

MONTROSE RECREATION DISTRICT

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

DONALD R. MORELAND & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Montrose Recreation District
Montrose, Colorado 81401

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Montrose Recreation District, as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Directors
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Report on Summarized Comparative Information

We have previously audited the Montrose Recreation District's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 31, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and Schedule of Activity - Net Pension Liability and Schedule of Activity - Employer Pension Contribution on pages 4 through 10, and pages 58 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental schedules on pages 69 through 71 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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These supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Donald R. Moreland & Associates, P.C.

Montrose, Colorado
August 24, 2021

MANAGEMENT' S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Montrose Recreation District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2020.

Financial & Operational Highlights

The Montrose Recreation District (MRD) provides vital, community-building services to our community residents by offering activities that foster active lifestyles, social interaction and positive life skills. The result of this service is a healthier community, physically, socially and economically, with an overall higher quality of life than if the MRD did not exist.

MRD continued with its fiscal austerity in 2020, spending \$3,048,760 in its general fund. This compares with \$3,483,648 in general fund revenue. As of the close of the year, the District has \$6,856,737 in combined ending cash and investment balances. This compares to \$7,433,754 in combined ending cash and investment balances for 2019.

MRD's assessed valuation was \$396,433,698 for 2019 and \$475,588,029 for 2020. The 2019 and 2020 mill levy was 4.5. Specific ownership tax and the property tax generated in 2020 was \$2,351,564. There was a new assessed valuation done for 2020 and 2021. 2021's assessed valuation was \$472,167,347.

Montrose's economy continues to improve. This is evidenced by sales tax revenues exceeding projections. In 2019, the City of Montrose collected \$1,843,048 in sales tax for MRD per the Rec. Center IGA with the City. MRD budgeted \$1,650,000 in MRD's 30 year budget presentation, which was used to plan the finances for MRD with the CRC online. In 2020, the City of Montrose collected \$1,988,673 in sales tax for MRD. MRD had budgeted \$1,856,788.

Facilities and programs services:

Service at MRD sites included Ute, McNeil, Holly, the Montrose Community Recreation Center (CRC), and the Montrose Field House, both which opened in 2017. Service at non-MRD facilities included Montrose County School District gyms and Cerise Park. In general, the year 2020 started out with participation in programs at facilities continuing to increase over past years. However, forced closures of all programs and facilities in mid-March caused upheaval to participation and budgeted revenues and expenditures. Because few programs could be fully offered through much of the year, program participation and facility visits were down approximately 60% from the 2019. There were many successes, however, as summer and some fall programs were held outdoors, and the fall and winter programs realized a substantial rebound even with health precautions in place. By year end, fees collected in 2020 were about 50% of those collected in 2019. Program scholarship contributions remained strong through the fundraising generated by the Montrose Recreation Foundation, which continues to serve as the non-profit arm and partner in complement to the MRD. Program scholarships accounted for \$3,800 (40% of a typical year) in offsetting program fees.

Human Resources:

The MRD employed 314 part time and 23 core time staff members (full time and 3/4 time) who were centrally involved in providing services in the areas of parks and facilities maintenance, recreation programming (youth, adult, fitness/wellness, 50+, aquatics), customer service, internal support services (accounting, human resources) and facilities management. Total year-end part time hours spent on all activities were 37,678, equating to 18.5 FTEs. Total FTEs for the organization were slightly over 40.

Capital Development:

As for capital development, funds were spent to complete the rehabilitation of Holly Park as well as to finish construction of the Connect Trail.

Overview of the Financial Statements.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements.

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. 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 activities presents information showing how the MRD's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements of the District distinguish only the functions of the District that are largely supported by taxes and intergovernmental revenues and not from other functions that are intended to recover all or a significant portion of their costs through user fees and charges as the District does not have any business type activities. The District does recover a large portion of direct programming costs. The governmental activities of MRD include administrative, park maintenance, concessions, the CRC, recreational programs and the Field House.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District are only in the governmental fund category.

Governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all five funds. Although all funds do not meet the criteria of a major fund, the District has elected to report all funds as major funds in the governmental fund statements.

The District adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for the General Fund, Sales Tax Fund, Capital Improvement Fund, Capital Reserve Fund and Conservation Trust Fund to demonstrate compliance with the budget as required supplementary information and supplementary information in the report.

The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

Proprietary funds.

The District currently does not maintain any proprietary funds. Proprietary funds are usually accounted for as enterprise funds or internal service funds. Enterprise funds would be used to report the same functions presented as business-type activities, if the District had any, and internal service funds would be used as an accounting device used to accumulate and allocate costs internally among the District's various functions.

Notes to the financial statements.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 57 of this report.

Other information.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary comparisons for the General Fund and Conservation Trust Fund. Required supplementary information can be found on pages 58 through 68 of this report. It also presents other supplementary information concerning the District's Schedules of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual for the Sales Tax Fund, Capital Improvement Fund and Capital Reserve Fund. The supplementary information can be found on pages 69 through 71 of this report.

Government-wide Financial Analysis.

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's assets and deferred outflows exceeded liabilities and deferred inflows by \$6,486,661 at the close of the year 2020. This compares with \$8,191,018 from the previous year and constitutes a decrease of \$1,704,357 from the prior year's net position.

A substantial portion of the District's net assets reflects its investment in the capital assets (e.g. land, land improvements, buildings, Community Recreation Center, Field Houses, equipment and vehicles) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide recreational activities to citizens; consequently, these assets are not available for future spending.

Montrose Recreation District's Net Position.

Governmental Activities

	2020	2019
Current & other assets	\$ 9,506,470	9,962,941
Capital assets	29,151,196	28,544,349
Total assets	<u>38,657,666</u>	<u>38,507,290</u>
Deferred outflows		
Deferred pension outflows	874,001	923,230
Deferred OPEB outflows	(21,387)	20,107
Total deferred outflows	<u>852,614</u>	<u>943,337</u>
Current liabilities	349,774	352,840
Noncurrent liabilities	<u>28,472,139</u>	<u>28,039,671</u>
Total liabilities	<u>28,821,913</u>	<u>28,392,511</u>
Deferred inflows		
Deferred revenues, property taxes	2,140,146	2,059,249
Deferred revenue, grants	40,000	
Deferred pension inflows	1,933,918	767,444
Deferred OPEB inflows	87,642	40,405
Total deferred inflows	<u>4,201,706</u>	<u>2,867,098</u>
Net position:		
Net investment in capital assets	5,674,106	3,991,224
Restricted	3,665,187	3,532,150
Unrestricted (deficit)	<u>(2,852,632)</u>	<u>667,644</u>
Total net position	<u>\$ 6,486,661</u>	<u>8,191,018</u>

At the end of the current fiscal year, the District is able to report positive balances in two of three categories of net position. The District was able to report positive balances in all three categories of net position for the prior fiscal year.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors.

Montrose Recreation District's Changes in Net Position.

Governmental Activities		
	<u>2020</u>	<u>2019 .</u>
Revenues:		
Program revenues:		
Fees and charges		
for recreational programs	\$ 998,497	2,148,894
Operating grants and contributions	148,320	33,020
Capital grants and contributions	678,210	180,726
General revenues:		
Taxes:		
Property and other taxes	2,351,564	2,061,909
Sales and use taxes	1,988,673	1,843,048
Earnings on investments	83,235	170,085
Total revenue	<u>6,248,499</u>	<u>6,437,682</u>
Expenses:		
Administrative	3,807,766	2,441,939
Park maintenance	181,843	318,616
Concessions	12,592	43,519
Marketing	29,976	56,525
Community Recreation Center	2,371,844	2,851,539
Programs	187,527	221,484
Field House	243,373	276,411
Interest on long-term debt	<u>1,117,935</u>	<u>1,143,075</u>
Total expenses	<u>7,952,856</u>	<u>7,353,108</u>
Increase (decrease) in net position	<u>(1,704,357)</u>	<u>(915,426)</u>
Net position - January 1st	8,191,018	9,256,444
Prior period adjustment		(150,000)
Net position - January 1st - restated	<u>8,191,018</u>	<u>9,106,444</u>
Net position - December 31st	<u>\$6,486,661</u>	<u>8,191,018</u>

Financial Analysis of the District's Funds.

