



**Thompson Rivers Parks and  
Recreation District**

Financial Statements and Supplementary  
Information


For the Years Ended December 31, 2017 and 2016

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Office of the State Auditor

July 25, 2018



# Thompson Rivers Parks and Recreation District

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## Independent Auditor's Report

Board of Directors  
Thompson Rivers Parks and Recreation District  
Milliken, Colorado

We have audited the accompanying financial statements of the Thompson Rivers Parks and Recreation District (the "District") as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Thompson Rivers Parks and Recreation District as of December 31, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) on pages 22 and 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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.

*Anton Collins Mitchell LLP*

Greeley, Colorado  
July 24, 2018

**Thompson Rivers Parks and Recreation District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017**

Management's Discussion and Analysis (MD&A") is designed to provide an analysis of the Thompson River Parks and Recreation District's (the "District") financial condition and operating results and to also inform the reader on District financial issues and activities.

The MD&A should be read in conjunction with the District's basic financial statement (beginning on page 8).

**2017 Highlights - Business-Type Activities**

As of December 31, 2017, net position was \$4,485,720 or an increase of \$175,838 or 4% when compared to 2016.

Total operating revenue increased from \$215,182 during 2016, compared to \$228,106 in 2017.

Total operating expenses were \$1,444,384, an increase of \$35,112 from 2016.

Net capital assets were \$11,715,020 in 2017 compared to \$11,991,934 in 2016 for a net decrease of \$276,714 or 2%.

The District's long-term debt was \$7,662,024 as of December 31, 2017, as compared to \$8,019,975 as of December 31, 2016, a net decrease of principal in the amount of \$357,951 or 4%.

**Using this Annual Report**

The financial statements included in this annual report are those of a quasi-municipal corporation and a political subdivision of the State of Colorado engaged only in a business-type activity. As an enterprise fund, the District's basic financial statements include:

**Statements of Net Position** - reports the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (See page 8).

**Statements of Revenues, Expenses and Changes in Net Position** - reports the District's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions. (See page 9).

**Statements of Cash Flows** - reports the District's cash flows from operating activities, investing, capital and non-capital activities. (See page 10).

**Thompson Rivers Parks and Recreation District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017**

**Condensed Statements of Net Position**

	2017	2016
Current assets	\$1,779,891	\$1,277,277
Capital assets, net of accumulated depreciation	11,715,020	11,991,934
Other assets	114,000	169,000
<u>Total assets</u>	13,608,911	13,438,211
Current liabilities	499,469	449,029
Non-current liabilities	7,291,623	7,661,909
<u>Total liabilities</u>	7,791,092	8,110,938
Deferred inflows of resources	1,332,099	1,017,391
Net position		
Invested in capital assets, net of related debt	4,052,996	3,971,959
Restricted	53,833	73,561
Unrestricted	378,891	264,362
<u>Total net position</u>	\$4,485,720	\$4,309,882

The net position of the District increased to \$4,485,720 during 2017, an \$175,838 increase from 2016. Capital assets decreased in 2017 by \$276,714 to \$11,715,020 from 2016. The decrease was due to a combination of depreciation and a lack of significant new capital acquisitions.

**Thompson Rivers Parks and Recreation District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017**

**Review of Revenues**

	2017	2016
Operating Revenue	228,106	215,182
Non-Operating Revenues		
Property and specific ownership taxes	1,092,128	1,138,466
State lottery funds	116,803	121,011
Earnings on investments	1,448	1,625
Other income and capital contributions	472,749	1,093,571
Total non-operating revenues	1,683,128	2,354,673
Total revenues	1,911,234	2,568,855

Operating revenues increased slightly in 2017, the increase was due to an increase in program participation. Non-operating revenues decreased by \$671,545 or 28%. Other Income was unusually high in 2016 due to grants and financing associated with the construction of the Milliken Athletics Complex. 2017 numbers reflect more typical annual non-operating revenue.

The District's 2017 revenues were down \$658,621 from 2016. The decrease was due to a combination of a decrease in property tax received in 2017 and a lack of revenue (grants, refunding from financing) related to capital projects. The decline in oil and gas prices that negatively impacted the District's assessed value in 2017 were temporary and will likely recover in 2018 and 2019. Steady residential growth will likely be restrained by adjustments required by the Gallagher Amendment. District management projects modest revenue growth in 2018 and 2019, with increases in oil and gas and residential construction being restrained by adjustments to the residential tax assessment rate.

