

**PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2019**

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**FINANCIAL SECTION**



# JOHN CUTLER & ASSOCIATES

Board of Directors  
Parachute/Battlement Mesa  
Park & Recreation District  
Parachute, Colorado

## INDEPENDENT AUDITORS' REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Parachute/Battlement Mesa Park & Recreation District, as of and for the year ended December 31, 2019, which collectively comprise the basic financial statements of the District, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

### Opinions

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

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Parachute/Battlement Mesa Park & Recreation District's basic financial statements. individual fund schedule listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated in all material respects in relation to the financial statements as a whole.

*John Cutler & Associates, LLC*

July 1, 2020



## **PARACHUTE-BATTLEMENT MESA PARK & RECREATION DISTRICT MANAGEMENT DISCUSSION & ANALYSIS: 2019 AUDIT**

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This section of the Parachute Battlement Mesa Park & Recreation District (“PBMPRD” or the “District”) annual financial report presents our analysis of the District’s financial performance during the fiscal year ended December 31, 2019. Please read it in conjunction with the financial statements.

### **1. Financial Highlights**

On January 1, 2016, the District assumed ownership, management, and financial control of the Battlement Mesa Golf Club (BMGC) and the Grand Valley Recreation Center (GVRC). Prior to these transfers the District provided activities and sports programs to the District.

The District has 5 Funds to comply with Governmental Accounting Standards Board for Fund reporting. These Funds consist of: (1) Community Park Fund, (2) Programs and Activities Fund, (3) Grand Valley Recreation Fund, (4) Battlement Mesa Golf Club Fund and (5) General Fund. The Board oversaw the PBM Trail Committee, whose budget was under the General Fund.

The District is *currently* in good financial health and there is no long-term debt. PBMPRD has enough in unrestricted funds to maintain operations for over one year. However, the District has aging infrastructure with the transfer of ownership of the golf course and recreation center; that in some instances has exceeded its life expectancy and will need ongoing capital replacement and improvement projects. The COVID pandemic has affected 2020 revenue due to closure of facilities for 3-4 months and reopening requirements that continue to impact revenue.

Of major concern is that oil and gas production is decreasing and may affect property tax revenue in the years ahead. The District held a TABOR election in May 2020 requesting an increase in property taxes to continue to operate and maintain the park and recreation district. The voters did not approve this tax increase of \$27 per year/per home value of \$100,000.

Since assuming operations, financial and management of BMGC and GVRC the District has spent approximately \$2,600,150 in capital expenditures & projects. In 2019 the District performed the following capital projects and/or made capital expenditures for a total of \$469,150:

PARACHUTE BATTLEMENT MESA PARK & RECREATION DISTRICT  
Management's Discussion and Analysis

- **BATTLEMENT MESA GOLF CLUB:**
  - Irrigation Pond Improvement project
  - Two mower replacements
  - Cart paths
  
- **COMMUNITY PARK:**
  - Wall for trash receptacle
  
- **DAISY DITCH WATER:**
  - Meter and engineering
  
- **PBM TRAIL**
  - Finished construction of PBM Trail
  
- **ROPES COURSE**
  - \$31,500 contribution for School Ropes Course: To be used for sports program activity
  
- **GRAND VALLEY RECREATION CENTER:**
  - Slides for pool
  - Furniture replacement and front desk
  - HVAC system replacement

Due to the age of the facilities and equipment the District's assets continue to decrease in value due to depreciation of the assets. In 2019 the value of previous assets decreased by \$262,136 due to depreciation.

The District's net position increased by \$1,151,515, even with the decrease in property tax revenue. This is due to continually monitoring expenses and ensuring the District is run as efficiently as possible. Cash and Investments comprised an increase of \$1.1M.

Property tax revenue decreased from \$3,625,399 in 2016 to \$2,176,957 in 2019. A portion of oil and gas property taxes were delinquent in 2019; however, most have been collected in 2020. Oil and gas property tax revenue comprises around 85% of the total tax revenue for the District. This loss of around \$1,448,442 in property taxes, or a 60% loss in property tax revenue, affects the District's ability to perform the extensive capital repairs and basic maintenance that is needed. The Board of Directors strive to keep user fees for the Rec Center, Golf Course and programs at a price that is affordable to those in the District. Keeping these rates low for the community means that property tax revenue is required to maintain operations and limits the amount available for repairs, maintenance, capital projects and ongoing operations.

## **2. Overview of the Financial Statements**

The annual report consists of three parts:

Management's Discussion and Analysis  
Financial Statements  
Supplementary Information

## **3. Required Financial Statements**

The financial statement of net position provides information about the District using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

### **Statement of Net Position**

The statement of net position provides information about the nature and amounts of investments in resources (assets) and obligations to District creditors (liabilities). It also provides the basis for computing the rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

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

This statement measures the results of the District's operations over the past year and may be used to determine profitability, credit worthiness, and whether the District has successfully recovered all its costs through its user fees, taxes, and other changes.

