

**MONTROSE RECREATION DISTRICT**

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

**December 31, 2023**

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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

**Opinion**

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, 2023, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of Montrose Recreation District as of December 31, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Montrose Recreation District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Montrose Recreation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

Board of Directors  
Montrose Recreation District  
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**Report on Summarized Comparative Information**

We have previously audited the Montrose Recreation District's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 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 60 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Montrose Recreation District's basic financial statements. The supplementary information - schedule of revenues, expenditures and changes in fund balance - budget and actual for the Sales Tax Fund, Capital Improvement Fund and Capital Reserve Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate 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, based on our audit, the information is 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 15, 2024

**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, 2023.

### 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 2023, spending \$4,955,985 in its general fund. This compares with \$5,909,370 in general fund revenue. As of the close of the year, the District has \$11,065,861 in combined ending cash and investment balances. This compares to \$9,143,214 in combined ending cash and investment balances for 2022.

MRD's assessed valuation was \$542,394,435 for 2022 and \$684,068,710 for 2023. The 2022 and 2023 mill levy was 5.00. Specific ownership tax and the property tax generated in 2023 was \$3,116,663 compared to \$3,053,614 in 2022.

Montrose's economy continues to improve. This is evidenced by sales tax revenues exceeding projections. In 2023, the City of Montrose collected \$2,813,234 in sales tax for MRD per the Rec. Center IGA with the City. MRD planned for \$1,317,629 in MRD's 30-year budget presentation, which was used to plan the finances for MRD with the CRC online. In 2022, the City of Montrose collected \$2,634,532 in sales tax for MRD. MRD had budgeted \$1,304,583.

### Facilities and programs services:

Service at MRD sites included Ute, McNeil, Holly, the Montrose Community Recreation Center (CRC), the Montrose Field House and Flex Rec. Service at non-MRD facilities included Montrose County School District gyms and Cerise Park. In general, the year 2023 experienced continued growth, still recovering from the Covid pandemic, and exceeded pre-pandemic levels. Year over year since 2020, recreation programs revenues and participation, as well as memberships, have seen increases to all-time highs. The CRC and Field House combined noted 323,000 paid visits; the CRC brought 7,439 annual members. 430 programs and classes were held in the year, serving 44,452 individual participants. Hundreds of other program hours were held as a benefit of facility membership which are not included above. 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. In 2022 the Foundation continued in expanding the scholarship program funding, including adults for the first time. Program scholarships accounted for \$20,800, providing access to 523 individuals to recreation programs by offsetting program fees.

### Human Resources:

The MRD employed 331 part time and 30 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. The average monthly FTEs was 54.



**Capital Development:**

As for capital development, funds were spent to continue with improvements at the CRC for ADA improvements such as replacing the accessible pool lifts, and installing curb cut and sidewalk access enhancements and corrections. An automated turf tank painter was leased for paint lining the McNeil, Ute and Holly Park sports fields; and finally, to complete an assessment on the outdoor pool at the Field House.

**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 59 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 60 through 71 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 72 through 74 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 \$8,909,589 at the close of the year 2023. This compares with \$5,387,843 from the previous year and constitutes an increase of \$3,321,746 from the prior year's net position. The majority of this increase is the result of increases in tax revenues and earnings on investments and reduced pension and OPEB plan expenses.

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 House, 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**

	<u>2023</u>	<u>2022</u>
Current & other assets	\$15,307,538	12,437,130
Capital assets	<u>26,213,227</u>	<u>27,347,568</u>
Total assets	<u>41,520,765</u>	<u>39,784,698</u>
Deferred outflows		
Deferred pension outflows	2,887,514	2,041,681
Deferred OPEB outflows	<u>49,928</u>	<u>36,010</u>
Total deferred outflows	<u>2,937,442</u>	<u>2,077,691</u>
Current liabilities	297,591	295,653
Noncurrent liabilities	<u>28,047,705</u>	<u>29,531,122</u>
Total liabilities	<u>28,345,296</u>	<u>29,823,775</u>
Deferred inflows		
Deferred revenues, property taxes	3,420,334	2,713,972
Deferred pension inflows	3,584,415	3,582,367
Deferred OPEB inflows	<u>198,573</u>	<u>151,432</u>
Total deferred inflows	<u>7,203,322</u>	<u>6,447,771</u>
Net position:		
Net investment in capital assets	5,031,568	5,089,301
Restricted	6,200,676	5,055,113
Unrestricted (deficit)	<u>(2,322,655)</u>	<u>(4,566,571)</u>
Total net position	<u>\$ 8,909,589</u>	<u>5,587,843</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 two of 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>2023</u>	<u>2022 .</u>
Revenues:		
Program revenues:		
Fees and charges		
for recreational programs	\$2,564,016	2,236,949
Operating grants and contributions	6,784	12,500
Capital grants and contributions	273,869	278,199
General revenues:		
Taxes:		
Property and other taxes	3,116,663	3,053,614
Sales and use taxes	2,813,204	2,634,532
Earnings on investments	513,682	184,809
Total revenue	<u>9,288,248</u>	<u>8,400,603</u>
Expenses:		
Administrative	1,451,506	3,706,498
Park maintenance	277,500	378,762
Concessions	40,088	43,663
Marketing	78,415	78,444
Community Recreation Center	2,160,640	2,720,873
Programs	420,907	383,187
Field House	327,246	290,749
Flex Rec	196,183	80,003
Interest on long-term debt	<u>1,014,017</u>	<u>1,055,055</u>
Total expenses	<u>5,966,502</u>	<u>8,737,234</u>
Increase (decrease) in net position	3,321,746	(336,631)
Net position - January 1st	<u>5,587,843</u>	<u>5,924,474</u>
Net position - December 31st	<u>\$8,909,589</u>	<u>5,587,843</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 \$11,644,860 an increase of \$2,164,255 from the prior year. Approximately 44% 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 \$3,304,879 after a General Fund transfer of \$772,856 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 67% of total general fund expenditures, while total fund balance represents 72% 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 2020 since the operational revenue and operational expense of the Community Recreation Center and the Field House were still new enterprises. 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 2023 was \$5,786,488. This was an increase of \$802,868 from the previous fiscal year. The actual expenditures and transfers for the General Fund were \$5,728,841, which included a \$772,856 transfer to the Capital Improvement Fund.

**Capital Assets.**

The District's investment in capital assets for its governmental activities as of December 31, 2023, amounts to \$26,213,227 (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	
	2023	2022 .
Land	\$ 967,155	967,155
Improvements other than buildings	1,785,199	1,954,607
Buildings and improvements	22,394,298	23,358,935
Field house	758,016	834,315
Infrastructure	2,938	3,755
Equipment	278,362	186,039
Vehicles	27,259	42,762
Total	<u>\$26,213,227</u>	<u>27,347,568</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 \$20,950,000 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 Mari Steinbach at [mari@montroserec.com](mailto:mari@montroserec.com) or P. O. Box 63, Montrose, Colorado 81402.