**Thompson Rivers Parks and Recreation District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017**

**Review of Expenses**

	<b>2017</b>	<b>2016</b>
District expenses		
Program costs	\$593,734	\$799,256
Administrative and operating costs	\$573,736	\$406,758
Depreciation	\$276,914	\$203,258
County treasurer fees	\$15,218	\$16,004
Interest expense	\$286,562	\$264,799
 Total	 \$1,746,164	 \$1,690,075

The District's total expenses for 2017 increased by \$56,089 or 3% from 2016. The increase was largely due to expenses related operations of the newly constructed Milliken Athletics Complex.

**Capital Contributions**

	<b>2017</b>	<b>2016</b>
Capital contributions	\$10,768	\$11,253

**Capital Assets**

	<b>2017</b>	<b>2016</b>
Land	\$1,673,100	\$1,673,100
Building	\$5,979,889	\$5,979,889
Land improvements	\$5,001,532	\$5,001,532
Vehicles and equipment	\$524,758	\$524,758
 <u>Total</u>	 \$13,179,279	 \$13,179,279

Due to a decreased assessed valuation and the large amount of capital projects and capital equipment purchased in recent years, the District did not plan or complete any capital projects or purchase any capital equipment in 2017.

**Thompson Rivers Parks and Recreation District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017**

**Economic and Other Factors**

Increased oil and gas production as well as slightly increased oil and gas market prices will have a positive effect on the Districts assessed valuation in 2018. Steady growth in residential construction coupled with dramatic increases in assessed residential property values will largely be offset by adjustments to the assessment rate at the state level. Additional adjustments to the assessment rate in 2019 (a non reassessment year) will likely have a negative effect on revenue in 2019. Continued population growth has provided a steady increase in participation numbers. The District will need to research options for additional programming space in 2018 and 2019.

**In 2018 the District's budget includes expenditures for:** The District increased the salary budget in 2018 to provide additional staffing in the athletics department, additional janitorial hours, and additional front desk hours. The District has also established a Capital Fund including line items for capital equipment purchases, capital maintenance, and capital improvements. The new fund will assist the District with meeting its strategic goals as well as goals outlined in its capital improvement and capital equipment plans.

**Financial Contract**

The District's financial statements are designed to present users (customers, citizens, creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information, please contact the District at 320 Centennial Drive, Milliken, Colorado 80543.

## **Basic Financial Statements**

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# Thompson Rivers Parks and Recreation District

## Statements of Net Position

<i>December 31,</i>	2017	2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 381,086	\$ 199,455
Property taxes receivable	1,336,574	1,017,391
Note receivable, current portion	55,000	55,000
Other receivables	2,931	1,131
Prepaid items	4,300	4,300
Total current assets	1,779,891	1,277,277
<b>Capital assets</b>		
Land	1,673,100	1,673,100
Building	5,979,889	5,979,889
Land improvements	5,001,532	5,001,532
Vehicles and equipment	524,758	524,758
Total capital assets	13,179,279	13,179,279
Less: accumulated depreciation	(1,464,259)	(1,187,345)
Total capital assets, net	11,715,020	11,991,934
<b>Other assets</b>		
Note receivable, net of current portion	110,000	165,000
Security deposit	4,000	4,000
Total assets	13,608,911	13,438,211
<b>Liabilities</b>		
<b>Current liabilities</b>		
Current portion of capital lease obligations	370,401	358,066
Accounts payable	6,868	2,168
Accrued wages and compensated absences payable	40,510	26,826
Accrued interest payable	81,690	61,969
Total current liabilities	499,469	449,029
<b>Noncurrent liabilities</b>		
Capital lease obligations, net of current portion	7,291,623	7,661,909
Total liabilities	7,791,092	8,110,938
<b>Deferred inflows of resources</b>		
Unearned revenue - property taxes	1,332,099	1,017,391
<b>Net position</b>		
Net investment in capital assets	4,052,996	3,971,959
Restricted:		
Emergencies	53,833	73,561
Unrestricted	378,891	264,362
Total net position	\$ 4,485,720	\$ 4,309,882

