

MOUNTAIN RECREATION METROPOLITAN DISTRICT
EAGLE COUNTY, COLORADO

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

MOUNTAIN RECREATION METROPOLITAN DISTRICT
FOR THE YEAR ENDED
DECEMBER 31, 2021

Board of Directors

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

Administrative Staff

Janet Bartnik - Director

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Officers and Directors
Mountain Recreation Metropolitan District
Edwards, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Mountain Recreation Metropolitan District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Mountain Recreation Metropolitan District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Mountain Recreation Metropolitan District as of December 31, 2021 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism through the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mountain Recreation Metropolitan District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mountain Recreation Metropolitan District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, listed as required supplementary information in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with accounting 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 supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mountain Recreation Metropolitan District's basic financial statements. The *Supplementary Information*, which are listed in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.

Maggard & Hood, P.C.

MAGGARD & HOOD, P.C.
Glenwood Springs, Colorado
June 13, 2022

MOUNTAIN RECREATION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended December 31, 2021 are as follows:

- The mill levy assessed by the District is 3.650 mills. These levies are assessed on all taxable properties within the District boundaries located in Eagle County.
- The District's *overall* net position increased \$352,843, or 2.14 % from the previous fiscal year.
- General Revenues accounted for \$2,921,563 or 50.7% of all revenues. These general revenues include taxes, grants, interest and other revenues not related to specific programs. Program specific revenues, in the form of charges for services, operating and capital grants and contributions, were \$2,841,744 or 49.3% of the District's total revenues of \$5,763,307.
- The District had \$5,410,464 of expenses. Of these expenses, \$2,841,744 were offset by program specific revenues. General Revenues (primarily property taxes) were adequate to provide for the remaining expenses, including depreciation of capital assets.

USING THE BASIC FINANCIAL STATEMENTS

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

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

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2021

REPORTING ON THE DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2021

NOTES TO THE FINANCIAL STATEMENTS

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

THE DISTRICT AS A WHOLE

Statement of Net Position

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

	<u>Governmental Activities</u>		
	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
<u>ASSETS:</u>			
Current and Other Assets	\$ 7,811,834	\$ 7,474,510	\$ 337,324
Capital Assets, Net	<u>12,518,199</u>	<u>12,210,892</u>	<u>307,307</u>
Total Assets	<u>20,330,033</u>	<u>19,685,402</u>	<u>644,631</u>
<u>LIABILITIES:</u>			
Current and Other Liabilities	<u>383,333</u>	<u>445,066</u>	<u>(61,733)</u>
Total Liabilities	<u>383,333</u>	<u>445,066</u>	<u>(61,733)</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable Revenues - Property Taxes	<u>3,091,378</u>	<u>2,737,857</u>	<u>353,521</u>
<u>NET POSITION:</u>			
Invested in Capital Assets, Net of Related Debt	12,518,199	12,210,892	307,307
Restricted for Conservation Trust	-	-	-
Restricted for Emergencies	171,000	156,000	15,000
Unrestricted	<u>4,166,123</u>	<u>4,135,587</u>	<u>30,536</u>
Total Net Position	<u>\$ 16,855,322</u>	<u>\$ 16,502,479</u>	<u>\$ 352,843</u>

The District's current assets increased from the prior year. This is primarily due to the District's programs and operations returning to pre-pandemic levels. The District's cash and equivalents and other current assets increased approximately \$337 thousand.

The increase in Capital Assets is the result of the capitalization of construction costs related to the Fairgrounds Facility upgrades. Other additions included the purchase of computer and other recreation equipment.

The increase in deferred inflows of resources, which consists of property taxes to be collected in 2022, reflects changes in the overall assessed valuation of properties within the District's boundaries. This will impact the amount of funds available to provide recreation programs and service during the next fiscal year.