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$7,022,793 a decrease of \$569,748 from the prior year. This was due to the construction investment in Holly Park made in 2020. Approximately 50% of the governmental fund balance constitutes *assigned and unassigned fund balances*, which is available for spending at the District's discretion. Of the total governmental fund balance none is committed, which is fund balance that will be spent for a specific purpose such as capital outlay. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed to: 1) emergency reserves and 2) repayment of the Community Recreation Center. The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,069,511. For comparison the total general fund balance was \$2,276,232 even after a General Fund transfer of \$824,148 to the Capital Improvement Fund. As a measure of the general fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers. **Unassigned fund balance represents 53% of total general fund expenditures, while total fund balance represents 59% of that same amount.** MRD plans to seek to retain these similar percentages to ensure continued strong financial health. This was especially important for 2016 through 2019 since the operational revenue and operational expense of the Community Recreation Center and the Field House is still a new enterprise. Educated forecasts have been completed, yet they are still forecasts. This is one reason for continuing to have a healthy unassigned fund balance as a percent of general fund expense.

General Fund Budgetary Highlights.

The final General Fund budget for fiscal year 2020 was \$4,109,752. This was a decrease of \$819,963 from the previous fiscal year. The actual expenditures and transfers for the General Fund were \$3,872,908, which included a \$824,148 transfer to the Capital Improvement Fund.

Capital Assets.

The District's investment in capital assets for its governmental activities as of December 31, 2020, amounts to \$29,151,196 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, field house, infrastructure, equipment, vehicles and the Community Recreation Center. Certain investments in land are subject to deed restrictions which limits their use and/or disposition.

Montrose Recreation District's Capital Assets. (net of depreciation)

Governmental Activities		
	2020	2019 .
Land	\$ 967,155	967,155
Improvements other than buildings	2,057,049	394,942
Buildings and improvements	25,631,322	26,627,973
Field house	274,153	252,536
Infrastructure	10,593	14,012
Equipment	166,193	282,504
Vehicles	44,731	5,227
Total	<u>\$29,151,196</u>	<u>28,544,349</u>

Additional information on the District's capital assets can be found in note 4 on page 28 of this report.

Long-Term Debt.

At the end of the current fiscal year, the District had \$23,450,000 Certificates of Participation outstanding. Payments on Certificates of Participation are subject to annual appropriation in a lease purchase agreement. Therefore, Certificates of Participation do not constitute long-term debt. This was the main method of financing the construction of the Community Recreation Center and the renovation of the Aquatic Center into an indoor turf Field House.

Requests for Information.

This financial report is designed to provide a general overview of the Montrose Recreation District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Executive Director Jeremy Master at mari@montroserec.com or P. O. Box 63, Montrose, Colorado 81402.

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

MONTROSE RECREATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 185,161
Investments	4,760,451
Due from other governments	395,618
Accounts receivable	20,242
Property taxes receivable	2,140,146
Bond issue costs	93,727
Restricted investments	1,911,125
Capital assets (net of accumulated depreciation)	
Land	967,155
Improvements other than buildings	2,057,049
Buildings and improvements	25,631,322
Field house	274,153
Infrastructure	10,593
Equipment	166,193
Vehicles	44,731
Total assets	<u>38,657,666</u>
DEFERRED OUTFLOWS	
Deferred pension outflows	874,001
Deferred OPEB outflows	<u>(21,387)</u>
	<u>852,614</u>
LIABILITIES	
Accounts payable	90,056
Accrued interest	139,970
Compensated absences	116,499
Accrued payroll taxes and benefits	3,249
Noncurrent liabilities:	
Due within one year	827,090
Certificates of participation	22,933,191
Net pension liability	4,303,122
Net OPEB liability	408,736
Total liabilities	<u>28,821,913</u>
DEFERRED INFLOWS	
Deferred revenue-property taxes	2,140,146
Deferred revenue-grants	40,000
Deferred pension inflows	1,933,918
Deferred OPEB inflows	<u>87,642</u>
	<u>4,201,706</u>
NET POSITION	
Net investment in capital assets	5,674,106
Restricted for:	
Emergency	204,000
Intergovernmental agreement	3,461,187
Unrestricted (deficit)	<u>(2,852,632)</u>
Total net position	<u>\$ 6,486,661</u>

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

MONTROSE RECREATION DISTRICT

STATEMENT OF ACTIVITIES

For the year ended December 31, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
	Expenses	Fees and Charges for Recreational Programs	Operating Grants and Contributions	
			Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES:				
Administrative	\$ 3,807,766	32,017	148,320	(2,949,219)
Park maintenance	181,843			(181,843)
Concessions	12,592	14,875		2,283
Marketing	29,976	6,650		(23,326)
Community Recreation Center	2,371,844	758,192		(1,613,652)
Programs	187,527	117,526		(70,001)
Field House	243,373	69,237		(174,136)
Interest on long-term debt	1,117,935			(1,117,935)
Total governmental activities	\$ 7,952,856	998,497	148,320	(6,127,829)
			678,210	
General Revenues:				
Taxes				
Property and other taxes				2,351,564
Sales and use taxes				1,988,673
Earnings on investments				83,235
Total general revenues				4,423,472
				(1,704,357)
Change in net position				8,191,018
NET POSITION - JANUARY 1				
NET POSITION - DECEMBER 31				\$ 6,486,661

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

FUND FINANCIAL STATEMENTS

MONTROSE RECREATION DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2020

(With comparative totals for December 31, 2019)

ASSETS	GENERAL	CONSERVATION TRUST	SALES TAX	CAPITAL IMPROVEMENT	CAPITAL RESERVE	TOTAL (MEMORANDUM ONLY)	
						2020	2019
Cash	\$ 154,118	2,148	25,395	3,500		185,161	660,328
Investments	2,328,287	241,834	1,152,438	309,850	728,042	4,760,451	4,862,301
Due from other governments	23,389		372,229			395,618	344,726
Accounts receivable	20,242					20,242	23,075
Due from other funds						-	13,427
Property taxes receivable	2,140,146		1,911,125			2,140,146	2,059,249
Investments-restricted						1,911,125	1,911,125
		243,982	3,461,187	313,350	728,042	9,412,743	9,874,231
TOTAL ASSETS	\$ 4,666,182						
LIABILITIES							
Accounts payable	\$ 90,056					90,056	123,432
Due to other funds						-	13,427
Compensated absences	116,499					116,499	82,239
Accrued payroll taxes and benefits	3,249					3,249	3,343
	209,804	-	-	-	-	209,804	222,441
TOTAL LIABILITIES							
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue-property taxes	2,140,146					2,140,146	2,059,249
Deferred revenue-grants	40,000					40,000	
	2,180,146	-	-	-	-	2,180,146	2,059,249
TOTAL DEFERRED INFLOWS OF RESOURCES							
FUND BALANCES							
Restricted	204,000		3,461,187			3,665,187	3,532,150
Assigned	2,721	243,982		313,350	728,042	1,288,095	2,233,862
Unassigned	2,069,511					2,069,511	1,826,529
	2,276,232	243,982	3,461,187	313,350	728,042	7,022,793	7,592,541
TOTAL FUND BALANCES							
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,666,182	243,982	3,461,187	313,350	728,042	9,412,743	9,874,231

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

MONTROSE RECREATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2020

Total fund balances for governmental funds		\$	7,022,793
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:			
Land	967,155		
Improvements other than buildings, net of \$1,319,122 accumulated depreciation	2,057,049		
Buildings and improvements, net of \$4,648,072 accumulated depreciation	25,631,322		
Field house, net of \$1,999,807 accumulated depreciation	274,153		
Infrastructure, net of \$85,565 accumulated depreciation	10,593		
Equipment, net of \$919,962 accumulated depreciation	166,193		
Vehicles, net of \$147,922, accumulated depreciation	<u>44,731</u>		29,151,196
Items related to pensions are considered to be long term items and therefore are not reported in the funds.			
Net pension liability	(4,303,122)		
Deferred pension outflows	874,001		
Deferred pension inflows	<u>(1,933,918)</u>		(5,363,039)
Items related to OPEB are considered to be long term items and therefore are not reported in the funds.			
Net OPEB liability	(408,736)		
Deferred OPEB outflows	(21,387)		
Deferred OPEB inflows	<u>(87,642)</u>		(517,765)
Long-term liabilities including bonds and notes payable, capital leases, and accrued interest are not due and payable in the current period and therefore are not reported in the funds.			
Certificates of participation	(23,450,000)		
Premium on certificates of participation (to be amortized over life of lease)	(310,281)		
Deferred charge for issue costs (to be amortized over life of debt)	93,727		
Accrued interest payable	<u>(139,970)</u>		(23,806,524)
Total net position of governmental activities		\$	<u>6,486,661</u>