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

**MONTROSE RECREATION DISTRICT****STATEMENT OF NET POSITION**

December 31, 2023

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 394,223
Investments	8,760,503
Due from other governments	751,376
Property taxes receivable	3,420,334
Bond issue costs	69,977
Restricted investments	1,911,125
Capital assets (net of accumulated depreciation)	
Land	967,155
Improvements other than buildings	1,785,199
Buildings and improvements	22,394,298
Field house	758,016
Infrastructure	2,938
Equipment	278,362
Vehicles	27,259
Total assets	<u>41,520,765</u>
<b>DEFERRED OUTFLOWS</b>	
Deferred pension outflows	2,887,514
Deferred OPEB outflows	49,928
	<u>2,937,442</u>
<b>LIABILITIES</b>	
Accounts payable	69,337
Accrued interest	125,224
Compensated absences	102,545
Accrued payroll taxes and benefits	485
Noncurrent liabilities:	
Due within one year	939,183
Certificates of participation	20,242,476
Net pension liability	6,305,727
Net OPEB liability	560,319
Total liabilities	<u>28,345,296</u>
<b>DEFERRED INFLOWS</b>	
Deferred revenue-property taxes	3,420,334
Deferred pension inflows	3,584,415
Deferred OPEB inflows	198,523
	<u>7,203,272</u>
<b>NET POSITION</b>	
Net investment in capital assets	5,031,568
Restricted for:	
Emergency	279,000
Intergovernmental agreement	5,921,676
Unrestricted (deficit)	(2,322,655)
Total net position	<u>\$ 8,909,589</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, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
	Expenses	Fees and Charges for Recreational Programs	Operating Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES:</b>				
Administrative	\$ 1,451,506	73,315	6,784	(1,097,538)
Park maintenance	277,500			(277,500)
Concessions	40,088	44,483		4,395
Marketing	78,415	14,900		(63,515)
Community Recreation Center Programs	2,160,640	1,817,400		(343,240)
Field House	420,907	350,990		(69,917)
Flex Rec	327,246	221,916		(105,330)
Interest on long-term debt	196,183	41,012		(155,171)
Total governmental activities	\$ 5,966,502	2,564,016	6,784	(3,121,833)
			273,869	

General Revenues:

Taxes	3,116,663
Property and other taxes	2,813,234
Sales and use taxes	513,682
Earnings on investments	6,443,579
Total general revenues	3,321,746

Change in net position

NET POSITION - JANUARY 1

NET POSITION - DECEMBER 31

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, 2023

(With comparative totals for December 31, 2022)

	GENERAL	CONSERVATION TRUST	SALES TAX	CAPITAL IMPROVEMENT	CAPITAL RESERVE	TOTAL (MEMORANDUM ONLY)	
						2023	2022
<b>ASSETS</b>							
Cash	\$ 209,980	3,549	177,067	3,627		394,223	160,399
Investments	3,756,313	457,560	3,120,935	640,706	784,989	8,760,503	7,071,690
Due from other funds				248,874		248,874	248,874
Due from other governments	38,827		712,549			751,376	502,338
Property taxes receivable	3,420,334					3,420,334	2,713,972
Investments-restricted			1,911,125			1,911,125	1,911,125
<b>TOTAL ASSETS</b>	<b>\$ 7,425,454</b>	<b>461,109</b>	<b>5,921,676</b>	<b>893,207</b>	<b>784,989</b>	<b>15,486,435</b>	<b>12,608,398</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 69,337					69,337	63,979
Due to other funds	248,874					248,874	248,874
Compensated absences	102,545					102,545	100,483
Accrued payroll taxes and benefits	485					485	485
<b>TOTAL LIABILITIES</b>	<b>421,241</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>421,241</b>	<b>413,821</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred revenue-property taxes	3,420,334					3,420,334	2,713,972
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,420,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,420,334</b>	<b>2,713,972</b>
<b>FUND BALANCES</b>							
Restricted	279,000		5,921,676			6,200,676	5,055,113
Assigned	3,304,879	461,109		893,207	784,989	2,139,305	1,280,142
Unassigned	3,583,879	461,109	5,921,676	893,207	784,989	3,304,879	3,145,350
<b>TOTAL FUND BALANCES</b>	<b>7,167,758</b>	<b>923,327</b>	<b>11,765,028</b>	<b>1,786,614</b>	<b>1,569,978</b>	<b>11,644,860</b>	<b>9,480,605</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 7,425,454</b>	<b>461,109</b>	<b>5,921,676</b>	<b>893,207</b>	<b>784,989</b>	<b>15,486,435</b>	<b>12,608,398</b>

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, 2023

Total fund balances for governmental funds \$ 11,644,860

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 \$1,821,047 accumulated depreciation	1,785,199
Buildings and improvements, net of \$6,934,400 accumulated depreciation	22,394,298
Field house, net of \$2,864,739 accumulated depreciation	758,016
Infrastructure, net of \$93,220 accumulated depreciation	2,938
Equipment, net of \$1,123,403 accumulated depreciation	278,362
Vehicles, net of \$182,409, accumulated depreciation	27,259
	26,213,227

Items related to pensions are considered to be long term items and therefore are not reported in the funds.

Net pension liability	(6,305,727)
Deferred pension outflows	2,887,514
Deferred pension inflows	(3,584,415)
	(7,002,628)

Items related to OPEB are considered to be long term items and therefore are not reported in the funds.

Net OPEB liability	(560,319)
Deferred OPEB outflows	49,928
Deferred OPEB inflows	(198,573)
	(708,964)

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	(20,950,000)
Premium on certificates of participation (to be amortized over life of lease)	(231,659)
Deferred charge for issue costs (to be amortized over life of debt)	69,977
Accrued interest payable	(125,224)
	(21,236,906)

Total net position of governmental activities \$ 8,909,589

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

**MONTEOSE RECREATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
 - GOVERNMENTAL FUNDS  
 For the year ended December 31, 2023  
 (With comparative totals for the year ended December 31, 2022)

	GENERAL FUND	CONSERVATION TRUST	SALES TAX	CAPITAL IMPROVEMENT	CAPITAL RESERVE	TOTAL (MEMORANDUM ONLY)	
						2023	2022
<b>REVENUES</b>							
Property and other taxes	\$ 3,116,663					3,116,663	3,053,614
Rental and miscellaneous	101,694					101,694	102,006
Concessions	44,483					44,483	51,876
Community Recreation Center Programs	1,805,705					1,805,705	1,647,088
Field house	350,990					350,990	271,234
Field house	221,916					221,916	164,598
Flex Rec	41,012					41,012	147
Intergovernmental revenues		238,869	2,813,234	35,000		3,087,103	2,920,111
Donations				5,000		5,000	5,120
Interest income	226,907	18,833	220,454	7,666	39,822	513,682	184,809
<b>TOTAL REVENUES</b>	<b>5,909,370</b>	<b>257,702</b>	<b>3,033,688</b>	<b>47,666</b>	<b>39,822</b>	<b>9,288,248</b>	<b>8,400,603</b>
<b>EXPENDITURES</b>							
<b>CURRENT:</b>							
Administrative	2,070,879	1,716	2,000	80,050		2,154,645	1,915,590
Park maintenance	233,349			109		233,458	354,371
Concessions	40,088					40,088	43,663
Marketing	78,415					78,415	78,444
Community Recreation Center Programs	1,888,847					1,888,847	1,754,115
Field house	231,051			14		231,051	190,626
Field house	230,899	20,034				250,947	211,737
Flex Rec	152,703			14,833		167,536	78,542
<b>CAPITAL OUTLAY:</b>							
Administrative		17,042				17,042	2,066
Park maintenance	6,869	16,585		89,119		112,573	185,749
Marketing	5,246					5,246	
Community Recreation Center	13,867	19,381				33,248	4,799
Flex Rec							346,252
Programs	3,772					3,772	
Debt service:							
Principal			870,000			870,000	830,000
Interest			1,037,125			1,037,125	1,078,625
<b>TOTAL EXPENDITURES</b>	<b>4,955,985</b>	<b>74,758</b>	<b>1,909,125</b>	<b>184,125</b>	<b>-</b>	<b>7,123,993</b>	<b>7,074,579</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>953,385</b>	<b>182,944</b>	<b>1,124,563</b>	<b>(136,459)</b>	<b>39,822</b>	<b>2,164,255</b>	<b>1,326,024</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	(772,856)			772,856		772,856	611,000
Transfers out	(772,856)					(772,856)	(611,000)
<b>NET OTHER FINANCING SOURCES (USES)</b>				<b>772,856</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>180,529</b>	<b>182,944</b>	<b>1,124,563</b>	<b>636,397</b>	<b>39,822</b>	<b>2,164,255</b>	<b>1,326,024</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>3,403,350</b>	<b>278,165</b>	<b>4,797,113</b>	<b>256,810</b>	<b>745,167</b>	<b>9,480,605</b>	<b>8,154,581</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 3,583,879</b>	<b>461,109</b>	<b>5,921,676</b>	<b>893,207</b>	<b>784,989</b>	<b>11,644,860</b>	<b>9,480,605</b>

