

**FRASER VALLEY METROPOLITAN
RECREATION DISTRICT
FRASER, COLORADO**

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

DECEMBER 31, 2019

**FRASER VALLEY METROPOLITAN RECREATION DISTRICT
FRASER, COLORADO**

CONTENTS

	<u>Page</u>
Independent Auditor's Report	
Management's Discussion and Analysis	i-v
Basic Financial Statements:	
Government – wide Financial Statements:	
Statement of Net Position.....	1
Statement of Changes in Net Position.....	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in - Fund Balances – Governmental Funds	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	5
Statement of Net Position – Proprietary Funds	6
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	7
Statement of Cash Flows – Golf Course Fund.....	8
Statement of Cash Flows – Foundry Fund.....	9
Notes to Financial Statements.....	10-23
Other Supplementary Information	
Schedule of Revenues, Expenditures and Change in Fund Balances - Budget to Actual – Debt Service Fund.....	25
Schedule of Revenues, Expenditures and Change in Fund Balances - Budget to Actual – Conservation Trust Fund.....	26
Schedule of Revenues, Expenses and Change in Fund Net Position - Budget (non-US GAAP Basis) to Actual – Golf Course Fund.....	27
Schedule of Revenues, Expenses and Change in Fund Net Position - Budget (non-US GAAP Basis) to Actual – Foundry Fund.....	28

Fraser Valley Metropolitan Recreation District
Fraser, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2019

As management of the Fraser Valley Metropolitan Recreation District, Fraser, Colorado (the "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, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our annual audited financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$9,755,483 (net position). Of this amount, \$8,004,537 was invested in capital assets (net of accumulated depreciation and related debt) of the District and may not be used to meet the District's ongoing obligations to citizens and creditors.
- The District's deposit portfolio decreased by \$185,684 during 2019. Overall, the District's total net position increased by \$248,555.
- In 2019, through a lease agreement, the District assumed operations of The Foundry Cinema and Bowl in Fraser. The Foundry offers 8 bowling lanes, two movie theaters, a full-service restaurant and bar, billiards table and a variety of arcade games. At the direction of the Board, the District established a reserve fund to track net revenues generated through the operation.

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 financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements 3) notes to the financial statements and 4) required supplementary information that provides comparisons of budget to actual on the Non-US GAAP (Accounting Principles Generally Accepted in the United States of America) budgetary basis.

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 through the following financial statements.

- Statement of Net Position presents information on all of the District's assets, liabilities and deferred outflows and inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- Statement of Activities presents a comparison between direct expenses, general revenues and program revenues for each function of the District's government activities and the different business-like activities. The result represents how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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.
- Fund financial statements are designed to provide readers with a broad overview of the general, conservation trust, debt service and golf-course funds.
- Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$9,755,482 at the close of the most recent fiscal year.

A portion of the District's net position, (82%), is invested in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

District Net Position

	Governmental Activities		Business Type Activities		Total Government		
	2019	2018	2019	2018	2019	2018	Variance
Current assets	3,511,016	3,690,194	658,167	582,118	4,169,183	4,272,312	(103,129)
Restricted assets	67,703	34,391	0	0	67,703	34,391	33,312
Capital assets, net of accumulated depreciation and amortization	16,746,342	17,058,167	6,320,213	6,472,983	23,066,555	23,531,150	(464,595)
Total assets	20,325,061	20,782,752	6,978,380	7,055,101	27,303,441	27,837,853	(534,412)
Deferred outflows of resources (Deferred charge on refunding)	1,588,639	1,698,526	0	0	1,588,639	1,698,526	(109,887)
Total liabilities	16,460,959	17,432,597	511,346	594,710	16,792,305	18,027,307	(1,055,002)
Deferred inflows of resources (Deferred property tax revenue)	2,164,292	2,002,144	0	0	2,164,292	2,002,144	162,148
Net assets:	3,288,448	3,046,537	6,467,034	6,460,391	9,755,482	9,506,928	248,554
Net investment in capital assets	2,075,991	1,854,176	5,928,546	5,982,206	8,004,537	7,836,382	168,155
Restricted	200,919	170,270	0	0	200,919	170,270	30,649
Unrestricted	1,011,539	1,022,091	538,488	478,185	1,550,027	1,500,276	49,751
Total net position	3,288,449	3,046,537	6,467,034	6,460,391	9,755,483	9,506,928	248,555

At the end of the current fiscal year, the District is able to report a positive net position.

Change in the District's Net Position

	Governmental Activities		Business Type Activities		Total Government		
	2019	2018	2019	2018	2019	2018	Variance
User Charges:							
Golf course	-	-	2,056,742	2,057,360	2,056,742	2,057,360	(618)
Foundry Operations	-	-	1,264,747	-	1,264,747	-	1,264,747
Program activities	1,451,685	1,377,846	-	-	1,451,685	1,377,846	82,501
Other non-operating revenues	71,026	478,370	2,460	948	73,486	479,318	(414,494)
Property and specific ownership taxes	2,169,603	2,308,409	-	-	2,169,603	2,308,409	(138,806)
Other	54,815	35,276	9,525	8,190	64,340	43,466	20,874
Total revenues	3,747,129	4,199,901	3,333,474	2,066,498	7,080,603	6,266,399	814,204
Expenses:							
Operating	3,091,163	2,915,762	3,326,831	2,164,713	6,417,994	5,080,475	1,337,520
Non-operating	414,054	449,693	-	-	414,054	449,693	(35,639)
Total expenses	3,505,217	3,365,455	3,326,831	2,164,713	6,832,048	5,530,168	1,301,881
Change in net position	241,912	834,446	6,643	(98,215)	248,555	736,231	(487,677)
Net position – beginning of year	3,046,537	2,212,091	6,460,391	6,558,606	9,506,928	8,770,697	736,232
Net position – end of year	3,288,449	3,046,537	6,467,034	6,460,391	9,755,483	9,506,928	248,555

Revenues for the District increased \$814,204 over the year prior. Several factors accounted for the overall increase in revenues.

