



# Thompson Rivers Parks and Recreation District

Financial Statements and Supplementary  
Information

For the Years Ended December 31, 2018 and 2017



# 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, 2018 and 2017, 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, 2018 and 2017, 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 21 and 22 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.

*ACM LLP*

Greeley, Colorado  
July 24, 2019

**Thompson Rivers Parks and Recreation District  
Management's Discussion and Analysis  
For the Years Ended December 31, 2018 and 2017**

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

The MD&A should be read in conjunction with the District's basic financial statement (beginning on page 7).

**2018 Highlights - Business-Type Activities**

As of December 31, 2018, net position was \$4,638,265 or an increase of \$152,545 when compared to 2017.

Total operating revenue decreased slightly to \$225,984 during 2018, compared to \$228,106 in 2017.

Total operating expenses were \$1,730,501, an increase of \$286,117 from 2017.

Net capital assets decreased year over year with a value of \$11,531,358 at December 31, 2018, compared to \$11,715,020 at December 31, 2017.

The District's long-term debt was \$7,286,900 at the end of the 2018 fiscal year, a decrease from \$7,662,024 as of December 31, 2017.

**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 7).

**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 8).

**Statements of Cash Flows** - reports the District's cash flows from operating activities, investing, capital and non-capital activities (see page 9).

**Thompson Rivers Parks and Recreation District  
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For the Years Ended December 31, 2018 and 2017**

**Condensed Statements of Net Position**

	<b>2018</b>	<b>2017</b>
Current assets	2,003,081	1,779,891
Capital assets, net of accumulated depreciation	11,531,358	11,715,020
Other assets	59,000	114,000
<u>Total assets</u>	13,593,439	13,608,911
Current liabilities	502,549	499,469
Non-current liabilities	6,903,738	7,291,623
<u>Total liabilities</u>	7,406,287	7,791,092
Deferred inflows of resources	1,548,887	1,332,099
Net position		
Invested in capital assets, net of related debt	4,244,458	4,052,996
Restricted	58,068	53,833
Unrestricted	335,739	378,891
<u>Total net position</u>	4,638,265	4,485,720

The net position of the District increased to \$4,638,265 during 2018, a \$152,545 increase from 2017. Capital assets decreased in 2018 by \$183,662 to \$11,531,358 from 2017. The decrease was due to a combination of depreciation and a lack of significant new capital acquisitions.

**Review of Revenues**

	<b>2018</b>	<b>2017</b>
<u>District revenues</u>	225,984	228,106
<u>Non-operating revenues</u>		
Property and specific ownership taxes	1,430,259	1,092,128
State lottery funds	123,099	116,803
Earnings on investments	1,471	1,448
Other income and capital contributions	277,902	472,749
Total non-operating revenues	1,832,731	1,683,128
<u>Total revenues</u>	2,058,715	1,911,234

Operating revenues declined slightly in 2018. Non-operating revenues increased by \$149,603. The increase was due to an increase in the District's assessed valuation.

**Thompson Rivers Parks and Recreation District  
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The District's 2018 total revenues were up \$147,481 over 2017.

Steady residential growth will likely be restrained by adjustments required by the Gallagher Amendment. District management projects modest revenue growth in 2019 and 2020, with increases in oil and gas and residential construction being restrained by adjustments to the residential tax assessment rate.

**Review of Expenses**

	<b>2018</b>	<b>2017</b>
<u>District expenses</u>		
Program costs	682,107	593,734
Administrative and operating costs	780,379	573,736
Depreciation	268,015	276,914
County treasurer fees	20,003	15,218
Interest expense	228,633	286,562
 <u>Total</u>	 1,979,137	 1,746,164

The District's total expenses for 2018 increased by \$232,973 from 2017. The increase was due to expenses related to additional staffing, the new leased facility in Johnstown, and increased capital maintenance at aging facilities.

