



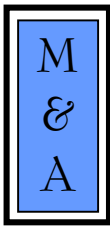
VAIL RECREATION  
D I S T R I C T

**Financial Statements  
December 31, 2020**

**Vail Park and Recreation District  
dba Vail Recreation District  
Financial Statements  
December 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Vail Recreation District**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Vail Recreation District (the "District"), as of and for the year ended December 31, 2020, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

*Member: American Institute of Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Directors**  
**Vail Recreation District**

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Vail Recreation District as of December 31, 2020, 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.

***Other Matters***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in Section B 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.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The individual fund budgetary comparison information found in Section F is presented for purposes of additional analysis and is not a required part of the financial statements. The individual fund budgetary comparison information found in Section F is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**June 30, 2021**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# Vail Park and Recreation District dba Vail Recreation District

## Management's Discussion and Analysis December 31, 2020

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

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements 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 the District's assets, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government'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 (i.e. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include administration, sports programs, gymnastics, community programs, public relations, outdoor programs, park maintenance, and facilities maintenance. The business-type activities of the District include golf, tennis/pickleball and the ice arena. The government-wide financial statements can be found on pages C1 and C2 of this report.

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

**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 a government'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 government's near-term financing decisions. The governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

## Overview of the Financial Statements (continued)

**Governmental funds (continued):** The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page E1 of this report to demonstrate compliance with this budget.

**Proprietary fund:** The District maintains a proprietary fund commonly known as the enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the golf course, Dobson Arena, and tennis/pickleball. At the end of 2020 the enterprise fund was closed as these activities will be reported in the General Fund beginning in 2021.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the District.

The basic proprietary fund financial statements can be found on pages C6 through C8 of this report. The District adopts an annual appropriated budget for its Proprietary Fund. A budgetary comparison statement has been provided for the Proprietary Fund on page F1 of this report to demonstrate compliance with this budget.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found starting on page D1 of this report.

## Government-wide Financial Analysis

### Vail Recreation District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets:</b>						
Current and other assets	\$ 11,187,489	\$ 9,112,069	\$ -	\$ 871,424	\$ 11,187,489	\$ 9,983,493
Capital assets	6,883,588	652,648	-	6,407,298	6,883,588	7,059,946
<b>Total Assets</b>	<b>18,071,077</b>	<b>9,764,717</b>	<b>-</b>	<b>7,278,722</b>	<b>18,071,077</b>	<b>17,043,439</b>
<b>Liabilities &amp; Deferred Inflows:</b>						
Current liab & def inflows	5,088,779	4,935,314	-	582,774	5,088,779	5,518,088
Long-term liabilities	-	-	-	265,000	-	265,000
<b>Total Liab &amp; Def Inflows</b>	<b>5,088,779</b>	<b>4,935,314</b>	<b>-</b>	<b>847,774</b>	<b>5,088,779</b>	<b>5,783,088</b>
<b>Net Position:</b>						
Net investment in capital assets	6,883,588	652,648	-	6,137,661	6,883,588	6,790,309
Restricted	303,562	305,954	-	271,956	303,562	577,910
Unrestricted	5,795,148	3,870,801	-	21,331	5,795,148	3,892,132
<b>Total Net Position</b>	<b>\$ 12,982,298</b>	<b>\$ 4,829,403</b>	<b>\$ -</b>	<b>\$ 6,430,948</b>	<b>\$ 12,982,298</b>	<b>\$ 11,260,351</b>

The largest portion of the District's assets is reflected as net investment in capital assets (i.e. land, buildings, machinery, and equipment). At the end of 2020, capital assets accounted for 38% of the total assets. The District uses these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining assets 3% of the governmental activities annual budget is restricted for use in the event of an emergency.

**Vail Recreation District's  
Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,604,053	\$ 1,720,227	2,988,546	3,574,111	4,592,599	5,294,332
Operating grants & contributions	-	-	29,303	32,742	29,303	32,742
Capital grants & contributions	-	-	-	-	-	-
General revenues:						
Property taxes	4,617,268	4,123,763	286,200	270,644	4,903,468	4,394,407
Other taxes	258,237	248,901	15,709	16,012	273,946	264,913
Interest and other revenue	102,447	126,678	5,420	7,141	107,867	133,811
<b>Total Revenues</b>	<b>6,582,005</b>	<b>6,219,569</b>	<b>3,325,178</b>	<b>3,900,650</b>	<b>9,907,183</b>	<b>10,120,211</b>
<b>Expenses:</b>						
Administration	985,256	874,786	-	-	985,256	874,786
Sports programs	443,439	532,419	-	-	443,439	532,419
Gymnastics	339,941	339,335	-	-	339,941	339,335
Community programs	494,401	566,604	-	-	494,401	566,604
Public relations	300,890	379,124	-	-	300,890	379,124
Nature center	-	481	-	-	-	481
Nordic center	664,813	617,261	-	-	664,813	617,261
Park maintenance	323,458	271,143	-	-	323,458	271,143
Facilities maintenance	151,098	151,375	-	-	151,098	151,375
Interest expense	-	-	2,319	16,599	2,319	16,599
Ice arena	-	-	942,478	1,198,819	942,478	1,198,819
Golf	-	-	3,303,593	3,375,018	3,303,593	3,375,018
Tennis and pickleball	-	-	230,164	288,374	230,164	288,374
Miscellaneous	-	-	8,587	8,119	8,587	8,119
Loss (gain) on disposal of assets	(2,000)	(1,607)	(3,201)	(62,285)	(5,201)	(63,886)
Transfers	(5,272,186)	1,998,000	5,272,186	(1,998,000)	-	-
<b>Total Expenses</b>	<b>(1,570,890)</b>	<b>5,728,921</b>	<b>9,756,126</b>	<b>2,826,644</b>	<b>8,185,236</b>	<b>8,555,566</b>
<b>Change in Net Position</b>	<b>8,152,895</b>	<b>490,648</b>	<b>(6,430,948)</b>	<b>1,074,006</b>	<b>1,721,947</b>	<b>1,564,645</b>
<b>Net Position - Beginning</b>	<b>4,829,403</b>	<b>4,338,755</b>	<b>6,430,948</b>	<b>5,356,942</b>	<b>11,260,351</b>	<b>9,695,696</b>
<b>Net Position - Ending</b>	<b>\$ 12,982,298</b>	<b>\$ 4,829,403</b>	<b>-</b>	<b>6,430,948</b>	<b>12,982,298</b>	<b>11,260,351</b>

**Governmental activities:** Net position of the governmental activities increased by \$8,152,895 during 2020 after an increase of \$490,648 during 2019. In both years this is largely due to the District accumulating funds for upcoming capital projects but 2020 was substantially higher due to a transfer of all remaining funds of the business-type activities at the end of the year.

