. The District contributes 6.2% of gross wages to the Plan on behalf of all full-time employees. For the year ended December 31, 2022, the District contributed \$16,975 to the Plan. The District has no liability for losses under the Plan, as it is not the Trustee. Consequently, the Plan is not reported in the District's financial statements.

**Note 8 – Risk management**

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

The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool), which is sponsored by the Special District Association of Colorado. The Pool is an organization created by an intergovernmental agreement to provide property, liability, public official liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three years.

The District pays annual premiums to the Pool for property, general liability and public official liability coverage. Members of the Pool may be required to make additional surplus contributions in the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to the distribution formula. During 2021 and 2022, the Pool made distributions to the District as disclosed in Note 10.

**Grand Lake Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS  
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**December 31, 2022**

**Note 9 – Tax, spending and debt limitations**

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

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

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

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

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

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

**Note 10 – Extraordinary loss and insurance recovery – East Troublesome Fire**

In October of 2020, a large wildfire began in the Arapahoe National Forest and spread to Rocky Mountain National Park and the Grand Lake, Colorado vicinity. The fire destroyed property throughout the District's boundaries, including trees, buildings and equipment. The damage led to the absorption of considerable extra costs, and a loss on book value of assets totaling \$202,223 at December 31, 2020. During 2021, the District received \$755,127 in claims, of which \$175,934 was expended for general repairs, and \$579,193 was reinvested in capital assets. During 2022, the District received \$18,586 in claims.

\* \* \* \* \*

**SUPPLEMENTAL INFORMATION**

**Grand Lake Metropolitan Recreation District**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2022**

	<b>Original Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Pro Shop sales	\$ 749,000	\$ 744,328	\$ (4,672)
Food and beverage sales	110,000	131,084	21,084
General recreation	281,800	27,875	(253,925)
Touring center	109,700	115,553	5,853
Property taxes	805,730	849,808	44,078
Specific ownership taxes	56,250	53,341	(2,909)
Interest income	7,300	25,066	17,766
Lottery	14,000	16,639	2,639
Insurance claims	106,379	18,586	(87,793)
Other income	361,921	251,472	(110,449)
<b>Total Revenues</b>	<u>2,602,080</u>	<u>2,233,752</u>	<u>(368,328)</u>
<b>EXPENDITURES</b>			
Pro shop	245,018	232,327	12,691
Maintenance	460,514	428,907	31,607
Food and beverage	151,975	117,470	34,505
Property management	561,516	565,592	(4,076)
General recreation	326,513	67,446	259,067
Touring center	168,372	69,930	98,442
General and administrative	246,578	178,276	68,302
Fire-related expenditures	-	-	-
Capital outlay	83,500	323,496	(239,996)
Bond and lease principal payments	310,000	310,000	-
Interest payments	48,094	43,631	4,463
Emergency, contingency	-	-	-
<b>Total Expenditures</b>	<u>2,602,080</u>	<u>2,337,074</u>	<u>265,006</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(103,322)</u>	<u>(103,322)</u>
<b>BEGINNING FUNDS AVAILABLE</b>	<u>732,616</u>	<u>1,468,441</u>	<u>735,825</u>
<b>ENDING FUNDS AVAILABLE</b>	<u>\$ 732,616</u>	<u>\$ 1,365,119</u>	<u>\$ 632,503</u>

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

Revenues (budgetary basis)	<u>\$ 2,233,752</u>
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>2,233,752</u>
Expenditures (budgetary basis)	<u>2,337,074</u>
Depreciation and amortization	247,657
Debt principal payments	(310,000)
Capital outlay	<u>(323,496)</u>
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	<u>1,951,235</u>
Change in net position per Statement of Revenue, Expenses and Changes in Net Position	<u>\$ 282,517</u>