

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

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2023

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, 2023, 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, 2023, 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
June 18, 2024

**Grand Lake Metropolitan Recreation District
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023**

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, 2023. 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 \$3,244,250 (net position). Of this amount, \$1,837,876 (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 \$474,327 over the prior fiscal year, primarily due to the decline in expenditures related to rebuilding and recovery from the East Troublesome Fire which occurred in 2020.
- Operating revenues increased approximately 15.6% from the prior year.
- Operating expenses, excluding depreciation, increased \$229,473 or 16.6%, 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

**Grand Lake Metropolitan Recreation District
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023
(continued)**

District's operating and nonoperating revenue by source along with operating and nonoperating expenses.

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

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

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

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Grand Lake Metropolitan Recreation District, assets exceeded liabilities and deferred inflows of resources by \$3,244,250 at the close of the most recent fiscal year.

Statements of Net Position

	December 31,		
	2023	2022	2021
Current assets	\$ 2,911,127	\$ 2,418,504	\$ 2,596,950
Capital assets	2,502,195	2,581,290	2,481,339
Deferred outflows	42,296	62,676	86,788
Total assets and deferred outflows	5,455,618	5,062,470	5,165,077
Current liabilities	347,554	367,057	386,746
Long-term liabilities	844,136	1,121,821	1,435,108
Deferred inflows	1,019,678	803,669	855,817
Total liabilities and deferred inflows	2,211,368	2,292,547	2,677,671
Net position:			
Net investment in capital assets	1,380,374	1,146,182	732,342
Restricted	26,000	439,453	552,730
Unrestricted	1,837,876	1,184,288	1,202,334
Net position	\$ 3,244,250	\$ 2,769,923	\$ 2,487,406

At December 31, 2023, 42 percent of the District's net position is invested in capital assets. One percent of the District's net position is restricted for emergencies. 57 percent is unrestricted and available to meet the District's operational expenses.

**Grand Lake Metropolitan Recreation District
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023
(continued)**

Changes in Net Position

	For the Years Ended December 31,		
	2023	2022	2021
Revenues			
Operating revenue	\$ 1,196,761	\$ 1,009,761	\$ 972,994
Nonoperating revenue	937,185	1,223,991	1,566,869
Total revenues	2,133,946	2,233,752	2,539,863
Expenses			
Operating expenses	1,386,412	1,156,939	1,285,588
Depreciation and amortization	197,456	247,657	180,300
Nonoperating expenses	75,751	546,639	88,923
Total expenses	1,659,619	1,951,235	1,554,811
Change in net position	474,327	282,517	985,052
Net position - beginning	2,769,923	2,487,406	1,502,354
Net position - ending	\$ 3,244,250	\$ 2,769,923	\$ 2,487,406

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 increased by \$260,515.

**Grand Lake Metropolitan Recreation District
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023
(continued)**

Capital Assets

The District's investment in capital assets, net of depreciation, as of December 31, 2023, 2022 and 2021 was as follows:

	Capital Assets		
	December 31,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Land	\$ 1,368,736	\$ 1,368,736	\$ 1,368,736
Water rights	41,800	41,800	41,800
Building	1,863,844	1,860,918	1,810,022
Improvements	2,012,149	2,012,149	1,783,297
Equipment	1,947,232	1,880,413	1,836,665
Total assets	<u>7,233,761</u>	<u>7,164,016</u>	<u>6,840,520</u>
Accumulated depreciation	<u>(4,731,567)</u>	<u>(4,582,726)</u>	<u>(4,359,181)</u>
Net capital assets	<u>\$ 2,502,194</u>	<u>\$ 2,581,290</u>	<u>\$ 2,481,339</u>

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

Debt Administration

As of December 31, 2023 the District had total debt obligations of \$1,121,821, which consists of Series 2003 and 2012 refunding bonds. During 2023, \$313,287 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 2024 and may lead to variations from prior years and from budgeted amounts. The 2024 budgeted amount for capital improvements is \$394,000.

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, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 418,348
Cash and cash equivalents - restricted	26,000
Investments	1,380,837
Accounts receivable - county treasurer	3,936
Grant reimbursement receivable	20,727
Property taxes receivable	1,019,678
Inventory	40,636
Total current assets	2,910,162

Capital assets, net

Land	1,368,736
Water rights	41,800
Depreciable property, net	1,091,659
Total capital assets	2,502,195

Other assets

Deposits	965
Total other assets	965

Total assets

5,413,322

DEFERRED OUTFLOWS

Deferred loss on advanced refunding	42,296
Total deferred outflows of resources	42,296

Total assets and deferred outflows of resources

\$ 5,455,618

LIABILITIES

Current liabilities

Accounts payable	\$ 34,881
Accrued salaries, benefits and related liabilities	21,443
Accrued interest payable	2,556
Unearned revenue	14,288
Accrued vacation	6,164
Current portion of long-term debt	277,685
Total current liabilities	357,017