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

MONTROSE RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- GOVERNMENTAL FUNDS
For the year ended December 31, 2020
(With comparative totals for the year ended December 31, 2019)

	GENERAL FUND	CONSERVATION TRUST	SALES TAX	CAPITAL IMPROVEMENT	CAPITAL RESERVE	TOTAL (MEMORANDUM ONLY)	
						2020	2019
REVENUES							
Property and other taxes	\$ 2,351,564					2,351,564	2,061,909
Rental and miscellaneous	6,650				32,017	38,667	73,480
Concessions	14,875					14,875	47,775
Community Recreation Center	758,192					758,192	1,655,438
Programs	117,526					117,526	243,963
Field house	69,237					69,237	128,738
Intergovernmental revenues	148,320	161,738	1,988,673	464,348		2,763,079	2,023,774
Donations				52,124		52,124	32,520
Interest income	17,284	909	55,689	4,075	5,278	83,235	170,085
TOTAL REVENUES	3,483,648	162,647	2,044,362	520,547	37,295	6,248,499	6,437,682
EXPENDITURES							
CURRENT:							
Administrative	1,272,670		5,100	250		1,278,020	1,252,964
Park maintenance	166,231	2,177		517		168,925	231,016
Concessions	12,467					12,467	43,020
Marketing	29,976					29,976	56,525
Community Recreation Center	1,282,373					1,282,373	1,727,296
Programs	104,557					104,557	176,420
Field house	165,142					165,142	199,270
CAPITAL OUTLAY:							
Administrative				1,760,144		1,760,144	125,000
Park maintenance	7,377			31,237		38,614	204,450
Community Recreation Center	7,967			18,574		26,541	26,371
Field house				6,263		45,263	
Debt service:							
Principal							
Interest							
TOTAL EXPENDITURES	3,048,760	41,177	1,911,325	1,816,985	-	6,818,247	5,953,407
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	434,888	121,470	133,037	(1,296,438)	37,295	(569,748)	484,275
OTHER FINANCING SOURCES (USES)							
Transfers in							
Transfers out	(824,148)			824,148		824,148	1,250,000
NET OTHER FINANCING SOURCES (USES)	(824,148)	-	-	824,148	-	-	(1,250,000)
NET CHANGE IN FUND BALANCES	(389,260)	121,470	133,037	(472,290)	37,295	(569,748)	484,275
FUND BALANCE - BEGINNING OF YEAR	2,665,492	122,512	3,328,150	785,640	690,747	7,592,541	7,108,266
FUND BALANCE - END OF YEAR	\$ 2,276,232	243,982	3,461,187	313,350	728,042	7,022,793	7,592,541

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

MONTROSE RECREATION DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the year ended December 31, 2019

Net change in fund balances - total governmental funds	\$	(569,748)
--	----	-----------

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$1,870,562 exceeded depreciation \$1,263,715.

606,847

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, however, this transaction has no effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Premium on certificates of participation	27,844
Bond issuance costs	(8,410)
Debt principal payments	765,000
Decrease in accrued interest	3,856
	<u>788,290</u>

Pension expense per Governmental Accounting Standards Board Statement

Number 68 is not reported in the governmental funds but is reported as an expenditure in the statement of activities.

(2,294,329)

OPEB expense per Governmental Accounting Standards Board Statement

number 75 is not reported in the governmental funds but is reported as an expenditure in the Statement of Activities

(235,417)

Change in net position of governmental activities

\$ (1,704,357)

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

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE FINANCIAL REPORTING ENTITY

The Montrose Recreation District is incorporated as a Special District under the laws of the State of Colorado and is governed by an elected seven person board. The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by generally accepted accounting principles, these financial statements present the Montrose Recreation District, a primary government. Based on criteria set forth by GASB, there are no component units for which the District is financial accountable.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities, however, the District does not have any fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish governmental activities only, as the District does not have any business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Due to the fact that the District's activities are substantially funded by taxes, the District considers all of its activities to be governmental activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING (continued)

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.

Fund Financial Statements: The fund financial statements provide information about the District's funds. Statements for the fund category - *governmental funds only* - are presented as the District does not have any proprietary funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District does not have any *nonmajor* funds or any *fiduciary* fund types.

The District reports the following governmental fund types:

General Fund: This fund types is used to account for all financial resources, except those required by law or administrative action to be accounted for in another fund. The general fund is always reported as a major fund in the governmental fund statements.

Special Revenue Funds: This fund type is used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes other than debt service or capital projects. The District's special revenue fund is reported as a major fund.

Conservation Trust Fund: This fund is used to account for the proceeds of Colorado lottery funds that are legally restricted to expenditures for specified purposes. Although this fund does not meet the criteria of a major fund, the District has elected to report it as a major fund in the governmental fund statements.

Capital Projects Funds: These funds account for financial resources earmarked or segregated for the operation, maintenance and acquisition or construction of equipment and capital facilities that are supported by appropriations and/or advances from the General Fund or donations from private or public sources.

Sales Tax Fund: This fund is used to account for the financing and construction of a new Community Recreation Center financed partially with the proceeds of a 0.3 percent City of Montrose sales and use tax imposed within the City pledged to the District pursuant to the 2014 Recreation Facility IGA.

Capital Improvement Fund: This fund is used to account for the operation, maintenance and purchase of equipment and various construction projects of the District.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING (continued)

Capital Projects Funds: (continued)

Capital Reserve Fund: This fund is used to account for funds held in reserve for the purchase of equipment and capital improvements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchanges, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the period for which the taxes are levied by the District. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues or operating fund transfers. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues or operating fund transfers.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND EQUITY

Deposits and investments The cash balances of substantially all funds are in separate financial institution accounts.

Property taxes. Property taxes are levied on December 22 and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a receivable at December 31, net of an estimated uncollectible portion.

Restricted assets. Restricted assets in governmental funds include assets restricted by various covenants of the Certificates of Participation issued by the District.

Capital assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets are reported at estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation is calculated using the straight-line method over the estimated useful lives, and depreciation is recorded in the year of acquisition or construction of such assets. Capital assets acquired by capital lease are depreciated over the estimated useful lives and are included in depreciation expense in the appropriate fund. The estimated useful lives are as follows:

Improvements other than buildings	15-25 years
Buildings and improvements	10-25 years
Field house	5-25 years
Infrastructure	15 years
Swimming Pool	25 years
Equipment	5 years
Vehicles	5 years

Deferred outflows. Deferred outflows consist of pension amounts paid to PERA in the current calendar year that were made subsequent to PERA's measurement date.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND EQUITY (continued)

Long-term debt. In the government-wide financial statements, long-term debt and other long-term obligations reported as liabilities in the statement of net position. Lease purchase premiums and discounts, as well as issuance costs are deferred and amortized over the life of the related debt using the bonds-outstanding method, which approximates the effective-interest method. At December 31, 2020 there were no lease-purchase discounts or losses on refinancing included in the statement of net position. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as program expenses.

In the fund financial statements, issuance costs are recognized when incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated absences. The liability for compensated absences reported in the government-wide and governmental fund statements consists of unpaid accumulated annual leave balances. The liability has been calculated using the vesting method, in which leave amounts for employees who currently are eligible to receive termination payments. The District's policies do not allow for payment to employees who are expected to become eligible in the future to receive such payments upon termination.

Deferred inflows. Deferred inflows consist of property taxes levied in the current year and of the District's proportionate share of PERA's collective deferred pension inflows.

Fund balance classification. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District did not have any nonspendable resources at December 31, 2019.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND EQUITY (continued)

Fund balance classification. (continued)

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified emergency reserves required by the State Constitution, Article X, Section 20 as being restricted because their use is restricted by State Statute. The Sales Tax Fund fund balance is restricted pursuant to the intergovernmental agreement with the City of Montrose, Colorado.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2020.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to the Executive Director through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other government fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund resources first to be defer the use of these other classified funds.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 20

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND EQUITY (continued)

Pensions. The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position Of LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by PERA. The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

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

Comparative data/reclassifications. Comparative total data for the prior year have been presented in the governmental fund financial statements in order to provide an understanding of the changes in financial position and operations of these funds. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETS AND BUDGETARY ACCOUNTING

The District follows these procedures in establishing budgets:

- a. Budgets are required by state law for all governmental and proprietary funds.
- b. During September the proposed budget is submitted to the District Board for the fiscal year commencing the following January 1.
- c. Prior to December 31, the budget is adopted and appropriations are authorized by ordinance at the fund level for all funds. The legal level of budgetary control is at the individual fund level for all funds.
- d. Budgets are adopted on a basis consistent with the accounting basis of all funds.
- e. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class and in total by each fund. The total fund level constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to approval by resolution from the Board. Within the fund level control basis, management may transfer appropriations without Board approval. Revisions to the budget were made throughout the year. Budget amounts included in the budgetary comparison schedules are based on the final legally amended budget.
- f. Appropriations lapse at the end of each year, and the District Board may adopt supplemental appropriations during the year. The Board may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the District's director or the revenue estimates must be changed by the District Board when adopting supplemental appropriations.

