

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

BASIC FINANCIAL STATEMENTS

December 31, 2020

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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, 2020, 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 page 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 Lutter & Associates, LLC

June 23, 2021



**PARACHUTE-BATTLEMENT MESA PARK & RECREATION DISTRICT
MANAGEMENT DISCUSSION & ANALYSIS: 2020 AUDIT**

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, 2020. 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 has lost 51% of its property tax revenue since 2016 and user fees and memberships do not cover operating expenses.

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.

PARACHUTE BATTLEMENT MESA PARK & RECREATION DISTRICT

Management's Discussion and Analysis

Since assuming operations, financial and management of BMGC and GVRC the District has spent approximately \$6,000,000 in capital expenditures & projects. In 2020 the District performed the following capital projects and/or made capital expenditures for a total of \$1,374,798:

- **BATTLEMENT MESA GOLF CLUB:** (\$1,304,369)
 - Golf Maintenance Equipment
 - Irrigation System: Front and Back Nine
- **DAISY DITCH WATER:** (\$1,662)
 - Meter and engineering
- **GRAND VALLEY RECREATION CENTER:** (\$68,767)
 - HVAC System
 - Pool Ceiling Fans
 - Grand Valley Room ceiling tile 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 2020 the value of previous assets decreased by \$341,389 due to depreciation.

The District's net position increased by \$808,810, 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 showed a decrease of \$232,262 due to funding for the golf course irrigation system.

Property tax revenue decreased from \$3,625,399 in 2016 to \$1,782,916 in 2020. Property taxes in 2019 were \$2,177,280 vs. \$1,782,916 in 2020; for a loss of \$394,904. Oil and gas property tax revenue comprises around 85% of the total tax revenue for the District. This loss of \$1,842,483 in property taxes (since the District assumed ownership of the golf course and rec center), or a 51% 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. 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 (previously referred to as Balance Sheet)

	2020	2019	2020 - 2019 Change	
			\$	%
Current & Other Assets	\$6,114,293	\$6,772,561	-\$658,268	-9.7%
Capital Assets	\$8,343,368	\$7,207,220	\$1,136,148	15.8%
Total Assets	\$14,457,661	\$13,979,781	\$477,880	3.4%
Total Liabilities	\$137,512	\$73,538	\$63,974	87.0%
Deferred Inflow of Resources	\$1,782,916	\$2,177,820	-\$394,904	-18.1%
Net Position:				
Invested in capital assets net of related debt	\$8,343,368	\$7,207,220	\$1,136,148	15.8%
Restricted	\$93,300	\$104,000	-\$10,700	-10.3%
Unrestricted	\$4,100,565	\$4,417,203	-\$316,638	-7.2%
Total Net Position	\$12,537,233	\$11,728,423	\$808,810	6.9%

Current Assets decreased by 9.7% primarily due to using reserves to fund capital expenditures for the Battlement Mesa Golf Club irrigation system replacement in 2020. This investment increased Capital Assets by \$1,136,148 or 15.8%.

Total liabilities increased \$63,974 due to Accounts payable associated with the golf course irrigation system. The District has no long-term debt, and these short-term liabilities are paid off within a few months.

Although capital improvements of \$1,374,798 were made, depreciation expense decreased fixed assets by \$341,389. Restricted funds consist of the TABOR requirement to maintain 3% emergency reserves. Unrestricted funds decreased by \$316,638 due to current assets being applied to capital assets. The unrestricted funds can be utilized as needed and directed by the Board of Directors. In 2020 the District's Net Position improved by \$808,810 due in large part to capital improvements.

Deferred Inflow of Resources decreased \$394,904 as property assessed values decreased, thus effecting the property tax collected.