**Capital Contributions**

	<b>2018</b>	<b>2017</b>
Capital contributions	72,967	10,768

**Capital Assets (Net of Depreciation)**

	<b>2018</b>	<b>2017</b>
Land	1,673,100	1,673,100
Land improvements	3,990,157	4,028,394
Building	5,710,794	5,830,392
Vehicles and equipment	157,307	183,134
 <u>Total</u>	 11,531,358	 11,715,020

**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 2019. 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 2020 will likely have a negative effect on revenue, though property values are anticipated to rise by 20% offsetting adjustments to The assessment formula. Continued population growth has provided a steady increase in participation numbers however the construction of a YMCA in Johnstown will have a negative effect on participation numbers beginning in 2019.

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**In 2019, the District's budget includes expenditures for:** an increase in salary budget to provide additional staffing in the admin department (marketing and special events), as well as additional maintenance hours, and additional front desk hours. The District will also continue to invest in its Capital Fund, including line items for capital equipment purchases, capital maintenance, and capital improvements. The fund will assist the District with meeting its strategic goals, as well as goals outlined in its capital improvement and capital equipment plans. Goals outlined in the improvement plan will be revisited in 2019 and 2020.

**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>	2018	2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 319,966	\$ 381,086
Property taxes receivable	1,547,117	1,336,574
Note receivable, current portion	55,000	55,000
Other receivables	76,698	2,931
Prepaid items	4,300	4,300
Total current assets	2,003,081	1,779,891
<b>Capital assets</b>		
Land	1,673,100	1,673,100
Building	5,979,889	5,979,889
Land improvements	5,067,280	5,001,532
Vehicles and equipment	536,287	524,758
Total capital assets	13,256,556	13,179,279
Less: accumulated depreciation	(1,725,198)	(1,464,259)
Total capital assets, net	11,531,358	11,715,020
<b>Other assets</b>		
Note receivable, net of current portion	55,000	110,000
Security deposit	4,000	4,000
<b>Total assets</b>	<b>13,593,439</b>	<b>13,608,911</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Current portion of capital lease obligations	383,162	370,401
Accounts payable	10,161	6,868
Accrued wages and compensated absences payable	48,571	40,510
Accrued interest payable	60,655	81,690
Total current liabilities	502,549	499,469
<b>Noncurrent liabilities</b>		
Capital lease obligations, net of current portion	6,903,738	7,291,623
<b>Total liabilities</b>	<b>7,406,287</b>	<b>7,791,092</b>
<b>Deferred inflows of resources</b>		
Unearned revenue - property taxes	1,548,887	1,332,099
<b>Net position</b>		
Net investment in capital assets	4,244,458	4,052,996
Restricted:		
Emergencies	58,068	53,833
Unrestricted	335,739	378,891
<b>Total net position</b>	<b>\$4,638,265</b>	<b>\$ 4,485,720</b>