### **Statement of Cash Flows**

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the District's cash receipts and payments during the reporting period. This statement reports cash receipts, cash payments, and the net changes in cash resulting from operations, non-capital financing, capital related financing, and investing activities. It also provides answers to such questions as where the cash came from, how was cash used, and what was the change in cash balance during the reporting period.

## **4. Financial Analysis of The District**

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of this year's activities?" The statement of net position and statement of revenues, expenses, and changes in net position report information about the District's activities in a way that can help answer that question. These two statements report the net position of the District and the related change in these assets.

PARACHUTE BATTLEMENT MESA PARK & RECREATION DISTRICT  
 Management's Discussion and Analysis

The District's net position (the difference between assets and liabilities) is one way to measure financial health or financial position. Over time, increases in the District's net position, is one indicator that the District's financial health is improving. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, or changed governmental legislation.

## 5. Net Position

As part of our analysis, we provide a summary of the District's statement of net position:

### Condensed Statement of Net Position

	2019	2018	2019 - 2018 Change	
			\$	%
Current & Other Assets	\$6,772,561	\$6,008,484	\$764,077	12.7%
Capital Assets	\$7,207,220	\$6,999,892	\$207,328	2.9%
<b>Total Assets</b>	<b>\$13,979,781</b>	<b>\$13,008,376</b>	<b>\$971,405</b>	<b>7.5%</b>
<b>Total Liabilities</b>	<b>\$73,538</b>	<b>\$69,908</b>	<b>\$3,630</b>	<b>5.2%</b>
<b>Deferred Inflow of Resources</b>	<b>\$2,177,820</b>	<b>\$1,893,695</b>	<b>\$284,125</b>	<b>15%</b>
<b>Net Position:</b>				
Invested in capital assets net of related debt	\$7,207,220	\$6,999,892	\$207,328	2.9%
Restricted	\$104,000	\$99,000	\$5,000	5.1%
Unrestricted	\$4,417,203	\$3,478,016	\$939,187	27%
<b>Total Net Position</b>	<b>\$11,728,423</b>	<b>\$10,576,908</b>	<b>\$1,151,515</b>	<b>10.9%</b>

Current Assets increased by 12.7% primarily due to minimal capital expenditures in 2019 thus increasing reserve deposits in ColoTrust investments and a better rate of return on reserves. Even after depreciation, capital expenditures increased the Capital Asset position to \$7.2 million.

Total liabilities increased slightly to \$73,538, but the District has no long-term debt and these short-term liabilities are paid off within a few months. They are associated with employee paid leave time, accrued expenses, and golf course customer credits.

Although capital improvements of \$469,150 were made, depreciation expense offset all but \$207,328. Restricted funds consist of the TABOR requirement to maintain 3% emergency reserves. Unrestricted funds increased \$939,187 and these funds can be utilized as needed and directed by the Board of Directors. In 2019 the District's Net Position improved by \$1,151,515 due to reserves and capital improvements for fixed assets.

Deferred Inflow of Resources increased as the District was allowed to increase the mill levy in 2019 to collect oil and gas abatements in 2018.

PARACHUTE BATTLEMENT MESA PARK & RECREATION DISTRICT  
 Management's Discussion and Analysis

While the statement of net position shows the net position; the statement of revenue, expenses, and changes in net position answers as to the nature and sources of these changes.

The primary sources of income prior to 2016 were program and activities income and non-operating income (property taxes). With Grand Valley Recreation Center and Battlement Mesa Golf Club under the Park and Rec District umbrella, there are user fees and memberships that contribute to operating revenue.

**Condensed Statement of Revenue, Expenses and Changes in Net Position**

	<u>Gov't Funds</u>	<u>Proprietary Funds</u>	<u>All Funds</u>
<b>Revenue</b>			
Operating Revenue		\$862,419	\$862,419
Non-Operating Revenue	\$2,619,294		\$2,619,294
<b>Total Revenues</b>	<b>\$2,619,294</b>	<b>\$862,419</b>	<b>\$3,481,713</b>
<b>Expenses</b>			
Gov't Fund Expense	\$748,096		\$748,096
Operating Expense		\$1,582,102	\$1,582,102
Transfers Out	\$1,070,076		\$1,070,076
<b>Total Expenses</b>	<b>\$1,818,172</b>	<b>\$1,582,102</b>	<b>\$3,400,274</b>
<b>Income/Loss before Transfers</b>	\$801,122	-\$719,683	\$81,439
Transfers In		\$1,070,076	\$1,070,076
<b>Net Income</b>	\$801,122	\$350,393	\$1,151,515
<b>Beginning Balances (Adjusted)</b>	\$2,168,642	\$8,408,266	\$10,576,908
<b>Ending Balances</b>	<b>\$2,969,764</b>	<b>\$8,758,659</b>	<b>\$11,728,423</b>

