

**Montrose Recreation District
Montrose, Colorado**

Financial Statements
with Independent Auditor's Report

December 31, 2024

Montrose Recreation District

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**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditor's Report

Board of Directors
Montrose Recreation District
Montrose, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Montrose Recreation District (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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



Required Supplementary Information

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

Hick & Company, PC

Englewood, Colorado
September 29, 2025



Montrose Recreation District

Management's Discussion and Analysis

December 31, 2024

As management of Montrose Recreation District (the District), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2024.

Financial highlights:

- The assets of the District exceeded its liabilities and deferred inflows of resources at the close of its most recent year by \$17,931,400 (net position). Of this amount, \$8,394,122 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors. At the close of the prior year, the District's net position and unrestricted net position were \$ 8,909,589 and (\$2,322,655), respectively. [Prior to auditor's restatement of 2023.] At the close of 2023, the District's restated net position was \$15,419,710 .
- As of the close of the current fiscal year, the District's governmental funds reported an ending fund balance of \$14,629,375 an increase of \$2,881,970 from the prior year. As of the close of the prior fiscal year, the District's governmental funds reported an ending fund balance of \$11,644,860.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,442,504 or 44% of total general fund expenditures.

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 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 themselves.

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 and deferred inflows of resources, with the difference between the two 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.

Montrose Recreation District
Management's Discussion and Analysis
December 31, 2024

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accounts receivable and payable).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by general property and specific ownership taxes, operation revenue, contributions, and intergovernmental revenues. The governmental activities of the District are specific to public parks and recreation services.

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, like other states and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District only has one governmental fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near term financing requirements.

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. By doing so, readers may better understand the long-term impact of the District's near term financing decisions. 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 adopts an annual budget for all funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

Montrose Recreation District
Management's Discussion and Analysis
December 31, 2024

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.

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.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$17,931,400 at the close of the most current fiscal year.

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. Unassigned *fund balance* may serve as a useful measure of 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 \$14,629,375 a growth of \$2,881,970 over the prior year. Approximately 22% (\$3,163,504) of the governmental fund balance constitutes *unassigned fund balance*, which is available for spending at the District's discretion. *Restricted fund balance* is for emergencies per TABOR (\$279,000), and sales tax/COPs (\$4,725,480). *Committed fund balance* consists of *Assigned*: capital projects (\$4,950,346), parks and recreation specific through the Conservation Trust Fund (\$683,445), and capital reserve additional (\$827,600).

Montrose Recreation District
Management's Discussion and Analysis
December 31, 2024

The general fund is the chief operating fund of the Montrose Recreation District. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$3,163,504, while total fund balance reached \$3,442,504. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Due to property, special use tax, and user fee revenues increasing in 2024 compared to 2023, the unassigned fund balance is more than adequate to meet the District's reserve policy. The reserve policy is three to six months of operating expenditures which in 2024 totaled \$7.49 million or 51.0% of the fund balance.

General Fund Budgetary Highlights

The Final Budget for the General Fund including transfers was \$6,039,821. Actual expenditures totaled \$5,289,405 which is a decrease of \$444,436 from 2023 actual expenditures. The budget was completed in accordance with the Colorado Revised Statutes. The District has a Capital Improvement Plan that is a live document, updated as the District grows. It is a helpful budgetary planning tool to assist management with setting priorities to accomplish these large projects efficiently and effectively.

Capital Asset and Debt Administration

Capital Assets. The District's gross investment in capital assets for its governmental and business type activities as of December 31, 2024, amounts to \$24,902,524. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment.

Long-term debt. At the end of the current fiscal year, the District had a total debt outstanding of \$22,008,078 in the form of Certificates of Participation, as a lease on the Community Recreation Center. The District holds no other long-term debt.

The District's debt decreased by \$1,147,559 during 2024.

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 District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Montrose Recreation District, Executive Director, PO Box 63, 16350 Woodgate Road, Montrose, Colorado, 81402-0063.

Basic Financial Statements

Montrose Recreation District
Statement of Net Position
December 31, 2024

	<u>Governmental Activities</u>
Assets	
Cash and Investments	\$ 11,900,055
Restricted Cash and Investments	2,029,324
Property Taxes Receivable	3,364,176
Due From Other Governments	751,376
Capital Assets, <i>Not Being Depreciated</i>	967,155
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>23,935,369</u>
Total Assets	<u>42,947,455</u>
Deferred Outflows of Resources	
Deferred Outflow - Pension	925,554
Deferred Outflow - OPEB	67,292
Loss of Debt Refunding	<u>62,348</u>
Total Deferred Outflows of Resources	<u>1,055,194</u>
Liabilities	
Accounts Payable	28,315
Accrued Liabilities	23,065
Accrued Interest Payable	112,697
Deferred Revenue	
Noncurrent Liabilities	
Due within one year	972,832
Due in More Than One Year	19,396,894
Net Pension Liability	1,994,032
Net OPEB Liability	<u>151,583</u>
Total Liabilities	<u>22,679,418</u>
Deferred Inflows of Resources	
Deferred Property Taxes	3,364,176
Deferred Inflow - Pension	-
Deferred Inflow - OPEB	<u>27,655</u>
Deferred Inflows of Resources	<u>3,391,831</u>
Net Positions	
Net Investment in Capital Assets	4,532,798
Restricted	5,004,480
Unrestricted	<u>8,394,122</u>
Total Net Position	<u>\$ 17,931,400</u>

See Notes to the Financial Statements.