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
 (Previously referred to as Income Statement)

	<u>Gov't Funds</u>	<u>Proprietary Funds</u>	<u>All Funds</u>
Revenue			
Operating Revenue		\$753,884	\$753,884
Non-Operating Revenue	\$2,569,418	\$22,959	\$2,592,377
Total Revenues	\$2,569,418	\$776,843	\$3,346,261
Expenses			
Gov't Fund Expense	\$358,429		\$358,429
Operating Expense		\$1,849,348	\$1,849,348
Transfers Out	\$1,502,898		\$1,502,898
Capital Outlay		\$1,585,384	\$1,585,384
Total Expenses	\$1,861,327	\$3,434,732	\$5,296,059
Income/Loss before Transfers	\$708,091	-\$2,657,889	-\$1,949,798
Transfers In		\$1,502,898	\$1,502,898
Net Income	\$708,091	-\$1,154,991	-\$446,900
GAAP Basis Adjustments:			
Capital Outlay		\$1,585,384	\$1,585,384
Depreciation		-\$341,389	-\$341,389
Net Income (GAAP Basis)	\$708,091	\$89,004	\$797,095
Beginning Balances (Adjusted)	\$2,981,479	\$8,758,659	\$11,740,138
Ending Balances	\$3,689,570	\$8,847,663	\$12,537,233

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.

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.

As can be seen above the Proprietary funds only bring in \$753,884 in operating revenue and total expenses were \$1,849,348. Operating income only covers 40% of the operating expenses. The largest expense is approximately \$1,000,000 for payroll and benefits. Utilities and operating supplies cost close to \$450,000 with repairs and maintenance around \$350,000. Due to the age of the facilities repairs and maintenance will only increase in the future.

PARACHUTE BATTLEMENT MESA PARK & RECREATION DISTRICT

Management's Discussion and Analysis

The majority of employees are part time and seasonal which saves in benefits. But with the increase in the hourly rate to \$12.32/hr. and the new State requirement that part time and seasonal staff be paid 1-hour sick leave for every 30 hours worked, this added to the District's expenses.

Battlement Mesa Golf Course previously spent around \$100,000 annually for irrigation repairs and supplies and for 2 employees to daily manually water sections of the course due to a lack of irrigation lines in some areas of the course. Sections of the previous irrigation pipes were corroded and leaked. For these reasons it was imperative to approve the irrigation system capital project at the cost of \$2,168,000 which will be completed by summer of 2021.

The District applied for Covid Relief Funds through the Division of Local Government and received \$202,000 in 2020. The District plans to continue to submit requests for reimbursement through 2021, when the grant program ends. Garfield County Federal and Mineral Lease District contributed \$5,000 toward the installation of a new ceiling at the Rec Center.

Programs, primarily youth sports programs, continued to cost the district \$104,452 in 2020. The total program income was \$3,685 which was in large part due to the COVID closures. However, even in good years the program income rarely exceeds \$40,000, with expenses around \$165,000. The Board understands this loss and believes it has an obligation to provide the youth of the District with these activities.

The Community Park which is open to the public at no charge cost the District \$63,000 for maintenance, utilities, trash removal and water. The District continues to pay for repairs due to vandalism and cameras have been approved for installation in 2021.

Battlement Mesa Golf Course revenue was \$611,933 with expenses of \$980,000. The cost for the ballfield and Skate and Dog Park are included under the golf course fund. The largest expenses were wages, repairs to the irrigation system (prior to installing the new irrigation system) and utilities.

Grand Valley Recreation Center raised rates in 2020 as the rec center and activities lost \$590,000 in 2019. However, due to COVID refunds were made to members for the closure of the Rec Center from March-June 2020 due to COVID. Total income for memberships and user fees were \$145,151, while expenditures were \$858,000. As with the golf course and programs, wages comprised the majority of expense at \$443,221. Building repairs and maintenance continue to contribute to the \$706,000 loss for 2020.

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 \$1,136,000 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 2021 budget, including user fees and charges. The Board did not raise membership rates or fees in 2021 due to the economic impact to the patrons from COVID. The following table presents the changes in the District's budget from 2020 to 2021.