For Auditing purposes, the Governmental Fund contains the General Fund, Community Park Fund and the PBM Trail Fund. These funds are not considered Enterprise Funds/Proprietary Funds, which charge fees for services. The primary revenue for the Governmental Fund is property tax revenue. The General Fund is used to pay payroll taxes, insurance, employee medical benefits, employee retirement, treasurer's fees, office supplies, printing, postage, elections, management, accounting, legal, audit and sales tax collected.

Battlement Mesa Golf Course spends approximately \$50,000 annually for irrigation repairs and supplies; and due to a lack of irrigation lines in some areas of the course 2 employees must manually water sections of the course each day. The annual cost of irrigation repairs is over \$100,000. Sections of the current irrigation pipes are corroded and leak. For these reasons it is imperative to budget for capital improvements to the irrigation system that are expected to cost \$2.2M.

As can be seen from the loss of \$719,683 in the Proprietary Fund, property taxes must be transferred from the Governmental Fund to the Proprietary Fund to fund operations, pay employees and provide funds for capital projects. Of note is that employee compensation to run the rec center, golf course and programs, was \$928,378 in 2019. By using seasonal and part time staff the District saves on benefits. Payroll comprises close to 50% of all District expenses, but this is not unusual.

The Proprietary Fund consists of those funds or activities that charge fees for service or usage; and receive only a part of their income from property tax revenue. The Funds included under the Proprietary (or Enterprise) Fund consist of the Grand Valley Recreation Center, Programs and Activities and the Battlement Mesa Golf Club.

Programs, primarily youth sports programs, continued to cost the district \$126,000 in 2019. The Board understands this loss and believes it has an obligation to provide the youth of the District with these activities.

Battlement Mesa Golf Course lost \$311,954 in 2019 with a large portion of this being irrigation repairs and maintenance and wages.

Grand Valley Recreation Center raised rates in 2020 as the rec center and activities lost \$590,000 in 2019. Utilities rates for the District were \$171,802; with the Rec Center spending \$106,000 of that amount for water, sanitation, gas and electric.

Payroll expense increased in part due to the increase in the minimum hourly rate moving to \$12.00 per hour.

## **6. Budgetary Highlights**

As required by state law, the District adopts a budget and appropriates funds by December 15 for the following fiscal year. If an amendment is necessary, the Board will approve a supplemental appropriation at a public hearing and file it with the State of Colorado.

## **7. Capital Assets and Debt Administration**

### **Capital Assets**

Capital Assets increased due to \$469,150 in capital projects that are referenced under Section 1: "Financial Highlights".

## **8. Long-Term Debt**

The District has no long-term debt.

## 9. Economic Factors and New Year's Budget Rates

The District's Board of Directors and management consider many factors when setting the 2020 budget, including user fees and charges. The following table presents the changes in the District's budget from 2019 to 2020.

### 2020 vs. 2019 Budget

	<u>2020</u>	<u>2019</u>	<u>2019 – 2020 Change</u>	
			<u>\$</u>	<u>%</u>
<b>Revenues</b>				
Operating Revenues	\$1,013,950	\$713,700	\$300,250	42.1%
Non-Operating Revenues	\$3,030,120	\$3,258,065	-\$227,945	-7.0%
Transfers In	\$1,831,924	\$1,494,466	\$337,458	22.6%
<b>Total Revenues</b>	<b>\$5,875,994</b>	<b>\$5,466,231</b>	<b>\$409,763</b>	<b>7.5%</b>
<b>Expenses</b>				
Operating Expense	\$1,804,674	\$1,827,400	\$22,726	-1.2%
G & A Expenses	\$435,428	\$474,262	\$38,834	-8.2%
Non-operating Expenses	\$119,500	\$92,000	\$27,500	29.9%
Capital Outlays	\$1,510,000	\$1,224,000	\$286,000	23.4%
<b>Total Expenses</b>	<b>\$3,869,602</b>	<b>\$3,617,662</b>	<b>\$251,940</b>	<b>7.0%</b>
<b>Change in Net Position</b>	<b>\$2,006,392</b>	<b>\$1,848,569</b>	<b>\$157,823</b>	<b>8.5%</b>
Transfers Out	-\$1,831,924	-\$1,494,466	\$337,458	22.6%
<b>Net Income</b>	<b>\$174,468</b>	<b>\$354,103</b>	<b>-\$179,635</b>	<b>-50.7%</b>
<b>Beginning Net Position</b>	<b>\$6,930,828</b>	<b>\$6,576,725</b>	<b>\$354,103</b>	<b>5.4%</b>
<b>Ending Net Position</b>	<b>\$7,105,296</b>	<b>\$6,930,828</b>	<b>\$174,468</b>	<b>2.5%</b>