Montrose Recreation District
Statement of Activities
For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
<i>Governmental Activities</i>					
Administrative	\$ 2,616,670	\$ 127,299	\$ -	\$ 216,378	\$ (2,272,993)
Community Rec Center	2,981,571	1,960,309	-	-	(1,021,262)
Park Maintenance	391,853	-	-	-	(391,853)
Concessions	38,494	51,728	-	-	13,234
Marketing	97,201	16,050	-	-	(81,151)
Recreation	225,801	317,082	-	-	91,281
Flex Rec	175,041	54,105	-	-	(120,936)
Enrichment	46,754	67,561	-	-	20,807
Field House	323,167	138,597	-	-	(184,570)
Interest and Fiscal Charges	963,472	-	-	-	(963,472)
Total Governmental Activities	<u>\$ 7,860,024</u>	<u>\$ 2,732,731</u>	<u>\$ -</u>	<u>\$ 216,378</u>	<u>(4,910,915)</u>
General Revenues					
Taxes					
Property Taxes					3,572,565
Specific Ownership Taxes					449,344
Sales and Use Taxes					2,851,307
Investment Income					528,242
Gain on Sale of Assets					19,478
Miscellaneous					<u>1,669</u>
Total General Revenues and Transfers					<u>7,422,605</u>
Change in Net Position					<u>2,511,690</u>
Net Position, Beginning of year , as originally stated					8,909,589
Restatement					<u>(6,510,121)</u>
Net Position, Beginning of year , as restated					<u>15,419,710</u>
Net Position, End of year					<u>\$ 17,931,400</u>

Montrose Recreation District
Balance Sheet
Governmental Funds
December 31, 2024

	General Fund	Sales Tax	Capital Projects	<i>Non-Major Funds</i>		Totals
				Capital Reserve	Conservation Trust	
Assets						
Cash and Investments	\$ 3,703,931	\$ 1,983,607	\$ 4,701,472	\$ 827,600	\$ 683,445	\$ 11,900,055
Restricted Cash and Investments	-	2,029,324	-	-	-	2,029,324
Accounts Receivable	-	-	-	-	-	-
Property Taxes Receivable	3,364,176	-	-	-	-	3,364,176
Due from Other Funds	-	-	248,874	-	-	248,874
Due from Other Governments	38,827	712,549	-	-	-	751,376
Total Assets	\$ 7,106,934	\$ 4,725,480	\$ 4,950,346	\$ 827,600	\$ 683,445	\$ 18,293,805
Liabilities						
Accounts Payable	\$ 28,315	\$ -	\$ -	\$ -	\$ -	\$ 28,315
Due to Other Funds	248,874	-	-	-	-	248,874
Accrued Liabilities	23,065	-	-	-	-	23,065
Total Liabilities	300,254	-	-	-	-	300,254
Deferred Inflows of Resources						
Deferred Property Taxes	3,364,176	-	-	-	-	3,364,176
Deferred Inflows of Resources	3,364,176	-	-	-	-	3,364,176
Fund Balances						
Restricted for:						
Emergencies	279,000	-	-	-	-	279,000
Sales Tax	-	4,725,480	-	-	-	4,725,480
Assigned	-	-	4,950,346	827,600	683,445	6,461,391
Unrestricted, Unassigned	3,163,504	-	-	-	-	3,163,504
Total Fund Balances	3,442,504	4,725,480	4,950,346	827,600	683,445	14,629,375
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,106,934	\$ 4,725,480	\$ 4,950,346	\$ 827,600	\$ 683,445	\$ 18,293,805

Montrose Recreation District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 December 31, 2024

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balances of Governmental Funds	\$ 14,629,375
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds	24,902,524
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Certificate of Participation	(20,035,000)
Certificate of Participation Premium	(206,404)
Loss of Debt Refunding	62,348
Accrued Interest Payable	(112,697)
Compensated absences payable	(128,322)
Net Pension Liability	(1,994,032)
OPEB Liability	(151,583)
Deferred Outflows - Pension	925,554
Deferred Outflows - OPEB	67,292
Deferred Inflows - OPEB	(27,655)
	(27,655)
Total Net Position of Governmental Activities	\$ <u>17,931,400</u>

Montrose Recreation District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	General Fund	Sales Tax	Capital Projects	Non-major Funds		Totals
				Capital Reserve	Conservation Trust	
Revenues						
Taxes	\$ 4,021,909	\$ 2,851,307	\$ -	\$ -	\$ -	\$ 6,873,216
Intergovernmental Revenues	5,680	-	-	-	210,698	216,378
Community Recreation Center	1,960,309	-	-	-	-	1,960,309
Concessions	51,728	-	-	-	-	51,728
Marketing	16,050	-	-	-	-	16,050
Recreation	317,082	-	-	-	-	317,082
Flex Rec	54,105	-	-	-	-	54,105
Enrichment	67,561	-	-	-	-	67,561
Field House	138,597	-	-	-	-	138,597
Rental	127,299	-	-	-	-	127,299
Donations	-	-	-	-	-	-
Interest Income	207,081	109,309	139,385	42,611	29,856	528,242
Proceeds from Sale of Assets	19,478	-	-	-	-	19,478
Miscellaneous	1,669	-	-	-	-	1,669
Total Revenues	6,988,548	2,960,616	139,385	42,611	240,554	10,371,714
Expenditures						
Current						
Administrative	2,263,775	2,000	143,506	-	-	2,409,281
Community Recreation Center	2,010,721	-	-	-	-	2,010,721
Park Maintenance	202,511	-	-	-	-	202,511
Concessions	38,494	-	-	-	-	38,494
Marketing	97,201	-	-	-	-	97,201
Recreation	225,801	-	-	-	-	225,801
Flex Rec	146,394	-	-	-	-	146,394
Enrichment	46,754	-	-	-	-	46,754
Field House	244,438	-	613	-	2,675	247,726
Flex Rec	-	-	-	-	-	-
Programs	-	-	-	-	-	-
Capital Outlay	13,316	-	127,377	-	15,543	156,236
Debt Service						
Principal	-	915,000	-	-	-	915,000
Interest and Fees	-	993,625	-	-	-	993,625
Total Expenditures	5,289,405	1,910,625	271,496	-	18,218	7,489,744
Excess of Revenues Over (Under) Expenditures	1,699,143	1,049,991	(132,111)	42,611	222,336	2,881,970
Other Financing Sources (Uses)						
Transfers In	-	-	4,189,250	-	-	4,189,250
Transfers Out	(1,943,063)	(2,246,187)	-	-	-	(4,189,250)
Total Other Financing Sources (Uses)	(1,943,063)	(2,246,187)	4,189,250	-	-	-
Net Change in Fund Balances	(243,920)	(1,196,196)	4,057,139	42,611	222,336	2,881,970
Fund Balances, Beginning of year						
As originally stated	3,583,879	5,921,676	893,207	784,989	461,109	11,644,860
Restatement	(102,545)	-	-	-	-	(102,545)
Fund Balances, Beginning of year As restated	3,686,424	5,921,676	893,207	784,989	461,109	11,747,405
Fund Balances, End of year	\$ 3,442,504	\$ 4,725,480	\$ 4,950,346	\$ 827,600	\$ 683,445	\$ 14,629,375

See Notes to the Financial Statements.