**Business-type activities:** Net position of the business-type activities decreased by \$6,430,948 during 2020 after an increase of \$1,074,006 during 2019. In both years this is largely due to the District investing in capital assets at the same time as it was using property taxes collected to retire long-term debt, but 2020 was also included a transfer of all remaining funds of the governmental activities at the end of the year.

**Financial Analysis of the District's Funds**

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

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

The ending fund balance of General Fund increased by \$1,982,915 during 2020 which is rolled forward for spending in future years.



## **Financial Analysis of the District's Funds (Continued)**

As of the end of the current fiscal year, the District's general fund reported an ending fund balance of \$6,231,912. Of this balance, \$190,711 is nonspendable, \$303,562 is restricted for emergencies as required by TABOR, \$3,640,000 is assigned for future capital projects, and the remaining \$2,097,639 is unassigned.

**Proprietary funds:** The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

The Enterprise Fund operating revenues of \$2,988,546 only covered 67% of the \$4,476,235 in operational expenses. This deficit, which is made larger by debt service costs, was covered by property taxes collected to pay the debt service as well as a transfer from the General Fund.

As of the end of the current fiscal year, the District's proprietary fund reported an ending net position balance of \$0 as all assets and liabilities were transferred to the General Fund at the end of 2020.

**Budget variances:** No budget amendments were required during 2020 as both funds finished the year favorable to budget. Details of the variances by department can be seen on page E1 of this report for the General Fund and page F1 for the Proprietary Fund.

**Capital assets:** The District's capital assets decreased by \$176,358 as a result of capital additions being less than depreciation expense and capital deletions. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements on pages D13 and D14 of this report.

**Long-term debts:** During 2020 the District made the final payment on the Bonds and no longer has any long-term debt.. Details of the District's long term obligations are contained on pages D14 to D15 of this report.

### **Request for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Vail Recreation District, 700 S. Frontage Road, E., Vail, Colorado 81657, phone (970) 479-2279.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Vail Park and Recreation District  
dba Vail Recreation District  
Statement of Net Position  
December 31, 2020**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents - Unrestricted	6,116,391	-	6,116,391
Receivables, net	201,569	-	201,569
Due from County Treasurer	15,083	-	15,083
Deposits and prepaid expenses	1,000	-	1,000
Property taxes receivable	4,663,735	-	4,663,735
Inventory	189,711	-	189,711
Capital assets, net	6,883,588	-	6,883,588
<b>Total Assets</b>	<u>18,071,077</u>	<u>-</u>	<u>18,071,077</u>
<b>Liabilities:</b>			
Accounts payable	133,564	-	133,564
Unearned revenue	158,278	-	158,278
Accrued compensated absences	133,202	-	133,202
<b>Total Liabilities</b>	<u>425,044</u>	<u>-</u>	<u>425,044</u>
<b>Deferred Inflow of Resources:</b>			
Unavailable property tax revenue	4,663,735	-	4,663,735
<b>Total deferred inflow of resources</b>	<u>4,663,735</u>	<u>-</u>	<u>4,663,735</u>
<b>Net Position:</b>			
Net investment in capital assets	6,883,588	-	6,883,588
Restricted for emergencies	303,562	-	303,562
Unrestricted	5,795,148	-	5,795,148
<b>Total Net Position</b>	<u>12,982,298</u>	<u>-</u>	<u>12,982,298</u>

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

**Vail Park and Recreation District  
dba Vail Recreation District  
Statement of Activities  
For the Year Ended December 31, 2020**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs:</b>							
<b>Governmental activities:</b>							
General administration	985,256	-	-	-	(985,256)	-	(985,256)
Sports programs	443,439	240,654	-	-	(202,785)	-	(202,785)
Gymnastics	339,941	179,526	-	-	(160,415)	-	(160,415)
Community programs	494,401	311,928	-	-	(182,473)	-	(182,473)
Public relations	300,890	-	-	-	(300,890)	-	(300,890)
Nordic center	664,813	871,945	-	-	207,132	-	207,132
Park maintenance	323,458	-	-	-	(323,458)	-	(323,458)
Facilities maintenance	151,098	-	-	-	(151,098)	-	(151,098)
<b>Total Governmental Activities</b>	<b>3,703,296</b>	<b>1,604,053</b>	<b>-</b>	<b>-</b>	<b>(2,099,243)</b>	<b>-</b>	<b>(2,099,243)</b>
<b>Business-type activities:</b>							
Ice arena	942,478	536,304	-	-	-	(406,174)	(406,174)
Golf	3,303,593	2,267,226	29,303	-	-	(1,007,064)	(1,007,064)
Tennis and pickleball	230,164	185,016	-	-	-	(45,148)	(45,148)
Interest on long-term debt	2,319	-	-	-	-	(2,319)	(2,319)
<b>Total Business-type Activities</b>	<b>4,478,554</b>	<b>2,988,546</b>	<b>29,303</b>	<b>-</b>	<b>-</b>	<b>(1,460,705)</b>	<b>(1,460,705)</b>
<b>Total</b>	<b>8,181,850</b>	<b>4,592,599</b>	<b>29,303</b>	<b>-</b>	<b>(2,099,243)</b>	<b>(1,460,705)</b>	<b>(3,559,948)</b>
<b>General Revenues:</b>							
Property taxes					4,617,268	286,200	4,903,468
Specific ownership taxes					253,681	15,709	269,390
Delinquent taxes and interest					4,556	-	4,556
Investment and other income					102,447	5,420	107,867
Miscellaneous					-	(8,587)	(8,587)
Net (loss) gain on the sale of assets					2,000	3,201	5,201
Transfers					5,272,186	(5,272,186)	-
<b>Total General Revenues</b>					<b>10,252,138</b>	<b>(4,970,243)</b>	<b>5,281,895</b>
<b>Change in Net Position</b>					<b>8,152,895</b>	<b>(6,430,948)</b>	<b>1,721,947</b>
<b>Net Position - Beginning</b>					<b>4,829,403</b>	<b>6,430,948</b>	<b>11,260,351</b>
<b>Net Position - Ending</b>					<b>12,982,298</b>	<b>-</b>	<b>12,982,298</b>