Operating Revenues increased by \$300,250 between 2019-2020 primarily due to raising the Rec Center membership rate to \$204 per year/per adult. The loss of around \$600,000 per year at the Rec Center was not sustainable. Non-Operating Revenue decreased due to a decrease in property taxes, but the District allocated \$475,000 for grant revenue that was not received in 2020.

Transfers out of the Governmental Fund and transfers into Proprietary Fund consisted of property taxes needed to fund operations, cover payroll, and perform capital improvements. The transfer of \$1,831,924 budgeted in 2020 was in large part due to the planned irrigation pond of \$1,135,000.

The District strives to keep user rates low for the community; however, the Board is aware that property tax revenue may decrease further due to changes in the Residential Assessment Rate and oil and gas production decreasing. This may require an increase in the mill levy and/or increase in user fees and membership rates in order to continue to provide programs and recreation to the District residents. However, the majority of property tax (85%) comes from oil and gas companies and not residential.

PARACHUTE BATTLEMENT MESA PARK & RECREATION DISTRICT  
Management's Discussion and Analysis

Operating expenses include Battlement Mesa Golf Club, Grand Valley Recreation Center and sports programs and activities, day-to-day operations; including wages, employee benefits, cost of goods sold, utilities, janitorial, repairs and maintenance, landscape maintenance, chemicals, and supplies. The majority of employees are hourly and with the minimum rate increase this has increased payroll expenses. Utilities are also increasing for water, sewer, electrical and gas. Maintenance of the Community Park has increased expenses due to landscape and equipment maintenance, trash, and water charges; and no revenue is generated for this facility.

The G&A budget includes advertising and promotion, computer, phone & internet services, property and liability insurance, workers compensation, management fees, accounting/finance, audit, and legal fees and contingency. Fiber optics was installed as Internet connections and service was sporadic at best; thus Internet/phone charges increased. Contingency of \$60,000 is included under General and Administrative expenses.

Non-Operating expenses include TABOR 3% emergency reserve and Garfield County Treasurer's Fees to collect and distribute property taxes.

It was anticipated that in 2020 the District would start construction on the pond relocation project; however, due to the Coronavirus and having to close facilities, this project will be modified to increase irrigation storage capacity in an existing pond and improve the irrigation system.

## **BASIC FINANCIAL STATEMENTS**

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF NET POSITION

As of December 31, 2019

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	
			2019	2018
<b>ASSETS</b>				
Cash and Investments	\$ 2,982,905	\$ 1,563,669	\$ 4,546,574	\$ 3,437,408
Receivables				
Property Taxes	2,177,820	-	2,177,820	2,361,560
Accounts	1,519	-	1,519	181,064
Prepaid Expenses	-	-	-	-
Interfund Balances	-	-	-	-
Inventory	-	46,648	46,648	28,452
Capital Assets, Not Depreciated	-	2,411,525	2,411,525	2,814,448
Capital Assets, Depreciated				
Net of Accumulated Depreciation	-	4,795,695	4,795,695	4,185,444
<b>TOTAL ASSETS</b>	<b>5,162,244</b>	<b>8,817,537</b>	<b>13,979,781</b>	<b>13,008,376</b>
<b>LIABILITIES</b>				
Accounts Payable	2,945	1,581	4,526	17,816
Accrued Expenses	-	57,297	57,297	52,092
Accrued Compensated Absences	11,715	-	11,715	-
<b>TOTAL LIABILITIES</b>	<b>14,660</b>	<b>58,878</b>	<b>73,538</b>	<b>69,908</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenue	2,177,820	-	2,177,820	1,893,695
<b>NET POSITION</b>				
Net Investment in Capital Assets	-	7,207,220	7,207,220	6,999,892
Restricted for Emergencies	104,000	-	104,000	99,000
Unrestricted	2,865,764	1,551,439	4,417,203	3,478,016
<b>TOTAL NET POSITION</b>	<b>\$ 2,969,764</b>	<b>\$ 8,758,659</b>	<b>\$ 11,728,423</b>	<b>\$ 10,576,908</b>