Montrose Recreation District
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities
 Governmental Funds
 For the Year Ended December 31, 2024

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances of Governmental Funds	\$ 2,881,970
<p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>	
Capital outlay	-
Depreciation expense	(1,310,703)
<p>Repayments of debt principal are expenditures in governmental funds, but the repayments reduce long-term liabilities in the statement of net position and do not affect the statement of activities.</p>	
COP payment	915,000
Amortization of COP Premiums	25,255
Amortization of Deferred Loss on Refunding	(7,629)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Accrued Interest Payable	12,527
Compensated absences payable	(25,777)
Deferred Outflows - Pension	20,364
Deferred Outflows - OPEB	683
	683
Change in Net Position of Governmental Activities	\$ 2,511,690

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 1: Summary of Significant Accounting Policies

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.

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.

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.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation, Basis of Accounting (Continued)

The District reports the following governmental fund types:

General Fund: This fund type 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 operation, maintenance, and purchase of equipment and various construction projects of the District.

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

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.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting (Continued)

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.

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.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Equity (Continued)

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.

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, 2024 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.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Equity (Continued)

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.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either
 - externally imposed by creditors (such as through a debt covenant), granters, 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, 2024.
- **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.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Equity (Continued)

Fund balance classification. (Continued)

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.

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 6f 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.

Subsequent Events

The District has evaluated subsequent events through September 29, 2025, the date the financial statements were available to be issued.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 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, 2024, \$1,943,894 of the District's bank balances of \$2,193,894 were covered under the PDPA.

Investments

The District is required to comply with state statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. 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
- Guaranteed investment contracts

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk - State statutes do not limit the amount the District may invest in one issuer, except for corporate securities.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 2: Deposits And Investments

Investments (Continued)

Local Government Investment Pool - At December 31, 2024, the District had \$11,327,921 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating COLOTRUST. COLOTRUST operates in conformity with the Securities and Exchange Commission's Rule 2a-7, with each share valued at \$1. COLOTRUST is rated AAAM by Standard and Poor's. Investments of COLOTRUST are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Fair Value Measurements - The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1) inputs are quoted prices in active markets for identical investments; Level 2) inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3) inputs are unobservable inputs. At December 31, 2024, the District's investment in COLOTRUST was reported at the net asset value per share, measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

Montrose Recreation District
Notes to Financial Statements
December 31, 2024

Note 3: Capital Assets

Capital asset activity for the year ended December 31, 2024, was as follows:

Governmental Activities	Balance 12/31/23	Additions	Transfers	Deletions	Balance 12/31/24
<i>Capital Assets, Not Being Depreciated</i>					
Land	\$ 967,155	\$ -	\$ -	\$ -	\$ 967,155
Construction in Progress	-	-	-	-	-
Total Capital Assets, Not Being Depreciated	967,155	-	-	-	967,155
<i>Capital Assets, Being Depreciated</i>					
Improvements, other than Buildings	3,606,246	-	-	-	3,606,246
Buildings and Improvements	29,328,698	-	-	-	29,328,698
Field House	3,622,755	-	-	-	3,622,755
Infrastructure	96,158	-	-	-	96,158
Equipment	1,401,765	-	-	-	1,401,765
Vehicles	209,668	-	-	-	209,668
Total Capital Assets, Being Depreciated	38,265,290	-	-	-	38,265,290
<i>Less Accumulated Depreciation</i>					
Improvements, other than Buildings	(1,821,047)	(162,944)	-	-	(1,983,991)
Buildings and Improvements	(6,934,400)	(982,528)	-	-	(7,916,928)
Field House	(2,864,739)	(75,441)	-	-	(2,940,180)
Infrastructure	(93,220)	(813)	-	-	(94,033)
Equipment	(1,123,403)	(73,474)	-	-	(1,196,877)
Vehicles	(182,409)	(15,503)	-	-	(197,912)
Total Accumulated Depreciation	(13,019,218)	(1,310,703)	-	-	(14,329,921)
Total Capital Assets, Being Depreciated, net	25,246,072	(1,310,703)	-	-	23,935,369
Governmental Activities Capital Assets, net	\$ 26,213,227	\$ (1,310,703)	\$ -	\$ -	\$ 24,902,524

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

Governmental Activities	Total
Community Recreation Center	\$ 970,850
Park Maintenance	46,422
Field House	75,441
Flex Rec	28,647
Programs	189,343
Total	\$ 1,310,703

Montrose Recreation District
Notes to Financial Statements
December 31, 2024

Note 4: Long-term Debt

The following is a summary of long-term liability activity of the District for the year ended December 31, 2024:

	<u>Balance 12/31/23</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/24</u>	<u>Due Within One Year</u>
2014 Certificate of Participation	\$ 20,950,000	\$ -	\$ (915,000)	\$ 20,035,000	\$ 960,000
Premium	231,659	-	(25,255)	206,404	-
Compensated Absences	102,545	36,032	(10,255)	128,322	12,832
Total	<u>\$ 21,284,204</u>	<u>\$ 36,032</u>	<u>\$ (950,510)</u>	<u>\$ 20,369,726</u>	<u>\$ 972,832</u>

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' sales and use tax from 3.0% to 3.3% and also authorized the City to enter into the 2014 Recreation Facility IGA.

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, 2024, follows:

Year Ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 960,000	\$ 947,875	\$ 1,907,875
2026	1,000,000	909,475	1,909,475
2027	1,045,000	861,975	1,906,975
2028	1,090,000	820,175	1,910,175
2029	1,130,000	776,575	1,906,575
2030-2034	6,505,000	3,038,375	9,543,375
2035-2039	8,305,000	827,879	9,132,879
Total	<u>\$ 20,035,000</u>	<u>\$ 8,182,329</u>	<u>\$ 28,217,329</u>

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 5: Defined Benefit Pension Plan

General Information

Plan Description - Eligible employees of the 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 financial report (ACFR) that can be obtained at www.copera.org/investments/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% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% 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.