2021 vs. 2020 Budget

	<u>2021</u>	<u>2020</u>	<u>2020 – 2021 Change</u>	
			<u>\$</u>	<u>%</u>
Revenues				
Operating Revenues	\$784,178	\$1,013,950	-\$229,772	-22.6%
Non-Operating Revenues	\$2,051,115	\$3,030,120	-\$979,005	-32.3%
Transfers In	\$1,645,449	\$1,831,924	-\$186,475	-10.2%
Total Revenues	\$4,480,742	\$5,875,994	-\$1,395,252	-23.7%
Expenses				
Operating Expense	\$1,756,423	\$1,804,674	-\$48,251	-2.7%
G & A Expenses	\$367,725	\$435,428	-\$67,703	-15.5%
Non-operating Expenses	\$40,000	\$119,500	-\$79,500	-66.6%
Capital Outlays	\$1,155,000	\$1,510,000	-\$355,000	-23.5%
Total Expenses	\$3,319,148	\$3,869,602	-\$550,454	-14.2%
Change in Net Position	\$1,161,594	\$2,006,392	-\$844,798	-42.1%
Transfers Out	-\$1,645,449	-\$1,831,924	\$186,475	10.2%
Net Income	-\$483,855	\$174,468	-685,323	377.3%
Beginning Net Position	\$7,105,296	6,930,828	\$174,468	2.5%
Ending Net Position	\$6,621,411	\$7,105,296	-\$483,885	-6.8%

Budgeted Operating Revenues decreased by \$229,772 between 2020-2021 primarily due to the anticipation of the COVID restrictions continuing and affecting the Rec Center membership and usage. The Rec Center membership rates were raised in 2020 to \$204/adult annual membership rate; however there is still an anticipated loss of \$544,000 for the Rec Center fund. Non-Operating Revenue decreased due to a decrease in property taxes; primarily from oil and gas.

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

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 \$1,645,449 budgeted in 2021 is in large part due to the irrigation system that will be completed in June 2021.

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.

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, legal fees, and contingency. 2020 was an election year which included a TABOR election, so G&A was higher than normal. Contingency of \$35,000 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.

BASIC FINANCIAL STATEMENTS

PARACHUTE/BATLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF NET POSITION

As of December 31, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	
			2020	2019
ASSETS				
Cash and Investments	\$ 3,861,693	\$ 436,062	\$ 4,297,755	\$ 4,546,574
Receivables				
Property Taxes	1,782,916	-	1,782,916	2,177,820
Accounts	-	-	-	1,519
Prepaid Expenses	-	12,893	12,893	-
Inventory	-	20,728	20,728	46,648
Capital Assets, Not Depreciated	-	2,368,468	2,368,468	2,411,525
Capital Assets, Depreciated Net of Accumulated Depreciation	-	5,974,901	5,974,901	4,795,695
TOTAL ASSETS	5,644,609	8,813,052	14,457,661	13,979,781
LIABILITIES				
Accounts Payable	101,474	422	101,896	4,526
Accrued Expenses	1,475	9,264	10,739	57,297
Accrued Compensated Absences	-	24,877	24,877	11,715
TOTAL LIABILITIES	102,949	34,563	137,512	73,538
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	1,782,916	-	1,782,916	2,177,820
NET POSITION				
Investment in Capital Assets	-	8,343,369	8,343,369	7,207,220
Restricted for Emergencies	93,300	-	93,300	104,000
Unrestricted	3,665,444	435,130	4,100,574	4,417,203
TOTAL NET POSITION	\$ 3,758,744	\$ 8,778,499	\$ 12,537,243	\$ 11,728,423