- The Foundry Cinema and Bowl operation contributed \$1,264,747 in revenues to the District.
- In 2018, grants donations and fundraising revenues related to the installation of a refrigeration system at the Fraser Valley Sports complex ice rink facility were received and recorded as revenue. There were none of these project type specific revenues received in 2019.
- The Assessed Valuations for the 2018 taxable year for collections in 2019 increased 2% from the year prior. However, the 2018 property tax collections included a one-time mill levy for taxes abated in the amount of \$151,722 for the District.

Expenses for the District increased \$1,301,881 over the year prior mainly as a result of The Foundry Cinema and Bowl operation which contributed \$1,135,389 in expenses to the District.

Capital Asset and Debt Administration

Capital Assets: The District's investment in capital assets as of December 31, 2019 amounts to \$23,066,555 (net of accumulated depreciation of \$11,761,237). The investment in capital assets includes land, land improvements, buildings, equipment, leasehold improvements and vehicles.

District Capital Assets

	2019	2018	Variance
Land	4,488,787	4,488,787	0
Buildings and Improvements	26,489,999	26,314,222	175,777
Equipment and Vehicles	3,842,506	3,713,657	128,849
Intangibles	6,500	6,500	0
Total Cost	34,827,792	34,523,166	304,626
Less: Accumulated Depreciation	(11,761,237)	(10,992,016)	(769,221)
Total	23,066,555	23,531,150	(464,595)

Long-term Debt: Changes in long-term obligations as of the year ended December 31, 2019 are as follows:

	Beginning Balance	Additions	Payments	Ending Balance
GOR Bonds - Series 2013	8,650,000	-	(125,000)	8,525,000
GOR Bonds - Series 2015	7,955,000	-	(540,000)	7,415,000
Premium	277,555	-	(15,306)	262,249
Total Principal	16,882,555	-	(680,306)	16,202,249

During 2019, the District paid \$540,485 interest on the bonds. Accrued interest at December 31, 2019 was \$43,565.

Board of Directors Emphasis for the 2020 Budget

In developing the budget for 2020, the District used a departmental line item method whereby programs are budgeted in separate cost centers and individual projects make use of project accounting. Operating revenues were budgeted based on three-year averages. The state of the economy was considered during budget review as well as capital expenditure needs for the District.

The Assigned fund identifies reserves for future capital asset maintenance and replacement needs. The Unassigned fund includes reserves amounts that are available for any purpose. The final budget reflected reserves as follows:

RESERVES	<i>2019 Budget</i>	<i>2019 Forecast</i>	<i>2020 Budget</i>
CONSERVATION TRUST - Capital Reserve (Restricted)	63,341	67,960	72,960
TABOR RESERVES - State Mandate (Restricted)	75,000	75,000	75,000
DEBT SERVICE RESERVE FUND (Restricted)	129,787	129,930	130,669
GENERAL RESERVE FUND <small>(UNASSIGNED)</small>	369,186	376,146	392,849
GENERAL RESERVE FUND - FOUNDRY CINEMA & BOWL <small>(UNASSIGNED)</small>	104,535	128,537	245,276
GENERAL RESERVE FUND - POLE CREEK CAPITAL <small>(ASSIGNED)</small>	305,792	400,205	258,456
GENERAL RESERVE FUND - PARKS & REC CAPITAL <small>(ASSIGNED)</small>	360,789	585,381	399,344
TOTAL RESERVES	1,408,430	1,763,159	1,574,554

Requests for Information

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fraser Valley Metropolitan Recreation District
Fraser, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Fraser Valley Metropolitan Recreation District (the "District"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities and each major fund of the Fraser Valley Metropolitan Recreation District, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fraser Valley Metropolitan Recreation District's basic primary government financial statements. The budgetary comparison information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Watson Coon Ryan, LLC

JUNE 30, 2020
GREENWOOD VILLAGE, COLORADO

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Net Position
December 31, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 1,630,823	\$ 5,855	\$ 1,636,678
Accounts receivable:			
Property taxes receivable	2,166,136	--	2,166,136
Other taxes	14,430	--	14,430
Trade receivable	--	--	-
Member receivable	--	9,143	9,143
Other receivable	42,097	--	42,097
Grant receivable	17,495	--	17,495
Internal balances	(455,000)	455,000	--
Inventory	6,768	84,072	90,840
Prepaid expenses	88,267	104,097	192,364
Restricted cash	67,703	--	67,703
Capital assets, net of accumulated depreciation of \$11,761,237	16,746,342	6,320,213	23,066,555
Total assets	20,325,061	6,978,380	27,303,441
Deferred outflows of resources:			
Deferred charge on refunding	1,588,639	--	1,588,639
Total deferred outflows of resources	1,588,639	--	1,588,639
Liabilities:			
Accounts payable	40,388	40,969	81,357
Accrued expenses	30,866	43,689	74,555
Accrued interest payable	43,565	--	43,565
Accrued compensated absence	22,087	11,812	33,899
Tournament deposits	--	500	500
Gift cards	7,196	22,709	29,905
Prepaid membership fees and golf passes	57,868	--	57,868
Leases payable:			
Due within one year	16,470	181,875	198,345
Due in more than one year	40,271	209,792	250,063
Bonds payable:			
Due within one year	655,000	--	655,000
Due in more than one year	15,547,249	--	15,547,249
Total liabilities	16,460,960	511,346	16,972,306
Deferred inflows of resources:			
Unavailable property tax revenue	2,164,292	--	2,164,292
Total deferred inflows of resources	2,164,292	--	2,164,292
Net position:			
Net investment in capital assets	2,075,991	5,928,546	8,004,537
Restricted for:			
TABOR	75,000	--	75,000
Debt Service Fund	58,216	--	58,216
Conservation Trust Fund	67,703	--	67,703
Unrestricted	1,011,539	538,488	1,550,027
Total net position	\$ 3,288,449	\$ 6,467,034	\$ 9,755,483