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, 2023

Net change in fund balances - total governmental funds \$ 2,164,255

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 depreciation \$1,306,222 exceeded capital outlay \$171,881 (1,134,341)

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	25,255
Bond issuance costs	(7,629)
Debt principal payments	870,000
Decrease in accrued interest	5,482
	893,108

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. 1,417,571

OPFB 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 (18,847)

Change in net position of governmental activities \$ 3,321,746

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

NOTES TO FINANCIAL STATEMENTS

MONTROSE RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

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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, 2023

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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, 2023

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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, 2023

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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 and OPEB 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, 2023

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1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITES, 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, 2022 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 and OPEB 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, 2021.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITES, 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, 2023.
- 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, 2023

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1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITES, 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, 2023

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, 2023 are as follows:

	ORIGINAL BUDGET	AMENDMENT	FINAL BUDGET
General Fund	\$5,630,828	155,654	5,786,482
Capital Improvement Fund	474,500	(233,439)	241,061
Capital Reserve Fund	0		0
Conservation Trust Fund	144,500	(23,000)	121,500
Sales Tax Fund	1,909,125		1,909,125
	<u>\$ 8,158,953</u>	<u>(100,785)</u>	<u>8,058,168</u>

**MONTROSE RECREATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 2023**

**2 - DEPOSITS 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. 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, 2023, none of the District's bank balances of \$234,721 were exposed to custodial credit risk as all were insured.

**INVESTMENTS**

As of December 31, 2023, 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>1-5</u>	<u>6-10</u>
Colotrust	\$ 8,760,503	1		
Repurchase agreements	1,911,125			
	<u>\$10,671,628</u>	<u>10,671,628</u>		

As of December 31, 2023, the District has invested \$8,760,503 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, 2023

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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 17<sup>th</sup> Street, Suite 1850  
Denver, CO 80202  
[www.colotruster.com](http://www.colotruster.com)

These investments are presented on the balance sheet as follows:

	<u>2023</u>
Investments	\$ 8,760,503
Investments - restricted	<u>1,911,125</u>
	<u>\$10,671,628</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, 2023

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, 2023:

<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				
Colotrust	\$ 8,760,503			
Repurchase agreements	<u>1,911,125</u>			
Total investments	<u>\$10,671,628</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, 2022, the District's investment in Colotrust 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, 2023

3 - ALLOWANCE FOR UNCOLLECTIBLES

Receivables are stated net of allowances for uncollectibles, however, at December 31, 2023, 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, 2023, was as follows:

	<u>BEGINNING BALANCES</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCES.</u>
Governmental activities: <i>Capital assets not being depreciated:</i>				
Land	\$ 967,155			967,155
Total capital assets not being depreciated	<u>967,155</u>			<u>967,155</u>
<i>Capital assets being depreciated:</i>				
Improvements other than buildings	3,606,246			3,606,246
Buildings and improvements	29,311,656	17,042		29,328,698
Field house	3,622,755			3,622,755
Infrastructure	96,158			96,158
Equipment	1,264,555	154,839	17,629	1,401,765
Vehicles	209,668			209,668
Total capital assets being depreciated	<u>38,111,038</u>	<u>171,881</u>	<u>17,629</u>	<u>38,265,290</u>
Less accumulated depreciation for:				
Improvements other than buildings	1,651,639	169,408		1,821,047
Buildings and improvements	5,952,721	981,679		6,934,400
Field house	2,788,440	76,299		2,864,739
Infrastructure	92,403	817		93,220
Equipment	1,078,516	62,516	17,629	1,123,403
Vehicles	166,906	15,503		182,409
Total accumulated Depreciation	<u>11,730,625</u>	<u>1,306,222</u>	<u>17,629</u>	<u>13,019,218</u>
Total capital assets being depreciated, net	<u>26,380,413</u>	<u>(1,134,341)</u>		<u>25,246,072</u>
Governmental activity capital assets, net	<u>\$27,347,568</u>	<u>(1,134,341)</u>		<u>26,213,222</u>

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

Community Recreation Center	\$ 967,378
Park maintenance	44,042
Field house	76,299
Flex rec	28,647
Programs, including depreciation of infrastructure assets	<u>189,856</u>
Total depreciation expense	<u>\$1,306,222</u>

**MONTROSE RECREATION DISTRICT**

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

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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.

**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 annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investment/pera-financial-reports](http://www.copera.org/investment/pera-financial-reports).

*Benefits provided as of December 31, 2023.* 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 option 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.

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:

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

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5 - DEFINED BENEFIT PENSION PLAN (continued)

- 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.

Upon meeting certain criteria benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, 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 (AI) or AI cap of 1.00 percent unless adjusted by the automatic adjustment provision (AAP). Eligible benefit recipients under the PERA benefit structure who began membership after January 1, 2007 will receive the lessor of an annual increase of the 1.00 percent AI cap or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 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.

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. For Safety Officers whose disability is caused by an on-the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. 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.

**MONTROSE RECREATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**December 31, 2023**

5 - DEFINED BENEFIT PENSION PLAN (continued)

**General Information about the Pension Plan (continued)**

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, 2023. Eligible employees and the Montrose Recreation District and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 1, 2023 through December 31, 2024 are summarized in the table below:

	January 1, 2023 Through December 31, 2023	January 1, 2024 Through December 31, 2024
Employee contribution (all employees other than Safety Officers)	9.00%	9.00%
Safety Officers	13.00%	13.00%

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

The employer contribution requirements for all employees other than Safety Officers are summarized in the table below:

	January 1, 2023 Through December 31, 2023	January 1, 2024 Through December 31, 2024
Employer contribution rate	11.00%	11.00%
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	9.98%	9.98%
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%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.06%	.08%
Total employer contribution rate to the LGDTF	13.74%	13.76%

\*\*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, 2023**

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5 - **DEFINED BENEFIT PENSION PLAN** (continued)

**General Information about the Pension Plan (continued)**

The employer contribution requirements for Safety Officers are summarized in the table below:

	January 1, 2023 Through December 31, 2023	January 1, 2024 Through December 31, 2024
Employer contribution rate	14.10%	14.10%
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	13.08%	13.08%
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%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.06%	0.08%
Total employer contribution rate to the LGDTF	16.84%	16.86%

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

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 \$327,907 for the year ended December 31, 2023.

**MONTROSE RECREATION DISTRICT**

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

5 - DEFINED BENEFIT PENSION PLAN (continued)

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

The net pension liability for the LGDTF was measured as of December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the TPL to December 31, 2023. The Montrose Recreation District proportion of the net pension liability was based on Montrose Recreation District contributions to the LGDTF for the calendar year 2023 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2023, the Montrose Recreation District reported a liability of \$1,994,032 for its proportionate share of the net pension liability.