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

**FUND FINANCIAL STATEMENTS**

**Vail Park and Recreation District  
dba Vail Recreation District  
Balance Sheet  
Governmental Fund -- General Fund  
December 31, 2020**

<b>Assets:</b>	
Cash and cash equivalents - Unrestricted	6,116,391
Due from County Treasurer	15,083
Accounts receivable	201,569
Property taxes receivable	4,663,735
Inventory	189,711
Deposits and prepaid expenses	1,000
<b>Total Assets</b>	<u><u>11,187,489</u></u>
 <b>Liabilities:</b>	
Accounts payable	133,564
Unearned revenue	158,278
<b>Total Liabilities</b>	<u><u>291,842</u></u>
 <b>Deferred Inflow of Resources:</b>	
Unavailable property tax revenue	4,663,735
<b>Total Deferred Inflow of Resources</b>	<u><u>4,663,735</u></u>
 <b>Fund Balances:</b>	
Nonspendable	190,711
Restricted for emergencies	303,562
Assigned for capital projects	3,640,000
Unassigned	2,097,639
<b>Total Fund Balances</b>	<u><u>6,231,912</u></u>

**Amounts reported for Governmental Activities in the Statement of Net Position are different because:**

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds. Net capital assets represents capitalized costs of \$17,040,585 net of accumulated depreciation of \$10,156,997.	6,883,588
Accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(133,202)</u>
<b>Net Position of Governmental Activities</b>	<u><u>12,982,298</u></u>

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

**Vail Park and Recreation District  
dba Vail Recreation District  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Fund -- General Fund  
For the Year Ended December 31, 2020**

<b>Revenues:</b>	
Property taxes	4,617,268
Specific ownership taxes	253,681
Delinquent interest and taxes	4,556
Sports programs	240,654
Gymnastics	179,526
Nordic center	871,945
Community programs	311,928
Investment and other income	102,447
<b>Total Revenues</b>	<u>6,582,005</u>
<b>Expenditures:</b>	
General administration	830,252
Sports programs	428,843
Gymnastics	335,846
Community programs	470,567
Public relations	292,784
Nordic center	630,635
Park maintenance	283,733
Facilities maintenance	139,079
Treasurer's fees	138,668
Capital outlay	55,934
<b>Total Expenditures</b>	<u>3,606,341</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	2,975,664
<b>Other Financing Sources (Uses):</b>	
Sale of assets	2,000
Advance repayments	(9,412)
Transfers to other fund	(985,337)
<b>Total Other Financing Sources (Uses)</b>	<u>(992,749)</u>
<b>Change in Fund Balance</b>	1,982,915
<b>Fund Balance - Beginning</b>	<u>4,248,997</u>
<b>Fund Balance - Ending</b>	<u><u>6,231,912</u></u>

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

**Vail Park and Recreation District  
 dba Vail Recreation District  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balance of the Governmental Funds  
 To the Statement of Activities  
 For the Year Ended December 31, 2020**

<b>Net Change in Fund Balance of the Governmental Fund</b>	1,982,915
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which current year capital outlay of \$38,920 was exceeded by current year depreciation of \$124,298	(85,378)
The transfer of capital assets, net of accrued compensated absences, from business-type activities to governmental-type activities is not reported in the not reported in the governmental funds but is reported as an interfund transfer in governmental activities.	6,266,935
Changes in accrued compensated absences do not consume current financial resources and, therefore, are not reported in the funds.	<u>(11,577)</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>8,152,895</u></u>

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



**Vail Park and Recreation District  
 dba Vail Recreation District  
 Statement of Net Position  
 Proprietary Fund  
 December 31, 2020**

<b>Assets:</b>	
<b>Current Assets:</b>	
Cash and cash equivalents - Restricted	-
Accounts receivable, net	-
Property tax receivable	-
Prepaid expense	-
Inventory	-
<b>Total Current Assets</b>	-
 <b>Non-current Assets:</b>	
Capital assets:	
Property and equipment	-
Accumulated depreciation	-
Net capital assets	-
<b>Total Non-current Assets</b>	-
<b>Total Assets</b>	-
 <b>Liabilities:</b>	
<b>Current Liabilities:</b>	
Accounts payable	-
Due to General Fund	-
Accrued interest payable	-
Accrued compensated absences	-
Unearned revenue	-
Revenue bonds payable - Current	-
<b>Total Current Liabilities</b>	-
 <b>Deferred Inflow of Resources:</b>	
Unavailable property tax revenue	-
<b>Total Deferred Inflow of Resources</b>	-
 <b>Net Position:</b>	
Net investment in capital assets	-
Restricted for debt service	-
Unrestricted	-
<b>Total Net Position</b>	-

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

**Vail Park and Recreation District  
dba Vail Recreation District  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
For the Year Ended December 31, 2020**

<b>Operating Revenues:</b>	
<b>Charges for Services:</b>	
Dobson Arena	536,304
Golf	1,481,426
Golf pro shop	301,189
Golf food and beverage	484,611
Tennis and pickleball	185,016
<b>Total Charges for Services</b>	<u>2,988,546</u>
<b>Intergovernmental:</b>	
Lottery revenue	29,303
<b>Total Intergovernmental</b>	<u>29,303</u>
<b>Total Operating Revenues</b>	<u>3,017,849</u>
<b>Operating Expenses:</b>	
Dobson Arena	942,478
Golf	2,291,379
Golf pro shop - cost of goods sold	181,027
Golf food and beverage	633,920
Golf food and beverage - cost of goods sold	197,267
Tennis and pickleball	230,164
<b>Total Operating Expenses</b>	<u>4,476,235</u>
<b>Operating (Loss)</b>	<u>(1,458,386)</u>
<b>Non-operating Revenues (Expenses):</b>	
Transfer from General Fund	985,337
Advance repayments to General Fund	9,412
Capital transfer to Governmental Activities	(6,266,935)
Property tax revenue	286,200
Specific ownership revenue	15,709
Treasurer's fees	(8,587)
Interest revenue	5,420
Gain on sale of assets	3,201
Interest expense	(2,319)
<b>Total Non-operating Revenues (Expenses)</b>	<u>(4,972,562)</u>
<b>Change in Net Position</b>	(6,430,948)
<b>Net Position - Beginning</b>	<u>6,430,948</u>
<b>Net Position - Ending</b>	<u><u>-</u></u>

