



Thompson Rivers Parks and Recreation District

**Financial Statements and Supplementary
Information**
For the Years Ended December 31, 2020 and 2019

Thompson Rivers Parks and Recreation District

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Independent Auditor's Report

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

Opinions

We have audited the financial statements of the Thompson Rivers Parks and Recreation District (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Thompson Rivers Parks and Recreation District, as of December 31, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matter

The 2019 financial statements of the District were audited by ACM LLP ("ACM"), whose partners and professional staff joined BDO USA, LLP as of August 1, 2020, and has subsequently ceased operations. ACM's report dated July 24, 2020 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



Auditor's Responsibilities for the Audit of the 2020 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 2020 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) on pages 23 through 24 is presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BDO USA, LLP

September 30, 2021

**Thompson Rivers Parks and Recreation District
Management's Discussion and Analysis
For the Year Ended December 31, 2020**

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

The MD&A should be read in conjunction with the District's basic financial statement (beginning on page 9).

2020 Highlights – Business-Type Activities

As of December 31, 2020, net position was \$5,171,165 an increase of \$143,398 when compared to 2019 (\$5,027,767).

Total operating revenue was \$63,698 during 2020, a decrease of \$174,581 when compared to 2019 (\$238,279).

Total operating expenses were \$1,934,059 during 2020, a decrease of \$16,121 when compared to 2019 (\$1,950,180).

Net capital assets were \$11,369,526 in 2020, a decrease of \$109,552 when compared to 2019 (\$11,479,078).

The District's long-term debt was \$6,840,928 as of December 31, 2020, a net decrease of \$328,709 as compared to 2019 (\$7,169,637).

Using this Annual Report

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

Statements of Net Position - reports the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (See page 9).

Statements of Revenues, Expenses and Changes in Net Position - reports the District's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions. (See page 10).

Statements of Cash Flows - reports the District's cash flows from operating activities, investing, capital and non-capital activities. (See page 11).

**Thompson Rivers Parks and Recreation District
Management's Discussion and Analysis
For the Year Ended December 31, 2020**

Condensed Statements of Net Position

	2019	2020
Current assets	\$2,546,489	\$2,271,124
Capital assets, net of accumulated depreciation	11,479,078	11,369,526
Other assets	4,000	1,800
<u>Total assets</u>	<u>14,029,567</u>	<u>13,642,450</u>
Current liabilities	520,749	526,836
Non-current liabilities	6,752,171	6,407,005
<u>Total liabilities</u>	<u>7,272,920</u>	<u>6,933,841</u>
Deferred inflows of resources	1,728,880	1,537,444
Net position		
Invested in capital assets, net of related debt	4,309,441	4,528,598
Restricted	63,752	63,007
Unrestricted	654,574	579,560
<u>Total net position</u>	<u>\$5,027,767</u>	<u>\$5,171,165</u>

The net position of the District was \$5,171,165 as of December 31, 2020, an increase of \$143,398 from 2019 (\$5,027,767). As of December 31, 2020 total assets were \$13,642,450, a decrease of \$387,117 from 2019 (\$14,029,567).

**Thompson Rivers Parks and Recreation District
Management's Discussion and Analysis
For the Year Ended December 31, 2020**

Review of Revenues

	<u>2019</u>	<u>2020</u>
Operating Revenue	\$238,279	\$63,698
Non-Operating Revenues		
Property and specific ownership taxes	1,651,198	1,777,007
State lottery funds	143,385	124,354
Earnings on investments	1,660	2,664
Other income and capital contributions	203,753	256,880
Total non-operating revenues	<u>1,999,996</u>	<u>2,160,905</u>
Total revenues	<u><u>\$2,238,275</u></u>	<u><u>\$2,224,603</u></u>

Operating revenues decreased significantly (\$174,581) in 2020. The decrease was due to facility closures and program cancelations due to the COVID-19 pandemic. Non-operating revenues increased by \$160,909. The increase was largely due to a higher assessed valuation. Steady oil and gas development and increased home values drove the assessed value increase.

**Thompson Rivers Parks and Recreation District
Management's Discussion and Analysis
For the Year Ended December 31, 2020**

Review of Expenses

	<u>2019</u>	<u>2020</u>
District expenses		
Program costs	\$705,919	\$676,253
Administrative and operating costs	957,610	930,998
Depreciation	286,651	326,808
County treasurer fees	23,235	25,414
Loss on disposal of capital assets	3,461	70,882
Debt issuance costs	147,500	-
Interest expense	<u>270,135</u>	<u>204,176</u>
 Total	 <u><u>\$2,394,511</u></u>	 <u><u>\$2,234,531</u></u>

District expenses decreased to \$2,234,531 in 2020, a decrease of \$159,980 when compared to 2019 (\$2,394,511). The decrease in expenses was due to cost savings as a result of COVID-19 closures, in addition to the one-time debt issuance costs offset by the increase in current year loss on disposal of assets.