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

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2019

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 748,096	\$ -	\$ 28,705	\$ -
Total Governmental Activities	748,096	-	28,705	-
<b>Business-Type Activities</b>				
Recreation Center	1,582,102	810,208		-
Total Business-Type Activities	1,582,102	810,208	-	-
Total Primary Government	\$ 2,330,198	\$ 810,208	\$ 28,705	\$ -
			<b>GENERAL REVENUES</b>	
			Property Taxes	
			Specific Ownership Taxes	
			Interest	
			Other	
			Transfers	
			<b>TOTAL GENERAL REVENUES</b>	
			<b>CHANGE IN NET POSITION</b>	
			NET POSITION, Beginning	
			NET POSITION, Ending	

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

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
		TOTALS	
		2019	2018
<u>\$ (719,391)</u>	<u>\$ -</u>	<u>\$ (719,391)</u>	<u>\$ (75,251)</u>
<u>(719,391)</u>	<u>-</u>	<u>(719,391)</u>	<u>(75,251)</u>
<u>-</u>	<u>(771,894)</u>	<u>(771,894)</u>	<u>(1,053,518)</u>
<u>-</u>	<u>(771,894)</u>	<u>(771,894)</u>	<u>(1,053,518)</u>
<u>(719,391)</u>	<u>(771,894)</u>	<u>(1,491,285)</u>	<u>(1,128,769)</u>
2,176,957	-	2,176,957	1,713,151
166,408	-	166,408	143,420
113,541	-	113,541	64,596
133,683	52,211	185,894	236,434
<u>(1,070,076)</u>	<u>1,070,076</u>	<u>-</u>	<u>-</u>
<u>1,520,513</u>	<u>1,122,287</u>	<u>2,642,800</u>	<u>2,157,601</u>
801,122	350,393	1,151,515	1,028,832
<u>2,168,642</u>	<u>8,408,266</u>	<u>10,576,908</u>	<u>9,548,076</u>
<u>\$ 2,969,764</u>	<u>\$ 8,758,659</u>	<u>\$ 11,728,423</u>	<u>\$ 10,576,908</u>

PARACHUTE/BATTELEMENT MESA PARK AND RECREATION DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2019

	GENERAL FUND	
	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,982,905	\$ 1,990,230
Accounts Receivable	1,519	179,575
Property Taxes Receivable	<u>2,177,820</u>	<u>2,361,560</u>
TOTAL ASSETS	<u>\$ 5,162,244</u>	<u>\$ 4,531,365</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES		
LIABILITIES		
Accounts Payable	<u>\$ 2,945</u>	<u>\$ 1,163</u>
TOTAL LIABILITIES	<u>2,945</u>	<u>1,163</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax Revenue	<u>2,177,820</u>	<u>2,361,560</u>
FUND BALANCES		
Restricted for Emergencies	104,000	99,000
Unassigned	<u>2,877,479</u>	<u>2,069,642</u>
TOTAL FUND BALANCES	<u>2,981,479</u>	<u>2,168,642</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 5,162,244</u>	<u>\$ 4,531,365</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Fund Balance, government activities	2,981,479	2,168,642
Long-term liabilities are not due and payable in the current period and are not reported in the funds. This is the amount of compensated absences	<u>(11,715)</u>	<u>-</u>
Net position of governmental activities	<u>\$ 2,969,764</u>	<u>\$ 2,168,642</u>

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

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended December 31, 2019

	GENERAL FUND	
	2019	2018
REVENUES		
Property Taxes	\$ 2,176,957	\$ 1,713,151
Specific Ownership Taxes	166,408	143,420
Grants and Donations	28,705	314,101
Conservation Trust Fund	22,697	20,155
Interest	113,541	-
Other	110,986	215,981
	<u>2,619,294</u>	<u>2,406,808</u>
TOTAL REVENUES		
EXPENDITURES		
General Government	736,381	410,219
	<u>736,381</u>	<u>410,219</u>
TOTAL EXPENDITURES		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,882,913</u>	<u>1,996,589</u>
OTHER FINANCING SOURCES (USES)		
Transfer Out	<u>(1,070,076)</u>	<u>(899,671)</u>
NET CHANGE IN FUND BALANCE	812,837	1,096,918
FUND BALANCE, Beginning	<u>2,168,642</u>	<u>1,071,724</u>
FUND BALANCES, Ending	<u>\$ 2,981,479</u>	<u>\$ 2,168,642</u>

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

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2019

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 812,837
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the change in compensated absences for the year.	<u>(11,715)</u>
Change in Net Position of Governmental Activities	<u>\$ 801,122</u>

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

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF NET POSITION  
 PROPRIETARY FUND TYPE  
 As of December 31, 2019