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

PARACHUTE/BATTELEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

<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>
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 346,714	\$ -	\$ 206,252	\$ -
Total Governmental Activities	346,714	-	206,252	-
Business-Type Activities				
Recreation Center	2,190,737	753,137	5,575	-
Total Business-Type Activities	2,190,737	753,137	5,575	-
Total Primary Government	<u>\$ 2,537,451</u>	<u>\$ 753,137</u>	<u>\$ 211,827</u>	<u>\$ -</u>
GENERAL REVENUES				
Property Taxes				
Specific Ownership Taxes				
Interest				
Other				
Transfers				
TOTAL GENERAL REVENUES				
CHANGE IN NET POSITION				
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	
		2020	2019
<u>\$ (140,462)</u>	<u>\$ -</u>	<u>\$ (140,462)</u>	<u>\$ (719,391)</u>
<u>(140,462)</u>	<u>-</u>	<u>(140,462)</u>	<u>(719,391)</u>
<u>-</u>	<u>(1,432,025)</u>	<u>(1,432,025)</u>	<u>(771,894)</u>
<u>-</u>	<u>(1,432,025)</u>	<u>(1,432,025)</u>	<u>(771,894)</u>
<u>(140,462)</u>	<u>(1,432,025)</u>	<u>(1,572,487)</u>	<u>(1,491,285)</u>
2,136,220	-	2,136,220	2,176,957
143,135	-	143,135	166,408
15,782	17,384	33,166	113,541
68,029	747	68,776	185,894
<u>(1,433,724)</u>	<u>1,433,724</u>	<u>-</u>	<u>-</u>
<u>929,442</u>	<u>1,451,855</u>	<u>2,381,297</u>	<u>2,642,800</u>
788,980	19,830	808,810	1,151,515
<u>2,969,764</u>	<u>8,758,659</u>	<u>11,728,423</u>	<u>10,576,908</u>
<u>\$ 3,758,744</u>	<u>\$ 8,778,489</u>	<u>\$ 12,537,233</u>	<u>\$ 11,728,423</u>

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

	GENERAL FUND	
	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 3,861,693	\$ 2,982,905
Accounts Receivable	-	1,519
Property Taxes Receivable	1,782,916	2,177,820
TOTAL ASSETS	<u>\$ 5,644,609</u>	<u>\$ 5,162,244</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 101,474	\$ 2,945
Accrued Expenses	1,475	-
TOTAL LIABILITIES	<u>102,949</u>	<u>2,945</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax Revenue	<u>1,782,916</u>	<u>2,177,820</u>
FUND EQUITY		
Restricted for Emergencies	93,300	104,000
Unassigned	<u>3,665,444</u>	<u>2,877,479</u>
TOTAL FUND EQUITY	<u>3,758,744</u>	<u>2,981,479</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	<u>\$ 5,644,609</u>	<u>\$ 5,162,244</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Fund Balance, government activities	3,758,744	2,981,479
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>-</u>	<u>(11,715)</u>
Net position of governmental activities	<u>\$ 3,758,744</u>	<u>\$ 2,969,764</u>

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

PARACHUTE/BATLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	GENERAL FUND	
	2020	2019
REVENUES		
Property Taxes	\$ 2,136,220	\$ 2,176,957
Specific Ownership Taxes	143,135	166,408
Grants and Donations	206,252	28,705
Conservation Trust Fund	20,523	22,697
Interest	15,782	113,541
Other	47,506	110,986
	<u>2,569,418</u>	<u>2,619,294</u>
TOTAL REVENUES		
EXPENDITURES		
General Government	358,429	736,381
	<u>358,429</u>	<u>736,381</u>
TOTAL EXPENDITURES		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,210,989</u>	<u>1,882,913</u>
OTHER FINANCING SOURCES (USES)		
Transfer Out	<u>(1,433,724)</u>	<u>(1,070,076)</u>
NET CHANGE IN FUND BALANCE	777,265	812,837
FUND BALANCE, Beginning	<u>2,981,479</u>	<u>2,168,642</u>
FUND BALANCES, Ending	<u>\$ 3,758,744</u>	<u>\$ 2,981,479</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, 2020