Bonds payable	844,136
Total long-term liabilities	844,136

Total liabilities

1,201,153

DEFERRED INFLOWS OF RESOURCES

Deferred property taxes	1,010,215
Total deferred inflows of resources	1,010,215

NET POSITION

Net investment in capital assets	1,380,374
Restricted	26,000
Unrestricted	1,837,876
Total net position	\$ 3,244,250

The accompanying Notes to the 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, 2023

OPERATING REVENUES	
Golf course and other recreation	\$ 1,026,758
Lounge and restaurant	151,857
Miscellaneous income	18,146
Total operating revenues	<u>1,196,761</u>
OPERATING EXPENSES	
Cost of goods sold	121,289
Cost of services	706,467
General and administrative	558,656
Depreciation and amortization	197,456
Total operating expenses	<u>1,583,868</u>
OPERATING INCOME (LOSS)	<u>(387,107)</u>
NONOPERATING REVENUES	
Property taxes	802,790
Specific ownership taxes	52,366
Gain on sale of assets	15,000
Net investment income	67,029
Total nonoperating revenues	<u>937,185</u>
NONOPERATING EXPENSES	
County treasurer fees	40,227
Interest	35,524
Total nonoperating expenses	<u>75,751</u>
CHANGE IN NET POSITION	474,327
NET POSITION - beginning of year	<u>2,769,923</u>
NET POSITION - end of year	<u><u>\$ 3,244,250</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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,201,586
Payments to suppliers for goods and services	(730,335)
Payments to employees for services	(634,357)
Net cash provided (used) by operating activities	<u>(163,106)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	798,854
Specific ownership taxes	52,366
County Treasurer's fees	(40,227)
Net cash provided (used) by noncapital financing activities	<u>810,993</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of fixed assets	(97,981)
Proceeds from asset sales	15,000
Grant proceeds	186,554
Debt principal payments	(313,287)
Interest paid on debt	(36,095)
Net cash provided (used) by capital and related financing activities	<u>(245,809)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net redemption/(purchase) of investments	(348,151)
Interest earnings received	67,029
Net cash provided (used) by investing activities	<u>(281,122)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	120,956
CASH AND CASH EQUIVALENTS - beginning of year	<u>323,392</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 444,348</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, 2023
(continued)

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

Operating income (loss)	<u>\$ (387,107)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation and amortization	197,456
Change in assets and liabilities:	
(Increase) decrease in:	
Inventory	(3,362)
Prepaid expenses	13,237
Increase (decrease) in:	
Accounts payable	11,804
Accrued salaries, benefits and related liabilities	41
Unearned revenue	<u>4,825</u>
Total adjustments	<u>224,001</u>
Net cash provided (used) by operating activities	<u><u>\$ (163,106)</u></u>

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

Grand Lake Metropolitan Recreation District

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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, 2023

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.

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.

Grand Lake Metropolitan Recreation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

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 paid time off based on length of employment. Unused paid time off up to 40 hours may be carried forward to the following year. 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.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

Grand Lake Metropolitan Recreation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

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, 2023 Statement of Net Position as follows:

Cash and cash equivalents	\$	418,348
Cash and cash equivalents - restricted		26,000
Investments		<u>1,380,837</u>
Total cash and investments	\$	<u><u>1,825,185</u></u>

Cash and investments as of December 31, 2023 consist of the following:

Deposits with financial institutions	\$	444,348
Investments		<u>1,380,837</u>
Total cash and investments	\$	<u><u>1,825,185</u></u>

At December 31, 2023, the District's cash deposits had bank balances of \$495,400 and carrying balances of \$444,348.

Grand Lake Metropolitan Recreation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

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, 2023 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, 2023, the District's bank balances and carrying balances were insured or collateralized as follows:

Bank balances:	
Federally insured	\$ 250,000
Collateralized	245,400
Total bank balances	<u>\$ 495,400</u>
Carrying balances:	
Federally insured	\$ 250,000
Collateralized	194,348
Total carrying balances	<u>\$ 444,348</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, 2023

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, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	\$ 668,006
Colorado Surplus Asset Fund Trust (CSAFE) - Colorado CORE	Weighted average under 180 days	712,831
Total investments		<u>\$ 1,380,837</u>

CSAFE

During 2023, the District invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates similar to a money market fund, with each 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, and any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury

Grand Lake Metropolitan Recreation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

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 CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. 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, 2023, the District had restricted cash of \$26,000 for emergencies as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

Note 4 – Capital assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	<u>December 31, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2023</u>
Capital assets, not being depreciated:				
Land - Golf Course	\$ 1,368,736	\$ -	\$ -	\$ 1,368,736
Water Rights	41,800	-	-	41,800
Capital assets not being depreciated	<u>1,410,536</u>	<u>-</u>	<u>-</u>	<u>1,410,536</u>
Capital assets being depreciated:				
Buildings	1,860,918	7,992	(5,066)	1,863,844
Improvements	2,012,149	-	-	2,012,149
Equipment	1,880,414	89,989	(23,170)	1,947,233
Total capital assets being depreciated	<u>5,753,481</u>	<u>97,981</u>	<u>(28,236)</u>	<u>5,823,226</u>
Accumulated depreciation	(4,582,726)	(177,077)	28,236	(4,731,567)
Total capital assets being depreciated, net	<u>1,170,755</u>	<u>(79,096)</u>	<u>-</u>	<u>1,091,659</u>
Capital assets, net	<u>\$ 2,581,291</u>	<u>\$ (79,096)</u>	<u>\$ -</u>	<u>\$ 2,502,195</u>