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

# Thompson Rivers Parks and Recreation District

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

<i>For the years ended December 31,</i>	2018	2017
<b>Operating revenues</b>		
Charges for services	\$ 225,984	\$ 228,106
<b>Operating expenses</b>		
Program costs	682,107	593,734
Administrative and operating costs	772,555	573,736
Depreciation	268,016	276,914
<b>Total operating expenses</b>	<b>1,722,678</b>	<b>1,444,384</b>
<b>Operating loss</b>	<b>(1,496,694)</b>	<b>(1,216,278)</b>
<b>Nonoperating revenues (expenses)</b>		
Property taxes	1,330,311	1,013,614
Conservation trust funds	123,099	116,803
Other nonoperating revenues	277,902	472,749
Specific ownership taxes	99,948	78,514
Earnings from investments	1,471	1,448
County treasurer fees	(20,003)	(15,218)
Loss on disposal of capital assets	(7,823)	-
Interest expense	(228,633)	(286,562)
<b>Total nonoperating revenues (expenses)</b>	<b>1,576,272</b>	<b>1,381,348</b>
<b>Income before contributions</b>	<b>79,578</b>	<b>165,070</b>
Capital contributions	72,967	10,768
<b>Change in net position</b>	<b>152,545</b>	<b>175,838</b>
Net position at beginning of year	4,485,720	4,309,882
<b>Net position at end of year</b>	<b>\$ 4,638,265</b>	<b>\$ 4,485,720</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>	2018	2017
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 152,217	\$ 226,306
Cash paid to suppliers	(825,660)	(613,327)
Cash paid to employees	(617,648)	(535,759)
Net cash flows from operating activities	(1,291,091)	(922,780)
<b>Cash flow from noncapital financing activities</b>		
Property and specific ownership taxes	1,436,504	1,087,653
Conservation trust funds	123,099	116,803
Other nonoperating revenues	277,902	472,749
Treasurer fees	(20,003)	(15,218)
Net cash flows from noncapital financing activities	1,817,502	1,661,987
<b>Cash flows from capital and related financing activities</b>		
Principal payments on capital lease obligations	(375,124)	(357,951)
Acquisition of capital assets	(92,177)	-
Payments received from notes receivable	55,000	55,000
Capital contributions	72,967	10,768
Interest paid	(249,668)	(266,841)
Net cash flows from capital and related financing activities	(589,002)	(559,024)
<b>Cash flows from investing activities</b>		
Interest	1,471	1,448
Net cash flows from investing activities	1,471	1,448
Net change in cash and cash equivalents	(61,120)	181,631
Cash and cash equivalents at beginning of year	381,086	199,455
Cash and cash equivalents at end of year	\$ 319,966	\$ 381,086
<b>Reconciliation of operating loss to net cash flows from operating activities:</b>		
Operating loss	\$ (1,496,694)	\$ (1,216,278)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	268,016	276,914
Changes in operating assets and liabilities:		
Other receivables	(73,767)	(1,800)
Accounts payable	3,293	4,700
Accrued wages payable	8,061	13,684
Net cash flows from operating activities	\$ (1,291,091)	\$ (922,780)

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

# 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 segregated into net

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

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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, 2018:

	Original Budget	Total Revisions	Revised Budget
Thompson Rivers Parks and Recreation District	\$ 2,078,410	-	\$ 2,078,410

### *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, 2018 or 2017, 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
Vehicles & Equipment	4 - 20 years
Building	50 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 \$32,000 and \$30,000 for accrued compensated absences at December 31, 2018 and 2017 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.

## 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, 2018 and 2017, the District had deposits with two financial institutions with a carrying amount of \$316,846 and \$376,275 respectively. The bank balances with the financial institutions were \$310,851 and \$376,224, respectively, of which, \$310,851 and \$250,000 respectively, was covered by federal depository insurance, with the excess in 2018 and 2017 covered by PDPA.

### *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

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

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- 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, 2018 and 2017, the District held no investments.

Cash and cash equivalents held by the District at December 31, 2018 and 2017 were as follows:

	2018	2017
Cash held by county treasurer	\$ 3,120	\$ 4,811
Cash on deposit with financial institutions	316,846	376,275
Total cash and cash equivalents	\$ 319,966	\$ 381,086

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

### 3. Capital Assets

Capital asset activity for the year ended December 31, 2018, 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	65,748	-	5,067,280
Building	5,979,889	-	-	5,979,889
Vehicles and equipment	524,758	26,429	(14,900)	536,287
<b>Total capital assets, being depreciated</b>	<b>11,506,179</b>	<b>92,177</b>	<b>(14,900)</b>	<b>11,583,456</b>
Less: accumulated depreciated				
Land improvements	(973,138)	(103,985)	-	(1,077,123)
Building	(149,497)	(119,598)	-	(269,095)
Vehicles and equipment	(341,624)	(44,433)	7,077	(378,980)
<b>Total accumulated depreciation</b>	<b>(1,464,259)</b>	<b>(268,016)</b>	<b>7,077</b>	<b>(1,725,198)</b>
<b>Total capital assets, being depreciated, net</b>	<b>10,041,920</b>	<b>(175,839)</b>	<b>(7,823)</b>	<b>9,858,258</b>
<b>Capital assets, net</b>	<b>\$ 11,715,020</b>	<b>\$(175,839)</b>	<b>\$ (7,823)</b>	<b>\$ 11,531,358</b>