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

**Vail Park and Recreation District  
dba Vail Recreation District  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended December 31, 2020**

<b>Cash Flows From Operating Activities:</b>	
Cash received from customers	2,926,340
Cash received from other governments	29,303
Cash paid to employees and contract labor	(1,860,110)
Cash paid for goods and services	<u>(1,636,583)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(541,050)</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>	
Cash received from property taxes	286,200
Cash received from specific ownership taxes	15,709
Cash paid for treasurer's fees	(8,587)
Transfers in (out)	<u>994,749</u>
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<u>1,288,071</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Cash paid for capital assets	(763,441)
Cash received from donations and sale of assets	11,000
Cash paid for interest on capital debt	(6,956)
Cash paid for principal on capital debt	<u>(265,000)</u>
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<u>(1,024,397)</u>
<b>Cash Flows From Investing Activities:</b>	
Interest received	<u>5,420</u>
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<u>5,420</u>
<b>Net Change in Cash and Cash Equivalents</b>	<u>(271,956)</u>
<b>Cash and Cash Equivalents - Beginning</b>	<u>271,956</u>
<b>Cash and Cash Equivalents - Ending</b>	<u><u>-</u></u>
<b>Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating (loss)	<u>(1,458,386)</u>
<b>Adjustments to Reconcile:</b>	
Depreciation expense	846,622
(Increase) decrease in accounts receivable	22,883
(Increase) decrease in inventory	182,551
(Increase) decrease in prepaid expense	123,376
Increase (decrease) in accounts payable	(161,583)
Increase (decrease) in due to General Fund	(17,676)
Increase (decrease) in unearned revenue	(85,089)
Increase (decrease) in accrued compensated absences	<u>6,252</u>
<b>Total Adjustments</b>	<u>917,336</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>(541,050)</u></u>

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

**Vail Park and Recreation District  
dba Vail Recreation District  
Statement of Fiduciary Net Position  
Youth Recreation Private Purpose Trust Fund  
December 31, 2020**

<b>Assets:</b>	
Cash and cash equivalents	130,437
<b>Total Assets</b>	<u>130,437</u>
<b>Net Position:</b>	
Held in trust for future earnings	50,000
Held in trust for scholarships	80,437
<b>Total Net Position</b>	<u>130,437</u>

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

**Vail Park and Recreation District  
dba Vail Recreation District  
Statement of Changes in Fiduciary Net Position  
Youth Recreation Private Purpose Trust Fund  
For the Year Ended December 31, 2020**

<b>Additions:</b>	
Contributions	17,117
Investment income	<u>935</u>
<b>Total Additions</b>	<u>18,052</u>
<b>Deductions:</b>	
Recreation awards	<u>15,780</u>
<b>Total Deductions</b>	<u>15,780</u>
<b>Change in Net Position</b>	2,272
<b>Net Position - Beginning</b>	<u>128,165</u>
<b>Net Position - Ending</b>	<u><u>130,437</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020**

**I. Summary of Significant Accounting Policies**

The Vail Park and Recreation District, dba Vail Recreation District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide recreational facilities and services within its boundaries. The District is located in Eagle County, Colorado.

On February 13, 1991, the Board of Vail Metropolitan Recreation District passed a resolution to change the name of the District to the Vail Park and Recreation District. On the same date, the Board passed a resolution for the District to do business as the Vail Recreation District.

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established by GAAP used by the District are discussed below.

**A. Reporting Entity**

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

The District has no component units, and it is not a component unit of any other entity.

**B. Government-wide and Fund Financial Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

**1. Government-wide Financial Statements**

Government-wide financial statements report on information of all of the non-fiduciary activities of the District. The District's general administration, sports programs, gymnastics, community programs, public relations, outdoor programs, nordic center operations, park maintenance, and facilities maintenance functions are classified as governmental activities. The District's ice arena, golf, and tennis/pickleball functions are classified as business-type activities. Beginning in 2021, all activities of the District will be classified as governmental activities.

**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020  
(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**B. Government-wide and Fund Financial Statements (continued)**

**1. Government-wide Financial Statements (continued)**

The government-wide Statement of Activities reports both the gross and net cost of each of the District's governmental functions and business-type activities. The governmental functions are also supported by general government revenues (property and specific ownership taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the governmental function or a business-type activity. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants while the capital grants and contributions column reflects capital-specific grants and contributions received.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

**2. Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following governmental fund:

The *General Fund* accounts for all financial resources not required to be accounted for in another fund. The District's general administration, sports programs, gymnastics, community programs, public relations, outdoor programs, nordic center operations, park maintenance, and facilities maintenance functions are accounted for in the General Fund.

The District reports the following proprietary fund:

The *Enterprise Fund* accounts for the District's ice arena, golf, and tennis/pickleball activities. The Fund was transferred to the General Fund as of December 31, 2020 and the District will account for all programs in the General Fund in future years.

Additionally, the District reports the following fiduciary fund which is not included in the government-wide statements since the resources of the fund are not available to the District:

The *Youth Recreation Private-Purpose Trust Fund* is used to account for a trust established that stipulates only earnings, and not principal, may be spent for youth recreation purposes.



**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020  
(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

**1. Long-term Economic Focus and Accrual Basis**

Governmental and business-type activities in the government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

**2. Current Financial Focus and Modified Accrual Basis**

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

**3. Financial Statement Presentation**

Amounts reported as program revenues include 1) charges to customers and applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's proprietary fund is ice arena, golf, and tennis/pickleball charges for services. Operating expenses for the proprietary fund include operating expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020  
(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts**

**1. Cash, Cash Equivalents and Investments**

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

Restricted cash and cash equivalents represent amounts restricted by bond indentures.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District generally limits investments to the following type of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 60 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

**2. Receivables**

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance was established at December 31, 2020, as the District considered all receivables to be collectible.