Grand Lake Metropolitan Recreation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

Depreciation expense of \$177,077 for the year ended December 31, 2023 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 December 31, 2023:

	<u>December 31, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2023</u>	<u>Due Within One Year</u>
Bonds					
Series 2003 Refunding	\$ 35,000	\$ -	\$ 35,000	\$ -	\$ -
Series 2012 Refunding	1,390,000	-	275,000	1,115,000	275,000
Other					
Premium on 2012 Bonds	<u>10,108</u>	<u>-</u>	<u>3,287</u>	<u>6,821</u>	<u>2,685</u>
	<u>\$1,435,108</u>	<u>\$ -</u>	<u>\$ 313,287</u>	<u>\$ 1,121,821</u>	<u>\$ 277,685</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. The final payment was made in 2023.

2012 General Obligation Refunding Bonds

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

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

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

Grand Lake Metropolitan Recreation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

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

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

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

Year Ended December 31,	Series 2012 G.O. Refunding Bonds		
	Principal	Interest	Total
2024	\$ 275,000	\$ 30,669	\$ 305,669
2025	280,000	23,450	303,450
2026	280,000	15,750	295,750
2027	280,000	8,050	288,050
Total	<u>\$ 1,115,000</u>	<u>\$ 77,919</u>	<u>\$ 1,192,919</u>

Debt authorization

The District has authorized but unissued indebtedness of \$5,000 at December 31, 2023.

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, 2023, the District had a net investment in capital assets as follows:

Capital assets, net	\$ 2,502,195
Current portion of outstanding long-term obligations	(277,685)
Noncurrent portion of outstanding long-term obligations	<u>(844,136)</u>
Net investment in capital assets	<u>\$ 1,380,374</u>

Grand Lake Metropolitan Recreation District

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

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, 2023, the District had restricted net position of \$26,000.

The District had unrestricted net position of \$1,837,876 and total net position of \$3,244,250 as of December 31, 2023.

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 Board has the authority to determine plan provisions. The Plan is available to all employees including support staff and is administered by ICMA Retirement Corporation. Employees are 100% vested in all contributions.

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, 2023, employees and the District contributed \$7,800 and \$20,860, respectively, 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.

Grand Lake Metropolitan Recreation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

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 \$26,000 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 the District received both insurance claim and grant reimbursements. As of December 31, 2023, the District had a remaining \$20,727 in reimbursement receivable remaining outstanding.

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SUPPLEMENTAL INFORMATION

Grand Lake Metropolitan Recreation District
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2023

	Original Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES			
Pro Shop sales	\$ 902,537	\$ 926,179	\$ 23,642
Food and beverage sales	131,000	151,857	20,857
General recreation	3,500	-	(3,500)
Touring center	111,300	100,579	(10,721)
Property taxes	803,418	802,790	(628)
Specific ownership taxes	58,000	52,366	(5,634)
Interest income	9,500	67,029	57,529
Lottery	15,200	18,146	2,946
Other income	1,000	15,000	14,000
Total Revenues	<u>2,035,455</u>	<u>2,133,946</u>	<u>98,491</u>
EXPENDITURES			
Pro shop	266,750	278,509	(11,759)
Maintenance	519,604	450,123	69,481
Food and beverage	167,184	145,743	21,441
Property management	129,746	100,407	29,339
General recreation	58,504	41,294	17,210
Touring center	170,955	173,357	(2,402)
General and administrative	195,168	237,206	(42,038)
Capital outlay	215,000	97,981	117,019
Bond and lease principal payments	275,000	313,287	(38,287)
Interest payments	37,544	35,524	2,020
Total Expenditures	<u>2,035,455</u>	<u>1,873,431</u>	<u>162,024</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>260,515</u>	<u>260,515</u>
BEGINNING FUNDS AVAILABLE	<u>1,243,442</u>	<u>1,365,119</u>	<u>121,677</u>
ENDING FUNDS AVAILABLE	<u>\$ 1,243,442</u>	<u>\$ 1,625,634</u>	<u>\$ 382,192</u>

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

Revenues (budgetary basis)	\$ 2,133,946
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>2,133,946</u>
Expenditures (budgetary basis)	1,873,431
Depreciation and amortization	197,456
Debt principal payments	(313,287)
Capital outlay	(97,981)
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	<u>1,659,619</u>
Change in net position per Statement of Revenue, Expenses and Changes in Net Position	<u>\$ 474,327</u>