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Changes in Net Position
December 31, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Fund raising, Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Governmental activities:						
General recreation	\$ 305,735	\$ 169,613	20,646	\$ (115,476)		\$ (115,476)
Parks and facilities	560,730	162,992	--	(397,738)		(397,738)
Recreation center	1,589,033	1,119,080	1,238	(468,715)		(468,715)
Administration	414,054	--	32,931	(381,123)		(381,123)
Debt Service	635,665	--	--	(635,665)		(635,665)
Total governmental activities	<u>3,505,217</u>	<u>1,451,685</u>	<u>54,815</u>	<u>(1,998,717)</u>		<u>(1,998,717)</u>
Business activities:						
Foundry	1,135,389	1,264,747	--		\$ 129,358	129,358
Golf course	2,191,442	2,056,742	9,525		(125,175)	(125,175)
Total business activities	<u>3,326,831</u>	<u>3,321,489</u>	<u>9,525</u>		<u>4,183</u>	<u>4,183</u>
Total Primary Government	<u>\$ 6,832,048</u>	<u>\$ 4,773,174</u>	<u>\$ 64,340</u>	<u>(1,998,717)</u>	<u>4,183</u>	<u>(1,994,534)</u>
General revenues:						
Taxes				2,169,603	--	2,169,603
Interest				31,417	--	31,417
Grants				22,295	--	22,295
Miscellaneous				17,314	2,460	19,774
Total general revenues				<u>2,240,629</u>	<u>2,460</u>	<u>2,243,089</u>
Change in net position				241,912	6,643	248,555
Net position - beginning of year				<u>3,046,537</u>	<u>6,460,391</u>	<u>9,506,928</u>
Net position - end of year				<u>\$ 3,288,449</u>	<u>\$ 6,467,034</u>	<u>\$ 9,755,483</u>

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

FUND FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	Debt Service	Conservation Trust Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,630,823	\$ --	\$ --	\$ 1,630,823
Accounts receivable:				
Property taxes receivable	925,715	1,240,421	--	2,166,136
Other taxes	14,430	--	--	14,430
Other receivable	42,097	--	--	42,097
Grant Receivable	17,495	--	--	17,495
Inventory	6,768	--	--	6,768
Prepaid expenses and deposits	88,267	--	--	88,267
Restricted cash	--	--	67,703	67,703
Total assets	\$ 2,725,595	\$ 1,240,421	\$ 67,703	\$ 4,033,719
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 40,388	\$ --	\$ --	\$ 40,388
Accrued liabilities	30,866	--	--	30,866
Gift cards payable	7,196	--	--	7,196
Internal balances	512,159	(57,160)	--	454,999
Prepaid membership fees	57,868	--	--	57,868
Total liabilities	648,477	(57,160)	--	591,317
Deferred inflows of resources:				
Unavailable property tax revenue	924,927	1,239,365	--	2,164,292
Total deferred inflows of resources	924,927	1,239,365	--	2,164,292
Fund balances				
Nonspendable for:				
Prepaid expenses and inventory	\$ 95,035	\$ --	\$ --	\$ 95,035
Restricted for:				
TABOR	75,000	--	--	75,000
Debt Service Fund	--	58,216	--	58,216
Conservation Trust Fund	--	--	67,703	67,703
Assigned for:				
Capital asset management	913,405	--	--	913,405
Unassigned	68,751	--	--	68,751
Total fund balances	1,152,191	58,216	67,703	1,278,110
Total liabilities, deferred inflows of resources and fund balances	\$ 2,725,595	\$ 1,240,421	\$ 67,703	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	16,746,342
Long-term liabilities, including earned benefits payable, accrued interest, leases and bonds payable are not due and payable in the current period and therefore, are not reported in the funds.	(14,736,003)
Net Position of Governmental Activities	\$ 3,288,449

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the year ended December 31, 2019

	General	Debt Service	Conservation Trust	Totals
Revenues:				
Property taxes	\$ 730,123	\$ 1,266,507	\$ --	\$ 1,996,630
Specific ownership taxes	172,973	--	--	172,973
General recreation	169,613	--	--	169,613
Parks & facilities	162,992	--	--	162,992
Recreation center	1,119,080	--	--	1,119,080
Fund raising	21,884	--	--	21,884
Grants	22,295	--	--	22,295
Interest	29,089	1,947	381	31,417
Miscellaneous	17,316	--	--	17,316
Conservation trust income	-	--	32,931	32,931
Total revenues	2,445,365	1,268,454	33,312	3,747,131
Expenditures:				
General recreation	304,435	--	--	304,435
Parks & facilities	389,733	--	--	389,733
Recreation center	1,204,378	--	--	1,204,378
Administration	316,199	599	--	316,798
Debt Service:				
Bond principal	-	665,000	--	665,000
Bond interest	-	542,094	--	542,094
Bond amortization	-	--	--	--
Grant expenditures	10,153	--	--	10,153
Interest Expense	-	--	--	--
Treasurer's fees	36,563	63,424	--	99,987
Capital outlay	214,857	--	--	214,857
Total expenditures	2,476,318	1,271,117	--	3,747,435
Excess (deficiency) of revenues over expenditures	(30,953)	(2,663)	33,312	(304)
Other Financing Sources (Uses):				
Transfers between funds	--	--	--	--
Total other financing sources (uses)	--	--	--	--
Net change in fund balances	(30,953)	(2,663)	33,312	(304)
Fund balances - beginning of the year	1,183,144	60,879	34,391	1,278,414
Fund balances - end of the year	\$ 1,152,191	\$ 58,216	\$ 67,703	\$ 1,278,110
Net Changes in Fund Balance of the Governmental Fund				(304)
Amounts reported for governmental activities in the Statement of Activities are 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 as depreciation expense. This is the amount by which depreciation exceeded capital asset additions and contributed capital assets during the year.				(348,602)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents principal payments made during the year and the effect of debt refunding.				665,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds.				(74,180)
Change in Net Position of Governmental Activities				\$ 241,914

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances -
General Fund
For the year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	732,028	732,028	730,123	\$ (1,905)
Specific ownership taxes	137,000	137,000	172,973	35,973
General recreation	147,550	147,550	169,613	22,063
Parks and facilities	150,000	150,000	162,992	12,992
Recreation center	962,200	962,200	1,119,080	156,880
Fundraising	21,500	21,500	21,884	384
Grants	--	--	22,295	22,295
Interest	11,750	11,750	29,089	17,339
Miscellaneous	--	--	17,316	17,316
Total revenues	2,162,028	2,162,028	2,445,365	283,337
Expenditures:				
General recreation	292,456	292,456	304,435	(11,979)
Parks and facilities	353,130	353,130	389,733	(36,603)
Recreation center	1,163,333	1,163,333	1,204,378	(41,045)
Fundraising	1,500	1,500	-	1,500
Administration	311,512	311,512	316,199	(4,687)
Grant expenditures	7,500	7,500	10,153	(2,653)
Treasurer's fees	36,651	36,651	36,563	88
Interest	--	--	-	--
Capital outlay	227,800	259,325	214,857	44,468
Total expenditures	2,393,882	2,425,407	2,476,318	(50,911)
Excess of revenues over (under) expenditures	\$ (231,854)	\$ (263,379)	(30,953)	\$ 232,426
Fund balance - beginning of year			1,183,144	
Fund balance - end of year			\$ 1,152,191	