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2021

THE DISTRICT AS A WHOLE – CONTINUED

Statement of Activities

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

	Governmental Activities		
	2021	2020	Increase (Decrease)
<u>REVENUES:</u>			
<i>Program Revenues:</i>			
Charges for Services & Sales -			
Eagle Pool/ Ice Rink	\$ 571,340	\$ 319,598	\$ 251,742
Gypsum Recreation Center	1,236,828	976,848	259,980
Edwards Field House	496,190	319,037	177,153
Outdoor Recreation Programs	244,495	172,538	71,957
Operating Grants & Contributions	157,169	127,491	29,678
Capital Grants & Contributions	135,722	54,230	81,492
<i>General Revenues:</i>			
Property Taxes	2,747,315	2,703,367	43,948
Specific Ownership Taxes	150,075	134,995	15,080
Investment & Other Income	(7,260)	158,846	(166,106)
Miscellaneous	31,433	71,260	(39,827)
Total Revenues	5,763,307	5,038,210	725,097
<u>EXPENSES:</u>			
Administration	1,628,371	1,306,071	(322,300)
Eagle Pool/Ice Rink	868,951	782,448	(86,503)
Gypsum Recreation Center	1,461,211	1,378,438	(82,773)
Edwards Field House	790,300	717,669	(72,631)
Outdoor Recreation Programs	661,631	486,653	(174,978)
Total Expenses	5,410,464	4,671,279	(739,185)
Increase (Decrease) in Net Position	\$ 352,843	\$ 366,931	\$ (14,088)

The District's revenues include property taxes assessed in the prior year and collected in the current year to support general operations. The District's program expenses consist of operational expenses and depreciation expense on capital assets. Current year operating grants and contributions consist of Conservation Trust lottery monies received. Overall net position increased \$352,843 from the prior fiscal year.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2021

THE DISTRICT AS A WHOLE – CONTINUED

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Administration	\$ 1,628,371	\$ 1,306,071	\$ 1,628,371	\$ 1,306,071
Eagle Pool/Ice Rink	868,951	782,448	297,611	462,850
Gypsum Recreation Center	1,461,211	1,378,438	224,383	401,590
Edwards Field House	790,300	717,669	294,110	398,632
Outdoor Rec. Programs	<u>661,631</u>	<u>486,653</u>	<u>124,245</u>	<u>132,394</u>
Total Expenses	<u>\$ 5,410,464</u>	<u>\$ 4,671,279</u>	<u>\$ 2,568,720</u>	<u>\$ 2,701,537</u>

For all programs provided by the District, the dependence on taxes and other general revenues is apparent. For 2021 and 2020 approximately 47% and 58% of program services were supported through taxes and other general revenues. The community as a whole is the primary support for the District's activities.

THE DISTRICT'S FUNDS

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

The General Fund ending fund balance increased \$57,446 from \$4,361,933 to \$4,419,379 during the current fiscal year. This represents the excess of current period revenues (financial resources) over current period expenses (financial uses). The ending fund balance of \$4,419,379 is the amount of net resources available for future spending. Most financial resources are from property and specific ownership taxes, as well as program fees. The majority of expenses are directly related to providing recreation programs and maintenance of recreation facilities.

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

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 December 31, 2021

GENERAL FUND BUDGETARY HIGHLIGHTS

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

General Fund Resources (Inflows)

The District's general fund final budgetary revenues and other financing sources in the amount of \$5,486,156 exceeded budgeted expectations of \$5,084,929 by \$401,227, or 8%. Positive variances occurred across the entire District as normal operations resumed in 2021. Tax revenues in the form of specific ownership taxes on motor vehicles, other governmental support and investment earnings aided in providing and expanding recreation opportunities to the District's citizens. It is not anticipated that these variances will have a significant impact on future services.

General Fund Charges to Appropriations (Outflows)

The District's general fund final budgetary expenditures and other financing uses in the amount of \$5,428,710 were \$379,701 more than the final appropriated balance of \$5,049,009. Savings occurred for the majority of budgeted departments, except for Outdoor Recreation as the District dedicated additional resources to expanding outdoor related programs. Overall, expenditures were 5% less than anticipated.

General Fund Unappropriated Fund Balance

The General Fund ending fund balance carryover to fiscal year 2022 is \$4,419,379.