At December 31, 2023, the Montrose Recreation District proportion was 0.2716513004 percent, which was an increase of 0.0155259481 percent from its proportion measured as of December 31, 2022.

For the year ended December 31, 2023, the Montrose Recreation District recognized pension expense of \$(1,417,571). At December 31, 2023, the Montrose Recreation District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<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 pension plan investments	690,176	2,048
Changes in proportion and differences between contributions recognized and proportionate share of contributions	155,657	
Contributions subsequent to the measurement date	<u>N/A</u>	<u>N/A</u>
Total	<u>\$845,833</u>	<u>2,048</u>



MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

5 - DEFINED BENEFIT PENSION PLAN (continued)

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

Amounts reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31</u>	
2024	\$ (301,018)
2025	(170,536)
2026	72,603
2027	371,398
2028	168,757
Thereafter	\$ 0

*Actuarial assumptions.* The TPL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than Safety Officers	3.20% to 11.30%
Safety Officers	3.20% to 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)	1.00%
PERA benefit structure hired after 12/31/06	Financed by the AIR

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.

5 - DEFINED BENEFIT PENSION PLAN (continued)

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

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

Pre-retirement mortality assumptions for members other than Safety Officers were based upon the PubG-2019 Employee Table with generational projection using scale MP-2019.

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

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

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

Post-retirement non-disabled mortality assumptions for Safety Officers 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% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than Safety Officers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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

5 - DEFINED BENEFIT PENSION PLAN (continued)

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

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

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

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

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

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

Post-retirement non-disabled mortality assumptions for Safety Officers 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% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than Safety Officers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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

5 - DEFINED BENEFIT PENSION PLAN (continued)

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

The actuarial assumptions used in the December 31, 2022, valuations were 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 the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies prepared at least every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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% 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 <sup>1</sup>	6.00%	4.70%
Total	100.00%	

5 - DEFINED BENEFIT PENSION PLAN (continued)

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

Note: 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 TLP 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 required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% 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.

**MONTROSE RECREATION DISTRICT**

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

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5 - DEFINED BENEFIT PENSION PLAN (continued)

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

- 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 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.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the Local Government Division reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliate employer, effective December 31, 2022. As of the December 31, 2023, year-end, PRA recognized two additions for accounting and financial reporting purposes; a \$24 million payment received on December 4, 2023 and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and HCTF were \$24.967 million and \$1.033 million, respectively.

Based on the above assumptions and methods, the LDGTF's FNP 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 TPL. 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, 2023

5 - DEFINED BENEFIT PENSION PLAN (continued)

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

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	\$3,908,524	1,994,038	390,333

*Pension plan fiduciary net position.* Detailed information about the LGDTF's FNP is available in PERA's ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Payables to the pension plan**

The District had no payables due to the LGDTF at December 31, 2023.

**Notes to the Required Supplementary Information**

Note 1 - Significant Changes in Plan Provision Affecting Trends in Actuarial Information. *2023 Changes in Plan Provisions Since 2022*

- As of December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Local Government Division reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and local Government Division Trust Fund (HCTF) were \$24.967 million and \$1.033 million, respectively.
- As of December 31, 2023, measurement date, the total pension liability (TPL) recognized the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to maximum of 12 months service credit per year.

**MONTROSE RECREATION DISTRICT**

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

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5 - DEFINED BENEFIT PENSION PLAN (continued)

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

Note 2 - Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information. *2023 Changes in Assumptions or Other Inputs Since 2022*

- There were not changes made to the actuarial methods or assumptions.

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 (FNP) and additions to/deductions from the FNP 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.

**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 and 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 by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).



MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

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

*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 health benefits program 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.

*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.

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

**General Information about the OPEB Plan (continued)**

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 maximum service-based 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.

*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 \$23,939 for the year ended December 31, 2023.

**MONTROSE RECREATION DISTRICT**  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 December 31, 2023

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

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

At December 31, 2023, the Montrose Recreation District reported a liability of \$151,583 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TOL to December 31, 2023. The Montrose Recreation District proportion of the net OPEB liability was based on Montrose Recreation District contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the Montrose Recreation District proportion was 0.0212382917%, which was an increase of 0.0009121437% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2023, the Montrose Recreation District recognized OPEB expense of \$18,847. At December 31, 2023, the Montrose Recreation District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<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	6,471	47,141
Changes in proportion and differences between contributions recognized and proportionate share of contributions	24,903	
Contributions subsequent to the measurement date	N/A	N/A
Total	<u>\$31,374</u>	<u>47,141</u>

Amounts reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. 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>	
2023	\$23,141
2024	32,477
2025	14,730
2026	11,326
2027	6,644
Thereafter	0

**MONTROSE RECREATION DISTRICT**  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 December 31, 2023

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 TOL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
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 Safety Officers	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%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			7.00% in 2023 gradually decreasing to 4.50% in 2033	
Medicare Part A premiums			3.50% in 2023, gradually increasing to 4.50% in 2035	
DPS benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			N/A	
Medicare Part A premiums			N/A	

UnitedHealthcare MAPD PPO plans are 0% for 203.

**MONTROSE RECREATION DISTRICT**

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

**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)**

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

**Age-Related 2.8% Morbidity Assumptions**

<b>Participant</b>	<b>Annual Increase</b>	<b>Annual Increase</b>
<b>Age</b>	<b>(Male)</b>	<b>(Female)</b>
65-68	2.20%	2.30%
69	2.80%	2.20%
70	2.70%	1.60%
71	3.10%	0.50%
72	2.30%	0.70%
73	1.20%	0.80%
74	0.90%	1.50%
75-85	0.90%	1.30%
86 and older	0.00%	0.00%

**MONTROSE RECREATION DISTRICT**  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 December 31, 2023

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)

Sample Age		MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
		Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
		Male	Female	Male	Female	Male	Female
65	\$	1,692	1,406	579	481	1,913	1,589
70		1,901	1,573	650	538	2,149	1,778
75		2,100	1,653	718	566	2,374	1,869

  

Sample Age		MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
		Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
		Male	Female	Male	Female	Male	Female
65	\$	6,469	5,373	4,198	3,487	6,719	5,581
70		7,266	6,011	4,715	3,900	7,546	6,243
75		8,026	6,319	5,208	4,101	8,336	6,563

The 2023 Medicare Part A premium is \$506 (actual dollars) per month.

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, 2022, 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.

**MONTROSE RECREATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**December 31, 2023**

**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 benefit structure health care cost trend rates that were used to measure the TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.30%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.25%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than Safety Officers were based on the PubG-2010 Employee Table, with generational projection using scale MP-2019:

Pre-retirement mortality assumptions for Safety Officers 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.

**MONTROSE RECREATION DISTRICT**  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 December 31, 2023

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 benefit structure health care cost trend rates that were used to measure the TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.30%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.25%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based on the PubG-2010 Employee Table, with generational projection using scale MP-2019:

Pre-retirement mortality assumptions for Safety Officers 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.



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)

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

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

Post-retirement non-disabled mortality assumptions for Safety Officers 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:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% 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% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

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)

Disabled mortality assumptions for members other than Safety Officers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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

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

- Per capita health care costs in effect as of December 31, 2022, valuation date 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 have been updated to reflect costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums.

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of the 2020 experience analysis, dated October 28, 2020 and November 4, 2020 and 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.

**MONTROSE RECREATION DISTRICT**

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

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 long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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% 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 effective January 1, 2020. As of the most recent affirmation 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 <sup>1</sup>	6.00%	4.70%
Total	100.00%	

Note: 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%.

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 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	5.75%	6.75%	7.75%
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	\$212,697	151,583	152,891

*Discount rate.* The discount rate used to measure the TOL 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, 2023, 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.