In all cases the service retirement benefit is limited to 100% 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% or 100% 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.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 5: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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 the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase 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% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in 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 a disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions provisions as of December 31, 2024 - Eligible employees of the 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. The contribution rate for eligible employees was 9% of covered salaries during the period of January 1, 2023 to June 30, 2023, and 9% of covered salaries during the period of July 1, 2023 through December 31, 2024. The District's contribution rate for calendar year 2024 was 14.78% of covered salaries. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 6). 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 members and the District is statutorily committed to pay the contributions to the LGDTF. The District's contributions to the LGDTF for the year ended December 31, 2024, were \$346,483, equal to the required contributions.

The net pension liability for the LGDTF was measured at 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 District's proportion of the net pension liability was based on District's contributions to the LGDTF for the calendar year 2023 relative to the total contributions of participating employers.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 5: Defined Benefit Pension Plan (Continued)

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

At December 31, 2024, the District reported a net pension liability of \$1,698,498 for its proportionate share of the net pension liability.

At December 31, 2023 the District's proportion was 0.2313901070%, which was a decrease of 0.0184216098% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the District recognized pension benefit of \$49,734. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions and other inputs	-	-
Net difference between projected and actual earnings on plan investments	\$ 577,283	\$ -
Changes in proportion	-	-
Contributions subsequent to the measurement date	348,271	-
Total	\$ 925,554	\$ -

\$346,483 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 2025. 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>			
2025		\$	246,598
2026			491,076
2027			(160,391)
Total		\$	577,283

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 5: Defined Benefit Pension Plan (Continued)

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

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

	Assumptions
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.2% - 11.30%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/2007	1.00%
Hired after 12/31/2006	Financed by the Annual Increase Reserve (AIR)

*The discount rate reflected in the roll-forward calculation of the total pension liability to the measurement date was 7.25%.

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.

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 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.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 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 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 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 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:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternative	6.00%	4.70%
Total	100%	

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%.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 5: Defined Benefit Pension Plan (Continued)

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

Discount Rate - The discount rate used to measure the TPL was 7.25%. 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%.
- 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.
- 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.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 5: Defined Benefit Pension Plan (Continued)

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

- 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-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 Local Government Division Trust Fund and HCTF were \$24.967 million and \$1.033 million, respectively.

Based on the above assumptions and methods, the LGDTF'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% 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%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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%) or 1-percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ <u>3,908,524</u>	\$ <u>1,994,032</u>	\$ <u>390,333</u>

Pension Plan Fiduciary Net Position - Detailed information about the LGDTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 6: Postemployment Healthcare Benefits

General Information

Plan Description - Eligible employees of the 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 from time to time by the Colorado General Assembly. 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.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible 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% 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.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 6: Postemployment Healthcare Benefits (Continued)

General Information (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 by 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.

Contributions - As established by 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% 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 members and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District for the year ended December 31, 2024, was \$25,685, equal to the required amount.

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

At December 31, 2024, the District reported a net OPEB liability of \$131,295 for its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at 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 total OPEB liability to December 31, 2023. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2023, relative to the contributions of all participating employers to the HCTF.

At December 31, 2023, the District's proportion was 0.0183956850%, which was an increase of 0.0024351985% from its proportion measured at December 31, 2022.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 6: Postemployment Healthcare Benefits (Continued)

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

For the year ended December 31, 2024, the District recognized OPEB expense of \$4,246. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 16,342
Changes in assumptions and other inputs	1,166	11,121
Net difference between projected and actual earnings on plan investments	4,077	-
Changes in proportion	37,427	192
Contributions subsequent to the measurement date	24,622	-
 Total	\$ 67,292	\$ 27,655

\$25,685 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended December 31,</u>			
2025		\$	-
2026			6,444
2027			1,682
2028			2,347
2029			4,542
 Total		\$	15,015

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 6: Postemployment Healthcare Benefits (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:

	<u>Assumptions</u>
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.20% - 11.30%
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:	0.0%
PERACare Medicare plans	7.00% in 2023, gradually decreasing to 4.50% in 2033
Medicare Part A premiums	3.75% in 2023, gradually increasing to 4.50% in 2035

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.

The 2023 Medicare Part A premium is \$506 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

December 31, 2024

Note 6: Postemployment Healthcare Benefits (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 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%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	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 on 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 upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than 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.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 6: Postemployment Healthcare Benefits (Continued)

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

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.

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 the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older 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 the PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

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.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 6: Postemployment Healthcare Benefits (Continued)

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

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, as presented previously (See Note 5).

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%.

Discount Rate - The discount rate used to measure the TOL was 7.25%. 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.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 6: Postemployment Healthcare Benefits (Continued)

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

- 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.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department 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.

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% 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%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the 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%, 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%) or 1-percentage point higher (8.25%) 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 OPEB liability	\$ <u>179,039</u>	\$ <u>151,583</u>	\$ <u>128,095</u>

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 6: Postemployment Healthcare Benefits (Continued)

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

Sensitivity of the 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, ranging from 2.50% to 7.75%, as well as if it were calculated using health care cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	\$ 147,233	\$ 151,583	\$ 156,316

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's FNP is available in PERA's ACFR, which may be obtained at www.copera.org/investments/pera-financial-reports.

Note 7: Interfund Receivables, Payables and Transfers

Interfund Transfers

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

Transfers In	Transfers Out	Amount
Capital Improvement Fund	General Fund	\$ 1,943,063
Capital Improvement Fund	Sales Tax Fund	2,246,187
Total		\$ 4,189,250

The above amounts were transferred for operations and capital outlay.

Note 8: 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 colTII!1on 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.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 8: Participation In Public Entity Risk Pool (Continued)

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

Note 9: 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.

Note 10: 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 granter agencies. District management is not aware of any such expenses that would not be allowed.