CAPITAL ASSETS

At the end of 2021, the District had a total of \$12,518,199 invested in capital assets of governmental activities. The following reflects the balances at the current and prior fiscal year-end:

<u>Capital Assets Net of Depreciation</u>	<u>2021</u>	<u>2020</u>
Edwards Field House/Equipment	\$ 6,348,224	\$ 6,541,939
Pool and Ice Rink Facility and Equipment	1,771,905	1,837,549
Outdoor Recreation Equipment	4,008,645	3,491,979
Gypsum Recreation Center Equipment	197,475	223,920
General Recreation Equipment	3,889	5,449
Administration	<u>188,061</u>	<u>110,056</u>
 Total Capital Assets	 <u>\$ 12,518,199</u>	 <u>\$ 12,210,892</u>

DEBT ADMINISTRATION

The District has no outstanding debt other than accrued compensated absences of \$82,256.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2021

ECONOMIC CONDITIONS AND OUTLOOK

In 2022, the District will continue its policy of providing extensive recreation services for the residents within the District's boundaries consistent with available resources, as well as operations of the Gypsum Recreation Center, the Eagle Pool and Ice Rink facilities and the Edwards Field House. The District provides opportunities for its constituents to partake in a variety of recreational activities including sports as swimming, soccer, ice hockey, tennis, gymnastics, lacrosse, volleyball, basketball, pickleball and football, as well as a wide-reaching menu of health and wellness, outdoor recreation, and licensed school age childcare programs and services. The District's 2022 budget strategy is to levy an operating mill levy to cover the shortfall in fees collected compared to the general operating costs (including capital replacement expenditures) of the District. For the purposes of meeting all general operating expenses of the District during the next budget year, the District has levied a tax of 3.650 mills upon the total 2022 assessed valuation of taxable property within the District.

Following a name change and freshly distilled vision and mission for the Mountain Recreation Metropolitan District in 2018, the Mountain Rec Board approved a strategic plan with seven priorities. One of those priorities is centered around converting recreation centers into community centers and expanding district facilities to meet our growing community's needs. A TABOR question was placed on the November 2021 ballot that was not approved by voters. The District will need to find alternative solutions to pressures associated with population growth and community needs for programs and services and that will also address the District's increasing burden of deferred facility maintenance.

Late 2021 forecasts for the 2024 reassessment year have provided an early indication that funds may be available to manage immediate maintenance needs of the recreation centers managed by the District. Funding is not likely to be sufficient to support expansion beyond current service levels. A thoughtful balancing of operating and capital resources is required to ensure services best meet community needs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

GOVERNMENT - WIDE FINANCIAL STATEMENTS

MOUNTAIN RECREATION METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2021

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 4,493,371
Receivables:	
Accounts Receivable	61,854
Cash with County Treasurer	21,856
Other Intergovernmental	135,628
Property Taxes	3,091,378
Prepaid Expenses	7,747
Capital Assets:	
Capital Assets, Net of Accumulated Depreciation	<u>12,518,199</u>
 TOTAL ASSETS	 <u>20,330,033</u>
<u>LIABILITIES:</u>	
Accounts Payable	137,252
Accrued Wages & Related Liabilities	42,102
Unearned Revenue	101,935
Other Liabilities	19,788
Accrued Vacation and Comp Time	<u>82,256</u>
 TOTAL LIABILITIES	 <u>383,333</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>	
Unavailable Revenues – Property Taxes	<u>3,091,378</u>
 TOTAL DEFERRED INFLOW OF RESOURCES	 <u>3,091,378</u>
<u>NET POSITION:</u>	
Invested in Capital Assets, Net of Related Debt	12,518,199
Restricted for Conservation Trust	-
Restricted for Emergencies	171,000
Unrestricted	<u>4,166,123</u>
 TOTAL NET POSITION	 <u>\$ 16,855,322</u>

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2021

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
Expenses	Charges For Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
GOVERNMENTAL ACTIVITIES:					
Administration	\$ 1,628,371	\$ -	\$ -	\$ -	\$ (1,628,371)
Eagle Pool & Ice Rink	868,951	571,340	-	-	(297,611)
Gypsum Recreation Center	1,461,211	1,236,828	-	-	(224,383)
Edwards Field House	790,300	496,190	-	-	(294,110)
Community Recreation	661,631	244,495	157,169	135,722	(124,245)
TOTAL PRIMARY GOVERNMENT	\$ 5,410,464	\$ 2,548,853	\$ 157,169	\$ 135,722	(2,568,720)
GENERAL REVENUES:					
					2,747,315
					150,075
					4,282
					(11,542)
					31,433
					2,921,563
					352,843
					16,502,479
					\$ 16,855,322