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 1,563,669	\$ 1,447,178
Accounts Receivable	-	1,489
Prepaid Expenses	16,962	-
Total Current Assets	<u>1,563,669</u>	<u>1,448,667</u>
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	7,207,220	6,999,892
Inventory	46,648	28,452
TOTAL ASSETS	<u>8,817,537</u>	<u>8,477,011</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	1,581	16,653
Accrued Expenses	57,297	52,092
Total Current Liabilities	<u>58,878</u>	<u>68,745</u>
TOTAL LIABILITIES	<u>58,878</u>	<u>68,745</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	7,207,220	6,999,892
Unrestricted	1,551,439	1,408,374
TOTAL NET POSITION	<u>\$ 8,758,659</u>	<u>\$ 8,408,266</u>

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

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUND TYPE  
Year Ended December 31, 2019

	2019	2018
OPERATING REVENUES		
Charges for Services	\$ 678,090	\$ 722,998
Pro Shop Sales	110,336	94,205
Facility Rental	21,782	-
Miscellaneous	52,211	298
	<u>862,419</u>	<u>817,501</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Operations	1,582,102	1,870,721
	<u>1,582,102</u>	<u>1,870,721</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME	<u>(719,683)</u>	<u>(1,053,220)</u>
NON-OPERATING REVENUES		
Interest Income	-	64,596
	<u>-</u>	<u>64,596</u>
TOTAL NON-OPERATING REVENUES		
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(719,683)</u>	<u>(988,624)</u>
CONTRIBUTIONS AND TRANSFERS		
Transfers In	1,070,076	899,671
	<u>1,070,076</u>	<u>899,671</u>
TOTAL CONTRIBUTIONS AND TRANSFERS		
NET INCOME (LOSS)	350,393	(88,953)
NET POSITION, Beginning	<u>8,408,266</u>	<u>8,497,219</u>
NET POSITION, Ending	<u>\$ 8,758,659</u>	<u>\$ 8,408,266</u>

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

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE  
 Year Ended December 31, 2019  
 Increase (Decrease) in Cash and Cash Equivalents

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 863,908	\$ 817,422
Cash Paid to Suppliers	(925,336)	(2,060,147)
Net Cash Provided (Used) by Operating Activities	<u>(61,428)</u>	<u>(1,242,725)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(892,157)	(810,668)
Transfers from Other Funds	1,070,076	899,671
Net Cash Provided by Capital and Related Financing Activities	<u>177,919</u>	<u>89,003</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	-	64,249
Net Increase (Decrease) in Cash and Cash Equivalents	116,491	(1,089,473)
CASH AND CASH EQUIVALENTS, Beginning	<u>1,447,178</u>	<u>2,536,651</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,563,669</u>	<u>\$ 1,447,178</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	-	
Operating Loss	\$ (719,683)	\$ (1,053,220)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation and Amortization	313,387	265,069
Loss on disposal of assets	371,442	-
Changes in Assets and Liabilities		
Accounts Receivable	1,489	(79)
Inventory	(18,196)	-
Accounts Payable	(15,072)	(6,307)
Due to Other Funds	-	(500,280)
Accrued Expenses	5,205	52,092
Total Adjustments	<u>658,255</u>	<u>(189,505)</u>
Net Cash Used by Operating Activities	<u>\$ (61,428)</u>	<u>\$ (1,242,725)</u>

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

PARACHUTE/BATTELEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Parachute/Battlement Mesa Parks and Recreation District serves the Parachute/Battlement Mesa area with youth and adult sports, and activities. The Parachute/Battlement Mesa Park & Recreation District was formed in 1984 and serves a 318-square mile area which includes Battlement Mesa, Parachute and the surrounding area. The District owns and operates the Grand Valley Recreation Center and Battlement Mesa Golf Course. In addition, the District provides a variety of outdoor and indoor recreational services to the public. These services include activities for all ages ranging from dog and skate parks to organized volleyball, soccer, basketball and wrestling leagues.

The accounting policies of Parachute/Battlement Mesa Park & Recreation District (the "District") conform to generally accepted accounting principles as applicable to governments. Following is a summary of the more significant policies.

**Reporting Entity**

In accordance with governmental accounting standards, Parachute/Battlement Mesa Park & Recreation has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Government-Wide and Fund Financial Statements** (Continued)

*Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the District reports the following major governmental funds:

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

The District reports the following major proprietary fund:

The *Recreation Fund* accounts for the financial activities associated with the operation of the recreation center, park & recreation programs, and golf course.

**Cash and Investments**

Cash equivalents include investments with original maturities of three months or less.

Investments are recorded at fair value.

**Capital Assets**

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. 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 recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

The District depreciated its assets using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 - 50 years
Machinery and Equipment	3 - 30 years
Infrastructure	10 - 50 years

**Compensated Absences**

Employees of the District are allowed to accumulate unused paid time off up to a max of 120 hours. Upon termination of employment from the District, an employee will be compensated for all accrued paid time off at their current pay rate.