Note 11: Commitments and Contingencies

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation, but the District believes it is in substantial compliance with the Amendment.

In November 2001, electors within the District authorized the District to collect and keep and expend all revenues received and to continue to levy its operating mill levy of 3.546 mills in 2002, and each year thereafter.

The District has established a reserve for emergencies, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2024, the emergency reserve of \$279,000 was reported as restricted fund balance in the General Fund.

Montrose Recreation District

Notes to Financial Statements

December 31, 2024

Note 11: Restatements

Compensated Absences

The accompanying governmental funds statements have been restated for a correction of an error regarding the reporting of the accrued compensated absences on the governmental funds statements. Because this liability was not paid within 90 days of the fiscal year end, this liability should not be reflected in these financial statements. The liability for accrued compensated absences is included in the governmental wide financial statements. The effect of the restatement is shown below.

	2023 Balance as Reported	Deferred Compensation	2023 Balance as Restated
Balance Sheets - Governmental Funds			
Liabilities	\$ <u>421,241</u>	\$ <u>(102,545)</u>	\$ <u>318,696</u>
Fund Balance	\$ <u>11,644,860</u>	\$ <u>102,545</u>	\$ <u>11,747,405</u>

Pension and OPEB Liabilities

The accompanying governmental wide financial statements have been restated for a correction of an error regarding the reporting of the pension and OPEB liabilities and related deferred inflows and outflows. The effect of the restatement is shown below.

	2023 Balance as Reported	Pension Restatement	OPEB Restatement	2023 Balance as Restated
Statement of Net Position				
Deferred Outflows	\$ <u>2,937,422</u>	\$ <u>(1,982,324)</u>	\$ <u>16,681</u>	\$ <u>971,779</u>
Liabilities	\$ <u>28,345,296</u>	\$ <u>(4,311,695)</u>	\$ <u>(408,736)</u>	\$ <u>23,624,865</u>
Deferred Inflows	\$ <u>7,203,272</u>	\$ <u>(3,584,415)</u>	\$ <u>(170,918)</u>	\$ <u>3,447,939</u>
Net Position	\$ <u>8,909,589</u>	\$ <u>5,913,786</u>	\$ <u>596,335</u>	\$ <u>15,419,710</u>

Required Supplementary Information

Montrose Recreation District
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2024

Revenues	Original & Final Budget	Actual	Variance Positive (Negative)
Taxes			
Property Taxes	\$ 3,319,376	\$ 3,572,565	\$ 253,189
Specific Ownership Taxes	402,000	449,344	47,344
Total Taxes	<u>3,721,376</u>	<u>4,021,909</u>	<u>300,533</u>
Intergovernmental	<u>5,680</u>	<u>5,680</u>	<u>-</u>
Charges for Services			
Community Recreation Center	1,869,198	1,960,309	91,111
Concessions	44,000	51,728	7,728
Marketing	18,500	16,050	(2,450)
Recreation	341,797	317,082	(24,715)
Flex Rec	98,644	54,105	(44,539)
Enrichment	85,173	67,561	(17,612)
Field House	57,878	138,597	80,719
Rental	174,516	127,299	(47,217)
Total Charges for Services	<u>2,689,706</u>	<u>2,732,731</u>	<u>43,025</u>
Investment Income	<u>206,000</u>	<u>207,081</u>	<u>1,081</u>
Miscellaneous			
Other Revenues	-	1,669	1,669
Gain on Sale of Assets	-	19,478	19,478
	<u>-</u>	<u>21,147</u>	<u>21,147</u>
Total Revenues	\$ <u>6,622,762</u>	\$ <u>6,988,548</u>	\$ <u>365,786</u>

(Continued)

Montrose Recreation District
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2024
 (Continued)

	Original & Final Budget	Actual	Variance Positive (Negative)
Expenditures			
Current			
General Government	\$ 2,276,074	\$ 2,263,775	\$ 12,299
Administrative	2,177,070	2,010,721	166,349
Community Recreation Center	212,077	202,511	9,566
Park Maintenance	33,054	38,494	(5,440)
Concessions	114,360	97,201	17,159
Marketing	240,513	225,801	14,712
Recreation	181,579	146,394	35,185
Flex Rec	178,679	46,754	131,925
Enrichment	291,638	244,438	47,200
Field House	-	-	-
Flex Rec	-	-	-
Programs	-	-	-
Capital Outlay	221,130	13,316	207,814
Emergency Reserves	113,647	-	113,647
Total Expenditures	<u>6,039,821</u>	<u>5,289,405</u>	<u>750,416</u>
Excess of Revenues Over (Under) Expenditures	<u>582,941</u>	<u>1,699,143</u>	<u>1,116,202</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(1,754,142)</u>	<u>(1,943,063)</u>	<u>(188,921)</u>
Total Other Financing Sources (Uses)	<u>(1,754,142)</u>	<u>(1,943,063)</u>	<u>(188,921)</u>
Net Change in Fund Balance	(1,171,201)	(243,920)	927,281
Fund Balance, Beginning of year	<u>3,922,405</u>	<u>3,686,424</u>	<u>(235,981)</u>
Fund Balance, End of year	<u>\$ 2,751,204</u>	<u>\$ 3,442,504</u>	<u>\$ 691,300</u>

Montrose Recreation District
 Budgetary Comparison Schedule
 Sales Tax Trust Fund
 For the Year Ended December 31, 2024

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Sales Tax	\$ 2,802,500	\$ 2,851,307	\$ 48,807
Investment Income	154,130	109,309	(44,821)
	<u>2,956,630</u>	<u>2,960,616</u>	<u>3,986</u>
Expenditures			
Administrative	2,000	2,000	-
Debt Service			
Principal	915,000	915,000	-
Interest	993,625	993,625	-
	<u>1,910,625</u>	<u>1,910,625</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures	1,046,005	1,049,991	3,986
Other Financing Sources (Uses)			
Transfers Out	<u>(2,246,187)</u>	<u>(2,246,187)</u>	<u>-</u>
Net Changes in Fund Balance	(1,200,182)	(1,196,196)	3,986
Fund Balance, Beginning of year	<u>5,822,932</u>	<u>5,921,676</u>	<u>98,744</u>
Fund Balance, End of year	<u>\$ 4,622,750</u>	<u>\$ 4,725,480</u>	<u>\$ 102,730</u>