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

# Thompson Rivers Parks and Recreation District

## Statement of Revenues, Expenses and Changes in Net Position

<i>For the years ended December 31,</i>	2017	2016
<b>Operating revenues</b>		
Charges for services	\$ 228,106	\$ 215,182
<b>Operating expenses</b>		
Program costs	593,734	799,256
Administrative and operating costs	573,736	406,758
Depreciation	276,914	203,258
<b>Total operating expenses</b>	<b>1,444,384</b>	<b>1,409,272</b>
<b>Operating loss</b>	<b>(1,216,278)</b>	<b>(1,194,090)</b>
<b>Nonoperating revenues (expenses)</b>		
Property taxes	1,013,614	1,080,103
Conservation trust funds	116,803	121,011
Other nonoperating revenues	472,749	1,096,770
Specific ownership taxes	78,514	58,363
Interest	1,448	1,625
County treasurer fees	(15,218)	(16,004)
Interest expense	(286,562)	(264,799)
<b>Total nonoperating revenues (expenses)</b>	<b>1,381,348</b>	<b>2,077,069</b>
<b>Income before contributions</b>	<b>165,070</b>	<b>882,979</b>
Capital contributions	10,768	11,253
<b>Change in net position</b>	<b>175,838</b>	<b>894,232</b>
Net position at beginning of year	4,309,882	3,415,650
<b>Net position at end of year</b>	<b>\$ 4,485,720</b>	<b>\$ 4,309,882</b>

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

# Thompson Rivers Parks and Recreation District

## Statements of Cash Flows

<i>For the years ended December 31,</i>	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 226,306	\$ 216,348
Cash paid to suppliers	(613,327)	(634,295)
Cash paid to employees	(535,759)	(565,562)
<b>Net cash flows from operating activities</b>	<b>(922,780)</b>	<b>(983,509)</b>
<b>Cash flow from noncapital financing activities</b>		
Property and specific ownership taxes	1,087,653	1,138,466
Conservation trust funds	116,803	121,011
Other nonoperating revenues	472,749	1,096,770
Treasurer fees	(15,218)	(16,004)
<b>Net cash flows from noncapital financing activities</b>	<b>1,661,987</b>	<b>2,340,243</b>
<b>Cash flows from capital and related financing activities</b>		
Principal payments on capital lease obligations	(357,951)	(345,302)
Acquisition of capital assets	-	(3,113,685)
Change in restricted cash	-	2,142,680
Payments received from notes receivable	55,000	55,000
Capital contributions	10,768	11,253
Interest paid	(266,841)	(279,496)
<b>Net cash flows from capital and related financing activities</b>	<b>(559,024)</b>	<b>(1,529,550)</b>
<b>Cash flows from investing activities</b>		
Interest	1,448	1,625
<b>Net cash flows from investing activities</b>	<b>1,448</b>	<b>1,625</b>
<b>Net change in cash and cash equivalents</b>	<b>181,631</b>	<b>(171,191)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>199,455</b>	<b>370,646</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 381,086</b>	<b>\$ 199,455</b>
<b>Reconciliation of operating loss to net cash flows from operating activities:</b>		
Operating loss	\$ (1,216,278)	\$ (1,194,090)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	276,914	203,258
Changes in operating assets and liabilities:		
Other receivables	(1,800)	1,166
Accounts payable	4,700	192
Accrued wages payable	13,684	5,965
<b>Net cash flows from operating activities</b>	<b>\$ (922,780)</b>	<b>\$ (983,509)</b>

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies

#### *Form of Organization*

Thompson Rivers Parks and Recreation District (the “District”) is organized under the provisions of Section 32-1-305 (6) of the Colorado Revised Statutes (“C.R.S.”). It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof, which includes the power to levy taxes against property within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District applies all applicable GASB pronouncements. The District’s significant accounting policies are described below.

#### *Financial Reporting Entity*

In conformity with GASB financial reporting standards, the District is the reporting entity for financial reporting purposes. The District is the primary government financially accountable for all activities of the District. The District meets the criteria of a primary government: its Board of Directors is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other governmental reporting entity.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit’s governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointment by a higher level of government, or (3) a jointly appointed board.

Based on the above criteria, there are no other organizations that would be considered component units of the District. The District meets the criteria of an “other stand alone government.”