**3. Property Taxes**

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as unavailable revenue.

**4. Prepaid Expenses**

Payments made to vendors for services that will benefit periods beyond December 31, 2020 are recorded as prepaid expenses.

**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020  
(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**5. Interfund Receivables and Payables**

Balances at year-end between funds are reported as “due from/to other fund” in the fund financial statements and are reported in the government-wide financial statements as “internal balances”.

**6. Capital Assets**

Capital assets, which include land, buildings, improvements, and equipment, are reported in the proprietary fund and the government-wide financial statements. Capital assets are defined by the District as assets and leasehold improvements with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets and leasehold improvements are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital expenditures for leasehold improvement projects are capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the asset.

As stated in Note V.B., the Town of Vail owns the facilities maintained and operated by the District. The District capitalizes expenditures on the facilities that meet the cost and useful life criteria above as leasehold improvements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 30
Equipment	10 - 20

**7. Inventory**

Inventory is valued a cost, which approximates market, using the first-in/first-out (FIFO) method. The cost of inventory is recorded as an expense when consumed rather than when purchased.

**8. Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020  
(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**9. Long-term Obligations**

In the government-wide and proprietary fund financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

**10. Fund Balance**

The District classifies governmental fund balances as follows:

*Non-spendable* - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

*Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

*Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

*Assigned* – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

*Unassigned* - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of targeted reserve positions and management calculates targets and reports them annually to Board of Directors.

**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020  
(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**11. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category at December 31, 2020.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resource (revenue) until that time. The District has one type of item which qualifies for reporting in this category. Accordingly, the item, unavailable property tax revenue, is deferred and recognized as an inflow of resource in the period that the amounts become available and earned.

**E. Other Significant Policies**

**1. Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

**II. Reconciliation of Government-wide and Fund Financial Statements**

**A. Explanation of certain differences between the governmental funds Balance Sheet and the government-wide Statement of Net Position**

The governmental funds Balance Sheet includes a reconciliation between *fund balance – governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position.

**B. Explanation of certain differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities**

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between *net change in fund balances of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities.

**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020  
(Continued)**

**III. Stewardship, Compliance, and Accountability**

**A. Budgets and Budgetary Accounting**

Annually the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental fund is adopted on a basis consistent with U.S. GAAP.

As required by Colorado statutes, the District follows required timetables in preparing, approving, and enacting its budget for the ensuing year. The following is a summary of the budget calendar for the 2020 budget year:

- (1) For the 2020 budget, prior to August 25, 2019, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2019 only once by a single notification to the District.
- (2) On or before October 15, 2019, the District's accountant submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) For the 2020 budget, prior to December 15, 2019, the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes as computed in the proposed budget.
- (4) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient.
- (6) All appropriations lapse at a year-end.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2019 were collected in 2020 and taxes certified in 2020 will be collected in 2021. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020  
(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment - Revenue and Spending Limitation Amendment**

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

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service) for the fiscal year ended December 31, 2020.

The District has reserved a portion of its December 31, 2020 year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$303,562, which is the approximate required reserve.

On May 7, 1996, the District's voters approved the following ballot question: "Shall Vail Park and Recreation District be authorized to collect, retain and spend all revenues and other funds collected from any source, effective January 1, 1996 and continuing thereafter; provided that the District's general property tax levy shall not be increased without voter approval; and shall the revenues be spent for recreational services as a voter-approved revenue change and an exception to the limits which would otherwise apply?"

On May 7, 2002, the District's voters approved the following ballot question: "Shall Vail Park and Recreation District be authorized to collect, retain, and spend all revenues and other funds, received from all sources, including without limitation the District's existing general operating property tax rate of 2.76 mills, which rate shall not be increased without voter approval, commencing January 1, 2002 and continuing thereafter until repealed, to be spent for general operations and capital improvements as a voter-approved revenue change, offset and exception to the limits with would otherwise apply under Article X, Section 20 of the Colorado Constitution or any other law, and as a permanent waiver of the 5.5% limitation under Section 29-1-301, C.R.S.?"

**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020  
(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)**

On May 4, 2004, the District's voters approved the following ballot question: "Shall Vail Park and Recreation District taxes be increased \$282,000 annually in the first full fiscal year, or by such amount as may be raised by the imposition of an additional ad valorem property tax rate of 0.527 mills commencing with the collection year beginning January 1, 2005 and continuing for a limited time thereafter for operating purposes restricted to the debt service on the District's enterprise revenue bond, series 2001, payable through the District's 2020 fiscal year at which time this additional mill levy authorization shall terminate; and shall the district be authorized to collect, retain and spend all tax revenue collected from such incremental property tax rate as a voter-approved revenue change, off-set and exception to the limits which would otherwise apply under Article X, Section 20 of the Colorado Constitution or any other law and as a permanent waiver of the 5.5% limitation under section 29-1-301, C.R.S.?"

On November 7, 2017, the District's voters approved the following ballot question: "Shall Vail Park and Recreation District ("VRD") taxes be increased by \$1,093,026 in 2018, and by such amounts as may be collected annually thereafter from a total levy of 3.760 mills (an increase of 1.000 mills, resulting in an expected 2018 annual tax increase of \$36 for a house worth \$500,000) for operating and capital expenses, including:

- To reduce the need for VRD to raise fees,
- To address the current major repair backlog to facilities and equipment, and
- To make VRD operations and facilities more environmentally friendly;

With VRD's entire operating mill levy rate subject to adjustment to offset refunds, abatement and changes to the percentage of actual valuation used to determine assessed valuation?"

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

At December 31, 2020 the District had no authorized but unissued debt.

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was at year end.

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.