Montrose Recreation District
 Budgetary Comparison Schedule
 Capital Projects Fund
 For the Year Ended December 31, 2024

	Original & Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Investment Income	\$ 2,150	\$ 139,385	\$ 137,235
Total Revenues	2,150	139,385	137,235
Expenditures			
Administrative	343,000	143,506	199,494
Park Maintenance	700,000	-	700,000
Field House	2,805,043	613	2,804,430
Capital Outlay	167,867	127,377	40,490
Total Expenditures	4,015,910	271,496	3,744,414
Excess Revenues Over (Under) Expenditures	(4,013,760)	(132,111)	3,881,649
Other Financing Sources (Uses)			
Transfers Out	4,000,329	4,189,250	188,921
Net Changes in Fund Balance	(13,431)	4,057,139	4,070,570
Fund Balance, Beginning of year	806,803	893,207	86,404
Fund Balance, End of year	\$ 793,372	\$ 4,950,346	\$ 4,156,974

Montrose Recreation District
Notes to Budgetary Comparison Schedule
December 31, 2024

Note 1: Notes To Budgetary Comparison Schedule – General Fund and Conservation Trust Fund

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.

Montrose Recreation District
Schedules of Proportionate Share of Net Pension Liability and Contributions
(And Related Statistics)
For the Years Ended December 31, 2023, 2022, 2021, 2020 and 2019

Measurement Date	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Proportionate Share of the Net Pension Liability					
District's Proportion of the Net Pension Liability	0.2716513004%	0.2561300000%	0.2301200000%	0.2069800000%	0.2564800000%
District's Proportionate Share of the Net Pension Liability	\$ 1,994,032	\$ 6,305,727	\$ 6,879,513	\$ 4,114,398	\$ 4,303,122
District's Covered Payroll	\$ 2,500,608	\$ 2,158,213	\$ 1,782,888	\$ 1,534,331	\$ 1,849,920
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	80%	292%	386%	268%	233%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88%	83%	101%	91%	86%
Reporting Date	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
District Contributions					
Statutorily Required Contribution	\$ 346,483	\$ 371,936	\$ 312,862	\$ 261,295	\$ 210,318
Contributions in Relation to the Statutorily Required Contribution	<u>(346,483)</u>	<u>(327,907)</u>	<u>(282,265)</u>	<u>(226,022)</u>	<u>(189,935)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ 44,029</u>	<u>\$ 30,597</u>	<u>\$ 35,273</u>	<u>\$ 20,383</u>
District's Covered Payroll	<u>\$ 2,752,971</u>	<u>\$ 2,500,608</u>	<u>\$ 2,158,213</u>	<u>\$ 1,782,888</u>	<u>\$ 1,534,331</u>
Contributions as a Percentage of Covered Payroll	12.59%	14.87%	14.50%	14.66%	13.71%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

(Continued)

Montrose Recreation District
Schedules of Proportionate Share of Net Pension Liability and Contributions
(And Related Statistics)
For the Years Ended December 31, 2018, 2017, 2016 and 2015
(Continued)

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
Proportionate Share of the Net Pension Liability				
District's Proportion of the Net Pension Liability	0.2570900000%	0.2344500000%	0.1517800000%	0.1483000000%
District's Proportionate Share of the Net Pension Liability	\$ 3,224,496	\$ 2,862,559	\$ 1,963,812	\$ 2,049,511
District's Covered Payroll	\$ 1,686,251	\$ 1,455,924	\$ 914,757	\$ 807,596
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	191%	197%	215%	254%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76%	79%	74%	77%
	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>
District Contributions				
Statutorily Required Contribution	\$ 253,156	\$ 226,630	\$ 199,554	\$ 125,322
Contributions in Relation to the Statutorily Required Contribution	<u>(223,960)</u>	<u>(213,818)</u>	<u>(187,539)</u>	<u>(116,651)</u>
Contribution Deficiency (Excess)	<u>\$ 29,196</u>	<u>\$ 12,812</u>	<u>\$ 12,015</u>	<u>\$ 8,671</u>
District's Covered Payroll	<u>\$ 1,849,920</u>	<u>\$ 1,686,251</u>	<u>\$ 1,455,924</u>	<u>\$ 914,757</u>
Contributions as a Percentage of Covered Payroll	13.68%	13.44%	13.71%	13.70%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Montrose Recreation District

Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions December 31, 2024

Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2023 Changes in Plan Provisions Since 2022

- As of the 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 \$24,000,000 payment received on December 4, 2023 and a \$2,000,000 receivable. The employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and Health Care Trust Fund (HCTF) were \$24,967,000 and \$1,033,000, respectively.
- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225,000,000 direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in § 24-51-416, plus \$10,000,000 from the General Fund, totaling \$14,561,000.
- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes 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 a maximum of 12 months of service credit per year.

2022 Changes in Plan Provisions Since 2021

- HB 22-1029, effective upon enactment in 2022, required the State Treasurer to issue, in addition to the regularly scheduled \$225,000,000 direct distribution, a warrant to PERA in the amount of \$380,000,000 with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by \$190,000,000 to \$35,000,000. The July 1, 2024, direct distribution will not be reduced from \$225,000,000 due to a negative investment return in 2022.
- The TPL for the Local Government Division, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, as allowable under C.R.S. § 24-51-313, of Tri-County Health, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Montrose Recreation District

Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions December 31, 2024

Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (Continued)

2021 Changes in Plan Provisions Since 2020

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022:
 - Member contribution rates increase by 0.50%.
 - Employer contribution rates increase by 0.50%.
 - Annual increase (AI) cap is lowered from 1.25% per year to 1.00% per year.

2020 Changes in Plan Provisions Since 2019

- HB 20-1379, enacted on June 29, 2020, suspended the \$225,000,000 direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

2019 Changes in Plan Provisions Since 2018

- SB 18-200 was enacted on June 4, 2018, which included the adoption of the AAP. The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
 - Member contribution rates increase by 0.50%.
 - Employer contribution rates increase by 0.50%.
 - AI cap is lowered from 1.50% per year to 1.25%.
- HB 19-1217, enacted May 20, 2019, repealed the member contribution increases scheduled for the Local Government Division pursuant to SB 18-200.