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Net Position
Proprietary Funds
December 31, 2019

	The Foundry Fund	Golf Course Fund	Total
ASSETS			
Cash and cash equivalents	\$ 2,155	\$ 3,700	\$ 5,855
Accounts receivable:			
Trade receivable	-	-	-
Member receivable	-	9,143	9,143
Other receivable	-	-	-
Internal Balances	120,270	334,730	455,000
Inventory	17,864	66,208	84,072
Prepaid expenses	63,485	40,612	104,097
Capital assets, net of accumulated depreciation of \$5,546,837	--	6,320,213	6,320,213
Total assets	203,774	6,774,606	6,978,380
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	34,191	6,778	40,969
Accrued expenses	18,968	-	18,968
Accrued salaries and wages	18,563	6,158	24,721
Compensated absence	-	11,812	11,812
Prepaid golf passes and event deposits	-	-	0
Tournament deposits	-	500	500
Gift cards	2,694	20,015	22,709
Leases payable:			--
Current	-	181,875	181,875
Long-term	-	209,792	209,792
Total liabilities	74,416	436,930	511,346
Net Position			
Net investment in capital assets	-	5,928,546	5,928,546
Unrestricted	129,358	409,130	538,488
Total net position	129,358	6,337,676	6,467,034
Total liabilities and net position	\$ 203,774	\$ 6,774,606	\$ 6,978,380

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended December 31, 2019

	The Foundry Fund	Golf Course Fund	Total
Operating Revenues:			
Charges for sales and services:			
Merchandise sales	\$ -	\$ 146,338	\$ 146,338
Movie Tickets	407,862	-	407,862
Bowling Fees	302,324	-	302,324
Food and beverage sales	486,191	609,796	1,095,987
Vending and arcade income	10,175	-	10,175
Club rental	-	21,530	21,530
Golf cart rentals	-	262,739	262,739
Driving range	-	81,459	81,459
Green fees	-	666,717	666,717
Season Pass	-	127,305	127,305
Resident ID cards	-	57,896	57,896
Tournament premiums	821	68,512	69,333
Events	1,830	2,300	4,130
Sponsorships	40,014	-	40,014
Facility rental	15,530	-	15,530
Tee sign revenue	-	5,900	5,900
Grounds maintenance income	-	6,250	6,250
Fund raising	-	9,525	9,525
Total operating revenues	1,264,747	2,066,267	3,331,014
Operating expenses:			
Cost of goods sold:			
Pro shop merchandise and rentals	--	86,580	86,580
Food and beverage	174,177	208,396	382,573
Movies	203,524	--	203,524
Payroll and related taxes	326,014	935,791	1,261,805
Rent expense	266,018	--	266,018
Advertising and marketing	14,142	17,324	31,466
Contracted services	8,607	7,674	16,281
Equipment	5,503	29,327	34,830
Repairs and maintenance	19,777	67,779	87,556
Turf maintenance and landscaping	--	15,595	15,595
Supplies and parts	23,271	183,904	207,175
Utilities	43,380	85,352	128,732
Other operating - general	50,976	126,611	177,587
Depreciation	--	427,109	427,109
Total operating expenses	1,135,389	2,191,442	3,326,831
Operating Income	129,358	(125,175)	4,183
Nonoperating revenues:			
Miscellaneous income	-	2,460	2,460
Total nonoperating revenues	--	2,460	2,460
Income before transfers	129,358	(127,635)	1,723
Change in Net Position	129,358	(122,715)	6,643
Net position - beginning of year	--	6,460,391	6,460,391
Net position - end of year	\$ 129,358	\$ 6,337,676	\$ 6,467,034

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Cash Flows
Golf Course Fund
December 31, 2019

Cash flows from operating activities:

Cash received from customers and others	\$ 2,065,192
Cash paid to employees	(841,822)
Cash paid for goods and services	(849,921)

Net cash provided by operating activities 373,449

Cash flows from capital and related financing activities:

Acquisition of capital assets	(170,165)
Payment on leases	(203,284)

Net cash (used) by capital and related financing activities (373,449)

Increase in cash and cash equivalents --

Cash and cash equivalents - beginning 3,700

Cash and cash equivalents - ending \$ 3,700

Reconciliation of operating income/(loss) to net cash provided by operating activities:

Operating loss \$ (122,715)

Adjustments to reconcile operating loss to net cash provided/(used) by operating activities:

Depreciation	427,109
(Increase) in accounts receivable	(3,535)
Decrease in prepaid expenses	47,917
(Increase) in inventory	(15,139)
Increase in accounts payable	(54,263)
(Decrease) in accrued salaries and wages	914
Increase in other liabilities	106
(Increase) in internal funds	98,484
Increase in compensated absences	(5,429)

Total Adjustments 496,164

Net cash provided by operating activities \$ 373,449

Noncash capital financing activities:

Acquisition of capital assets	274,339
Less cassets acquired under capital lease	<u>(104,174)</u>
Cash paid for acquisition of capital assets	170,165

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Cash Flows
Foundry Fund
December 31, 2019

Cash flows from operating activities:

Cash received from customers and others	\$ 1,264,747
Cash paid to employees	(427,721)
Cash paid for goods and services	<u>(834,871)</u>
Net cash provided by operating activities	<u>2,155</u>
Increase in cash and cash equivalents	2,155
Cash and cash equivalents - beginning	<u>-</u>
Cash and cash equivalents - ending	<u><u>\$ 2,155</u></u>
Reconciliation of operating income/(loss) to net cash provided by operating activities:	
Operating income	\$ 129,358
Adjustments to reconcile operating loss to net cash provided/(used) by operating activities:	
(Increase) in accounts receivable	-
Increase in prepaid expenses	(63,485)
(Increase) in inventory	(17,864)
Increase in accounts payable	34,191
Increase in other liabilities	40,225
(Increase) in internal funds	<u>(120,270)</u>
Total Adjustments	<u>(127,203)</u>
Net cash provided by operating activities	<u><u>\$ 2,155</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2019

1. Summary of significant accounting policies

Nature of operations

The Fraser Valley Metropolitan Recreation District (the "District") was formed under Colorado statutes as a special district in 1979 to provide recreational programs and facilities to residents and visitors of eastern Grand County, Colorado. The District owns and operates the Pole Creek Golf Club, the Grand Park Community Recreation Center and the Fraser Valley Sports Complex which is also home to the IceBox Ice Rink. Additionally, the District currently leases and operates the Foundry Cinema & Bowl. The District is governed by a five person elected Board of Directors.