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 777,265
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 accrued compensated absences for the year.	<u>11,715</u>
Change in Net Position of Governmental Activities	<u>\$ 788,980</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, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 436,062	\$ 1,563,669
Prepaid Expenses	12,893	-
Total Current Assets	<u>448,955</u>	<u>1,563,669</u>
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	8,343,369	7,207,220
Inventory	20,728	46,648
TOTAL ASSETS	<u>8,813,052</u>	<u>8,817,537</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	422	1,581
Accrued Expenses	9,264	25,871
Accrued Compensated Absences	24,877	31,426
TOTAL LIABILITIES	<u>34,563</u>	<u>58,878</u>
NET POSITION		
Investment in Capital Assets	8,343,369	7,207,220
Unrestricted	435,130	1,551,439
TOTAL NET POSITION	<u>\$ 8,778,499</u>	<u>\$ 8,758,659</u>

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

PARACHUTE/BAT*LEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2020

OPERATING REVENUES	<u>2020</u>	<u>2019</u>
Charges for Services	\$ 651,701	\$ 678,090
Pro Shop Sales	87,236	110,336
Facility Rental	14,200	21,782
Miscellaneous	<u>747</u>	<u>52,211</u>
 TOTAL OPERATING REVENUES	 <u>753,884</u>	 <u>862,419</u>
 OPERATING EXPENSES		
Operations	<u>2,190,727</u>	<u>1,582,102</u>
 TOTAL OPERATING EXPENSES	 <u>2,190,727</u>	 <u>1,582,102</u>
 OPERATING INCOME	 <u>(1,436,843)</u>	 <u>(719,683)</u>
 NON-OPERATING REVENUES		
Interest Income	17,384	-
Grants and Contributions	<u>5,575</u>	<u>-</u>
 TOTAL NON-OPERATING REVENUES	 <u>22,959</u>	 <u>-</u>
 INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	 <u>(1,413,884)</u>	 <u>(719,683)</u>
 CONTRIBUTIONS AND TRANSFERS		
Transfers In	<u>1,433,724</u>	<u>1,070,076</u>
 TOTAL CONTRIBUTIONS AND TRANSFERS	 <u>1,433,724</u>	 <u>1,070,076</u>
 NET INCOME (LOSS)	 19,840	 350,393
 NET POSITION, Beginning	 <u>8,758,659</u>	 <u>8,408,266</u>
 NET POSITION, Ending	 <u>\$ 8,778,499</u>	 <u>\$ 8,758,659</u>

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

PARACHUTE/BAT*LEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 Year Ended December 31, 2020
 Increase (Decrease) in Cash and Cash Equivalents

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 753,884	\$ 863,908
Cash Paid to Suppliers	(1,752,790)	(925,336)
Net Cash Provided (Used) by Operating Activities	<u>(998,906)</u>	<u>(61,428)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grant and Contribution Revenue	5,575	-
Purchase of Capital Assets	(1,585,384)	(892,157)
Transfers from Other Funds	1,433,724	1,070,076
Net Cash Provided by Capital and Related Financing Activities	<u>(146,085)</u>	<u>177,919</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	17,384	-
Net Increase (Decrease) in Cash and Cash Equivalents	(1,127,607)	116,491
CASH AND CASH EQUIVALENTS, Beginning	<u>1,563,669</u>	<u>1,447,178</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 436,062</u>	<u>\$ 1,563,669</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	<u>\$ (1,436,843)</u>	<u>\$ (719,683)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation and Amortization	341,379	313,387
Loss on disposal of assets	107,856	371,442
Changes in Assets and Liabilities		
Accounts Receivable	-	1,489
Prepaid Expenses	(12,893)	-
Inventory	25,920	(18,196)
Accounts Payable	(1,159)	(15,072)
Accrued Expenses	(16,607)	5,205
Accrued Compensated Absences	(6,559)	-
Total Adjustments	<u>437,937</u>	<u>658,255</u>
Net Cash Used by Operating Activities	<u>\$ (998,906)</u>	<u>\$ (61,428)</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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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 balance as of December 31, 2020.
- 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, 2020.
- 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, 2020

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, 2020

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

State Compliance

At December 31, 2020 actual expenditures in the Recreation Fund exceeded budgeted amounts by \$84,168. This may be a violation of State statute.