#### *Basic Financial Statements*

The District is a special-purpose government engaged only in business-type activities. As such, enterprise fund financial statements are presented.

#### *Basis of Accounting*

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Total net position is

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

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segregated into net investment in capital assets, restricted for emergencies, restricted for debt service, and unrestricted net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

### ***Budgets and Budgetary Accounting***

An annual budget and appropriation resolution is adopted by the Board of Directors (the “Board”) in accordance with state statutes. The budget is prepared on a basis consistent with GAAP, except that capital asset additions and principal payments are budgeted as expenditures and debt proceeds are budgeted as revenues.

1. On or about October 15, the District staff submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at regular Board meetings to obtain taxpayer comments.
3. Prior to December 15, the budget is legally adopted by the Board.
4. Unused appropriations lapse at the end of each year.

Following is a summary of the original budget, total revisions and revised budget for the District for the year ended December 31, 2017:

	Original Budget	Total Revisions	Revised Budget
Thompson Rivers Parks and Recreation District	\$ 1,717,684	-	\$ 1,717,684

### ***Cash and Cash Equivalents***

The District considers all highly liquid investments with original maturities of three months or less, which are available for operating expenditures, to be cash equivalents.

### ***Revenue Recognition and Receivables***

Operating revenues are those revenues that are generated directly from the primary activity of the District. These revenues are for recreational programs and classes which are earned as the service is provided. The District is responsible for billing and collection of these charges on a monthly basis. All revenues not meeting these definitions are reported as nonoperating revenues. Receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. No amounts were determined to be uncollectible at December 31, 2017 or 2016, respectively.

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

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Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The county treasurer bills and collects property taxes for all taxing entities within the county. Property tax receipts collected by the county treasurer each month are remitted to the District by the tenth day of the subsequent month.

### ***Operating Revenues and Expenses***

The District distinguishes between operating revenues and expenses and non-operating items in the statements of revenues, expenses and changes in net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing recreational services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

### ***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

### ***Capital Assets***

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed.

Depreciation of capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Description	Years
Land	n/a
Land improvements	20 - 50 years
Equipment	5 - 20 years
Vehicles	4 - 7 years

### ***Accrued Compensated Absences Payable***

Obligations associated with the District's vacation policy are recorded as a liability and expensed when earned to the extent that such benefits vest to the employee. The amount of the accrued and unpaid balance due under this policy is considered a long-term liability. The District had approximately \$30,000 and \$18,000 for accrued compensated absences at December 31, 2017 and 2016 respectively.

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

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### *Net position*

Net position is classified in the following categories:

**Net Investment in Capital Assets** - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

**Restricted Net Position** - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Position** - This category represents the net position of the District, which is not restricted for any project or other purpose. A deficit will require future funding.

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.

### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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 and such differences could be material.

### *Reclassifications*

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net income.

## **2. Cash and Investments**

### *Custodial Credit Risk - Deposits*

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation ("FDIC") to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2017 and 2016, the District had deposits with a financial institution with a carrying amount of \$376,275 and \$197,207, respectively. The bank balances with the financial institution were \$376,224 and \$205,935, respectively, of which, \$250,000 and \$205,935, respectively, was covered by federal depository insurance, with the excess in 2017 covered by PDPA.

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

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### *Investments*

C.R.S. specifies investment instruments meeting defined rating and risk criteria in which special districts may invest, which include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

District policy is to hold investments until maturity.

### *Interest Rate Risk*

The District does not have a formal written investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; however, the District adheres to state statutes. C.R.S. limits investment maturities to five years or less from the date of purchase. This limit on investments is a means of limiting exposure to fair value losses arising from increasing interest rates.

### *Custodial Credit Risk - Investments*

Custodial credit risk of investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2017 and 2016, the District held no investments.