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)

- 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.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.

Based on the above assumptions and methods, the FNP for the HCTF 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. 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.

*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	\$212,697	151,583	157,891

*OPEB plan fiduciary net position.* Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://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, 2023.

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)

**Notes to the Required Supplementary Information**

Note 1 - Significant Changes in Plan Provision Affecting Trends in Actuarial Information. *2023 Changes in Plan Provisions Since 2022*

- As of December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Note 2 - Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information. *2023 Changes in Assumptions or Other Inputs Since 2022*

- There were no changes made to the actuarial methods or assumptions.

7 - SHORT-TERM DEBT

During the year ended December 31, 2023, 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, 2023

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, 2023, follows:

<u>YEAR ENDING DECEMBER 31</u>	<u>SCHEDULE OF BASE RATES.</u>
2024	\$ 1,908,625
2025	1,907,875
2026	1,909,475
2027	1,906,975
2028	1,910,175
2029 - 2033	9,542,325
2034 - 2038	9,545,625
2039	1,907,125
TOTAL BASE RENTALS	<u>30,538,200</u>
Lease amounts representing interest	<u>9,588,200</u>
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	<u>\$20,950,000</u>

9 - LONG-TERM DEBT

The following is a summary of long-term liability activity of the District for the year ended December 31, 2023:

	<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	\$21,820,000		870,000	20,950,000	915,000
Premium on Certificates of Participation	256,914		25,255	231,659	24,183
GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES	<u>\$22,076,914</u>		<u>895,255</u>	<u>21,181,659</u>	<u>939,183</u>

**MONTROSE RECREATION DISTRICT**

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

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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 \$3,304,879 at December 31, 2023.



MONTROSE RECREATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 December 31, 2023

11 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of Interfund balances as of December 31, 2023 is as follows:

A. DUE FROM/TO OTHER FUNDS

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT.</u>
Capital Improvement	General	\$248,874

The above balance was advanced by the General Fund to pay capital improvements.

B. INTERFUND TRANSFERS

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

	<u>TRANSFERS OUT</u>	<u>TRANSFERS IN</u>
General Fund	\$772,856	
Capital Improvement Fund	_____	<u>772,856</u>
TOTAL	<u>\$772,856</u>	<u>772,856</u>

The above amounts were transferred for operations and capital outlay.

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.

MONTROSE RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

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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 15, 2024 which is the date the financial statements were available to be issued.

In 2022, domestic and international economies faced 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 was 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 DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2023 with comparative actual amounts  
for the year ended December 31, 2022

	2023			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2022
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
<u>GENERAL REVENUES</u>					
Taxes					
Property taxes	\$ 2,660,482	3,201,648	2,687,946	(513,702)	2,658,026
Specific ownership tax	383,000	383,000	423,804	40,804	391,595
Penalties and interest on delinquent tax	3,000	3,000	4,913	1,913	3,993
Intergovernmental revenues				-	12,500
TOTAL TAXES	<u>3,046,482</u>	<u>3,587,648</u>	<u>3,116,663</u>	<u>(470,985)</u>	<u>3,066,114</u>
Interest income	<u>31,000</u>	<u>220,000</u>	<u>226,907</u>	<u>6,907</u>	<u>74,200</u>
Rental and miscellaneous					
Facility rental	64,035	72,715	73,315	600	70,079
Brochure advertisements	17,450	14,950	14,900	(50)	16,900
Asset sales				-	4,314
Donations			1,784	1,784	1,120
Reimbursement and miscellaneous			11,695	11,695	10,713
TOTAL RENTAL AND MISCELLANEOUS	<u>81,485</u>	<u>87,665</u>	<u>101,694</u>	<u>14,029</u>	<u>103,126</u>
Concessions	<u>47,650</u>	<u>43,463</u>	<u>44,483</u>	<u>1,020</u>	<u>51,876</u>
TOTAL GENERAL REVENUES \$	<u>3,206,617</u>	<u>3,938,776</u>	<u>3,489,747</u>	<u>(449,029)</u>	<u>3,295,316</u>

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2023 with comparative actual amounts  
for the year ended December 31, 2022

	2023			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2022
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
<u>ADMINISTRATIVE EXPENDITURES</u>					
Current:					
Salaries	\$ 860,446	826,680	856,058	(29,378)	721,113
Sick leave	31,500	8,500	8,742	(242)	20,868
Medicare	10,000	38,876	37,095	1,781	15,892
Board paid PERA	299,699	364,158	371,436	(7,278)	312,846
Unemployment	6,000	5,800	6,812	(1,012)	3,067
Insurance - package	83,000	94,981	92,559	2,422	73,782
Insurance - health and life	277,730	267,672	305,984	(38,312)	277,253
Insurance - workmen's compensation	52,500	26,628	24,939	1,689	27,152
Insurance - board liability	210	210	210	-	210
Tuition reimbursement	2,000			-	
Recruitment	26,500	330	430	(100)	18,364
Postage	3,250	3,250	552	2,698	2,267
Copier and computer	18,000	26,870	20,790	6,080	16,021
Office supplies	5,200	5,080	3,296	1,784	4,467
Accounting	40,000	22,157	22,157	-	20,683
Auto mileage	2,400	2,400	1,744	656	2,074
Training and travel	25,000	25,000	24,656	344	18,406
Publications	500	1,613	1,614	(1)	422
Software support	39,000	39,000	44,667	(5,667)	45,805
Dues	9,440	9,875	8,345	1,530	8,799
Treasurer's fees	54,650	54,650	53,608	1,042	52,963
Miscellaneous			9	(9)	329
Water, sewer and sanitation			344	(344)	736
Natural gas			914	(914)	788
Electricity			1,066	(1,066)	1,172
Telephone	3,600	3,600	9,135	(5,535)	8,536
Uniforms	1,500	1,500	475	1,025	675
Bank charges	30,000	46,090	44,655	1,435	37,345
Board meeting expense	3,500	3,500	2,602	898	3,572
Election		4,189	4,189	-	115
Networking	1,500	800	218	582	30
Legal	14,000	12,000	12,014	(14)	10,968
Consulting	91,100	83,000	84,928	(1,928)	35,938
Shared services	15,000	15,000	14,441	559	35,262
Maintenance supplies				-	
Inclusion services	2,500	700	799	(99)	2,845
Advertising				-	1,672
Vehicle operations and maintenance			298	(298)	93
Special events				-	
Awards	8,100	8,100	6,793	1,307	459
Signage				-	879
Furniture, fixtures and equipment	7,500	3,500	2,305	1,195	2,453
TOTAL ADMINISTRATIVE EXPENDITURES \$	<u>2,025,325</u>	<u>2,005,709</u>	<u>2,070,879</u>	<u>(65,170)</u>	<u>1,786,321</u>

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2023 with comparative actual amounts  
for the year ended December 31, 2022