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2020 follows:

Petty Cash	\$ 1,369
Cash Deposits	205,686
Investments	<u>4,090,700</u>
Total	<u>\$ 4,297,755</u>

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

Governmental Activities	\$ 3,861,693
Business-Type Activities	<u>436,062</u>
Total	<u>\$ 4,297,755</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, 2020, 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, 2020, the District had deposits with financial institutions with a carrying amount of \$205,686. The bank balances with the financial institutions were \$289,637. Of these balances, \$250,000 was covered by federal depository insurance and \$39,637 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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 and local governments.

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

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 \$4,090,700 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.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

NOTE 4: CAPITAL ASSETS

	Balances 12/31/2019	Additions	Deletions	Balances 12/31/2020
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 2,276,610	\$ 26,858	\$ -	\$ 2,303,468
Water Rights	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>65,000</u>
Total Capital Assets, not depreciated	<u>2,341,610</u>	<u>26,858</u>	<u>-</u>	<u>2,368,468</u>
Capital Assets, depreciated				
Buildings and Improvements	4,723,122	1,526,017	107,856	6,141,283
Equipment	<u>1,632,405</u>	<u>32,509</u>	<u>-</u>	<u>1,664,914</u>
Total Capital Assets, depreciated	<u>6,355,527</u>	<u>1,558,526</u>	<u>107,856</u>	<u>7,806,197</u>
Less: Accumulated Depreciation				
Buildings and Improvements	1,042,139	206,091	-	1,248,230
Equipment	<u>447,778</u>	<u>135,288</u>	<u>-</u>	<u>583,066</u>
Total Accumulated Depreciation	<u>1,489,917</u>	<u>341,379</u>	<u>-</u>	<u>1,831,296</u>
Total Capital Assets, depreciated, Net	<u>4,865,610</u>	<u>1,217,147</u>	<u>107,856</u>	<u>5,974,901</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 7,207,220</u>	<u>\$ 1,244,005</u>	<u>\$ 107,856</u>	<u>\$ 8,343,369</u>

Depreciation expense in the amount of \$341,379 was charged to the recreation center, golf course and program activities.

Beginning balances were restated to classify assets and accumulated depreciation more accurately in their proper asset category. The amount reported for net capital assets did not change as of December 31, 2019.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

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, 2020.

	Balance <u>12/31/19</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/20</u>	Due In <u>One Year</u>
Compensated Absences	\$ 11,715	\$ -	\$ 11,715	\$ -	\$ -

Accrued Compensated Absences were being paid from resources generated by the General Fund.

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2020.

	Balance <u>12/31/19</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/20</u>	Due In <u>One Year</u>
Compensated Absences	\$ 31,426	\$ 48,940	\$ 55,489	\$ 24,877	\$ -

Accrued Compensated Absences are being paid from resources generated by the Recreation Fund.

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

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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, 2020, the emergency reserve of \$93,300 was recorded in the General Fund.

NOTE 8: SUBSEQUENT EVENTS

Potential subsequent events were considered through June 23, 2021. We noted no significant items required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2020