Originally adopted budgeted expenditures, amendments and the final, amended budgeted expenditures for the year ended December 31, 2020 are as follows:

	ORIGINAL BUDGET	AMENDMENT	FINAL BUDGET
General Fund	\$ 5,239,761	(1,130,009)	4,109,752
Capital Improvement Fund	1,991,000	(166,782)	1,824,218
Capital Reserve Fund	0		
Conservation Trust Fund	94,000	(52,822)	41,178
Sales Tax Fund	1,908,225		
	<u>\$ 9,232,986</u>	<u>(1,349,613)</u>	<u>7,883,373</u>

MONTROSE RECREATION DISTRICTNOTES TO FINANCIAL STATEMENTS (continued)December 31, 20202 - DEPOSITS AND INVESTMENTSDEPOSITS

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. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must at least equal the aggregate uninsured 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 does not have a deposit policy for custodial credit risk. As of December 31, 2020, none of the District's bank balances of \$168,900 were exposed to custodial credit risk as all were insured.

INVESTMENTS

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

<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>	<u>INVESTMENT MATURITIES (in years)</u>		
		<u>LESS THAN</u>		
		<u>1</u>	<u>1-5</u>	<u>6-10</u>
Colotrust	\$4,760,451			
Repurchase agreements	1,911,125		1,911,125	
	<u>\$6,671,576</u>		<u>1,911,125</u>	

As of December 31, 2020, the District has invested \$4,760,451 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

2 - DEPOSITS AND INVESTMENTS (continued)

INVESTMENTS (continued)

The District's investment in COLOTRUST is rated AAAM by S&P. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to operations and investments. Separately issued financial statements may be obtained at the following address:

COLOTRUST
717 17th Street, Suite 1850
Denver, CO 80202
www.colotrust.com

These investments are presented on the balance sheet as follows:

	<u>2020 .</u>
Investments	\$4,760,451
Investments - restricted	<u>1,911,125</u>
	<u>\$6,671,576</u>

Fair value measurement. Government Accounting Standards Board Statement No. 72 (GASB 72) *Fair Value Measurement and Application* establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques. According to GASB 72, an investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.

The District records assets and liabilities in accordance with GASB 72, which establishes general principles for measuring fair value, provides additional fair application guidance and enhances disclosures about fair value measurements.

The District's investments and derivative instruments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure fair value of assets and liabilities as follows.

Level 1 - Quoted prices in active markets for identical securities.

Level 2 - Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with the evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

2 - DEPOSITS AND INVESTMENTS (continued)

INVESTMENTS (continued)

Level 3 - Prices determined using significant unobservable inputs. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

The following table reflects the fair value of the District's investments and derivative instruments as of December 31, 2020:

<u>Assets</u>	<u>Fair Value Measurement Using</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Colostrust	\$4,760,451			
Repurchase agreements	<u>1,911,125</u>		<u>1,911,125</u>	<u>.</u>
Total investments	<u>\$6,671,576</u>		<u>1,911,125</u>	<u>.</u>

(A) During the year, the District invested in COLOTRUST, a local government investment pool. The valuation is measured at net asset value and is designed to approximate the share value. The pool's Board of Trustees, elected by the participants, is responsible for overseeing the management of COLOTRUST, including establishing operating standards and policies. COLOTRUST is designed to provide local governments with a convenient method for investing in short-term investments carefully chose to provide maximum safety and liquidity, while still maximizing interest earnings.

Interest rate risk. The District has an investment policy that limits investment maturities of certain repurchase agreements to a maximum term of ten years as a means of managing its exposure to fair value losses arising from increasing interest rates. The District has not experienced fair value losses for the past five years.

Credit risk. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including 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; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The District's general investment policy is to apply the prudent-person rule: Prudence and protection of District funds are the primary criteria. All investments and bid requests for investments are predicated on liquidity, yield, safety and interest of the local economy. As of December 31, 2019, the District's investment in Colostrust Plus, a 2a7-like investment pool, was rated AAAm by Standard & Poor's.

Concentration of credit risk. Investments must be in accordance with Colorado statutes. The District does not have an investment policy that limits the amounts that may be invested in specific investment types or financial institutions.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

3 - ALLOWANCE FOR UNCOLLECTIBLES

Receivables are stated net of allowances for uncollectibles, however, at December 31, 2020, the District considered all accounts collectible and accordingly, no provision for an allowance is recorded.

4 - CAPITAL ASSETS

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

	<u>BEGINNING BALANCES</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCES.</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 967,155			967,155
Total capital assets not being depreciated	<u>967,155</u>			<u>967,155</u>
Capital assets being depreciated:				
Improvements other than buildings	1,648,160	1,725,011		3,376,171
Buildings and improvements	30,260,820	18,574		30,279,394
Field house	2,226,472	47,488		2,273,960
Infrastructure	96,158			96,158
Equipment	1,064,271	26,489	4,605	1,086,155
Vehicles	<u>142,653</u>	<u>50,000</u>		<u>192,653</u>
Total capital assets being depreciated	<u>35,438,534</u>	<u>1,870,562</u>	<u>4,605</u>	<u>37,304,491</u>
Less accumulated depreciation for:				
Improvements other than buildings	1,253,218	65,904		1,319,122
Buildings and improvements	3,632,847	1,015,225		4,648,072
Field house	1,973,936	25,871		1,999,807
Infrastructure	82,146	3,419		85,565
Equipment	781,767	142,800	4,605	919,962
Vehicles	<u>137,426</u>	<u>10,496</u>		<u>147,922</u>
Total accumulated depreciation	<u>7,861,340</u>	<u>1,263,715</u>	<u>4,605</u>	<u>9,120,450</u>
Total capital assets being depreciated, net	<u>27,577,194</u>	<u>606,847</u>		<u>28,184,041</u>
Governmental activity capital assets, net	<u>\$28,544,349</u>	<u>606,847</u>		<u>29,151,196</u>

Depreciation expense was charged to functions/programs of the District's governmental activities as follows:

Community Recreation Center	\$1,089,471
Park maintenance	12,918
Concessions	125
Field house	78,231
Programs, including depreciation of infrastructure assets	<u>82,970</u>

Total depreciation expense \$1,263,715

5 - DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The Montrose Recreation District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all of these changes were in effect as of December 31, 2020.

General Information about the Pension Plan

Plan description. Eligible employees of the Montrose Recreation District are provided with pensions through the LGDTF - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (annual report) that can be obtained at www.copera.org/investment/pera-financial-reports.