Reporting entity

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments ("US GAAP"). As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of such significant policies consistently applied in the preparation of the financial statements.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the Governmental Accounting Standards Board (GASB) Pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

Basis of presentation

Government-wide Statements: The statement of net position and the statement of changes in net position display information about the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed by fees charged to external parties.

The statement of changes in net position presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2019

a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) fees or charges paid by the recipients for goods or services offered by the program, and 2) grants, contributions and other revenues that are restricted to use in the operational or capital requirements of a specific function or program. Other revenues not directly related to a particular function or program, if any, are reported separately as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental fund, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund.

The District reports the following major governmental funds:

General Fund - is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Debt Service Fund - accounts for financial resources that are to be used by property taxes levied for debt payment on general obligation bonds.

Conservation Trust Fund - accounts for financial resources that are to be used for the acquisition, operation, or maintenance of capital assets for recreational use approved by the State of Colorado.

The District reports the following proprietary funds:

Golf Course Fund - accounts for revenues and expenses associated with the District's golf course and clubhouse. This fund includes golf fees, pro shop, turf maintenance and food and beverage services.

Foundry Fund - accounts for revenues and expenses associated with the operations of the Foundry Cinema & Bowl complex that is currently leased by the District. This fund includes bowling fees, movie tickets, facility rentals and food and beverage services.

Measurement focus, basis of accounting

The government-wide and proprietary 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 when a liability is incurred, regardless of the timing of the related cash flow. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, including property taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2019

fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The exceptions to this general rule are that principal and interest on general long-term debt are recognized when due.

Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

Deposits and investments

The District considers cash and cash equivalents to be cash on hand, demand deposits and unrestricted investments with an original maturity of three months or less to be cash and cash equivalents. The District does not hold any investments as of December 31, 2019.

Receivables

The District considered all receivables collectible as of December 31, 2019.

Property taxes

Property taxes are levied on December 15 of each year, and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in two equal installments, due February 28 and June 15 if paid in installments, or April 30 with a single payment. Taxes are delinquent as of June 16. If the taxes are not paid within subsequent statutory periods, the property tax lien will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. In accordance with US GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

Inventory

Inventories are valued at cost using the first-in, first-out (FIFO) method.

Capital assets

The District's policy is to capitalize all capital purchases that are individually greater than \$2,500. Capital purchases with a cost less than \$2,500 are expensed as incurred. The District records capital assets at historical cost. Donated capital assets are valued at their estimated fair value on the date donated. Depreciation is provided in amounts sufficient to relate the cost of depreciable capital assets to operations over the estimated service lives. Depreciation and amortization is provided under the straight-line method, with estimated service lives as follows:

Buildings	10- 40 years
Equipment	5-10 years
Land improvements	40 years
Leasehold improvements	10 years
Vehicles	5-10 years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods and so will not be

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2019

recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category, the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental funds Balance Sheet and Statement of Net Position. The governmental funds report unavailable revenue only from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation. The liability has been calculated based on the District's policy to permit employees to carry over up to 80 hours from year to year with management approval.

Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds.

Fund equity

The District follows GASB Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. In the fund financial statements, the District considered all restricted and unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. The District considers all committed, assigned, or unassigned amounts to have been spent when expenditure is incurred for the purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund balance – the portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to maintain intact.

Restricted fund balance – the portion of the fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2019

to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance - The residual portion of fund balance that does not meet any of the criteria described above. Additionally, the assigned fund balance may be a negative amount, except for in the general fund, which reports only a positive unassigned fund balance amount. A negative amount is appropriate in other governmental funds (excluding the general fund) if the expenditures incurred for specific purposes exceed the amount that are restricted, committed or assigned to those purposes.

The non-spendable fund balance in the General Fund represents prepaid expenditures and inventory.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$75,000 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund is restricted for the repayment of debt.

The restricted fund balance in the Conservation Trust Fund is restricted for the payment of capital assets or improvements in accordance with State requirements.

The assigned fund balance was authorized by the Board of Directors of the District to reserve funds for future capital asset maintenance and replacement.

It is the District's policy to use restricted resources first when expenditure is incurred for purposes for which more than one classification is available.

Net position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets - consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position - consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District will use the most restricted net position first.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2019

Internal balances

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported in the funds as "internal balances". These amounts are eliminated in the Statement of Net Position.

Fair value of financial instruments

The District's financial instruments include cash and cash equivalents, accounts receivable, inventory, prepaid expenses, accrued liabilities, and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2019 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Use of estimates

The preparation of financial statements in conformity with US GAAP 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, compliance and accountability

Budgetary information

Budgets are adopted on a US GAAP basis for the governmental funds. The budget for the proprietary fund is adopted on a non-GAAP basis where depreciation and gain on disposal of assets are not budgeted and capital outlay is budgeted. State law requires the District to adopt annual appropriated budgets for all funds.

The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements: On or before October 15, of each year the District's accountant submits to the Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.

After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes that allows the District to amend the budget and adopt a supplementary appropriation if money for

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2019

a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.

TABOR Amendment - Revenue and Spending Limitation Amendment

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year general revenues (excluding bonded debt service) for the fiscal year ended December 31, 2019.

The District's management believes it is in compliance with the provisions of TABOR, as it is currently understood. However, TABOR is complex and subject to interpretation. Many of the provisions may not become fully understood without judicial review.