2018 Changes in Plan Provisions Since 2017

- The following changes were made to the plan provisions as part of SB 18-200:
 - Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020, and an additional 0.50% effective July 1, 2021.
 - Employer contribution rates increase by 0.25% effective July 1, 2019 for State, School, Judicial, and DPS Divisions.
 - An annual direct distribution of \$225,000,000 from the State of Colorado, recognized as a non-employer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions proportionally based on payroll.
 - AI cap is lowered from 2.00% per year to 1.50% per year.
 - Initial AI waiting period is extended from one year after retirement to three years after retirement.

Montrose Recreation District

Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions
December 31, 2024

Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (Continued)

2018 Changes in Plan Provisions Since 2017 (Continued)

- All payments are suspended for 2018 and 2019.
- The number of years used in the Highest Average Salary calculation for non-vested members as of January 1, 2020, increases from three to five years for the State, School, Local Government, and DPS Divisions and increases from one to three years for the Judicial Division.

2017 Changes in Plan Provisions Since 2016

- The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division on December 2, 2017. For the purpose of the December 31, 2017, measurement date, liabilities were determined assuming no additional benefit accruals for the disaffiliated membership of the CFPD that had not refunded their PERA member contribution accounts. The total disaffiliation payment of \$1,159,000 was allocated to the Local Government Division Trust Fund and the HCTF in the amount of \$1,063,000 and \$96,000, respectively. There were no changes made to the plan provisions applicable to the Local Government Division Trust Fund.

2016 Changes in Plan Provisions Since 2015

- There were no changes made to the plan provisions applicable to the Local Government Division Trust Fund.

2015 Changes in Plan Provisions Since 2014

- There were no changes made to the plan provisions applicable to the Local Government Division Trust Fund.

2014 Changes in Plan Provisions Since 2013

- There were no changes made to the plan provisions applicable to the Local Government Division Trust Fund.

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.

2022 Changes in Assumptions of Other Inputs Since 2021

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

Montrose Recreation District

Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions
December 31, 2024

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

2021 Changes in Assumptions of Other Inputs Since 2020

- The assumption used to value the AI cap benefit provision was changed from 1.25% to 1.00%.

2020 Changes in Assumptions of Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

2020 Changes in Assumptions of Other Inputs Since 2019 (Continued)

- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to 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.
- The disabled mortality assumption for the Division Trust Funds (members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a benefit-weighted basis.

2019 Changes in Assumptions of Other Inputs Since 2018

- The assumption used to value the AI cap benefit provision was changed from 1.50% to 1.25%.

Montrose Recreation District

Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions
December 31, 2024

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

2018 Changes in Assumptions of Other Inputs Since 2017

- The single equivalent interest rate (SEIR) for the School Division was increased from 4.78% to 7.25% to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

2017 Changes in Assumptions of Other Inputs Since 2016

- The SEIR for the School Division was lowered from 5.26% to 4.78% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.

2016 Changes in Assumptions of Other Inputs Since 2015

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The post-retirement mortality assumption for healthy lives for the School, Judicial, and DPS Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93% factor applied to ages below 80 and a 113% factor applied to age 80 and above, projected to 2018, for males, and a 68% factor applied to ages below 80 and a 106% factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90% of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from .35% to .40%.
- The SEIR for the State and School Divisions was lowered from 7.50% to 5.26% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86% on the measurement date.

Montrose Recreation District

Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions
December 31, 2024

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

2015 Changes in Assumptions of Other Inputs Since 2014

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Refinement of the 18-month AI timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and UAAL payment calculations to reflect contributions throughout the year.

2014 Changes in Assumptions of Other Inputs Since 2013

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

Montrose Recreation District
Schedules of Proportionate Share of Net OPEB Liability and Contributions
(And Related Statistics)
For the Years Ended December 31, 2023, 2022, 2021 and 2020

Measurement Date	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Proportionate Share of the Net OPEB Liability				
District's Proportion of the Net OPEB Liability	0.0212382917%	0.0203300000%	0.0175400000%	0.0154400000%
District's Proportionate Share of the Net OPEB Liability	\$ 151,583	\$ 574,695	\$ 559,106	\$ 408,736
District's Covered Payroll	\$ 2,346,933	\$ 2,062,647	\$ 1,679,266	\$ 1,427,528
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	6%	28%	33%	29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46%	39%	39%	39%
 Reporting Date	 <u>12/31/2024</u>	 <u>12/31/2023</u>	 <u>12/31/2022</u>	 <u>12/31/2021</u>
District Contributions				
Statutorily Required Contribution	\$ 24,622	\$ 23,939	\$ 21,039	\$ 17,129
Contributions in Relation to the Statutorily Required Contribution	<u>(24,622)</u>	<u>(23,939)</u>	<u>(21,039)</u>	<u>(17,129)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 2,413,928</u>	<u>\$ 2,346,933</u>	<u>\$ 2,062,647</u>	<u>\$ 1,679,266</u>
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Montrose Recreation District
Schedules of Proportionate Share of Net OPEB Liability and Contributions
(And Related Statistics)
For the Years Ended December 31, 2019, 2018 and 2017
(Continued)

Measurement Date	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>
Proportionate Share of the Net OPEB Liability				
District's Proportion of the Net OPEB Liability	0.0147809766%	0.0148515701%	0.0152354666%	0.0141805787%
District's Proportionate Share of the Net OPEB Liability	\$ 225,015	\$ 226,090	\$ 198,000	\$ 183,856
District's Covered Payroll	\$ 1,731,839	\$ 1,686,251	\$ 1,455,924	\$ 914,757
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	13%	13%	14%	20%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24%	17%	18%	17%
Reporting Date				
	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
District Contributions				
Statutorily Required Contribution	\$ 14,561	\$ 17,665	\$ 17,200	\$ 15,086
Contributions in Relation to the Statutorily Required Contribution	<u>(14,561)</u>	<u>(17,665)</u>	<u>(15,919)</u>	<u>(13,963)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,281</u>	<u>\$ 1,123</u>
District's Covered Payroll	<u>\$ 1,427,528</u>	<u>\$ 1,731,839</u>	<u>\$ 1,686,251</u>	<u>\$ 1,455,924</u>
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.04%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Montrose Recreation District

Notes to Schedule of Proportionate Share of the Net OPEB Liability and Contributions December 31, 2024

Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2023 Changes in Plan Provisions Since 2022

- As of the 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 \$24,000,000 payment received on December 4, 2023, and a \$2,000,000 receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1,033,000 and \$24,967,000, respectively.