These compensated absences are recognized as current salary costs when earned in the proprietary fund types and when due in the governmental fund types. A liability has been recorded in the government-wide financial statements for the accrued compensated absences.

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts, and bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources expense/expenditure) until then.

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Net Position**

The government-wide financial statements, utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

*Net Investment in Capital Assets* includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of capital leases that are attributable to the acquisition of those assets.

*Restricted Net Position* includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

*Unrestricted Net Position* typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Fund Balance Classification**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The District does not report any nonspendable fund balances as of December 31, 2019.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Council. These amounts cannot be used for any other purpose unless the District Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District does not report any committed fund balances as of December 31, 2019.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Property Taxes**

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- In October, the District staff submits to the Board of Directors 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.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- The District Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District. Budgets for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparison presented for the enterprise funds are presented on a non-GAAP budgetary basis. Capital outlay and debt payments are budgeted as expenditures.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 3: DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of December 31, 2019 follows:

Petty Cash	\$	1,370
Cash Deposits		235,664
Investments		<u>4,292,577</u>
Total	\$	<u><b>4,529,611</b></u>

The above amounts are classified in the statement of net position as follows:

Governmental Activities	\$	2,164,279
Business-Type Activities		<u>2,365,331</u>
Total	\$	<u><b>4,529,611</b></u>

**Deposits**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2019, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The District has no policy regarding custodial credit risk for deposits.

At December 31, 2019, the District had deposits with financial institutions with a carrying amount of \$235,664. The bank balances with the financial institutions were \$189,989. The entire balance was covered by federal depository insurance.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

**Investments**

Interest Rate Risk

The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado municipalities.

**Investments**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the District 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

The District's policy is to hold investments until maturity.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

**Fair Value**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs.

Local Government Investment Pools

The District had invested \$4,292,577 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 4: CAPITAL ASSETS**

	<u>Balances</u> <u>12/31/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/19</u>
<b>Business-Type Activities</b>				
Capital Assets, not depreciated				
Land	\$ 2,694,218	\$ -	\$ 347,693	\$ 2,346,525
Construction in Progress	55,270	-	55,270	-
Water Rights	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>65,000</u>
Total Capital Assets, not depreciated	<u>2,814,488</u>	<u>-</u>	<u>402,963</u>	<u>2,411,525</u>
Capital Assets, depreciated				
Buildings and Improvements	3,488,897	766,651	-	4,255,548
Equipment	<u>1,598,173</u>	<u>180,776</u>	<u>75,000</u>	<u>1,703,949</u>
Total Capital Assets, depreciated	<u>5,087,870</u>	<u>947,427</u>	<u>75,000</u>	<u>5,959,497</u>
Less: Accumulated Depreciation				
Buildings and Improvements	408,875	210,074	-	618,949
Equipment	<u>492,791</u>	<u>103,313</u>	<u>51,251</u>	<u>544,853</u>
Total Accumulated Depreciation	<u>901,666</u>	<u>313,387</u>	<u>51,251</u>	<u>1,163,802</u>
Total Capital Assets, depreciated, Net	<u>4,185,404</u>	<u>634,040</u>	<u>23,749</u>	<u>4,795,695</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 6,999,892</u>	<u>\$ 634,040</u>	<u>\$ 426,712</u>	<u>\$ 7,207,220</u>

2019 depreciation expense of \$262,136 was charged to the recreation center, golf course and program activities.

**NOTE 5: LONG-TERM DEBT**

**Governmental Activities**

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2019.

	<u>Balance</u> <u>12/31/18</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/19</u>	<u>Due In</u> <u>One Year</u>
Accrued Compensated Absences	<u>\$ -</u>	<u>\$ 11,715</u>	<u>\$ -</u>	<u>\$ 11,715</u>	<u>\$ -</u>

Accrued Compensated Absences are being paid from resources generated by the Recreation Fund and were transferred from the General Fund in 2019.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 6: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District carries commercial insurance to cover these risks. The District has not had any claims that exceeded insurable amounts for the last three years

**NOTE 7: COMMITMENTS AND CONTINGENCIES**

**Tabor Amendment**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. On November 5, 2013, voters within the District approved the collection, retention and expenditure the full amount of the District taxes, grants and all other revenue collected from all sources including property taxes, received in 2012 and each subsequent year, without regard to any revenue or expenditure limitations including those contained in Article X, Section 20 of the Colorado constitution or any other law.

The District has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2019, the emergency reserve of \$103,000 was recorded in the General Fund.

**NOTE 8: SUBSEQUENT EVENTS**

Potential subsequent events were considered through July 1, 2020. It was determined that the following event is required to be disclosed through this date.