Subsequent Events

At the time these financial statements were available to be issued, the world economy was responding to the novel COVID-19 pandemic. This pandemic is anticipated to negatively affect the District's financial statement position in 2020. As a result of this pandemic, the District entered into a lease addendum for the Foundry to reduce 2020 rent due by \$80,000. Management is unable to reasonably estimate the amount or scope of the impact and as such no accruals or adjustments are reflected in the current financial statements to account for the pandemic.

2. Detailed notes

Deposits - custodial credit risk

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 be equal to 102% of the aggregate uninsured deposits.

As of December 31, 2019, all of the District's deposits were either insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2019

At December 31, 2019 the District's deposit portfolio consisted of the following:

Cash and cash equivalents	
Checking	\$ 97,800
Money market	1,531,458
Cash on hand - Golf Course	3,700
Cash on hand	3,720
	<u>\$ 1,636,678</u>
Restricted money market	<u>\$ 67,703</u>

Deposits - credit risk

The District money markets accounts are with Citywide Banks, and are unrated.

Capital assets

The following schedule shows changes in capital assets, by category for the year ended December 31, 2019:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<u>Governmental Activities:</u>					
Not being depreciated:					
Land	\$ 3,553,505	\$ -	\$ -	-	\$ 3,553,505
Total not being depreciated	<u>3,553,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,553,505</u>
Being depreciated:					
Building and improvements	17,575,708	50,801	(13,060)	-	17,613,449
Vehicles and equipment	1,638,035	192,160	(42,907)	-	1,787,288
Intangibles	6,500	-	-	-	6,500
Total being depreciated	<u>19,220,243</u>	<u>242,961</u>	<u>(55,967)</u>	<u>-</u>	<u>19,407,237</u>
Less accumulated depreciation and amortization	<u>(5,715,581)</u>	<u>(554,786)</u>	<u>55,967</u>		<u>(6,214,400)</u>
Net capital assets - Governmental Activities	<u>\$ 17,058,167</u>	<u>\$ (311,825)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 16,746,342</u>

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2019

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<u>Business-type Activities:</u>					
Not being depreciated:					
Land	\$ 935,282	\$ -	\$ -	-	\$ 935,282
Total not being depreciated	935,282	-	-	-	935,282
Being depreciated:					
Building and improvements	8,738,514	140,772	(2,736)	-	8,876,550
Vehicles and equipment	2,075,622	133,567	(153,971)	-	2,055,218
Total being depreciated	10,560,055	274,339	(156,707)	-	10,931,768
Less accumulated depreciation and amortization	(5,276,435)	(427,109)	156,707	-	(5,546,837)
Net capital assets - Business- type Activities	\$ 6,472,983	\$ (152,770)	\$ -	-	\$ 6,320,213
Net capital assets	\$ 25,531,150	\$ (114,555)	\$ -	-	\$ 23,066,555

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General recreation	\$ 1,300
Parks and facilities	150,794
Recreation center	396,185
Administration	6,507
Total depreciation expense - Governmental activities	<u>\$ 554,786</u>
Business-type activities:	
Golf Course	\$ 427,109
Total depreciation expense - Business-type activities	<u>\$ 427,109</u>

As of December 31, 2019, the District had capital assets under a capital leases in the Governmental activities and Business-type activities in the original amount of \$100,828 and \$939,029, respectively, with accumulated depreciation of \$34,319 and \$565,689, respectively.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2019

Capital lease payable

The following represents the changes in capital lease payable for the year ended December 31, 2019:

	Beginning Balance	Additions	Payments/ Retirements	Ending Balance
Governmental activities:				
Parks Truck	\$ -	\$ 52,354	\$ (8,857)	\$ 43,497
Mini Bus	19,962	-	(6,719)	13,243
Total lease payable- Governmental activities	\$ 19,962	\$ 52,354	\$ (15,576)	\$ 56,740
Business-type activities:				
2015 Chevy Silverado	13,854	-	(10,259)	3,595
Toro Turn Maint	18,199	-	(18,199)	-
Toro Turf Maint Equipment #12055	61,881	-	(30,361)	31,520
Club Car Carryall - #12056	6,272	-	(3,077)	3,195
Electric Golf Carts	270,110	-	(87,592)	182,518
Trailer Lease #12103	60,308	-	(19,557)	40,751
Toro Equipment Lease #12139	60,153	-	(14,198)	45,955
Equipment Lease #12193	-	70,322	(15,005)	55,317
2019 Turf Truck	-	33,602	(4,786)	28,816
Total lease payable - Business-type activities	\$ 490,777	\$ 103,924	\$ (203,034)	\$ 391,667

In May 2014, the District entered into a lease agreement for a Mini Bus for the Recreation Center. The lease term is for 85 months with payments of \$600 and interest accruing at 2.85%.

In January 2019, the District entered into a lease agreement for a Chevy Silverado for the Parks system. The lease term is for 60 months with payments of \$1,046 and interest accruing at 7.64%.

In April 2015 the District entered into a lease for a Chevy Silverado. The lease term is 60 months. The District will make monthly payments of \$912, Interest is not stated, but is implicitly 7.375%.

In February 2015 the District entered into a lease for a Toro Workman, Toro Greensmaster & Toro Sand Pro 3040 bunker rake. The lease term began March 2, 2015 and ends on September 1, 2019. Seasonal monthly payments of \$3,147 are due each April, May, June, July, August, and September. Interest accrues at 5.7%.

In April 2016 the District entered into a lease for a Club Car Carryall. The lease term began April 1, 2016 and ends October 1, 2020. Seasonal monthly payments of \$548 are due each April, May, June, July, August, and September. Interest accrues at 3.75% .

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2019

In April 2016 the District entered into a lease for a Toro Spray Vehicle, Groundsmaster, and Triplex mower. The lease term began April 1, 2016 and ends October 1, 2020. Seasonal monthly payments of 5,411 are due each April, May, June, July, August, and September. Interest accrues at 3.750%.

In 2017 The District entered into a lease for 100 Club Car Electric Golf Cars, Two Club Car Café Express Beverage Carts and One Solo-rider. The lease commencement date was June 1, 2017 with three payments of \$31,328 per year. The lease will expire August 1, 2021. Interest accrues at 2.730%.