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

FUND FINANCIAL STATEMENTS

MOUNTAIN RECREATION METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

	<u>General Fund</u>	<u>Special Revenue Conservation Trust Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 4,493,371	\$ -	\$ 4,493,371
Receivables:			
Accounts Receivable	61,854	-	61,854
Cash with County Treasurer	21,856	-	21,856
Other Intergovernmental	135,628	-	135,628
Property Taxes	3,091,378	-	3,091,378
Prepaid Expense	<u>7,747</u>	<u>-</u>	<u>7,747</u>
 Total Assets	 <u>\$ 7,811,834</u>	 <u>\$ -</u>	 <u>\$ 7,811,834</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE:</u>			
Liabilities:			
Accounts Payable	\$ 137,252	\$ -	\$ 137,252
Accrued Wages & Related Liabilities	42,102	-	42,102
Unearned Revenue	101,935	-	101,935
Other Liabilities	<u>19,788</u>	<u>-</u>	<u>19,788</u>
 Total Liabilities	 <u>301,077</u>	 <u>-</u>	 <u>301,077</u>
Deferred Inflow of Resources:			
Unavailable Revenue from Property Taxes	<u>3,091,378</u>	<u>-</u>	<u>3,091,378</u>
 Total Deferred Inflow of Resources	 <u>3,091,378</u>	 <u>-</u>	 <u>3,091,378</u>
Fund Balances:			
Non-Spendable	7,747	-	7,747
Restricted for Conservation Trust	-	-	-
Restricted for Emergencies	171,000	-	171,000
Unassigned	<u>4,240,632</u>	<u>-</u>	<u>4,240,632</u>
 Total Fund Balances	 <u>4,419,379</u>	 <u>-</u>	 <u>4,419,379</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 7,811,834</u>	 <u>\$ -</u>	 <u>\$ 7,811,834</u>

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2021

TOTAL GOVERNMENTAL FUND BALANCES \$ 4,419,379

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

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

Governmental Capital Assets	\$ 20,512,662	
Less Accumulated Depreciation	<u>(7,994,463)</u>	12,518,199

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

Compensated Absences	<u>\$ (82,256)</u>	<u>(82,256)</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 16,855,322

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2021

	<u>General Fund</u>	<u>Special Revenue Conservation Trust Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>			
Property Taxes	\$ 2,747,315	\$ -	\$ 2,747,315
Specific Ownership Tax	150,075	-	150,075
Taxes – Delinquent Interest	4,282	-	4,282
Eagle Pool & Ice Rink	571,340	-	571,340
Gypsum Recreation Center	1,236,828	-	1,236,828
Edwards Field House	496,190	-	496,190
Outdoor Recreation	124,513	119,982	244,495
State Lottery Funds	-	157,169	157,169
Investment Earnings - Net	(11,542)	-	(11,542)
Capital Sponsorship	135,722	-	135,722
Miscellaneous	31,433	-	31,433
	<u>5,486,156</u>	<u>277,151</u>	<u>5,763,307</u>
<u>EXPENDITURES:</u>			
Administration	1,599,176	-	1,599,176
Eagle Pool & Ice Rink Operations	753,309	-	753,309
Gypsum Recreation Center	1,372,454	-	1,372,454
Edwards Field House	585,210	-	585,210
Outdoor Recreation	172,183	287,177	459,360
Capital Outlay – Capital Projects & Improvements	<u>283,758</u>	<u>652,594</u>	<u>936,352</u>
	<u>4,766,090</u>	<u>939,771</u>	<u>5,705,861</u>
Excess of Revenues Over (Under) Expenditures	728,004	(662,620)	65,384
Other Financing Sources and (Uses):			
Transfer from Other Funds	-	662,620	662,620
Transfer (to) Other Funds	<u>(662,620)</u>	<u>-</u>	<u>(662,620)</u>
	<u>(662,620)</u>	<u>662,620</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	57,446	-	57,446
FUND BALANCE – BEGINNING OF YEAR	<u>4,361,933</u>	<u>-</u>	<u>4,361,933</u>
FUND BALANCE – ENDING OF YEAR	<u>\$ 4,419,379</u>	<u>\$ -</u>	<u>\$ 4,419,379</u>

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2021

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 57,446

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

The net book value of asset dispositions are not reported in the governmental funds as they are not a current financial use. This is the amount by which the net book value of assets disposed exceeded proceeds, if applicable, in the current year: (27)