**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020  
(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

At December 31, 2020, the District had the following recurring fair value measurements:

<u>Investments Measured at Net Asset Value</u>	
COLOTRUST	5,798,692
	5,798,692
Total Investments	\$5,798,692

*Interest Rate Risk.* As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

*Credit Risk.* The District's investment policy limits investments to those authorized by State statutes as listed in Note 1C. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

*Concentration of Credit Risk.* The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

*Local Government Investment Pool* – At December 31, 2020, the District had invested \$5,798,692 in the Colorado Government Liquid Asset Trust (“COLOTRUST”), referred to as the Trust. The Trust is an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds for investment purposes, and is registered with the State Securities Commissioner. It operates similarly to money market funds and each share is equal in value to \$1. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. The majority of securities owned by the Trust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify investments owned by the Trust. The Trust investments consist of U.S. Treasury and U.S. agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. agency securities. These investments are not categorized because the underlying securities cannot be determined.

**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020  
(Continued)**

**IV. Detailed Notes of All Funds (continued)**

**A. Deposits and Investments (continued)**

The District had the following cash and investments with the following maturities:

<u>Type</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Checking and savings	Not Rated	\$ 317,699	\$ 317,699	\$ -
<i>Investments:</i>				
COLOTRUST	AAAm	5,798,692	5,798,692	-
		<u>\$6,116,391</u>	<u>\$6,116,391</u>	<u>\$ -</u>

**Financial Statement Captions:**

Cash and cash equivalents - unrestricted	\$6,116,391
	<u>\$6,116,391</u>

**B. Interfund Receivables, Payables, and Transfers**

Transfers for 2020 were as follows:

<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 985,337
Enterprise Fund	General Fund	\$ 9,412
Business-type Activities	Governmental Activities	\$ (6,266,935)

The transfers were made to fund operations, fund advance repayments and to close the enterprise fund and move all assets and liabilities to the governmental activities, respectively.

There were no Interfund receivables or payables for 2020.

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**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020  
(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**C. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Transfer</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital assets, being depreciated:					
Building and improvements	\$ 552,671	\$ 13,528,018	\$ 31,494	\$ -	\$ 14,112,183
Equipment	940,512	1,989,787	7,426	(9,322)	2,928,403
Total capital assets, being depreciated	<u>1,493,183</u>	<u>15,517,805</u>	<u>38,920</u>	<u>(9,322)</u>	<u>17,040,586</u>
Less accumulated depreciation for:					
Building and improvements	(373,985)	(7,986,463)	(27,664)	-	(8,388,112)
Equipment	(466,550)	(1,215,025)	(96,633)	9,322	(1,768,886)
Total accumulated depreciation	<u>(840,535)</u>	<u>(9,201,488)</u>	<u>(124,297)</u>	<u>9,322</u>	<u>(10,156,998)</u>
Total capital assets, being depreciated, net	<u>652,648</u>	<u>6,316,317</u>	<u>(85,377)</u>	<u>-</u>	<u>6,883,588</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 652,648</u>	<u>\$ 6,316,317</u>	<u>\$ (85,377)</u>	<u>\$ -</u>	<u>\$ 6,883,588</u>
<b>Business-type Activities:</b>					
Capital assets, being depreciated:					
Building and improvements	13,340,515	(13,528,018)	203,102	(15,599)	-
Equipment	1,587,309	(1,989,787)	560,339	(157,861)	-
Total capital assets, being depreciated	<u>14,927,824</u>	<u>(15,517,805)</u>	<u>763,441</u>	<u>(173,460)</u>	<u>-</u>
Less accumulated depreciation for:					
Building and improvements	(7,433,232)	7,986,463	(561,030)	7,799	-
Equipment	(1,087,294)	1,215,025	(285,592)	157,861	-
Total accumulated depreciation	<u>(8,520,526)</u>	<u>9,201,488</u>	<u>(846,622)</u>	<u>165,660</u>	<u>-</u>
Total capital assets, being depreciated, net	<u>6,407,298</u>	<u>(6,316,317)</u>	<u>(83,181)</u>	<u>(7,800)</u>	<u>-</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 6,407,298</u>	<u>\$ (6,316,317)</u>	<u>\$ (83,181)</u>	<u>\$ (7,800)</u>	<u>\$ -</u>

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**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020  
(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**C. Capital Assets (continued)**

Depreciation expense was charged to functions of the District as follows:

**Governmental Activities:**

General administration	\$	10,149
Sports programs		6,463
Gymnastics		5,674
Community programs		21,833
Marketing		1,575
Nordic center		31,853
Park maintenance		37,115
Facilities maintenance		9,635
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$</b>	<b>124,297</b>

**Business-type Activities:**

Ice arena	\$	230,812
Golf		584,199
Tennis and pickleball		31,611
<b>Total Depreciation - Business-type Activities</b>	<b>\$</b>	<b>846,622</b>

**D. Long-term Obligations**

**1. Enterprise Revenue Bonds, Series 2001**

On September 25, 2001, the District advance refunded the Series 2000 Notes with Enterprise Revenue Bonds, Series 2001 (the "Bonds") in the principal amount of \$3,445,000. Interest is payable semiannually on March 1 and September 1 at rates varying between 2.7% and 4.75%. Proceeds of \$504,475 were received by the District in excess of the amounts necessary for refunding the Notes, issuance costs, and bond reserves and were used to complete improvements to the John Dobson Ice Arena.

Property tax collections beginning in 2006 from the election question approved by the voters on May 4, 2004 (see note III.B.) have been and will continue to be used to make all debt services payments on these bonds until the bonds are paid in full.

The District is required to maintain a debt service coverage ratio of Net Revenues after payment of expenses of the Park and Recreation Enterprise before depreciation and transfers to the annual debt service requirements of 1.5 times coverage.

**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020  
(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**D. Long-term Obligations (continued)**

**1. Enterprise Revenue Bonds, Series 2001 (continued)**

The District is required to maintain a Reserve Fund in an amount equal to the least of: i) maximum aggregate annual debt service on the Bonds, ii) 125% of average annual debt service with respect to Outstanding Bonds as of such date, or iii) 10% of the original principal amount of the Bonds. These Bonds were paid in full as of December 31, 2020.