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

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
Capital assets, not being depreciated:	1,673,100	-	-	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	524,758	-	-	524,758
Total capital assets, being depreciated	11,506,179	-	-	11,506,179
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)
Total accumulated depreciation	(1,187,345)	(276,914)	-	(1,464,259)
Total capital assets, being depreciated, net	10,318,834	(276,914)	-	10,041,920
Capital assets, net	\$ 11,991,934	\$ (276,914)	\$ -	\$ 11,715,020

# 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, 2018 and 2017, is as follows:

	2018	2017
<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.	\$1,225,608	\$ 1,283,210
\$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.	49,604	82,861
\$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.	6,011,688	6,295,953
<b>Total long-term debt</b>	<b>\$7,286,900</b>	<b>\$ 7,662,024</b>

A summary of changes in debt for the year ended December 31, 2018, is as follows:

	Beginning Balance	Additions	Debt Retired	Ending Balance	Due Within One Year
Capital Leases	\$7,662,024	\$ -	\$ 375,124	\$ 7,286,900	\$ 383,162

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

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

The annual requirements to amortize all debt outstanding as of December 31, 2018, are as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 383,162	\$ 241,629	\$ 624,791
2020	375,194	228,636	603,830
2021	6,528,544	216,290	6,744,834
Totals	\$ 7,286,900	\$ 686,555	\$ 7,973,455

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	(1,139,069)
Total	\$ 3,925,426

The District'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 of \$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, 2018 and 2017, the District contributed \$6,719 and \$6,050, 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, 2018, 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 \$58,068 and \$53,833 as of December 31, 2018 and 2017, 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 obtained a note receivable of \$275,000. The District will receive annual installments of \$55,000 for five years until June 2020. Once all five payments have been made, no other obligations exist for either party. Management has determined imputed interest to be immaterial, therefore the balance does not reflect this adjustment. Ending balance of the note receivable is \$110,000 and \$165,000 for 2018 and 2017, respectively.

# Thompson Rivers Parks and Recreation District

## Notes to Financial Statements

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### 9. Subsequent Events

Management of the District has evaluated subsequent events through July 24, 2019, 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

## Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)