Governmental Funds report current year capital asset acquisitions as expenditures; however, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capitalized assets in the current year:

Capitalized Assets	\$	907,854	
Depreciation		<u>(600,520)</u>	307,334

Compensated absences not payable from current resources are not reported as expenditures of the current year. In the Statement of Activities these costs represent expenses of the current year. This is the amount by which accrued vacation increased this year. (11,910)

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 352,843

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

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

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

B. Basis of Presentation

GOVERNMENT-WIDE STATEMENTS

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

B. Basis of Presentation - continued

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

FUND FINANCIAL STATEMENTS

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

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

Governmental Funds

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

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

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

C. Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Accounting - continued

FUND FINANCIAL STATEMENTS

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

- Property Taxes
- Specific Ownership Taxes

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

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

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

E. Budgets and Budgetary Accounting

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

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Budgets and Budgetary Accounting – continued

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

The District legally adopted annual budgets for all of the District's funds for 2021.

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

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

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

The District has a number of financial instruments, including cash and cash equivalents, receivables, and accounts payable, none of which are held for trading purposes. The District estimates the fair values of its financial instruments at December 31, 2021 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

G. Net Position / Fund Balance –

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

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

G. Net Position / Fund Balance – continued

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

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

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

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

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

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

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

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

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

Unassigned – the residual for the general fund.

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

H. Capital Assets

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

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

I. Vacation, Sick Leave and Other Compensated Absences

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

J. Use of Estimates

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

K. Inter-fund Receivables and Payables

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

J. Fair Value Measurement/ Investment Valuation

The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, fair value hierarchy categorizes the inputs used to measure the fair value into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At December 31, 2021, the District investments in CSIP were reported at the net asset value per share, measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 - CASH AND INVESTMENTS

Deposits

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

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

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

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 - CASH AND INVESTMENTS - continued

The District uses the following guidelines to ensure proper diversification:

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

COLORADO STATEWIDE INVESTMENT PROGRAM

As of December 31, 2021, the District had \$1,460,713 invested in the Colorado Statewide Investment Program (“CSIP”). CSIP is an investment program that provides professional investment services designed specifically to meet the cash management needs of Colorado governments, non-profit institutions and other institutional entities. CSIP’s goal is to help member institutions achieve their objectives of safety, liquidity and competitive returns.

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

Program elements:

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

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

The District’s total cash and cash equivalents at December 31, 2021 are classified below:

Checking/Savings/Certificate of Deposit	\$	2,874,594
Local Government Investment Pools		<u>1,579,597</u>
Total Bank Balances		4,454,191
Outstanding Items		<u>39,180</u>
Total Cash and Cash Equivalents	\$	<u>4,493,371</u>

At December 31, 2021 the District’s bank deposits were entirely covered by federal depository insurance (FDIC) or uninsured but collateralized under PDPA in accordance with state statute. The District had bank balances of \$193,176 of which the entire balance was covered by FDIC insurance. As of December 31, 2021, the District had invested \$2,854,732 in Certificates of Deposit (including accrued interest income of \$6,359) of which \$2,681,418 was covered by FDIC and \$19,862 by PDPA.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 - CASH AND INVESTMENTS - continued

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

Subject to Public Depository Act –

<u>Investments</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Agency</u>
CSIP Accounts	\$ 1,579,597	AAAm	Standard & Poors
Certificates of Deposit	\$ 2,681,418	Not Rated	-

Risk Disclosures

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

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

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

Investment subject to interest rate risk disclosures are shown below:

	<u>Fair Value</u>	<u>Maturities</u>
Certificate of Deposit	\$ 250,991	12/06/22
Certificate of Deposit	250,974	12/08/22
Certificate of Deposit	253,112	04/18/23
Certificate of Deposit	207,599	07/26/23
Certificate of Deposit	249,035	01/30/23
Certificate of Deposit	256,432	05/02/24
Certificate of Deposit	256,067	05/23/24
Certificate of Deposit	252,286	01/30/25
Certificate of Deposit	227,811	12/10/25
Certificate of Deposit	238,301	11/30/26
Certificate of Deposit	<u>238,810</u>	12/10/26
Total	<u>\$2,681,418</u>	

Investments are stated at market value of \$2,681,418. The value includes \$6,359 of accrued interest at December 31, 2021.