	2023			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2022
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
<u>PARK MAINTENANCE</u>					
Salaries	\$ 136,265	125,629	119,156	6,473	138,952
Medicare	1,976			-	2,305
Equipment rental	6,750	4,063	3,047	1,016	3,780
Training and travel	5,020	2,469	3,602	(1,133)	2,306
Water, sewer and sanitation	4,500	4,201	3,915	286	3,604
Water lease	1,500	473	355	118	330
Natural gas	1,750	2,420	2,292	128	1,037
Electricity	9,000	9,835	10,848	(1,013)	14,095
Telephone			480	(480)	480
Chemicals	7,600	(10,000)	3,170	(13,170)	11,183
Irrigation	6,340	2,000	713	1,287	6,623
Uniforms	2,000	1,649	2,076	(427)	1,461
Safety and medical supplies			287	(287)	
Shared services	2,000			-	970
Maintenance repair	59,691	46,860	51,423	(4,563)	72,640
Maintenance supplies	16,190	13,085	11,652	1,433	14,250
Vehicle repairs	5,500	6,896	7,698	(802)	9,376
Vehicle operations and maintenance	10,000	7,990	11,826	(3,836)	9,354
Furniture, fixtures and equipment	7,590	6,870	7,499	(629)	7,202
Facility, repair and development			179	(179)	1,092
TOTAL PARK MAINTENANCE \$	283,672	224,440	240,218	(15,778)	301,040
<u>CONCESSIONS</u>					
Salaries	\$ 6,182	3,100	3,431	(331)	6,422
Medicare	90	45		45	75
Cost of goods sold	30,000	22,000	27,953	(5,953)	30,470
Sales tax	3,000	3,800	3,483	317	2,456
Training and travel	250				
Bank charges				-	3,560
Program supplies		175		175	
Maintenance repairs	650	5,000	4,977	23	587
Maintenance supplies		30	25	5	27
Vehicle operations and maintenance	50			-	
Dues				-	66
Program supplies			185	(185)	
Furniture, fixtures and equipment	500	50	34	16	
TOTAL CONCESSIONS \$	40,722	34,200	40,088	(5,888)	43,663
<u>MARKETING EXPENDITURES</u>					
CURRENT:					
Newsletter	\$ 1,200	2,550	3,124	(574)	1,935
Website	11,955	10,318	10,340	(22)	5,017
Printing	20,460	21,726	21,446	280	29,366
Postage	21,500	16,411	16,067	344	6,968
Office supplies	500	300	118	182	
Training and travel	1,000			-	
Auto mileage				-	
Software support	1,491	1,491	1,111	380	1,531
Consulting	19,920	19,920	6,678	13,242	6,258
Program supplies	1,500			-	
Miscellaneous				-	160
Advertising	24,890	6,345	11,357	(5,012)	15,999
Awards	2,000	1,000	1,057	(57)	845
Special events	2,800	1,163	1,193	(30)	3,819
Promotional items	6,060	6,060	5,852	208	6,456
Furniture, fixtures and equipment	5,246	5,318	5,318	-	90
TOTAL MARKETING EXPENDITURES \$	120,522	92,602	83,661	8,941	78,444

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2023 with comparative actual amounts  
for the year ended December 31, 2022

	2023			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2022
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
<u>COMMUNITY RECREATION CENTER REVENUES</u>					
General admission	\$ 326,874	335,000	325,506	(9,494)	286,361
Annual passes and punch cards	1,218,309	1,240,000	1,278,488	38,488	1,172,157
Private and public lessons	70,320	58,241	57,509	(732)	52,980
Personal training	40,000	40,500	45,688	5,188	47,300
Sales and rentals	10,000	10,421	9,842	(579)	10,065
Facility rental	36,964	39,039	32,831	(6,208)	37,918
Red Cross training	4,765	4,502	4,457	(45)	2,527
Program fees	20,870	18,620	14,810	(3,810)	16,610
Special events		2,967	4,457	1,490	1,682
Child watch	26,400	21,000	19,282	(1,718)	19,488
Miscellaneous		14,134	12,835	(1,299)	
TOTAL REVENUES \$	<u>1,754,502</u>	<u>1,784,424</u>	<u>1,805,705</u>	<u>21,281</u>	<u>1,647,088</u>
<u>COMMUNITY RECREATION CENTER EXPENDITURES</u>					
Salaries	\$ 1,356,203	1,267,855	1,284,982	(17,127)	1,135,806
Medicare	19,665			-	11,557
Office supplies	900	596	719	(123)	564
Auto mileage	400	200		200	
Training and travel	11,353	6,500	5,225	1,275	10,308
Software support				-	700
Miscellaneous			298	(298)	
Water, sewer and sanitation	37,500	20,011	17,097	2,914	19,849
Natural gas	180,000	245,715	197,304	48,411	178,167
Electricity	121,000	153,073	136,366	16,707	147,468
Telephone	12,600	10,200	9,787	413	9,533
Chemicals	69,893	81,398	71,146	10,252	64,592
Irrigation	3,250	1,500	2,315	(815)	5,803
Uniforms	12,500	8,300	6,269	2,031	6,246
Security	6,200	6,200	1,194	5,006	4,213
Program supplies	16,900	18,571	19,207	(636)	13,142
Maintenance repairs	68,381	68,870	54,122	14,748	65,294
Maintenance supplies	29,249	36,535	31,065	5,470	39,763
Program equipment	21,951	20,131	22,740	(2,609)	17,512
Advertising	1,550	1,200		1,200	100
Promotional items				-	1,232
Signage		2,500	2,472	28	1,566
Awards	1,800	1,450	1,313	137	5,260
Safety and medical supplies	2,663	2,675	1,721	954	
Special events	1,050	1,050	824	226	1,029
American Red Cross	4,025	4,690	5,911	(1,221)	4,391
Miscellaneous		59		59	1,687
Furniture, fixtures and equipment	13,190	12,690	15,266	(2,576)	13,132
Operating capital equipment	30,800	29,800	15,371	14,429	
TOTAL EXPENDITURES \$	<u>2,023,023</u>	<u>2,001,769</u>	<u>1,902,714</u>	<u>99,055</u>	<u>1,758,914</u>

**MONTRÖSE RECREATION DISTRICT**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)**

For the year ended December 31, 2023 with comparative actual amounts  
for the year ended December 31, 2022

	2023			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2022
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
<b>FIELD HOUSE REVENUES</b>					
Facility rental	\$ 45,319	60,000	65,724	(5,724)	51,899
General admission	19,455	23,000	20,258	2,742	17,579
Annual passes and punch cards			135	(135)	
Sales and rentals			94	(94)	106
Player fees	27,514	40,240	53,682	(13,442)	31,400
Sponsor fees	750			-	100
Program fees	58,460	83,056	82,023	1,033	58,514
Intergovernmental revenue		5,000		5,000	5,000
<b>TOTAL REVENUES \$</b>	<b>151,498</b>	<b>211,296</b>	<b>221,916</b>	<b>(10,620)</b>	<b>164,598</b>
<b>FIELD HOUSE EXPENDITURES</b>					
Salaries	\$ 158,386	159,117	141,378	17,739	124,866
Medicare	2,297	2,307		2,307	1,280
Water, sewer, sanitation	6,000	7,104	7,669	(565)	7,717
Natural gas	20,000	19,650	19,370	280	15,929
Electric	17,000	19,636	19,065	571	21,597
Telephone				-	
Maintenance repair	5,757	5,895	6,525	(630)	6,964
Maintenance supplies	8,645	4,406	5,185	(779)	7,322
Safety and medical supplies	800	250	227	23	62
Office supplies	250		19	(19)	
Sales tax				-	4
Training and travel	2,575	100		100	146
Chemicals	8,000	10,523	10,546	(23)	4,647
Irrigation	1,100			-	1,708
Uniforms	1,980	1,338	1,295	43	3,258
Security	1,041	1,000	1,229	(229)	774
Field trips	500			-	197
Program supplies	10,252	11,716	10,988	728	6,528
Program equipment	5,699	3,760	2,138	1,622	8,176
Advertising	950	550		550	75
Awards	1,295	1,315	1,187	128	487
Transportation	500		62	(62)	
Signage	250	100		100	
Vehicle operations and maintenance	200			-	
Furniture, fixtures and equipment	200	7,500	3,996	3,504	
Operating capital equipment	6,250	5,001		5,001	
<b>TOTAL EXPENDITURES \$</b>	<b>259,927</b>	<b>261,268</b>	<b>230,899</b>	<b>30,369</b>	<b>211,737</b>



MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the year ended December 31, 2023 with comparative actual amounts  
for the year ended December 31, 2022

	2023			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2022
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
<u>FLEX REC REVENUES</u>					
General admission	\$ 24,960	1,000	2,768	1,768	
Annual passes and punch cards	55,740	16,500	1,174	(15,326)	
Sales and rentals		448	448	-	
Personal training	8,000	4,770	3,195	(1,575)	
Facility rental	6,000	2,400	21,119	18,719	
Program fees	30,360	14,865	11,308	(3,557)	
Donations		1,000	1,000	-	147
TOTAL REVENUES \$	125,060	40,983	41,012	29	147
<u>FLEX RC EXPENDITURES</u>					
Salaries	\$ 89,908	17,838	17,586	252	
Office supplies	1,200	500		500	
Building rental	78,319	100,159	99,002	1,157	29,932
Software support	3,600	4,000	3,478	522	79
Copier and computer		100	52	48	2,324
Training and travel		237	237	-	
Consulting				-	
Shared services				-	13,830
Office supplies			405	(405)	136
Telephone	2,400			-	
Security	2,604	1,500	1,500	-	3,900
Uniforms	1,250			-	
Program supplies	3,840	3,000	3,337	(337)	3,083
Maintenance repairs	1,000	27	27		
Maintenance supplies	5,819	3,300	2,087	1,213	
Program equipment	2,500	1,700	1,426	274	18,354
Special events	3,000	2,737	2,738	(1)	
Advertising	1,700	3,927	3,928	(1)	318
Promotional items	525	762	1,259	(497)	1,483
Safety and medical supplies		220	215	5	1,651
Signage	500	750	704	46	
Furniture, fixtures and equipment		2,178	2,178	-	15,710
Facility repair and development		10,587	5,710	4,877	23
Operating capital equipment		7,100		7,100	
Natural gas			3,292	(3,292)	
Electricity			3,542	(3,542)	
TOTAL EXPENDITURES \$	198,165	160,622	152,703	7,919	90,823

**MONTROSE RECREATION DISTRICT**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)**

For the year ended December 31, 2023 with comparative actual amounts  
for the year ended December 31, 2022

	2023			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2022
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
<b>PROGRAM REVENUES</b>					
Player fees	\$ 159,675	205,748	203,742	(2,006)	172,689
Sponsor fees	10,700	30,572	27,684	(2,888)	13,574
Program fees	81,476	102,427	101,288	(1,139)	73,230
Sale of merchandise	4,800	7,020	6,670	(350)	6,372
Facility rental	3,200	3,545	3,086	(459)	
Donations			8,520	8,520	5,369
TOTAL PROGRAM REVENUES	\$ 259,851	349,312	350,990	1,678	271,234
<b>PROGRAM EXPENDITURES</b>					
Salaries	\$ 118,387	127,013	137,284	(10,271)	106,926
Medicare	1,717	1,842		1,842	1,075
Sales tax	650	650	573	77	449
Facility rental	97	97	81	16	73
Auto mileage	150			-	
Training and travel	2,280	1,200	978	222	416
Software support	775	315	214	101	204
Consulting				-	359
Water, sewer and sanitation	1,820	500	1,458	(958)	1,100
Uniforms	15,766	16,232	19,266	(3,034)	21,611
Field trips	11,500	15,470	16,432	(962)	14,311
Program supplies	6,644	12,418	11,298	1,120	4,293
Maintenance repairs	1,250			-	
Maintenance supplies	6,101	6,090	3,504	2,586	6,757
Program equipment	20,142	26,393	21,002	5,391	15,773
Advertising	2,000	1,150	1,134	16	250
Awards	2,607	7,643	7,004	639	3,652
Safety and medical supplies	1,300	1,062	1,233	(171)	314
Vehicle operations and maintenance	1,886	4,242	4,029	213	1,451
Tourney fees	3,500	4,684	4,684	-	3,470
Promotional items				-	1,096
Furniture, fixtures and equipment	6,400	7,015	4,649	2,366	7,046
TOTAL PROGRAM EXPENDITURES	204,972	234,016	234,823	(807)	190,626
TOTAL EXPENDITURES	5,156,328	5,014,626	4,955,985	58,641	4,461,568
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	341,200	1,310,165	953,385	356,780	916,815
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	(474,500)	(771,856)	(772,856)	1,000	(611,000)
TOTAL OTHER FINANCING SOURCES (USES)	(474,500)	(771,856)	(772,856)	1,000	(611,000)
NET CHANGE IN FUND BALANCE	(133,300)	538,309	180,529	357,780	305,815
FUND BALANCE - BEGINNING OF YEAR	3,084,569	3,403,350	3,403,350	-	3,097,535
FUND BALANCE - END OF YEAR	\$ 2,951,269	3,941,659	3,583,879	357,780	3,403,350

MONTROSE RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - CONSERVATION TRUST FUND

For the year ended December 31, 2023 with comparative actual amounts  
for the year ended December 31, 2022

	2023			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2022
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
<u>REVENUES</u>					
Intergovernmental revenues	\$ 179,920	197,534	238,869	41,335	215,902
Interest	2,243	18,743	18,833	90	4,499
TOTAL REVENUES	<u>182,163</u>	<u>216,277</u>	<u>257,702</u>	<u>41,425</u>	<u>220,401</u>
<u>EXPENDITURES</u>					
CURRENT:					
Consulting			20,034	(20,034)	36,000
Program equipment				-	4,805
Maintenance repair			1,716	(1,716)	57,906
Bank fees					38
CAPITAL OUTLAY:					
Furniture, fixtures and equipment	16,500	16,500	33,627	17,127	65,505
Facility repair and development	<u>128,000</u>	<u>105,000</u>	<u>19,381</u>	<u>85,619</u>	<u>110,864</u>
TOTAL EXPENDITURES	<u>144,500</u>	<u>121,500</u>	<u>74,758</u>	<u>46,742</u>	<u>275,118</u>
Excess (deficiency) of revenues over expenditures	<u>37,663</u>	<u>94,777</u>	<u>182,944</u>	<u>88,167</u>	<u>(54,717)</u>
NET CHANGE IN FUND BALANCE	37,663	94,777	182,944	88,167	(54,717)
FUND BALANCE - BEGINNING OF YEAR	<u>157,216</u>	<u>278,165</u>	<u>278,165</u>	-	<u>332,882</u>
FUND BALANCES - END OF YEAR	<u>\$ 194,879</u>	<u>372,942</u>	<u>461,109</u>	<u>88,167</u>	<u>278,165</u>

**MONTROSE RECREATION DISTRICT**

**SCHEDULE OF ACTIVITY - NET PENSION LIABILITY**

For the year ended December 31, 2023

MEASUREMENT DATE	EMPLOYER PROPORTION OF NPL	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
December 31, 2015	0.14830%	\$ 1,863,683	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%
December 31, 2021	0.23012%	4,114,398	1,782,888	231%		101.5%
December 31, 2022	0.25613%	6,879,513	2,158,213	319%		83.08%
December 31, 2023	0.27165%	6,305,727	2,500,608	252%		88.03%