**2. Changes in Long-term Obligations**

Long-term liability activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type Activities:</b>					
Enterprise revenue bonds, Series 2001	\$ 265,000	-	(265,000)	-	-

**V. Other Information**

**A. Risk Management**

The District is exposed to various risks of loss related to workers compensation; general liability, unemployment, torts, theft of, damage to, and destruction of assets; and errors and omissions. In addition, the District is exposed in the ordinary course of business to the risk of injury to persons attending or operating its recreational facilities and events. The District has acquired commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.

**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020  
(Continued)**

**V. Other Information (continued)**

**B. Management Agreement**

On January 24, 1989, the Town of Vail (the "Town") transferred management and the related revenue and operating costs of operations of all recreational services of the Town to the District. The agreement includes a license for the District to use the recreational facilities owned by the Town. The District is to pay all operating costs of the facilities. The agreement also provides that the Town transfer all personal property and vehicles for use during the lease. The District is to maintain this equipment. The Town is responsible for the debt service on the facilities. This agreement was amended on July 18, 2008 to better define the responsibilities for operations and cost sharing of deferred capital maintenance.

On May 3, 1994, the District's voters approved an increase in the District's mill levy and an equal decrease in the Town's mill levy by an amount approximately equal to the amount paid to the District by the Town in 1994.

**C. Conservation Trust**

The District received \$29,303 of Colorado lottery funds during 2020 based upon a formula considering population within the District. The funds are restricted under the State Conservation Trust Fund statutes to acquisition, development and maintenance of parks and recreation facilities. This revenue and the related expenditures are accounted for in the Enterprise Fund.

**D. Youth Recreation Private-Purpose Trust Fund**

In August 1997, the Slaughter family donated \$50,000 principal to remain invested in a trust fund. The income earned on the principal is to be used to provide financial aid to youth to influence the constructive development of leisure and recreation skills. The principal and income are being accounted for in a private-purpose trust fund. During 2020, the fund expended \$15,780 in recreation awards. At December 31, 2020, the fund had \$80,437 in investment and other earnings available for awards.

**E. Retirement Plans**

**1. Defined Contribution Pension Plan**

The District offers a defined contribution pension plan which covers all permanent paid employees for the District. The District established this qualified money purchase plan under IRC Section 401(a) and may amend all plan provisions.

Employees are eligible to participate in the plan from the date of employment or the effective date of the plan, January 1, 1983, whichever is later. For full-time regular employees hired prior to June 1, 1986, the plan provides for contributions to be made by the District of 17.6% of regular compensation. For employees hired after June 1, 1986, the District's contribution is 11.15% of regular compensation for the first year, and 16.15% thereafter. For full-time regular employees hired on or after January 1, 2003, the District will contribute 7.5% and match 100% of voluntary after-tax employee contributions by employees up to a maximum match of 5%.

**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020  
(Continued)**

**V. Other Information (continued)**

**E. Retirement Plans (continued)**

**1. Defined Contribution Pension Plan (continued)**

In the event of long-term disability of an employee, the District's disability insurance will continue to make contributions for the employee through age 60 at the rate on the date of disability.

For employees hired before July 1, 1986, vesting of the District's contributions to the employees is 77.5% after the first year of employment, with an additional vesting of 7.5% per year through the fourth year, when vesting is 100%. For employees hired after June 30, 1986, vesting of the District's contributions to the employees is 20% after the first year of employment, with additional vesting of 20% per year through the fifth year, when vesting is 100%. If an employee dies, becomes disabled, or attains age 60, their entire interest in the fund becomes vested; normal retirement age is 60 with early retirement at age 50 and four years of service.

The annual pension cost is the District's contributions less forfeitures from the prior year. The District's plan investments at December 31, 2020 of \$8,102,495 are stated at market value. All earnings, losses, expenses and changes in the fair market value of the trust fund will be apportioned at least annually among the participants in proportion to each participant's current share of the Trust Investment Fund. The District has no liability for unfunded future vested employee benefits.

The trustees and administrators of the plan are the Retirement Board. The Retirement Board determines how the plan's assets are to be invested in adherence to an adopted investment policy statement.

For 2020, the District contributed \$279,168 to this plan on behalf of participating employees while the District's employees contributed \$107,944.

The District may use the plan's forfeitures and revenue sharing proceeds to pay the costs of the plan or to fund employer contributions. The District's 2020 contributions include an increase of \$9,743 to forfeited and revenue sharing funds. The forfeitures and revenue sharing proceeds available for spending at December 31, 2020 totaled \$187,937.

**2. Deferred Compensation Plan**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

**Vail Park and Recreation District  
dba Vail Recreation District  
Notes to the Financial Statements  
December 31, 2020  
(Continued)**

**V. Other Information (continued)**

**E. Retirement Plans (continued)**

**2. Deferred Compensation Plan (continued)**

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries.

Plan investment purchases are determined by the plan participant and therefore, the plan's investment concentration varies between participants.

The District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

**F. Commitments and Contingencies - Legal Claims**

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2020.

**G. Vail Gymnastics Center - Town of Vail**

On March 27, 2005, the District entered into an agreement with the Town of Vail (the "Town") whereby the District will lease and operate Vail Gymnastics Center ("VGC"). The term of the agreement is for 10 years, commencing January 17, 2005 and terminating March 27, 2015. The agreement was renewed during 2015 for an additional 5 year term and can be renewed for additional 5 year terms upon written notice to the Town by the District.

The District will pay the Town an annual rental fee of \$10 for the first two terms of the agreement. In addition, the District will pay the Town \$500 monthly for a Capital Maintenance Fund to help offset the cost of major capital improvements for the VGC. The District is responsible for non-structural, non-capital repair and maintenance of the VGC. The Town is responsible for structural and major capital improvements.