The District was not subject to foreign currency risk as of December 31, 2021.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021

NOTE 3 - CAPITAL ASSETS

A summary of changes in Capital Assets follows:

	Balance 01/01/21	Additions	Disposals	Balance 12/31/21
<i>Depreciable Capital Assets:</i>				
Office/Other Equipment	\$ 625,121	\$ 126,265	\$ (333,148)	\$ 418,238
Pool/Ice Rink & Equip	2,935,437	-	-	2,935,437
Gypsum Rec Center Equip	365,553	5,314	(43,636)	327,231
Edwards Field House and Equipment	8,710,491	11,380	(27,761)	8,694,110
Athletic Fields & Parks	7,380,558	764,895	(23,384)	8,122,069
Recreation Equipment	92,860	-	(77,283)	15,577
Accumulated Depreciation	<u>(7,899,128)</u>	<u>(600,520)</u>	<u>505,185</u>	<u>(7,994,463)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 12,210,892</u>	<u>\$ 307,334</u>	<u>\$ (27)</u>	<u>\$ 12,518,199</u>

Depreciation is calculated using the straight-line method. For the year ending December 31, 2021 depreciation expense in the amount of \$600,520 was allocated to the various District functions as follows:

Administration	\$ 48,253
Eagle Pool/Ice Rink	65,642
Gypsum Recreation Center	31,757
Edwards Field House	205,090
Community Recreation	248,220
Recreation Equipment	<u>1,558</u>
 Total Depreciation	 <u>\$ 600,520</u>

NOTE 4 - LONG-TERM DEBT

A summary of changes in General Long-term Debt as of December 31, 2021 follows:

	Balances 01/01/21	Additions	Reductions	Balance 12/31/21	Amounts Due Within One Year
Compensated Absences	<u>\$ 70,346</u>	<u>\$ 203,931</u>	<u>\$ (192,021)</u>	<u>\$ 82,256</u>	<u>\$ 82,256</u>
Total	<u>\$ 70,346</u>	<u>\$ 203,931</u>	<u>\$ (192,021)</u>	<u>\$ 82,256</u>	<u>\$ 82,256</u>

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 4 - DEFERRED COMPENSATION PLAN

Plan Description

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

Funding Policy

The CCOERA is funded by member contributions of includable compensation to a maximum level set by the Internal Revenue Service. Employee contributions are matched by the District up to 10% of the employee's wages and vest immediately with the employee when made. Any employer contributions made during the plan year apply toward the maximum deferral limits mentioned above. The District's and members' contributions to the CCOERA 457 plan for the year ended December 31, 2021 and 2020 were \$154,421 and \$165,993 respectively.

NOTE 5 - DEFINED CONTRIBUTION PENSION PLAN

Plan Description

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

Funding Policy

Employees' with 0-5 years of service contribute 3.75% of their compensation on a mandatory basis to the plan, and the District contributes 3.75% of the employees' gross compensation to the plan. Employees' with 6 plus years of continuous employment contribute 6% of their compensation on a mandatory basis, with a District contribution of 6% of the employees' gross compensation. The District's and members' contributions to the 401(a) plans for the year ended December 31, 2021 were each \$107,941 totaling \$215,882.

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 6 - RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. Settled claims have not exceeded this coverage in any of the past three fiscal years. The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and accumulated funds, the Pool may require additional contributions from the members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. During the year ended December 31, 2021, the pool made no distributions to the District.

NOTE 7 - CONTINGENCIES

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statement as of December 31, 2021.

NOTE 8 - INTERGOVERNMENTAL AGREEMENTS & COMMITMENTS

Eagle Pool and Ice Rink Agreement

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

Gypsum Community Recreation Center Agreement

The Mountain Recreation Metropolitan District and the Town of Gypsum, Colorado, entered into an agreement for the construction, ownership and operation of a community recreation facility located in Gypsum, Colorado. The District is responsible for the operation and maintenance of the community recreation center and the Town retains full fee simple title to the community center and community center site. Pursuant to the agreement, a contribution in the amount of \$135,627 is due to the District from the Town for the fiscal year ended December 31, 2021 to cover one half of the operational deficits.