Benefits provided as of December 31, 2020. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit options selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

5 - DEFINED BENEFIT PENSION PLAN (continued)

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007 and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership after January 1, 2007 will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI for a given year by up to .25 percent based on the parameters specified C.R.S. § 24-51-413.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

5 - DEFINED BENEFIT PENSION PLAN (continued)

General Information about the Pension Plan (continued)

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of December 31, 2020. Eligible employees and the Montrose Recreation District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 1, 2020 through December 31, 2020 are summarized in the table below:

	January 1, 2020 through <u>June 30, 2020.</u>	July 1, 2020 through <u>December 31, 2020</u>
Employee contribution	8.00%	8.50%
(all employees except State Troopers)		
State Troopers only	10.75%	12.00%

The employer contributions for all employees other than State Trooper are summarized in the table below:

	January 1, 2020 through <u>June 30, 2020</u>	July 1, 2020 through <u>December 31, 2020</u>
Employer Contribution Rate	10.00%	10.50%
Amount of Employer Contribution		
apportioned to the Health Care Trust		
Fund as specified in C.R.S. 24-51-208(1) (f)	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	8.98%	9.48%
Amortization Equalization Disbursement (AED)		
as specified in C.R.S. 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization		
Disbursement (SAED) as specified in C.R.S.		
24-51-411	1.50%	1.50%
Total Employer Contribution Rate to the LGDTF	<u>12.68%</u>	<u>13.18%</u>

*Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

MONTROSE RECREATION DISTRICT**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2020

5 - DEFINED BENEFIT PENSION PLAN (continued)**General Information about the Pension Plan (continued)**

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Montrose Recreation District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Montrose Recreation District were \$188,935 for the year ended December 31, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the Montrose Recreation District reported a liability of \$4,303,122 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The Montrose Recreation District proportion of the net pension liability was based on Montrose Recreation District contributions to the LGDTF for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the Montrose Recreation District proportion was 0.2069794661 percent, which was a decrease of 0.0495002605 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the Montrose Recreation District recognized pension expense of \$2,294,329. At December 31, 2020, the Montrose Recreation District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources.
Difference between expected and actual experience	\$	
Changes of assumptions or other inputs		
Net difference between projected and actual earnings or pension plan investments	312,812	418,459
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(362,041)	
Contributions subsequent to the measurement date	<u>N/A</u>	<u>N/A</u>
Total	<u>\$(49,229)</u>	<u>418,459</u>

MONTROSE RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2020

5 - DEFINED BENEFIT PENSION PLAN (continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources
and Deferred Inflows of Resources Related to Pensions (continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related pensions will be recognized in pension expense as follows:

<u>Year ended December 31</u>	
2021	\$ 40,049
2022	(52,016)
2023	(211,984)
2024	(373,622)
2025	(<u>243,140</u>)

Thereafter \$ 0

Actuarial assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.20 - 11.30 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

5 - DEFINED BENEFIT PENSION PLAN (continued)

**Pension Plan Disclosure Statements for PERA-Affiliated
Employers in the Local Government Division Trust Fund**

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

5 - DEFINED BENEFIT PENSION PLAN (continued)

**Pension Plan Disclosure Statements for PERA-Affiliated
Employers in the Local Government Division Trust Fund**

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.20%-11.30%
State Troopers ²	3.20%-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases: PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06	Financed by the AIR

C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the LGDTE, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Pre-retirement mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

5 - DEFINED BENEFIT PENSION PLAN (continued)

**Pension Plan Disclosure Statements for PERA-Affiliated
Employers in the Local Government Division Trust Fund**

Post-retirement non-disabled mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

5 - DEFINED BENEFIT PENSION PLAN (continued)

**Pension Plan Disclosure Statements for PERA-Affiliated
Employers in the Local Government Division Trust Fund**

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

MONTROSE RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2020

5 - DEFINED BENEFIT PENSION PLAN (continued)

Pension Plan Disclosure Statements for PERA-Affiliated
Employers in the Local Government Division Trust Fund

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real</u>
Global		
Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private		
Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25 percent.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increase in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

5 - DEFINED BENEFIT PENSION PLAN (continued)

**Pension Plan Disclosure Statements for PERA-Affiliated
Employers in the Local Government Division Trust Fund**

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the LDGTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

5 - DEFINED BENEFIT PENSION PLAN (continued)

**Pension Plan Disclosure Statements for PERA-Affiliated
Employers in the Local Government Division Trust Fund**

Sensitivity of the Montrose Recreation District proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate share of the net pension liability	\$2,484,724	1,078,626	(95,283)

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

Payables to the pension plan

The District had no payables due to the LGDTF at December 31, 2020.

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of significant Accounting Policies

OPEB. Montrose Recreation District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

General Information about the OPEB Plan

Plan description. Eligible employees of the Montrose Recreation District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (annual report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

General Information about the OPEB Plan (continued)

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

General Information about the OPEB Plan (continued)

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Montrose Recreation District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Montrose Recreation District were \$14,561 for the year ended December 31, 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2020, the Montrose Recreation District reported a liability of \$408,736 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Montrose Recreation District proportion of the net OPEB liability was based on Montrose Recreation District contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the Montrose Recreation District proportion was 0.0154369777 percent, which was a decrease of 0.0038236943 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the Montrose Recreation District recognized OPEB expense of \$(235,417). At December 31, 2020, the Montrose Recreation District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

MONTROSE RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2020

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	1,485	47,237
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(42,979)	
Contributions subsequent to the measurement date	<u>NA</u>	<u>NA</u>
Total	<u>\$ (41,494)</u>	<u>47,237</u>

Other amounts reported as deferred outflows of resources and deferred
inflows of resources related to OPEB will be recognized in OPEB
expense as follows:

<u>Year Ended</u>	
2021	\$13,688
2022	13,686
2023	13,686
2024	8,409
2025	<u>17,746</u>
Thereafter	<u>\$ 0</u>

MONTROSE RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2020

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB** (continued)

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation aggregate	3.50 percent in
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	8.10 percent in 2020, gradually decreasing to 4.50 percent 2029
Medicare Part A premiums	3.50 percent in 2020, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age
Medicare Advantage/Self -Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB (continued)**

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB (continued)**

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40% ¹	N/A

C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB (continued)**

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB (continued)**

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

MONTROSE RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2020

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Sensitivity of the Montrose Recreation District proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates .</u>
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$168,032	146,686	128,488

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Sensitivity of the Montrose Recreation District proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$168,032	146,686	128,488

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's annual report which can be obtained at www.copera.org/investments/pera-financial-reports.

Payables to the OPEB plan

The District had no payables due to the OPEB plan at December 31, 2020.

7 - SHORT-TERM DEBT

During the year ended December 31, 2020, the District had no short term debt.

8 - CAPITAL LEASES

Certificates of Participation

The District entered into a ground and improvement lease with UMB Bank, N.A. UMB Bank, N.A. issued \$27,010,000 certificates of participation, Series 2014, dated June 24, 2014, to be used for the cost of constructing, acquiring and equipping a new recreation center and associated improvements as authorized, fund a reserve fund and pay the costs of issuing the certificates.

The District has agreed to pay base rentals from annually appropriated funds. The lease agreements are in accordance with Colorado law as to being subject to annual appropriation by the District. The District intends to annually appropriate for the lease payments in its Sales Tax Fund. The primary revenues on deposit in the Sales Tax Fund are comprised of funds received from the City of Montrose pursuant to an Intergovernmental Agreement - Recreation Facility Election 2014, entered into as of May 6, 2014 between the District and the City. At an election held on April 1, 2014, the City's voters authorized an increase in the City's sales and use tax from 3.0% to 3.3% and also authorized the City to enter into the 2014 Recreation Facility IGA.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

8 - CAPITAL LEASES (continued)Certificates of Participation (continued)

Pursuant to the 2014 Recreation Facility IGA, the City will pledge the proceeds of the additional 0.3% sales and use tax imposed within the City to the District for the Project. A \$1,911,125 reserve is held by a trustee, as required by the agreement.

The interest rates range from 2.00% to 4.75% payable semiannually on June 1 and December 1. A schedule, by years, of future minimum lease payments as of December 31, 2020, follows:

<u>YEAR ENDING DECEMBER 31</u>	<u>SCHEDULE OF BASE RATES.</u>
2021	\$ 1,910,625
2022	1,908,625
2023	1,907,125
2024	1,908,625
2025	1,907,875
2026 - 2030	9,539,575
2031 - 2035	9,548,125
2036 - 2040	7,634,000
	<u>TOTAL BASE RENTALS</u> 36,264,575
Lease amounts representing interest	<u>12,814,575</u>
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	<u>\$23,450,000</u>

9 - LONG-TERM DEBT

The following is a summary of long-term liability activity of the District for the year ended December 31, 2020:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
Governmental Activities:					
Capital leases:					
Certificates of					
Participation	\$24,215,000		765,000	23,450,000	800,000
Premium on Certificates					
of Participation	<u>338,125</u>		<u>27,844</u>	<u>310,281</u>	<u>27,090</u>
GOVERNMENTAL ACTIVITY					
LONG-TERM LIABILITIES	<u>\$24,553,125</u>		<u>792,844</u>	<u>23,760,281</u>	<u>827,090</u>

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

10 - FUND BALANCE

The District has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can be used only for specific purposes determined by a formal action by Board of Director's resolution.

Assigned - Amounts that are designated by the Executive Director for a specific purpose but are not spendable until a resolution is passed by the Board of Directors.

Unassigned - All amounts not included in other spendable classifications.