Cash and cash equivalents, held by the District at December 31, 2017 and 2016 were as follows:

	2017	2016
Cash held by county treasurer	\$ 4,811	\$ 2,248
Cash on deposit with financial institutions	376,275	197,207
Total cash and cash equivalents	\$ 381,086	\$ 199,455

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

### 3. Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,673,100	\$ -	\$ -	\$ 1,673,100
<b>Total capital assets, not being depreciated</b>	<b>1,673,100</b>	<b>-</b>	<b>-</b>	<b>1,673,100</b>
Capital assets, being depreciated:				
Land improvements	5,001,532	-	-	5,001,532
Building	5,979,889	-	-	5,979,889
Vehicles and equipment	524,758	-	-	524,758
<b>Total capital assets, being depreciated</b>	<b>11,506,179</b>	<b>-</b>	<b>-</b>	<b>11,506,179</b>
Less: accumulated depreciated				
Land improvements	(869,975)	(103,163)	-	(973,138)
Building	(29,899)	(119,598)	-	(149,497)
Vehicles and equipment	(287,471)	(54,153)	-	(341,624)
<b>Total accumulated depreciation</b>	<b>(1,187,345)</b>	<b>(276,914)</b>	<b>-</b>	<b>(1,464,259)</b>
<b>Total capital assets, being depreciated, net</b>	<b>10,318,834</b>	<b>(276,914)</b>	<b>-</b>	<b>10,041,920</b>
<b>Capital assets, net</b>	<b>\$ 11,991,934</b>	<b>\$ (276,914)</b>	<b>\$ -</b>	<b>\$ 11,715,020</b>

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

Capital asset activity for the year ended 16 December  
31, 2016, was as follows:

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance (Restated)
Capital assets, not being depreciated:				
Land	\$ 1,673,100	\$ -	\$ -	\$ 1,673,100
Construction in Progress	2,921,647	-	(2,921,647)	-
Capital assets, not being depreciated:	4,594,747	-	(2,921,647)	1,673,100
Capital assets, being depreciated:				
Land improvements	5,001,532	-	-	5,001,532
Building	-	5,979,889	-	5,979,889
Vehicles and equipment	469,315	55,443	-	524,758
Total capital assets, being depreciated	5,470,847	6,035,332	-	11,506,179
Less: accumulated depreciated				
Land improvements	(766,812)	(103,163)	-	(869,975)
Building	-	(29,899)	-	(29,899)
Vehicles and equipment	(217,275)	(70,196)	-	(287,471)
Total accumulated depreciation	(984,087)	(203,258)	-	(1,187,345)
Total capital assets, being depreciated, net	4,486,760	5,832,074	-	10,318,834
Capital assets, net	\$ 9,081,507	\$ 5,832,074	\$ (2,921,647)	\$ 11,991,934

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

### 4. Long-Term Debt

A summary of the District's long-term debt as of December 31, 2017 and 2016, is as follows:

	2017	2016
<b>Capital Leases</b>		
\$1,392,000 October 1, 2015, capital lease with a financial institution, due in semi-annual installments of \$49,421 through October 2021. The interest rate is initially set at 3.25%. The lease is collateralized by land.	\$ 1,283,210	\$ 1,339,050
\$163,136 May 19, 2015, capital lease with the financial institution, due in monthly installments of \$3,002 through May 2020. The interest rate is 3.97%. The lease is collateralized by vehicles and equipment.	82,861	114,930
\$7,063,018 September 5, 2014, capital lease with a financial institution, due in semi-annual installments of \$244,961 through April 1, 2021 with a balloon payment of \$5,275,450 due October 1, 2021. The interest rate is initially set at 3.38%. The lease proceeds were used to payoff the 2011 capital lease, escrow monies for the construction of the Milliken Athletic Complex and pay the issuance costs of this agreement. The lease is collateralized by the Nelson ballfield property and the Milliken Athletic Complex.	6,295,953	6,565,995
<b>Total long-term debt</b>	<b>\$ 7,662,024</b>	<b>\$ 8,019,975</b>

A summary of changes in debt for the year ended December 31, 2017, is as follows:

	Beginning Balance	Additions	Debt Retired	Ending Balance	Due Within One Year
Capital Leases	\$ 8,019,975	\$ -	\$ 357,951	\$ 7,662,024	\$ 370,401

A summary of changes in debt for the year ended December 31, 2016, is as follows:

	Beginning Balance	Additions	Debt Retired	Ending Balance	Due Within One Year
Capital Leases	\$ 8,365,277		\$ 345,302	\$ 8,019,975	\$ 358,066