**MONTROSE RECREATION DISTRICT**

**SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS**

For the year ended December 31, 2023

FISCAL YEAR ENDED	REQUIRED	EMPLOYER CONTRIBUTIONS		DIFFERENCE	EMPLOYER		CONTRIBUTIONS AS A PERCENTAGE OF EMPLOYER COVERED PAYROLL
	EMPLOYER CONTRIBUTION	RECOGNIZED BY THE PLAN	RECOGNIZED		COVERED PAYROLL	COVERED PAYROLL	
December 31, 2015	\$ 110,814	106,797	106,797	4,017	807,596	807,596	13.72%
December 31, 2016	125,322	116,651	116,651	8,671	914,757	914,757	13.70%
December 31, 2017	199,554	187,539	187,539	12,015	1,455,924	1,455,924	13.71%
December 31, 2018	226,630	213,818	213,818	12,812	1,686,251	1,686,251	13.44%
December 31, 2019	253,156	223,960	223,960	29,196	1,849,920	1,849,920	13.68%
December 31, 2020	210,318	189,935	189,935	20,383	1,534,331	1,534,331	13.71%
December 31, 2021	261,295	226,022	226,022	35,273	1,782,888	1,782,888	14.66%
December 31, 2022	312,862	282,265	282,265	30,597	2,158,213	2,158,213	14.50%
December 31, 2023	371,936	327,907	327,907	44,029	2,500,608	2,500,608	14.87%

**MONTROSE RECREATION DISTRICT**  
**SCHEDULE OF ACTIVITY - NET OPEB LIABILITY**  
 For the year ended December 31, 2023

MEASUREMENT DATE	EMPLOYER PROPORTION OF NET OPEB LIABILITY		EMPLOYER PROPORTIONATE SHARE OF NET OPEB LIABILITY		EMPLOYER COVERED PAYROLL		EMPLOYER SHARE OF NET OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL		OPEB PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL OPEB LIABILITY	
	EMPLOYER PROPORTION OF NET OPEB LIABILITY	NET OPEB LIABILITY	EMPLOYER PROPORTIONATE SHARE OF NET OPEB LIABILITY	OPEB LIABILITY	EMPLOYER COVERED PAYROLL	PERCENTAGE OF COVERED PAYROLL	SHARE OF NET OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	PERCENTAGE OF TOTAL OPEB LIABILITY	SHARE OF NET OPEB LIABILITY AS A PERCENTAGE OF TOTAL OPEB LIABILITY	OPEB LIABILITY
December 31, 2017	0.01922%	\$ 236,754	0.01922%	1,455,924	1,455,924	16.26%	16.26%	17.53%		
December 31, 2018	0.01994%	259,108	0.01994%	1,686,251	1,686,251	15.37%	15.37%	17.03%		
December 31, 2019	0.01926%	262,050	0.01926%	1,849,920	1,849,920	14.17%	14.17%	24.49%		
December 31, 2020	0.01544%	408,736	0.01544%	1,534,331	1,534,331	26.64%	26.64%	32.78%		
December 31, 2021	0.01754%	559,106	0.01754%	1,782,888	1,782,888	31.36%	31.36%	39.40%		
December 31, 2022	0.02033%	574,695	0.02033%	2,158,213	2,158,213	26.86%	26.86%	38.73%		
December 31, 2023	0.02124%	560,319	0.02124%	2,500,608	2,500,608	22.41%	22.41%	46.16%		

**MONTROSE RECREATION DISTRICT**

**SCHEDULE OF ACTIVITY - EMPLOYER OPEB CONTRIBUTIONS**

For the year ended December 31, 2023

FISCAL YEAR ENDED	REQUIRED	EMPLOYER	CONTRIBUTIONS	DIFFERENCE	EMPLOYER	CONTRIBUTIONS AS
	EMPLOYER	CONTRIBUTION	RECOGNIZED		EMPLOYER	A PERCENTAGE
	CONTRIBUTION	BY THE PLAN	BY THE PLAN		EMPLOYER	OF EMPLOYER
					COVERED PAYROLL	COVERED PAYROLL
December 31, 2017	\$ 15,086	13,963	13,963	1,123	1,455,924	1.04%
December 31, 2018	17,200	15,919	15,919	1,281	1,686,251	1.02%
December 31, 2019	17,665	17,665	17,665	-	1,731,839	1.02%
December 31, 2020	14,561	14,561	14,561	-	1,427,528	1.02%
December 31, 2021	17,129	17,129	17,129	-	1,679,266	1.02%
December 31, 2022	21,039	21,039	21,039	-	2,062,647	1.02%
December 31, 2023	23,939	23,939	23,939	-	2,346,933	1.02%

**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, 2023 with comparative actual amounts for the year ended December 31, 2022

	2023		2022	
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Intergovernmental revenues	\$ 2,672,457	2,772,995	2,813,234	40,239
Interest	20,000	161,949	220,454	58,505
<b>TOTAL REVENUES</b>	<b>2,692,457</b>	<b>2,934,944</b>	<b>3,033,688</b>	<b>98,744</b>
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
Bank fees	2,000	2,000	2,000	-
<b>DEBT SERVICE:</b>				
Principal	870,000	870,000	870,000	-
Interest	1,037,125	1,037,125	1,037,125	-
<b>TOTAL EXPENDITURES</b>	<b>1,909,125</b>	<b>1,909,125</b>	<b>1,909,125</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>783,332</b>	<b>1,025,819</b>	<b>1,124,563</b>	<b>98,744</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>783,332</b>	<b>1,025,819</b>	<b>1,124,563</b>	<b>98,744</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>4,543,525</b>	<b>4,797,113</b>	<b>4,797,113</b>	<b>-</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 5,326,857</b>	<b>5,822,932</b>	<b>5,921,676</b>	<b>98,744</b>

MONTROSE RECREATION DISTRICT

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

For the year ended December 31, 2023 with comparative actual amounts  
for the year ended December 31, 2022

	2023			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2022
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
<u>REVENUES</u>					
Intergovernmental revenues					
Donations	\$	15,000	35,000	20,000	
Interest			5,000	5,000	57,177
		4,198	7,666	3,468	742
TOTAL REVENUES	-	19,198	47,666	28,468	57,919
<u>EXPENDITURES</u>					
<u>CURRENT:</u>					
Consulting	10,000	5,000	5,000	-	67,401
Maintenance repairs				-	39,590
Bank charges					38
<u>CAPITAL OUTLAY:</u>					
Furniture, fixtures and equipment	146,500	144,061	103,952	40,109	100,380
Facility repair and development	318,000	92,000	75,173	16,827	219,859
TOTAL EXPENDITURES	474,500	241,061	184,125	56,936	427,268
Excess (deficiency) of revenues over expenditures	(474,500)	(221,863)	(136,459)	85,404	(369,349)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	474,500	771,856	772,856	1,000	611,000
TOTAL OTHER FINANCING SOURCES (USES)	474,500	771,856	772,856	1,000	611,000
NET CHANGE IN FUND BALANCE	-	549,993	636,397	86,404	241,651
FUND BALANCE - BEGINNING OF YEAR	324,579	256,810	256,810	-	15,159
FUND BALANCES - END OF YEAR	\$ 324,579	806,803	893,207	86,404	256,810

MONTROSE RECREATION DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL RESERVE FUND  
 For the year ended December 31, 2023 with comparative actual amounts  
 for the year ended December 31, 2022

	2023			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2022
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
<u>REVENUES</u>					
Interest	\$	39,844	39,822	(22)	12,776
Donation					4,000
TOTAL REVENUES	-	39,844	39,822	(22)	16,776
<u>EXPENDITURES</u>					
TOTAL EXPENDITURES					
Excess (deficiency) of revenues over expenditures	-	39,844	39,822	(22)	16,776
NET CHANGE IN FUND BALANCE	-	39,844	39,822	(22)	16,776
FUND BALANCE - BEGINNING OF YEAR	801,177	745,167	745,167	-	728,391
FUND BALANCE - END OF YEAR	\$ 801,177	785,011	784,989	(22)	745,167