In 2017 The District entered into a lease for Toro Reelmaster 5410-D, 6 Toro Greensmaster 1000, 6 Toro Trans Pro 80 Greensmower Trailers. The lease commencement date was June 1, 2017 with three payments of \$7,059 per year. The lease will expire August 1, 2021. Interest accrues at 2.730%.

In 2018 The District entered into a lease for a variety of Toro equipment. The lease commencement date was March 14, 2018 with three payments of \$5,486 per year. The lease will expire in March 2022. Interest accrues at 3.777%.

In 2019 The District entered into a lease for additional Toro equipment. The lease commencement date was June 1, 2019 with three payments of \$5,346 per year. The lease will expire in August 1, 2023. Interest is not stated, but is implicitly 6.335%.

In January 2019, the District entered into a lease agreement for a Chevy Silverado Turf Truck. The lease term is for 60 months with payments of \$672 and interest accruing at 7.39%.

Future minimum capital lease payments

Governmental activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	16,470	3,981	20,451
2021	16,645	3,062	19,707
2022	11,130	3,074	14,204
2023	12,495	1,421	13,916
Total	\$ <u>56,740</u>	\$ <u>11,538</u>	\$ <u>68,278</u>

Business-type activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	181,869	12,561	194,430
2021	148,455	6,518	154,972
2022	37,252	4,735	41,987
2023	22,814	1,835	24,648
2024	1,277	-	1,277
Total	\$ <u>391,667</u>	\$ <u>25,649</u>	\$ <u>417,314</u>

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2019

Long-term debt

The District issued General Obligation bonds in February 2008 in the amount of \$19,500,000 at an interest rate ranging from 3.5% to 5.375% and at a premium of \$735,261. The Series 2008 Bonds are subject to mandatory sinking fund redemption requirements beginning December 1, 2022. Interest on the Bonds is payable semi-annually on June 1 and December 1 beginning June 1, 2008. The 2008 bonds were partially refinanced by the 2015 refunding bonds – see note below.

During 2013, the District issued General Obligation Refunding Bonds in the amount of \$9,375,000 at an interest rate ranging from 2.0% to 3.125% and at a premium of \$44,524. The proceeds were used to advance refund \$7,540,000 of outstanding Series 2008 Bonds which had interest rates ranging from 3.5% to 5.375%. The net proceeds of \$9,294,197 (after payment of \$125,327 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the Series 2008 Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,495,277. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded a portion of the Series 2008 Bonds to reduce its total debt service payments by \$578,519 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$454,615.

During 2015, the District issued General Obligation Refunding Bonds in the amount of \$8,780,000 at an interest rate ranging from 2.0% to 4% and at a premium of \$293,661. The proceeds were used to advance refund \$8,050,000 of outstanding Series 2008 Bonds which had interest rates ranging from 3.5% to 5.375%. The net proceeds of \$9,141,332 (after payment of \$141,798 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the Series 2008 Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

The reacquisition price exceeded the net carrying amount of the old debt by \$768,960. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded a portion of the Series 2008 Bonds to reduce its total debt service payments by \$1,127,180 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$755,878.

Changes in long-term obligations as of the year ended December 31, 2019 are as follows:

	Beginning Balance	Additions	Payments	Ending Balance
2013 GO Bonds	8,650,000	--	(125,000)	8,525,000
2015 GO Bonds	7,955,000	--	(540,000)	7,415,000
Premiums	277,555	--	(15,306)	262,249
Total	\$ <u>16,882,555</u>	\$ --	\$ <u>(680,306)</u>	<u>\$ 16,202,249</u>

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2019

During 2019, the District paid \$540,485 interest on the bonds. Accrued interest at December 31, 2019 was \$43,565.

The District's annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
2020	655,000	522,769	1,177,769
2021	675,000	503,669	1,178,669
2022-2026	3,815,000	2,161,400	5,976,400
2027-2031	4,375,000	1,563,001	5,938,001
2032-2036	5,245,000	792,806	6,037,806
2037	1,175,000	41,125	1,216,125
	\$ 15,940,000	\$ 5,584,770	\$ 21,524,770

Debt Authorization

In 2007, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness of \$19,500,000 for capital projects.

3. Other information

Risk management

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. In order to manage these risks, the District has purchased commercial insurance with various deductibles. Settled claims have not exceeded the District's coverage limits in any of the past three years.

Operating leases

In November 2009, the District entered into a lease for office equipment with an initial term of 60 months. The lease was renewed in December 2015 for an additional 60 months and monthly payments of \$973. During 2019, total rent expense incurred on the office equipment lease was \$11,681.

In February 2019, the District entered into a lease for the Foundry Cinema & Bowling facility. The lease terminates in February 2023, but may be terminated sooner under specific lease provisions. Rent is \$25,000 per month. Additional rent may be billed under movie licensing agreements held by the Landlord. The District has the option to purchase the facility for \$4,250,000 at any time through August 10, 2022. During 2019, total rent expenses incurred on this lease were \$266,018.

As noted in Footnote 1, the lease was amended subsequent to year end, and rent for the year ended December 31, 2020 will be reduced by \$80,000 as a result of the Covid 19 pandemic.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2019

5. Commitments and contingencies

There were no commitments or contingencies as of December 31, 2019.

6. Post-Retirement Benefits

Defined contribution plan

The District provides pension benefits for all of the District’s employees through a defined contribution plan administered by the Colorado County Officials and Employees Retirement Association. Under a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. All employees are required to participate in the plan. Under the plan the District contributes 3.75% of each covered employee’s compensation.

Under the plan, the employees are fully vested in the District’s contribution plus any applicable investment earnings upon entry into the plan. During 2019, the District contributed \$87,857 to the plan.

7. Reconciliation of government-wide and fund financial statements

Explanation of differences between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

The Governmental Funds Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Capital assets of \$22,960,742 less accumulated depreciation of \$6,214,401 or a net book value of \$16,746,342 are not financial resources and therefore are not reported in the governmental funds.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Deferred charge on refunding	\$ (1,588,639)
Accrued compensated absences	22,087
Accrued interest payable	43,565
Leases payable: Due within one year	16,470
Leases payable: Due in more than one year	40,271
Bond Premium, net of amortization	262,249
Bonds payable: Due within one year	655,000
Bonds payable: Due in more than one year	15,285,000
Net adjustment	<u>\$ 14,737,513</u>

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2019

Explanation of differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

Governmental funds report capital outlay as expenditures. However, in the Statement of changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation expense	\$ (649,367)
Capital outlay	<u>206,184</u>
Net adjustment	<u>\$ (443,183)</u>

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Bond principal payments	\$ 665,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds.