The details of the fund balances are included in the Balance Sheet - Governmental Funds. As discussed in Note 1, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Board of Directors or the Assignment has been changed by the Executive Director. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

General Fund

The General Fund has Unassigned Fund Balance of \$2,069,511 at December 31, 2020.

11 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of Interfund balances as of December 31, 2020 is as follows:

Interfund transfers to supplement the expenditures of other funds were as follows:

	<u>TRANSFERS OUT</u>	<u>TRANSFERS IN</u>
General Fund	\$824,148	
Capital Improvement Fund	<u> </u>	<u>824,148</u>
TOTAL	<u>\$824,148</u>	<u>824,148</u>

The above amounts were transferred for operations and capital outlay.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

12 - PARTICIPATION IN PUBLIC ENTITY RISK POOL

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other special districts in the State to form the Colorado Special Districts Property and Liability Pool (CSDPLP), a public entity risk pool currently operating as a common risk management and insurance program for member special districts. The District pays an annual premium to CSDPLP for its general insurance coverage and workers' compensation insurance coverage. The intergovernmental agreement of the CSDPLP provides that CSDPLP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1 million for each insured event.

The District continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

13 - TAX, SPENDING AND DEBT LIMITATIONS

The State Constitution, Article X, Section 20, has several limitations regarding revenue raising, spending abilities, and other specific requirements of state and local governments. The Section is complex and subject to judicial interpretation. In 1998, the District obtained voter approval to collect and retain all revenues including property tax beginning in fiscal year 1996 without limitation under the Section. District management therefore believes it is in compliance with the Section. The emergency reserves required under the Section have been funded.

14 - CONTINGENT LIABILITIES

Under the terms of federal and state grants, costs may be questioned as not being appropriate expenses that could lead to reimbursement to the grantor agencies. District management is not aware of any such expenses that would not be allowed.

15 - SUBSEQUENT EVENTS

Subsequent events were evaluated through August 24, 2021 which is the date the financial statements were available to be issued.

In 2020 and 2021, domestic and international economies face uncertainty related to the COVID-19 pandemic. Voluntary, and then subsequently mandatory, shelter-in-place orders necessitated temporary business closing as the uncertainty continues. Though the extent of disruption is expected to be temporary, the extent of the financial impact and other possible impacting matters are unknown at this time.

REQUIRED SUPPLEMENTARY
INFORMATION

MONTROSE RECREATION DISTRICTBUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2020 with comparative actual amounts
for the year ended December 31, 2019

	2020				2019
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ACTUAL
<u>GENERAL REVENUES</u>					
Taxes					
Property taxes	\$ 2,044,887	2,044,887	2,042,534	(2,353)	1,774,572
Specific ownership tax	243,133	243,133	304,505	61,372	283,549
Tax increment financing		14,362			
Penalties and interest on delinquent tax		3,366	4,525		3,788
Intergovernmental revenues		290,000	148,320	(141,680)	
TOTAL TAXES	2,288,020	2,595,748	2,499,884	(95,864)	2,061,909
Interest income	61,776	17,675	17,284	(391)	54,403
Rental and miscellaneous					
Donations				-	500
Brochure advertisements	8,310	6,650	6,650	-	7,145
Asset sales				-	1,800
Miscellaneous		13,427		(13,427)	
TOTAL RENTAL AND MISCELLANEOUS	8,310	20,077	6,650	(13,427)	9,445
Concessions	53,075	15,432	14,875	(557)	47,775
TOTAL GENERAL REVENUES \$	2,411,181	2,648,932	2,538,693	(110,239)	2,173,532

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2020 with comparative actual amounts
for the year ended December 31, 2019

	2020			2019	
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ACTUAL
<u>ADMINISTRATIVE EXPENDITURES</u>					
Current:					
Salaries	\$ 531,277	536,477	505,803	30,674	445,053
Medicare	7,703	7,703	5,514	2,189	6,194
Board paid PERA	293,826	293,826	210,318	83,508	253,156
Unemployment	4,958	4,958	4,704	254	5,788
Insurance - package	73,273	82,118	80,547	1,571	70,797
Insurance - health and life	257,008	257,008	265,315	(8,307)	239,700
Insurance - workmen's compensation	27,151	28,860	24,597	4,263	20,415
Insurance - board liability		210	210	-	210
Tuition reimbursement	6,000			-	
Recruitment				-	9,669
Postage	1,500	2,750	2,750	-	2,357
Copier and computer	13,000	22,176	9,571	12,605	6,598
Office supplies	7,000	6,900	6,189	711	8,859
Accounting	16,500	19,500	19,693	(193)	19,075
Auto mileage	2,000	750	682	68	1,601
Training and travel	13,200	7,000	5,071	1,929	6,884
Publications	350	250		250	
Software support	25,800	25,800	14,998	10,802	18,129
Dues	6,300	5,900	4,745	1,155	6,067
Treasurer's fees	52,122	52,122	40,900	11,222	35,565
Miscellaneous				-	503
Water, sewer and sanitation			495	(495)	409
Natural gas			560	(560)	2,483
Electricity			767	(767)	990
Telephone		3,240	3,240	-	3,080
Uniforms	1,000	300	300	-	1,149
Bank charges	33,769	17,800	17,156	644	33,781
Board meeting expense	3,000	2,300	1,989	311	2,725
Election	1,500	2,663	2,663	-	
Networking	3,198	500	275	225	2,487
Legal	17,550	10,000	5,970	4,030	9,421
Consulting	12,000	5,000	3,878	1,122	10,421
Shared services	12,041	13,800	26,994	(13,194)	22,208
Security	1,200			-	900
Maintenance repairs		4,069	4,069	-	24
Maintenance supplies	200	1,367	1,367	-	78
Advertising				-	114
Vehicle operations and maintenance		439	439	-	
Special events		1,500	463	1,037	
Safety and medical supplies			438	(438)	3,774
Awards	2,000	1,000		1,000	300
Furniture, fixtures and equipment	5,500			-	
TOTAL ADMINISTRATIVE EXPENDITURES \$	1,431,926	1,418,286	1,272,670	145,616	1,250,964

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2020 with comparative actual amounts
for the year ended December 31, 2019

	2020			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2019
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
<u>PARK MAINTENANCE</u>					
Salaries	\$ 142,793	97,311	95,695	1,616	98,123
Medicare	1,472	1,454	1,542	(88)	1,469
Equipment rental	3,000	545	545	-	2,678
Auto mileage				-	421
Training and travel	3,500	595	687	(92)	2,221
Water, sewer and sanitation	8,000	2,500	2,986	(486)	7,667
Water lease	1,040	1,040	305	735	295
Natural gas	1,500	1,000	906	94	1,285
Electricity	11,500	6,500	9,886	(3,386)	10,026
Telephone		720	805	(85)	720
Chemicals	15,000	7,750	7,814	(64)	13,653
Irrigation	5,500	5,800	5,988	(188)	6,259
Uniforms	2,500	1,442	1,442	-	1,726
Safety and medical supplies				-	70
Shared services	9,000	1,500	1,958	(458)	2,512
Maintenance repair	14,500	7,500	7,232	268	9,737
Maintenance supplies	11,000	9,500	10,728	(1,228)	11,589
Signage	2,000			-	
Vehicle repairs	8,000	8,500	9,376	(876)	9,147
Vehicle operations and maintenance	6,500	6,000	6,486	(486)	11,499
Furniture, fixtures and equipment	6,500	7,377	7,377	-	2,159
Facility, repair and development	5,000	1,670	1,850	(180)	2,609
TOTAL PARK MAINTENANCE \$	258,305	168,704	173,608	(4,904)	195,865
<u>CONCESSIONS</u>					
Salaries	\$ 7,086	2,500	2,127	373	4,683
Medicare	125	36	31	5	68
Cost of goods sold	27,000	10,000	9,102	898	33,251
Sales tax	2,200	1,200	1,057	143	3,229
Training and travel				-	230
Maintenance repairs	175	100	24	76	730
Maintenance supplies	175	100	14	86	10
Vehicle operations and maintenance	100	140	112	28	139
Dues				-	270
Uniforms	150			-	410
Furniture, fixtures and equipment	500			-	
TOTAL CONCESSIONS \$	37,511	14,076	12,467	1,609	43,020
<u>MARKETING EXPENDITURES</u>					
CURRENT:					
Newsletter	\$ 1,638	1,638	1,638	-	1,386
Website	3,800	3,543	3,542	1	2,668
Printing	25,000	14,234	14,234	-	24,518
Postage	13,000	4,400	4,400	-	12,600
Office supplies	450			-	8
Training and travel	500				
Software support	820	925		925	179
Program supplies	400			-	699
Advertising	12,800	8,000	3,073	4,927	4,924
Awards	600		235	(235)	545
Special events	5,000	3,000	1,344	1,656	3,841
Promotional items	5,000	3,000	1,510	1,490	5,157
Furniture, fixtures and equipment	1,000			-	
TOTAL MARKETING EXPENDITURES \$	70,008	38,740	29,976	8,764	56,525