**REQUIRED SUPPLEMENTARY INFORMATION**

**Vail Park and Recreation District  
dba Vail Recreation District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Governmental Fund - General Fund  
For the Year Ended December 31, 2020  
(With Comparative Actual Amounts for 2019)**

	<u>2020</u>		<u>Final Budget Variance Positive (Negative)</u>	<u>2019</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Property taxes	4,428,109	4,617,268	189,159	4,123,763
Specific ownership taxes	229,866	253,681	23,815	244,248
Delinquent taxes and interest	(61,049)	4,556	65,605	4,653
Sports programs	423,890	240,654	(183,236)	412,112
Gymnastics	282,620	179,526	(103,094)	244,162
Nordic center	660,800	871,945	211,145	660,093
Community programs	431,200	311,928	(119,272)	403,860
Investment and other income	79,000	102,447	23,447	126,678
<b>Total Revenues</b>	<u>6,474,436</u>	<u>6,582,005</u>	<u>107,569</u>	<u>6,219,569</u>
<b>Expenditures:</b>				
General administration	907,101	830,252	76,849	739,166
Sports programs	559,202	428,843	130,359	521,871
Gymnastics	359,009	335,846	23,163	331,730
Community programs	605,954	470,567	135,387	532,394
Public relations	398,589	292,784	105,805	374,458
Nature center	-	-	-	481
Nordic center	563,367	630,635	(67,268)	586,325
Park maintenance	295,676	283,733	11,943	226,556
Facilities maintenance	141,900	139,079	2,821	141,522
Capital projects	432,131	55,934	376,197	178,489
Treasurer's fees	139,689	138,668	1,021	123,855
Contingency	50,000	-	50,000	-
<b>Total Expenditures</b>	<u>4,452,618</u>	<u>3,606,341</u>	<u>846,277</u>	<u>3,756,847</u>
<b>Excess of Revenues Over Expenditures</b>	2,021,818	2,975,664	953,846	2,462,722
<b>Other Financing Sources (Uses):</b>				
Sale of assets	2,000	2,000	-	8,950
Advance repayments	(9,234)	(9,412)	(178)	(636)
Transfers out	(1,582,158)	(985,337)	596,821	(1,997,364)
<b>Total Other Financing (Uses)</b>	<u>(1,589,392)</u>	<u>(992,749)</u>	<u>596,643</u>	<u>(1,989,050)</u>
<b>Change in Fund Balance</b>	432,426	1,982,915	1,550,489	473,672
<b>Fund Balance - Beginning</b>	<u>3,959,573</u>	<u>4,248,997</u>	<u>289,424</u>	<u>3,775,325</u>
<b>Fund Balance - Ending</b>	<u>4,391,999</u>	<u>6,231,912</u>	<u>1,839,913</u>	<u>4,248,997</u>

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

**SUPPLEMENTARY INFORMATION**

**Vail Park and Recreation District**  
**dba Vail Recreation District**  
**Schedule of Revenues, Expenditures and Changes in Fund Net Position**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**Proprietary Fund - Enterprise Fund**  
**For the Year Ended December 31, 2020**  
**(With Comparative Actual Amounts for 2019)**

	<u>2020</u>		<u>Final Budget Variance Positive (Negative)</u>	<u>2019</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Operating Revenues:</b>				
<b>Charges for Goods and Services:</b>				
Dobson Ice Arena	911,435	536,304	(375,131)	882,654
Golf	1,240,000	1,481,426	241,426	1,232,332
Golf pro shop	318,100	301,189	(16,911)	317,541
Golf food and beverage	1,106,381	484,611	(621,770)	973,072
Tennis and pickleball	140,574	185,016	44,442	168,512
<b>Total Operating Revenues</b>	<u>3,716,490</u>	<u>2,988,546</u>	<u>(727,944)</u>	<u>3,574,111</u>
<b>Operating Expenditures:</b>				
Dobson Ice Arena	985,351	709,172	276,179	959,545
Golf	1,717,080	1,623,928	93,152	1,562,262
Golf pro shop - cost of goods sold	180,500	181,027	(527)	168,560
Golf food and beverage	820,824	633,920	186,904	782,681
Golf food and beverage - cost of goods sold	328,421	197,267	131,154	260,829
Tennis and pickleball	226,817	191,440	35,377	245,020
Contingency	150,000	-	150,000	-
<b>Total Operating Expenditures</b>	<u>4,408,993</u>	<u>3,536,754</u>	<u>872,239</u>	<u>3,978,897</u>
<b>Operating Income (Loss)</b>	<u>(692,503)</u>	<u>(548,208)</u>	<u>144,295</u>	<u>(404,786)</u>
<b>Non-operating Revenues (Expenditures):</b>				
Investment and other income	1,000	5,420	4,420	7,141
Property tax revenue	263,101	286,200	23,099	270,644
Specific ownership tax revenue	12,975	15,709	2,734	16,012
Treasurer's fees	(8,650)	(8,587)	63	(8,119)
Lottery revenue	32,000	29,303	(2,697)	32,742
Proceeds on sale of fixed assets	-	11,000	11,000	122,000
Capital outlay	(1,263,624)	(850,048)	413,576	(1,762,684)
Debt service on bonds	(272,456)	(271,956)	500	(270,975)
<b>Total Non-operating Revenues (Expenditures)</b>	<u>(1,235,654)</u>	<u>(782,959)</u>	<u>452,695</u>	<u>(1,593,239)</u>
<b>Gain (Loss) Before Transfers</b>	<u>(1,928,157)</u>	<u>(1,331,167)</u>	<u>596,990</u>	<u>(1,998,025)</u>
Transfers in	1,582,158	985,337	(596,821)	1,997,364
Advance repayments	9,234	9,412	178	636
<b>Total Transfers</b>	<u>1,591,392</u>	<u>994,749</u>	<u>(596,643)</u>	<u>1,998,000</u>
<b>Change in Net Position - Budget Basis</b>	<u>(336,765)</u>	<u>(336,418)</u>	<u>347</u>	<u>(25)</u>
<b>Reconciliation of Budget Basis to GAAP Basis:</b>				
Depreciation		(846,622)		(735,381)
Capitalized expenses		763,441		1,619,203
Capital transfer to Governmental Activities		(6,266,935)		-
Change in accrued compensated absences		(6,252)		(4,452)
Book value of asset disposed		(7,799)		(59,715)
Bond principal		265,000		250,000
Change in accrued interest payable		4,637		4,376
<b>Total adjustments to GAAP Basis:</b>		<u>(6,094,530)</u>		<u>1,074,031</u>
<b>Change in Net Position - GAAP Basis</b>		<u>(6,430,948)</u>		<u>1,074,006</u>
<b>Net Position - Beginning</b>		<u>6,430,948</u>		<u>5,356,942</u>
<b>Net Position - Ending</b>		<u>-</u>		<u>6,430,948</u>

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