Other Intergovernmental Agreements

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 9 - COMPLIANCE

TABOR AMENDMENT - REVENUE AND SPENDING LIMITATION

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

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of spending (excluding bonded debt service). The required reserve at December 31, 2021 is approximately \$171,000.

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

BUDGETARY COMPLIANCE

The District's General Fund budgetary expenditures of \$5,428,710 exceeded budgetary appropriations of \$5,049,009 in the amount of \$379,701 resulting from interfund transfers not being included in the final budgetary appropriation. This may not be in compliance with Colorado Revised Statutes.

The District's Conservation Trust Fund budgetary ending fund balance resulted in a deficit balance of \$1,012,008. This may not be in compliance with Colorado Revised Statutes.

NOTE 10 - SUBSEQUENT EVENTS

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 11 - NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (“GASB”) has issued new lease accounting standards (“GASB 87”) to more accurately portray lease obligations and increase the usefulness of governmental financial statements. Under the new standard, a distinction between operating and capital leases no longer exists, whereas all agreements meeting the definition of a lease will be classified as finance leases. Accordingly, the majority of lease obligations will be required to be reflected as liabilities and assets on the Statement of Financial Position with lease payments having a portion reducing the lease liability and a portion that flows through the Statement of Activities as interest expense, and the corresponding lease asset will be amortized over the lease term or the useful life of the underlying asset, whichever is shorter. The Covid19 pandemic previously delayed implementation of this standard to fiscal years starting after June 15, 2021; thus implementation of the standard will be required for the upcoming year ending December 31, 2022.

REQUIRED SUPPLEMENTAL INFORMATION

MOUNTAIN RECREATION METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
– BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended December 31, 2021

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>BUDGETARY REVENUES:</u>				
Property Taxes	\$ 2,737,857	\$ 2,737,857	\$ 2,747,315	\$ 9,458
Specific Ownership Taxes	136,893	136,893	150,075	13,182
Taxes – Delinquent Interest	3,000	3,000	4,282	1,282
Eagle Pool & Ice Rink Revenue	421,389	421,389	571,340	149,951
Gypsum Recreation Center Revenue	1,104,889	1,104,889	1,236,828	131,939
Edwards Field House	393,865	393,865	496,190	102,325
Outdoor Recreation	94,520	94,520	124,513	29,993
Interest Income	18,021	18,021	63,432	45,411
Unrealized Loss on Investments	-	-	(74,974)	(74,974)
Capital Sponsorship	151,062	151,062	135,722	(15,340)
Miscellaneous Income	23,433	23,433	31,433	8,000
	5,084,929	5,084,929	5,486,156	401,227
<u>BUDGETARY EXPENDITURES:</u>				
Administration	1,602,500	1,602,500	1,599,176	3,324
Eagle Pool & Ice Rink Operations	828,916	828,916	753,309	75,607
Gypsum Recreation Center	1,420,879	1,420,879	1,372,454	48,425
Edwards Field House	658,678	658,678	585,210	73,468
Outdoor Recreation	129,974	129,974	172,183	(42,209)
Capital Expenditures	408,062	408,062	283,758	124,304
	5,049,009	5,049,009	4,766,090	282,919
Other Financing Sources:				
Transfer (from) to Other Funds	-	-	662,620	(662,620)
	5,049,009	5,049,009	5,428,710	(379,701)
Excess of Budgetary Revenues and Other Sources Over (Under) Budgetary Expenditures				
	35,920	35,920	57,446	21,526
FUND BALANCE – BEGINNING OF YEAR	3,586,579	3,586,579	4,361,933	775,354
FUND BALANCE – END OF YEAR	\$ 3,622,499	\$ 3,622,499	\$ 4,419,379	\$ 796,880

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

MOUNTAIN RECREATION METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
– BUDGET AND ACTUAL – SPECIAL REVENUE CONSERVATION TRUST FUND
For the Year Ended December 31, 2021