MONTROSE RECREATION DISTRICTBUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2020 with comparative actual amounts
for the year ended December 31, 2019

		2020			2019	
		ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ACTUAL
<u>COMMUNITY RECREATION CENTER REVENUES</u>						
General admission	\$	335,248	102,324	105,995	3,671	289,725
Annual passes and punch cards		1,211,818	547,725	544,298	(3,427)	1,163,333
Private and public lessons		81,986	26,300	30,001	3,701	74,306
Personal training		47,962	21,000	22,032	1,032	53,076
Sales and rentals		8,500	4,416	4,206	(210)	8,543
Facility rental		25,183	8,319	38,980	30,661	25,782
Red Cross training		6,453	3,257	2,400	(857)	5,490
Program fees		12,552	5,825	5,199	(626)	16,732
Special events			1,000	660	(340)	3,500
Child watch		19,796	4,420	4,421	1	14,951
Miscellaneous		1,500	6,047		(6,047)	
TOTAL REVENUES \$		1,750,998	730,633	758,192	27,559	1,655,438
<u>COMMUNITY RECREATION CENTER EXPENDITURES</u>						
Salaries	\$	1,244,832	873,327	835,736	37,591	1,154,177
Medicare		13,700	13,531	9,135	4,396	16,599
Insurance - health and life			1,500			
Office supplies		250	1,496	411	1,085	5,862
Auto mileage		1,200	100		100	21
Training and travel		6,750	2,200	1,594	606	2,618
Equipment rental			578		578	
Water, sewer and sanitation		25,360	28,500	28,731	(231)	30,217
Natural gas		143,410	89,000	107,581	(18,581)	133,278
Electricity		150,780	124,000	140,772	(16,772)	152,745
Telephone		8,617	9,960	11,006	(1,046)	11,145
Chemicals		60,000	34,000	37,482	(3,482)	66,196
Irrigation		5,000	800	522	278	4,491
Uniforms		6,350	1,980	1,446	534	3,172
Security			4,320	4,381	(61)	508
Field trips						
Program supplies		15,700	7,512	7,463	49	17,025
Maintenance repairs		62,000	42,225	45,044	(2,819)	58,587
Maintenance supplies		44,800	33,000	33,001	(1)	37,168
Program equipment		22,730	9,429	9,107	322	22,499
Shared services					-	
Awards		740	300	149	151	127
Safety and medical supplies		1,950	1,838	1,379	459	222
Rental items		300			-	293
Special events		1,200	400	513	(113)	711
American Red Cross		5,008	6,940	4,715	2,225	4,554
Miscellaneous			13	2,205	(2,192)	146
Furniture, fixtures and equipment		11,500	8,086	7,967	119	
Facility repair and development		4,000			-	3,747
TOTAL EXPENDITURES \$		1,836,177	1,295,035	1,290,340	4,695	1,726,108

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2020 with comparative actual amounts
for the year ended December 31, 2019

	2020				2019
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ACTUAL
<u>FIELD HOUSE REVENUES</u>					
Facility rental	\$ 52,465	24,000	22,193	(1,807)	48,306
General admission	46,890	13,487	13,664	177	25,424
Annual passes and punch cards	5,000	300	876	576	4,775
Sales and rentals		2,170	19	(2,151)	397
Player fees	49,010	19,523	14,683	(4,840)	16,080
Sponsor fees	2,825	2,154	1,052	(1,102)	2,690
Program fees	51,010	16,250	16,750	500	31,066
TOTAL REVENUES \$	207,200	77,884	69,237	(8,647)	128,738
<u>FIELD HOUSE EXPENDITURES</u>					
Salaries	\$ 150,476	104,819	99,240	5,579	111,755
Medicare	1,764	1,781	1,462	319	1,558
Water, sewer, sanitation	9,000	8,000	5,938	2,062	8,001
Natural gas	16,500	9,000	9,401	(401)	13,782
Electric	23,000	17,500	16,578	922	23,506
Telephone	1,500	1,060	999	61	931
Maintenance repair	7,500	4,000	3,595	405	7,732
Maintenance supplies	8,100	4,650	4,890	(240)	11,294
Safety and medical supplies	1,000	800	800	-	641
Printing	250			-	132
Office supplies	200	100	24	76	70
Training and travel	750			-	114
Chemicals	5,000	6,116	6,116	-	2,495
Irrigation	2,000	2,000	1,996	4	933
Uniforms	3,750	1,980	1,731	249	3,336
Security	500	633	633	-	2,780
Field trips	200			-	80
Program supplies	3,950	3,000	3,229	(229)	1,417
Program equipment	3,374	1,174	2,152	(978)	2,429
Advertising	800	560	660	(100)	265
Awards	2,114	748	748	-	993
Special events				-	240
Transportation	1,000			-	9
Signage	800	300		300	418
Vehicle operations and maintenance			24	(24)	169
Furniture, fixtures and equipment	11,795	4,926	4,926	-	
TOTAL EXPENDITURES \$	255,323	173,147	165,142	8,005	195,080

MONTROSE RECREATION DISTRICTBUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2020 with comparative actual amounts

for the year ended December 31, 2019

	2020				2019
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ACTUAL
<u>PROGRAM REVENUES</u>					
Player fees	\$ 149,250	83,470	83,718	248	140,338
Sponsor fees	14,200	7,900	7,841	(59)	12,197
Program fees	65,800	28,190	22,618	(5,572)	84,765
Sale of merchandise	6,000	3,326	3,174	(152)	5,588
Facility rental		175	175	-	95
Special events				-	980
Donation				-	
TOTAL PROGRAM REVENUES	\$ 235,250	123,061	117,526	(5,535)	243,963
<u>PROGRAM EXPENDITURES</u>					
Salaries	\$ 102,484	63,245	62,206	1,039	107,962
Medicare	1,123	917	812	105	1,352
Sales tax	500	253	263	(10)	413
Equipment rental				-	
Facility rental	371	100	63	37	329
Printing				-	
Postage				-	
Office supplies	261	100		100	260
Auto mileage		100		100	484
Training and travel	1,100	211	211	-	839
Software support		599	599	-	
Dues	450			-	
Water, sewer and sanitation	725	1,650	1,320	330	935
Uniforms	12,097	9,303	9,879	(576)	10,906
Field trips	13,300	5,300	4,419	881	12,130
Program supplies	3,538	493	322	171	4,169
Maintenance repairs	200			-	
Maintenance supplies	7,195	1,400	29	1,371	2,788
Program equipment	16,834	11,611	12,311	(700)	15,218
Advertising	1,200	425	310	115	936
Awards	10,000	2,300	2,012	288	6,127
Special events				-	5
Safety and medical supplies	650	1,364	1,364	-	397
Vehicle operations and maintenance	670	425	242	183	1,714
Tourney fees	4,000			-	4,420
Transportation	200			-	
Promotional items	1,000			-	
Inclusion services	400			-	
Furniture, fixtures and equipment	11,200	8,195	8,195	-	
TOTAL PROGRAM EXPENDITURES	189,498	107,991	104,557	3,434	171,384
TOTAL EXPENDITURES	4,078,748	3,215,979	3,048,760	167,219	3,638,946
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	525,881	364,531	434,888	70,357	562,725
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in				-	
Transfers out	(1,161,013)	(893,773)	(824,148)	69,625	(1,250,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,161,013)	(893,773)	(824,148)	69,625	(1,250,000)
NET CHANGE IN FUND BALANCE	(635,132)	(529,242)	(389,260)	139,982	(687,275)
FUND BALANCE - BEGINNING OF YEAR	2,665,492	2,665,492	2,665,492	-	3,352,767
FUND BALANCE - END OF YEAR	\$ 2,030,360	2,136,250	2,276,232	139,982	2,665,492

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - CONSERVATION TRUST FUND

For the year ended December 31, 2020 with comparative actual amounts
for the year ended December 31, 2019