	2020		VARIANCE Positive (Negative)	2019 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 2,177,820	\$ 2,136,220	\$ (41,600)	\$ 2,176,957
Specific Ownership Taxes	145,000	143,135	(1,865)	166,408
Grants and Donations	10,000	206,252	196,252	28,705
Conservation Trust Fund	22,000	20,523	(1,477)	22,697
Interest	40,000	15,782	(24,218)	113,541
Other	80,000	47,506	(32,494)	110,986
TOTAL REVENUES	<u>2,474,820</u>	<u>2,569,418</u>	<u>94,598</u>	<u>2,619,294</u>
EXPENDITURES				
General Government				
Professional Services	199,008	182,159	16,849	152,330
Payroll Expense	35,000	-	-	238,426
Office Expense	16,320	12,710	3,610	76,116
Insurance	68,600	53,274	15,326	60,952
Treasurer Fees	44,500	42,724	1,776	43,952
Repair and Maintenance	22,500	20,187	2,313	161,122
Capital Outlay	25,000	-	25,000	-
Other Expenses	13,110	47,375	(34,265)	3,483
Contingency	95,000	-	95,000	-
TOTAL EXPENDITURES	<u>519,038</u>	<u>358,429</u>	<u>160,609</u>	<u>736,381</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,955,782</u>	<u>2,210,989</u>	<u>255,207</u>	<u>1,882,913</u>
OTHER FINANCING SOURCES (USES)				
Transfer Out	<u>(1,781,314)</u>	<u>(1,433,724)</u>	<u>347,590</u>	<u>(1,070,076)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,781,314)</u>	<u>(1,433,724)</u>	<u>347,590</u>	<u>(1,070,076)</u>
NET CHANGE IN FUND BALANCE	<u>174,468</u>	<u>777,265</u>	<u>602,797</u>	<u>812,837</u>
FUND BALANCE Beginning	<u>3,956,026</u>	<u>2,981,479</u>	<u>(974,547)</u>	<u>2,168,642</u>
FUND BALANCE, Ending	<u>\$ 4,130,494</u>	<u>\$ 3,758,744</u>	<u>\$ (371,750)</u>	<u>\$ 2,981,479</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, 2020

	2020		VARIANCE Positive (Negative)	2019 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 997,450	\$ 651,701	\$ (345,749)	\$ 678,090
Facility Rental	15,300	14,200	(1,100)	21,782
Interest Income	64,000	17,384	(46,616)	-
Pro Shop Sales	75,500	87,236	11,736	110,336
Miscellaneous	-	747	747	52,211
Transfers In	1,831,924	1,433,724	(398,200)	1,070,076
Grants	475,000	5,000	(470,000)	-
Contribution Revenue	1,000	575	(425)	-
TOTAL REVENUES	<u>3,460,174</u>	<u>2,210,567</u>	<u>(1,249,607)</u>	<u>1,932,495</u>
EXPENDITURES				
Salaries and Benefits	1,030,314	938,205	92,109	724,646
Office Expense	131,500	77,950	53,550	-
Utilities	172,100	174,196	(2,096)	171,802
Recreation Center Operating Expense	118,000	76,750	41,250	96,004
Program Expense	28,350	4,298	24,052	68,651
Golf and Park Operating Expense	42,500	30,918	11,582	7,505
Repair and Maintenance Expenses	312,200	452,567	(140,367)	110,986
Pro Shop Operating Expense	13,000	85,522	(72,522)	85,263
Other	17,600	8,942	8,658	3,858
Capital Outlay	1,485,000	1,585,384	(100,384)	-
TOTAL EXPENDITURES	<u>3,350,564</u>	<u>3,434,732</u>	<u>(84,168)</u>	<u>1,268,715</u>
NET INCOME (Budget Basis)	<u>\$ 109,610</u>	<u>(1,224,165)</u>	<u>\$ (1,333,775)</u>	<u>663,780</u>
GAAP BASIS ADJUSTMENTS				
Capital Outlay		1,585,384		-
Depreciation		<u>(341,379)</u>		<u>(313,387)</u>
NET INCOME (LOSS), GAAP BASIS		19,840		350,393
NET POSITION, Beginning		<u>8,758,659</u>		<u>8,408,266</u>
NET POSITION, Ending		<u>\$ 8,778,499</u>		<u>\$ 8,758,659</u>

See the accompanying independent auditors' report.