	Conservation Trust Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
General Revenues:				
State Lottery Funds	\$ 124,000	\$ 124,000	\$ 157,169	\$ 33,169
Fairgrounds Field Rental	17,056	17,056	20,556	3,500
Freedom Park Field Rental	38,410	38,410	52,870	14,460
Eagle County Maintenance Contract	42,000	42,000	42,000	-
Contributions & Grants	-	-	4,556	4,556
Interest Income	15	15	-	(15)
Total General Revenues	<u>221,481</u>	<u>221,481</u>	<u>277,151</u>	<u>55,670</u>
Other Financing Sources:				
Transfers (to) from Other Funds	-	-	662,620	662,620
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>662,620</u>	<u>662,620</u>
Total Budgetary Revenue and Other Financing Sources:	<u>221,481</u>	<u>221,481</u>	<u>939,771</u>	<u>718,290</u>
Budgetary Expenditures:				
Fairgrounds:				
Maintenance Wages	37,729	37,729	40,732	(3,003)
Payroll Taxes	2,716	2,716	3,123	(407)
Health Insurance	7,144	7,144	6,168	976
Retirement	1,198	1,198	739	459
Utilities	33,920	33,920	30,499	3,421
Maintenance Services	3,500	3,500	6,969	(3,469)
Maintenance Supplies	7,400	7,400	10,540	(3,140)
Goals and Equipment	2,400	2,400	2,400	-
Maintenance Equipment	1,200	1,200	4,492	(3,292)
Building Design & Construction	943,000	943,000	652,594	290,406
Freedom Park:				
Maintenance Wages	61,878	61,878	54,411	7,467
Payroll Taxes	4,331	4,331	3,785	546
Health Insurance	15,738	15,738	10,913	4,825
Retirement	1,198	1,198	1,806	(608)
Utilities	1,800	1,800	3,953	(2,153)
Maintenance Supplies	22,000	22,000	28,147	(6,147)
Maintenance Service Contract	20,000	20,000	12,968	7,032
Equipment – Maintenance/ Recreation	1,200	1,200	2,156	(956)
Janitorial Service Contract	15,400	15,400	15,308	92
Goals and Equipment	2,400	2,400	2,514	(114)
Outdoor Ice Rink	-	-	37,821	(37,821)
McCoy Field:				
Lease	1,500	1,500	1,500	-
Professional Services	4,800	4,800	3,627	1,173
Utilities	3,737	3,737	2,001	1,736
Maintenance Supplies	800	800	605	195
Dotsero Kaboom Park:				
Equipment	1,500	1,500	-	1,500
Miscellaneous:				
Contingency	35,000	35,000	-	35,000
Total Budgetary Expenditures	<u>1,233,489</u>	<u>1,233,489</u>	<u>939,771</u>	<u>293,718</u>
Excess of Budgetary Revenues and Other Uses Over (Under) Expenditures	(1,012,008)	(1,012,008)	-	1,012,008
FUND BALANCE – BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE – END OF YEAR	<u>\$ (1,012,008)</u>	<u>\$ (1,012,008)</u>	<u>\$ -</u>	<u>\$ 1,012,008</u>

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

SUPPLEMENTAL INFORMATION

Capital Projects Expenditures and Improvements – Budget and Actual

MOUNTAIN RECREATION METROPOLITAN DISTRICT
CAPITAL PROJECTS EXPENDITURES AND IMPROVEMENTS – BUDGET AND ACTUAL
For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>GENERAL FUND</u>				
Capital Replacement and Repair	\$ 97,000	\$ 97,000	\$ 92,953	\$ 4,047
Capital Reserve – EPIR	50,000	50,000	50,000	-
Capital Reserve – GRC	50,000	50,000	50,000	-
Computers/Office Equipment	10,000	10,000	67,658	(57,658)
Edwards Area Projects	-	-	10,833	(10,833)
EFH Capital Replacement	201,062	201,062	-	201,062
Gypsum Area Projects	-	-	12,314	(12,314)
	<u>408,062</u>	<u>408,062</u>	<u>283,758</u>	<u>124,304</u>
<u>CONSERVATION TRUST FUND</u>				
Fairgrounds Facility	943,000	943,000	652,594	290,406
Contingency	35,000	35,000	-	35,000
	<u>978,000</u>	<u>978,000</u>	<u>652,594</u>	<u>325,406</u>
Total Capital Expenditures and Improvements	<u>\$ 1,386,062</u>	<u>\$ 1,386,062</u>	<u>936,352</u>	<u>\$ 449,710</u>
Less Non- Capitalized Expenditures and Improvements			<u>(112,729)</u>	
Total Capitalized Assets			<u>\$ 823,623</u>	

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