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

The annual requirements to amortize all debt outstanding as of December 31, 2017, are as

follows:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 370,401	\$ 254,390	\$ 624,791
2019	383,162	241,629	624,791
2020	375,113	228,636	603,749
2021	6,533,348	216,290	6,749,638
Totals	\$ 7,662,024	\$ 940,945	\$ 8,602,969

The book value of assets acquired through capital lease is as follows:

Land	\$ 500,000
Land improvements	4,437,124
Vehicles and technology equipment	127,371
Less: accumulated depreciation	(1,047,394)
Total	\$ 4,017,101

The Company's credit agreement with the bank contains certain financial covenants that require, among other things, maintenance of minimum amounts in cash; submission of audited financial statements within 210 days after year end; and requires approval for new debt. The district is in compliance with these financial covenants.

### 5. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors and omissions; or natural disasters. The District is a member of the Colorado Special Districts Property and Liability Pool (the "Pool"). The Pool is an organization composed of approximately 1,100 members created by an intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials' liability, and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability and public officials' coverage for claims up to \$1,000,000.

At December 31, 2017, the date of the most recent audited financial statements, the Pool had assets of \$56,602,888, liabilities of \$30,815,521 and members' equity \$25,787,367. The liability amount includes no long-term debt. Total revenue for 2017 amounted to \$20,082,198 and total expenses were \$18,721,378, resulting in an excess of expenses over revenues of \$1,360,820. The net increase in members' equity during 2017 was \$1,898,813, which includes a decrease in non-admitted assets of \$93,503. The District's share of these amounts is less than 1%.

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

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### 6. Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the "Plan"). The Plan, available to all full time District employees, permits them to defer a portion of their salary until future years. The District may elect to make a discretionary matching contribution. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. For the years ended December 31, 2017 and 2016, the District contributed \$6,050 and \$5,740 respectively.

The Plan complies with Section 457 of the Internal Revenue Code, whereby, trust provisions are incorporated so that plan assets are held to trust for the exclusive benefit of participants and their beneficiaries. As a result, as of December 31 2017, the assets and liabilities of the deferred compensation plan are not included in the accompanying financial statements.

### 7. TABOR Compliance

In November 1992, Colorado voters passed an amendment (the "Amendment" or "TABOR") to the State Constitution (Article X, Section 20), which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources, such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt.

Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, 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). The District has restricted \$53,833 and \$73,561 as of December 31, 2017 and 2016, respectively, for emergencies as defined by the Amendment.

The District believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

On November 7, 1996, the citizens of the District approved a ballot question which allows the District to "collect and retain, and expend the full amount of revenues generated during fiscal year 1996 and each subsequent year from payments of property taxes, to include but not limited to, payments from users fees, engineering fees, legal fees, and any other fees; such increase in revenues and spending in each fiscal year thereafter to be in excess of any revenue or spending limit otherwise applicable, withholding any limitation or condition, and without limiting the collection or spending of any other revenues of funds by the District, under Article X, Section 20 of the Colorado Constitution or any other law."

### 8. Note Receivable

On March 2, 2015 the District sold a piece of land for \$330,000. The District received cash of \$55,000 and had a note receivable of \$275,000. The District also paid \$1,251 in closing fees. The District will receive annual installments of \$55,000 in June for five years. Once all 5 payments have been made, no other obligations exist for either party. Management has determined imputed interest to be immaterial,

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

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therefore the balance does not reflect this adjustment. Ending balance of the receivable is \$165,000 and \$220,000 for 2017 and 2016 respectively.

### **9. Subsequent Events**

Management of the District has evaluated subsequent events through July 24, 2018, the date that the financial statements were available to be issued. No transactions or events that would require adjustment to or disclosure in the financial statements were identified.