2022 Changes in Plan Provisions Since 2021

- The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. 24-51-313, of Tri-County Health, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

2021 Changes in Plan Provisions Since 2020

- There were no changes made to plan provisions.

2020 Changes in Plan Provisions Since 2019

- There were no changes made to plan provisions.

2019 Changes in Plan Provisions Since 2018

- There were no changes made to plan provisions.

2018 Changes in Plan Provisions Since 2017

- There were no changes made to plan provisions.

2017 Changes in Plan Provisions Since 2016

- The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division, thereby ending participation in the HCTF on December 2, 2017. For the purpose of disclosure as of the December 31, 2017, measurement date, liabilities were determined assuming no additional service accruals impacting possible future premium subsidies for the disaffiliated membership of the CFPD that had not refunded their PERA member contribution accounts. The total disaffiliation payment of \$1,159,000 was allocated to the Local Government Division Trust Fund and the HCTF in the amount of \$1,063,000 and \$96,000, respectively.

2016 Changes in Plan Provisions Since 2015

- There were no changes made to plan provisions.

Montrose Recreation District

Notes to Schedule of Proportionate Share of the Net OPEB Liability and Contributions
December 31, 2024

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.

2022 Changes in Assumptions or Other Inputs Since 2021

- The timing of the retirement decrement was adjusted to middle-of-year.

2021 Changes in Assumptions or Other Inputs Since 2020

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

2020 Changes in Assumptions or Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State and Local Government Divisions (members other than Safety Officers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State and Local Government Divisions (members other than Safety Officers) was changed to 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.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to 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.
- The disabled mortality assumption for the Division Trust Funds (members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Montrose Recreation District

Notes to Schedule of Proportionate Share of the Net OPEB Liability and Contributions
December 31, 2024

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

2020 Changes in Assumptions or Other Inputs Since 2019 (Continued)

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

2019 Changes in Assumptions or Other Inputs Since 2018

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

2018 Changes in Assumptions or Other Inputs Since 2017

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

2017 Changes in Assumptions or Other Inputs Since 2016

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

2016 Changes in Assumptions or Other Inputs Since 2015

- The following methodology change was made:
 - The Entry Age Normal actuarial cost method allocation basis has been changed from a level dollar amount to a level percentage of pay.
- The following changes were made to the actuarial assumptions:
 - The investment rate of return assumption decreased from 7.50% to 7.25%.
 - The price inflation assumption decreased from 2.80% to 2.40%.
 - The wage inflation assumption decreased from 3.90% to 3.50%.
 - The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.
 - The post-retirement mortality assumption for healthy lives for the School, Judicial, and DPS Divisions was changed to the RP-2014 White Collar Healthy.
 - Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93% factor applied to ages below 80 and a 113% factor applied to age 80 and above, projected to 2018, for males, and a 68% factor applied to ages below 80 and a 106% factor applied to age 80 and above, projected to 2020, for females.
 - For disabled retirees, the mortality assumption was changed to reflect 90% of RP-2014 Disabled Retiree Mortality Table.
 - The assumed rates of withdrawal, retirement, and disability have been adjusted to more closely reflect experience.

Montrose Recreation District

Notes to Schedule of Proportionate Share of the Net OPEB Liability and Contributions
December 31, 2024

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

2016 Changes in Assumptions or Other Inputs Since 2015 (Continued)

- The assumed rates of PERACare participation have been revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits have been updated to reflect the change in costs for the 2017 plan year.
- The percentage of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage have been revised to reflect more closely actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage has been revised to reflect more closely actual experience.
- The health care cost trend rates for Medicare Part A premiums have been revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- Assumed election rates for the PERACare coverage options available to future PERACare enrollees who will qualify for the "No Part A Subsidy" when they retire have been revised to more closely reflect actual experience.

2016 Changes in Assumptions or Other Inputs Since 2015 (Continued)

- Assumed election rates for the PERACare coverage options available to those current PERACare enrollees, who qualify for the "No Part A Subsidy" but have not reached age 65, have been revised to more closely reflect actual experience.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees was revised to reflect more closely actual experience.
- The assumed age differences between future retirees and their participating spouses have been revised to reflect more closely actual experience.

Supplementary Information

Montrose Recreation District
 Budgetary Comparison Schedule
 Capital Reserve Fund
 For the Year Ended December 31, 2024

	Original & Final Budget	Actual	Variance Positive (Negative)
Revenues			
Donation	\$ 10,000	\$ -	\$ (10,000)
Investment Income	2,700	42,611	39,911
Total Revenues	12,700	42,611	29,911
Net Changes in Fund Balance	12,700	42,611	29,911
Fund Balance, Beginning of year	785,011	784,989	(22)
Fund Balance, End of year	\$ 797,711	\$ 827,600	\$ 29,889

Montrose Recreation District
 Budgetary Comparison Schedule
 Conservation Trust Fund
 For the Year Ended December 31, 2024

	Original & Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Intergovernmental	\$ 190,715	\$ 210,698	\$ 19,983
Investment Income	11,500	29,856	18,356
Total Revenues	202,215	240,554	38,339
Expenditures			
Field House	21,710	2,675	19,035
Capital Outlay	184,464	15,543	168,921
Total Expenditures	206,174	18,218	187,956
Net Change in Fund Balance	(3,959)	222,336	226,295
Fund Balance, Beginning of year	372,942	461,109	88,167
Fund Balance, End of year	\$ 368,983	\$ 683,445	\$ 314,462