	2020				2019
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ACTUAL
<u>REVENUES</u>					
Intergovernmental revenues	\$ 180,000	160,000	161,738	1,738	180,726
Interest	1,770	930	909	(21)	1,853
TOTAL REVENUES	181,770	160,930	162,647	1,717	182,579
<u>EXPENDITURES</u>					
CURRENT:					
Maintenance repair			2,177	(2,177)	
Program equipment				-	5,036
CAPITAL OUTLAY:					
Park maintenance				-	5,989
Facility repair and development	94,000	41,178	39,000	2,178	95,276
TOTAL EXPENDITURES	94,000	41,178	41,177	1	106,301
Excess (deficiency) of revenues over expenditures	87,770	119,752	121,470	1,718	76,278
NET CHANGE IN FUND BALANCE	87,770	119,752	121,470	1,718	76,278
FUND BALANCE - BEGINNING OF YEAR	122,512	122,512	122,512	-	46,234
FUND BALANCES - END OF YEAR	\$ 210,282	242,264	243,982	1,718	122,512

MONTROSE RECREATION DISTRICT

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

For the year ended December 31, 2020

MEASUREMENT DATE	EMPLOYER PROPORTION		EMPLOYER PROPORTIONATE SHARE OF NPL		EMPLOYER COVERED PAYROLL		EMPLOYER SHARE OF NPL AS A PERCENTAGE OF COVERED PAYROLL		PENSION PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	
	OF NPL	\$	SHARE OF NPL	PAYROLL	COVERED	PAYROLL	PERCENTAGE OF	COVERED PAYROLL	OF TOTAL	PENSION LIABILITY
December 31, 2015	0.14830%		1,663,683			807,596		202%		76.9%
December 31, 2016	0.15178%		2,049,511			914,757		224%		73.6%
December 31, 2017	0.23445%		1,963,812			1,455,924		135%		79.4%
December 31, 2018	0.25709%		2,862,559			1,686,251		170%		76.0%
December 31, 2019	0.25648%		3,224,496			1,846,920		174%		86.3%
December 31, 2020	0.20698%		4,303,122			1,534,331		280%		90.9%

MONTROSE RECREATION DISTRICT

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

For the year ended December 31, 2020

FISCAL YEAR ENDED	REQUIRED EMPLOYER CONTRIBUTION	EMPLOYER CONTRIBUTIONS		DIFFERENCE	EMPLOYER COVERED PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF EMPLOYER COVERED PAYROLL	
		RECOGNIZED BY THE PLAN					
December 31, 2015	\$ 110,814	106,797	4,017	807,596	13.72%		
December 31, 2016	125,322	116,651	8,671	914,757	13.70%		
December 31, 2017	199,554	187,539	12,015	1,455,924	13.71%		
December 31, 2018	226,630	213,818	12,812	1,686,251	13.44%		
December 31, 2019	253,156	223,960	29,196	1,849,920	13.68%		
December 31, 2020	210,318	189,935	20,383	1,534,331	13.71%		

MONTROSE RECREATION DISTRICT

SCHEDULE OF ACTIVITY - NET OPEB LIABILITY

For the year ended December 31, 2020

MEASUREMENT DATE	EMPLOYER PROPORTION OF NET OPEB LIABILITY	EMPLOYER		EMPLOYER		EMPLOYER		OPEB PLAN'S FIDUCIARY	
		PROPORTIONATE		SHARE OF NET		SHARE OF NET OPEB		NET POSITION AS	
		OPEB LIABILITY		OPEB LIABILITY		LIABILITY AS A		A PERCENTAGE	
		PERCENTAGE OF		PERCENTAGE OF		COVERED PAYROLL		OF TOTAL	
December 31, 2017	0.01822%	\$	236,754	1,455,924	16.26%	17.53%			
December 31, 2018	0.01994%		259,108	1,686,251	15.37%	17.03%			
December 31, 2019	0.01926%		262,050	1,849,920	14.17%	24.49%			
December 31, 2020	0.01544%		408,736	1,534,331	26.64%	32.78%			

MONTEROSE RECREATION DISTRICT

SCHEDULE OF ACTIVITY - EMPLOYER OPEB CONTRIBUTIONS

For the year ended December 31, 2020

FISCAL YEAR ENDED	REQUIRED EMPLOYER CONTRIBUTION	EMPLOYER CONTRIBUTIONS RECOGNIZED		DIFFERENCE	EMPLOYER COVERED PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF EMPLOYER COVERED PAYROLL	
		BY THE PLAN					
December 31, 2017	\$ 15,086	13,963		1,123	1,455,924		1.04%
December 31, 2018	17,200	15,919		1,281	1,686,251		1.02%
December 31, 2019	17,665	17,665		-	1,731,839		1.02%
December 31, 2020	14,561	14,561		-	1,427,528		1.02%

OTHER SUPPLEMENTARY INFORMATION

MONTROSE RECREATION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SALES TAX FUND

For the year ended December 31, 2020 with comparative actual amounts

for the year ended December 31, 2019

	2020			2019	
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ACTUAL
REVENUES					
Intergovernmental revenues	\$ 1,842,073	1,843,046	1,985,573	142,527	1,843,048
Interest	36,841	13,742	55,689	41,947	80,239
TOTAL REVENUES	1,878,914	1,856,788	2,041,262	184,474	1,923,287
EXPENDITURES					
CURRENT:					
Bank fees	2,000	2,000	2,000	-	2,000
DEBT SERVICE:					
Principal	765,000	765,000	765,000	-	745,000
Interest	1,141,225	1,141,225	1,141,225	-	1,166,075
TOTAL EXPENDITURES	1,908,225	1,908,225	1,908,225	-	1,913,075
Excess (deficiency) of revenues over expenditures	(29,311)	(51,437)	133,037	184,474	10,212
NET CHANGE IN FUND BALANCE	(29,311)	(51,437)	133,037	184,474	10,212
FUND BALANCE - BEGINNING OF YEAR	3,328,150	3,328,150	3,328,150	-	3,317,938
FUND BALANCES - END OF YEAR	\$ 3,298,839	3,276,713	3,461,187	184,474	3,328,150

MONTEROSE RECREATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
CAPITAL IMPROVEMENT FUND

For the year ended December 31, 2020 with comparative actual amounts
for the year ended December 31, 2019

	2020		2019
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES			
Intergovernmental revenues	\$ 585,308	489,348	464,348
Donations	18,000	21,500	52,124
Interest	2,300	4,100	4,075
TOTAL REVENUES	605,608	514,948	520,547
			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
			(25,000)
			30,624
			(25)
			5,599
			32,520
			17,642
			50,162
EXPENDITURES			
CURRENT:			
Consulting	50,000		
Safety and medical supplies			1,188
Program equipment	6,000		4,190
Maintenance repairs	8,000	8,000	29,162
CAPITAL OUTLAY:			
Furniture, fixtures and equipment	83,000	58,488	58,488
Facility repair and development	1,844,000	1,757,730	1,757,797
	1,991,000	1,824,218	1,816,985
TOTAL EXPENDITURES			7,233
			253,952
			295,085
Excess (deficiency) of revenues over expenditures	(1,385,392)	(1,309,270)	12,832
			(244,923)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,161,013	893,773	824,148
TOTAL OTHER FINANCING SOURCES (USES)	1,161,013	893,773	824,148
			69,625
			1,000,000
NET CHANGE IN FUND BALANCE	(224,379)	(415,497)	82,457
			755,077
FUND BALANCE - BEGINNING OF YEAR	785,640	785,640	30,563
FUND BALANCES - END OF YEAR	561,261	370,143	82,457
			785,640

MONTROSE RECREATION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL RESERVE FUND

For the year ended December 31, 2020 with comparative actual amounts

for the year ended December 31, 2019

	2020		2019
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Rental		64,035	32,017
Interest	12,168	5,500	5,278
	12,168	69,535	37,295
TOTAL REVENUES			
			64,035
			15,948
			79,983
<u>EXPENDITURES</u>			
Excess (deficiency) of revenues over expenditures	12,168	69,535	37,295
			(32,240)
			79,983
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in			
			250,000
TOTAL OTHER FINANCING SOURCES (USES)			
			250,000
NET CHANGE IN FUND BALANCE	12,168	69,535	37,295
			(32,240)
FUND BALANCE - BEGINNING OF YEAR	690,747	690,747	690,747
			360,764
FUND BALANCE - END OF YEAR	\$ 702,915	760,282	728,042
			(32,240)
			690,747