	2018				
	Budgeted Amounts		Actual	Variance with	2017
	Original	Final		Final Budget	
				Positive (Negative)	Actual
<b>Revenues</b>					
<b>Operating revenues</b>					
Charges for services	\$ 212,550	\$ 212,550	\$ 225,984	\$ 13,434	\$ 228,106
<b>Nonoperating revenues</b>					
Property taxes	1,332,210	1,332,210	1,330,311	(1,899)	1,013,614
Conservation trust funds	105,000	105,000	123,099	18,099	116,803
Specific ownership taxes	75,800	75,800	99,948	24,148	78,514
Other nonoperating revenues	336,000	336,000	277,902	(58,098)	472,749
Grants and contributions	15,500	15,500	72,967	57,467	10,768
Interest	1,350	1,350	1,471	121	1,448
<b>Total nonoperating revenues</b>	<b>1,865,860</b>	<b>1,865,860</b>	<b>1,905,698</b>	<b>39,838</b>	<b>1,693,896</b>
<b>Total revenues</b>	<b>2,078,410</b>	<b>2,078,410</b>	<b>2,131,682</b>	<b>53,272</b>	<b>1,922,002</b>
<b>Expenditures</b>					
<b>Program costs</b>					
Communication	5,600	5,600	9,962	(4,362)	9,826
Continuing education	3,300	3,300	1,364	1,936	2,276
Employee benefits	45,732	45,732	36,254	9,478	41,497
League fees	1,100	1,100	1,940	(840)	1,770
Other	-	-	2,311	(2,311)	1,057
Repairs and maintenance	47,000	47,000	101,169	(54,169)	49,586
Salaries	306,000	306,000	257,336	48,664	248,673
Supplies	106,050	106,050	139,200	(33,150)	86,565
Temporary help	58,750	58,750	73,105	(14,355)	67,181
Travel and meetings	2,000	2,000	1,463	537	1,398
Uniforms	37,800	37,800	32,084	5,716	17,560
Utilities	65,000	65,000	77,012	(12,012)	66,345
Workers' compensation	7,000	7,000	4,939	2,061	9,544
<b>Total program costs</b>	<b>685,332</b>	<b>685,332</b>	<b>738,139</b>	<b>(52,807)</b>	<b>603,278</b>
<b>Administrative and operating costs</b>					
Accounting	29,000	29,000	26,462	2,538	26,908
Advertising	5,000	5,000	3,759	1,241	2,621
Attorney	7,000	7,000	6,823	177	6,122
Board expense	1,600	1,600	1,682	(82)	1,221
Board member compensation	6,000	6,000	6,000	-	5,900

*(Continued)*

# Thompson Rivers Parks and Recreation District

## Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)

	2018		Actual	Variance with Final Budget Positive (Negative)	2017 Actual
	Budgeted Amounts				
	Original	Final			
<b>Expenditures (Continued)</b>					
Communication	9,879	9,879	11,973	(2,094)	9,211
Computer expense	3,500	3,500	8,395	(4,895)	4,117
Continuing education	13,500	13,500	11,253	2,247	3,456
Contracted services	17,000	17,000	35,862	(18,862)	8,779
Copying	8,500	8,500	6,357	2,143	6,368
Election expense	5,000	5,000	2,427	2,573	-
Employee benefits	18,901	18,901	24,909	(6,008)	16,759
Fees/licenses/permits	23,000	23,000	22,272	728	25,435
Interest expense	268,433	268,433	228,633	39,800	286,562
Liability insurance	20,000	20,000	21,752	(1,752)	19,802
Office/administrative	-	-	21,508	(21,508)	949
Office supplies	49,000	49,000	58,034	(9,034)	55,060
Payroll taxes	47,398	47,398	50,423	(3,025)	44,331
Postage	250	250	156	94	130
Principal paid	356,567	356,567	375,124	(18,557)	357,951
Salaries	297,750	297,750	362,373	(64,623)	294,870
Travel and meetings	2,000	2,000	865	1,135	935
Utilities	35,000	35,000	33,238	1,762	31,218
<b>Total administrative and operating costs</b>	<b>1,224,278</b>	<b>1,224,278</b>	<b>1,320,280</b>	<b>(96,002)</b>	<b>1,208,705</b>
County treasurer fees	15,800	15,800	20,003	(4,203)	15,218
Transfer to Capital Fund	153,000	153,000	-	153,000	-
<b>Total expenditures</b>	<b>2,078,410</b>	<b>2,078,410</b>	<b>2,078,422</b>	<b>(12)</b>	<b>1,827,201</b>
<b>Change in net position budgetary basis</b>	<b>\$ -</b>	<b>\$ -</b>	<b>53,260</b>	<b>\$ 53,284</b>	<b>94,801</b>
<b>Reconciling items to GAAP change in net position</b>					
Loss on disposal of capital assets			(7,823)		-
Depreciation			(268,016)		(276,914)
Principal paid			375,124		357,951
<b>Change in net position</b>			<b>\$ 152,545</b>		<b>\$ 175,838</b>

*See accompanying Independent Auditor's Report.*