Net change in accrued compensated absences	\$ 18,792
Accrued interest expense	<u>99</u>
	<u>\$ 18,891</u>

OTHER SUPPLEMENTARY INFORMATION

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Debt Service Fund
For the year ended December 31, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	\$ 1,270,117	\$ 1,266,507	\$ (3,610)
Interest	1,600	1,947	347
Total revenues	1,271,717	1,268,454	(3,263)
Expenditures/expenses:			
Administration	850	599	251
Bond principal	665,000	665,000	--
Bond interest	542,094	542,094	--
Treasurer's fees	63,586	63,424	162
Total expenditures/expenses	1,271,530	1,271,117	413
Excess (deficiency) of revenues over expenditures	187	(2,663)	(2,850)
Net change in fund balances	<u>\$ 187</u>	<u>(2,663)</u>	<u>\$ (2,850)</u>
Other Financing Sources (Uses):			
Transfers between funds		\$ --	
Fund balance - beginning of year		<u>60,879</u>	
Fund balance - end of year		<u>\$ 58,216</u>	

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Conservation Trust Fund
For the year ended December 31, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Conservation trust income	\$ 28,750	\$ 32,931	\$ 4,181
Grants	-	-	-
Interest income	200	381	\$ 181
Total revenues	28,950	33,312	4,362
Expenditures/expenses:			
Capital outlay	\$ -	\$ -	\$ -
Transfers to other funds	--	--	--
Total expenditures/expenses	--	--	--
Excess of revenues over expenditures	<u><u>\$ 28,950</u></u>	33,312	\$ 4,362
Fund balance - beginning of year		<u>34,391</u>	
Fund balance - end of year		<u><u>\$ 67,703</u></u>	

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenses, and Changes in Fund Net Position -
Budget (non-US GAAP Basis) to Actual
Golf Course Fund
For the year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues:				
Charges for sales and services:				
Merchandise sales	\$ 149,500	\$ 149,500	\$ 146,338	\$ (3,162)
Food and beverage sales	598,900	598,900	609,796	10,896
Club rental	21,500	21,500	21,530	30
Golf cart rentals	231,750	231,750	262,739	30,989
Driving range	74,500	74,500	81,459	6,959
Green fees	570,500	570,500	666,717	96,217
Season Pass	135,500	135,500	127,305	(8,195)
Resident ID cards	56,500	56,500	57,896	1,396
Tournament premiums	101,000	101,000	68,512	(32,488)
Events	5,000	5,000	2,300	(2,700)
Tee sign revenue	6,500	6,500	5,900	(600)
Grounds maintenance income	6,250	6,250	6,250	-
Fund raising	6,000	6,000	9,525	3,525
Total operating revenues	1,963,400	1,963,400	2,066,267	102,867
Operating expenses:				
Cost of goods sold:				
Pro shop merchandise and rentals	85,215	85,215	86,580	(1,365)
Food and beverage	198,465	198,465	208,396	(9,931)
Payroll and related taxes	931,040	931,040	935,791	(4,751)
Advertising and marketing	14,500	14,500	17,324	(2,824)
Contracted services	12,700	12,700	7,674	5,026
Equipment	106,385	108,185	29,327	78,858
Repairs and maintenance	64,500	64,500	67,779	(3,279)
Turf maintenance and landscaping	4,000	4,000	15,595	(11,595)
Supplies and parts	190,000	190,000	183,904	6,096
Utilities	99,700	99,700	85,352	14,348
Other operating - general	125,571	125,571	126,611	(1,040)
Capital outlay	278,049	295,341	274,339	21,002
Total operating expenses	2,110,125	2,129,217	2,038,672	90,545
Operating income	(146,725)	(165,817)	27,595	193,412
Nonoperating revenues (expenses):				
Miscellaneous income	2,000	2,000	2,460	460
Total nonoperating revenues	2,000	2,000	2,460	460
Net income/(loss)	\$ (144,725)	\$ (163,817)	\$ 30,055	\$ 193,872
Reconciliation to GAAP Basis				
Capital outlay			(274,339)	
Depreciation			427,109	
Loss on disposal of assets			-	
Total reconciliation to GAAP Basis			152,770	
Net income/(loss) on GAAP Basis			(122,715)	
Net position - beginning of year			6,460,391	
Net position - end of year			\$ 6,337,676	

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenses, and Changes in Fund Net Position -
Budget (non-US GAAP Basis) to Actual
Foundry Fund
For the year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues:				
Charges for sales and services:				
Movie Tickets	\$ -	\$ 423,593	\$ 407,862	\$ (15,731)
Bowling Fees	-	330,240	302,324	(27,916)
Food and beverage sales	-	440,076	486,191	46,115
Vending and arcade income	-	4,642	10,175	5,533
Tournament premiums	-	-	821	821
Events	-	-	1,830	1,830
Sponsorships	-	37,400	40,014	2,614
Facility rental	-	-	15,530	15,530
Total operating revenues	--	1,235,951	1,264,747	28,796
Operating expenses:				
Cost of goods sold:				
Food and beverage	-	\$ 322,163	\$ 174,177	\$ (147,986)
Movies	-	37,578	203,524	165,946
Payroll and related taxes	-	344,225	326,014	(18,211)
Rent expense	-	266,017	266,018	1
Advertising and marketing	-	15,000	14,142	(858)
Contracted services	-	5,250	8,607	3,357
Equipment	-	3,518	5,503	1,985
Repairs and maintenance	-	27,750	19,777	(7,973)
Supplies and parts	-	14,225	23,271	9,046
Utilities	-	44,340	43,380	(960)
Other operating - general	-	50,150	50,976	826
Total operating expenses	--	1,130,216	1,135,389	5,173
Operating income	-	105,735	129,358	23,623
Net income/(loss)	<u>\$ --</u>	<u>\$ 105,735</u>	<u>\$ 129,358</u>	<u>\$ 23,623</u>
Net position - beginning of year			<u>--</u>	
Net position - end of year			<u>\$ 129,358</u>	

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