**Covid-19**

As a result of the coronavirus pandemic (COVID-19), economic uncertainties may have economic implications on the financial position, results of operations and cash flows of the District. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2019

	2019		VARIANCE Positive (Negative)	2018 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 2,361,559	\$ 2,176,957	\$ (184,602)	\$ 1,713,151
Specific Ownership Taxes	140,000	166,408	26,408	143,420
Grants and Donations	237,500	28,705	(208,795)	314,101
Conservation Trust Fund	-	22,697	22,697	20,155
Interest	12,005	113,541	101,536	-
Other	85,100	110,986	25,886	215,981
TOTAL REVENUES	<u>2,836,164</u>	<u>2,619,294</u>	<u>(216,870)</u>	<u>2,406,808</u>
EXPENDITURES				
General Government				
Professional Services	171,536	152,330	19,206	150,925
Payroll	203,900	238,426	(34,526)	-
Utilities	20,250	-	20,250	-
Office Expense	9,260	76,116	(66,856)	61,990
Insurance	64,000	60,952	3,048	65,116
Treasurer Fees	42,000	43,952	(1,952)	34,343
Repair and Maintenance	49,500	161,122	(111,622)	50,162
Capital Outlay	374,000	-	374,000	-
Other Expenses	74,100	3,483	70,617	47,683
Contingency	50,000	-	50,000	-
TOTAL EXPENDITURES	<u>1,058,546</u>	<u>736,381</u>	<u>322,165</u>	<u>410,219</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,777,618</u>	<u>1,882,913</u>	<u>105,295</u>	<u>1,996,589</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	-	-
Transfer Out	(1,494,466)	(1,070,076)	424,390	(899,671)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,494,466)</u>	<u>(1,070,076)</u>	<u>424,390</u>	<u>(899,671)</u>
NET CHANGE IN FUND BALANCE	<u>283,152</u>	<u>812,837</u>	<u>529,685</u>	<u>1,096,918</u>
FUND BALANCE Beginning	<u>2,796,323</u>	<u>2,168,642</u>	<u>(627,681)</u>	<u>1,071,724</u>
FUND BALANCE, Ending	<u>\$ 3,079,475</u>	<u>\$ 2,981,479</u>	<u>\$ (97,996)</u>	<u>\$ 2,168,642</u>

See the accompanying independent auditors' report.

**INDIVIDUAL FUND SCHEDULES**

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

RECREATION FUND  
 BUDGETARY COMPARISON SCHEDULE  
 BUDGET (NON-GAAP) BASIS  
 Year Ended December 31, 2019

	2019		VARIANCE Positive (Negative)	2018 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>REVENUES</b>				
Charges for Services	\$ 569,100	\$ 678,090	\$ 108,990	\$ 722,998
Facility Rental	31,800	21,782	(10,018)	-
Interest Income	43,000	-	(43,000)	64,596
Pro Shop Sales	91,500	110,336	18,836	94,205
Miscellaneous	-	52,211	52,211	298
Transfers In	1,375,016	1,070,076	(304,940)	899,671
Grants	400,000	-	(400,000)	-
Contribution Revenue	200	-	(200)	-
<b>TOTAL REVENUES</b>	<u>2,510,616</u>	<u>1,932,495</u>	<u>(578,121)</u>	<u>1,781,768</u>
<b>EXPENDITURES</b>				
Salaries and Benefits	872,100	724,646	147,454	987,763
Advertising	20,000	-	20,000	-
Office Expense	58,816	-	58,816	-
Utilities	171,550	171,802	(252)	178,185
Rec Center Operating Expense	30,500	96,004	(65,504)	87,782
Program Expense	-	68,651	(68,651)	29,453
Golf Course Operating Expense	10,000	7,505	2,495	13,429
Golf Maintenance Expenses	216,200	110,986	105,214	182,153
Pro Shop Operating Expense	68,400	85,263	(16,863)	125,677
Other	-	3,858	(3,858)	1,210
Capital Outlay	850,000	-	850,000	-
Contingency	80,000	-	80,000	-
<b>TOTAL EXPENDITURES</b>	<u>2,377,566</u>	<u>1,268,715</u>	<u>1,108,851</u>	<u>1,605,652</u>
<b>NET INCOME (Budget Basis)</b>	<u>\$ 133,050</u>	<u>663,780</u>	<u>\$ 530,730</u>	<u>\$ 176,116</u>
<b>GAAP BASIS ADJUSTMENTS</b>				
Depreciation		<u>(313,387)</u>		
<b>NET INCOME (LOSS), GAAP BASIS</b>		<u>350,393</u>		
<b>NET POSITION, Beginning</b>		<u>8,408,266</u>		
<b>NET POSITION, Ending</b>		<u>\$ 8,758,659</u>		

See the accompanying independent auditors' report.