## Other Supplementary Information

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# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

	2017				
	Budgeted Amounts		Actual	Variance with Final Budget	2016 Actual
	Original	Final		Positive (Negative)	
<b>Revenues</b>					
<b>Operating revenues</b>					
Charges for services	\$ 190,200	\$ 190,200	\$ 228,106	\$ 37,906	\$ 215,182
<b>Nonoperating revenues</b>					
Property taxes	1,017,384	1,017,384	1,013,614	(3,770)	1,080,103
Conservation trust funds	100,000	100,000	116,803	16,803	121,011
Specific ownership taxes	66,000	66,000	78,514	12,514	58,363
Other nonoperating revenues	332,000	332,000	472,749	140,749	1,096,770
Grants and contributions	10,750	10,750	10,768	18	11,253
Interest	1,350	1,350	1,448	98	1,625
<b>Total nonoperating revenues</b>	<b>1,527,484</b>	<b>1,527,484</b>	<b>1,693,896</b>	<b>166,412</b>	<b>2,369,125</b>
<b>Total revenues</b>	<b>1,717,684</b>	<b>1,717,684</b>	<b>1,922,002</b>	<b>204,318</b>	<b>2,584,307</b>
<b>Expenditures</b>					
<b>Program costs</b>					
Communication	5,600	5,600	9,826	(4,226)	10,163
Continuing education	3,300	3,300	2,276	1,024	3,392
Employee benefits	44,098	44,098	41,497	2,601	49,329
League fees	1,100	1,100	1,770	(670)	1,380
Other	-	-	1,057	(1,057)	648
Repairs and maintenance	44,500	44,500	49,586	(5,086)	53,401
Salaries	237,801	237,801	248,673	(10,872)	450,048
Supplies	65,550	65,550	86,565	(21,015)	80,650
Temporary help	59,350	59,350	67,181	(7,831)	55,013
Travel and meetings	2,000	2,000	1,398	602	1,322
Uniforms	16,600	16,600	17,560	(960)	16,944
Utilities	64,000	64,000	66,345	(2,345)	76,966
Workers' compensation insurance	9,545	9,545	9,544	1	10,341
<b>Total program costs</b>	<b>553,444</b>	<b>553,444</b>	<b>603,278</b>	<b>(49,834)</b>	<b>809,597</b>
<b>Administrative and operating costs</b>					
Accounting	25,000	25,000	26,908	(1,908)	25,421
Advertising	2,500	2,500	2,621	(121)	2,767
Attorney	6,000	6,000	6,122	(122)	7,522
Board expense	1,600	1,600	1,221	379	1,507
Board member compensation	6,000	6,000	5,900	100	6,000

(Continued)

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

	2017				2016 Actual			
	Budgeted Amounts		Actual	Variance with Final Budget				
	Original	Final		Positive (Negative)				
Expenditures (Continued)								
Communication	9,211	9,211	9,211	-	9,961			
Computer expense	2,500	2,500	4,117	(1,617)	4,875			
Continuing education	3,500	3,500	3,456	44	1,564			
Contracted services	12,000	12,000	8,779	3,221	8,542			
Copying	8,500	8,500	6,368	2,132	8,669			
Election expense	-	-	-	-	11,253			
Employee benefits	16,957	16,957	16,759	198	12,226			
Fees/licenses/permits	23,000	23,000	25,435	(2,435)	23,537			
Interest expense	268,433	268,433	286,562	(18,129)	264,799			
Liability insurance	20,500	20,500	19,802	698	20,269			
Office/administrative	-	-	949	(949)	16,400			
Office supplies	39,031	39,031	55,060	(16,029)	48,170			
Payroll taxes	45,981	45,981	44,331	1,650	45,140			
Postage	250	250	130	120	144			
Principal paid	320,477	320,477	357,951	(37,474)	345,302			
Salaries	294,600	294,600	294,870	(270)	115,479			
Travel and meetings	2,000	2,000	935	1,065	1,787			
Utilities	40,000	40,000	31,218	8,782	25,184			
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Total administrative and operating costs	1,148,040	1,148,040	1,208,705	(60,665)	1,006,518			
County treasurer fees	16,200	16,200	15,218	982	16,004			
Capital outlay	-	-	-	-	3,113,685			
<hr/>								
Total expenditures	1,717,684	1,717,684	1,827,201	(109,517)	4,945,804			
<hr/>								
<b>Change in net position budgetary basis</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>94,801</b>	<b>\$</b>	<b>313,835</b>	<b>(2,361,497)</b>
<hr/>								
<b>Reconciling items to GAAP change in net position</b>								
Depreciation			(276,914)		(203,258)			
Capital outlay			-		3,113,685			
Principal paid			357,951		345,302			
<b>Change in net position</b>			<b>\$ 175,838</b>		<b>\$ 894,232</b>			

*See accompanying Independent Auditor's Report.*