Capital Contributions

	<u>2019</u>	<u>2020</u>
Capital contributions	<u>\$ 545,737</u>	<u>\$ 153,326</u>

Capital Assets

	<u>2019</u>	<u>2020</u>
Land	\$ 1,673,100	\$ 1,673,100
Building	5,979,889	6,116,489
Land improvements	5,067,280	5,067,280
Construction in progress	70,070	-
Vehicles and equipment	<u>694,608</u>	<u>845,334</u>
 <u>Total</u>	 <u><u>\$ 13,484,947</u></u>	 <u><u>\$ 13,702,203</u></u>

**Thompson Rivers Parks and Recreation District
Management's Discussion and Analysis
For the Year Ended December 31, 2020**

Per the District's capital equipment plan, the District purchased two new vehicles in 2020 (Vehicles and equipment). The District also took ownership of the Milliken Water Works Pool (Building) via a voter approved election initiative.

Economic and Other Factors

The District experienced a decrease in its assessed valuation in 2020 due to uncertainty in oil and gas regulations. Revenue generated from increased oil and gas production and higher oil prices are often cyclical and the District takes this into consideration when constructing our annual budget. Reduced oil and gas revenue as well as other broad economic challenges caused by the COVID-19 virus has caused some revenue uncertainty for the District. Looking forward the District anticipates reduced revenue and expenditures in the 2021-2022 fiscal years. Strong growth in new construction and increasing home prices have helped offset much of the revenue lost in operations revenue and assessed oil and gas revenue. Strong demand in the local housing market and recovering oil and gas revenues are likely to have significant positive effects on District revenue beginning in 2023. The District management is confident that we are positioned in a way to weather the economic storm while still working towards our mission: Building a healthy, happy community through people, parks, programs and partnerships.

Financial Contact

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

Basic Financial Statements

Thompson Rivers Parks and Recreation District

Statements of Net Position

<i>December 31,</i>	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 716,699	\$ 754,478
Property taxes receivable	1,537,444	1,728,880
Note receivable, current portion	-	55,000
Other receivables	12,681	3,831
Prepaid items	4,300	4,300
Total current assets	2,271,124	2,546,489
Capital assets		
Land	1,673,100	1,673,100
Construction in progress	-	70,070
Building	6,116,489	5,979,889
Land improvements	5,067,280	5,067,280
Vehicles and equipment	845,334	694,608
Total capital assets	13,702,203	13,484,947
Less: accumulated depreciation	(2,332,677)	(2,005,869)
Total capital assets, net	11,369,526	11,479,078
Other assets		
Security deposit	1,800	4,000
Total assets	13,642,450	14,029,567
Liabilities		
Current liabilities		
Current portion of capital lease obligations	433,923	417,466
Accounts payable	-	6,233
Accrued wages and compensated absences payable	42,853	46,990
Accrued interest payable	50,060	50,060
Total current liabilities	526,836	520,749
Noncurrent liabilities		
Capital lease obligations, net of current portion	6,407,005	6,752,171
Total liabilities	6,933,841	7,272,920
Deferred inflows of resources		
Unearned revenue - property taxes	1,537,444	1,728,880
Net position		
Net investment in capital assets	4,528,598	4,309,441
Restricted:		
Emergencies	63,007	63,752
Unrestricted	579,560	654,574
Total net position	\$ 5,171,165	\$ 5,027,767

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

Thompson Rivers Parks and Recreation District
Statements of Revenues, Expenses and Changes in Net Position

<i>For the years ended December 31,</i>	2020	2019
Operating revenues		
Charges for services	\$ 63,698	\$ 238,279
Operating expenses		
Program costs	676,253	705,919
Administrative and operating costs	930,998	957,610
Depreciation	326,808	286,651
Total operating expenses	1,934,059	1,950,180
Operating loss	(1,870,361)	(1,711,901)
Nonoperating revenues (expenses)		
Property taxes	1,692,402	1,548,077
Conservation trust funds	124,354	143,385
Other nonoperating revenues	256,880	203,753
Specific ownership taxes	84,605	103,121
Earnings from investments	2,664	1,660
County treasurer fees	(25,414)	(23,235)
Loss on disposal of capital assets	(70,882)	(3,461)
Debt issuance cost	-	(147,500)
Interest expense	(204,176)	(270,135)
Total nonoperating revenues (expenses)	1,860,433	1,555,665
Income before contributions	(9,928)	(156,236)
Capital contributions	153,326	545,737
Change in net position	143,398	389,501
Net position at beginning of year	5,027,767	4,638,266
Net position at end of year	\$ 5,171,165	\$ 5,027,767

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

Thompson Rivers Parks and Recreation District

Statements Cash Flows

<i>For the years ended December 31,</i>	2020	2019
Cash flows from operating activities		
Cash received from customers	\$ 54,848	\$ 311,146
Cash paid to suppliers	(891,270)	(947,165)
Cash paid to employees	(724,151)	(721,873)
Net cash flows from operating activities	(1,560,573)	(1,357,892)
Cash flow from noncapital financing activities		
Property and specific ownership taxes	1,777,007	1,649,428
Conservation trust funds	124,354	143,385
Other nonoperating revenues	256,880	203,753
Treasurer fees	(25,414)	(23,235)
Net cash flows from noncapital financing activities	2,132,827	1,973,331
Cash flows from capital and related financing activities		
Acquisition of capital assets	(38,140)	(136,140)
Payments received from notes receivable	55,000	55,000
Capital contributions	16,726	545,737
Proceeds from the issuance of capital lease obligations	-	7,076,062
Principal payments on capital lease obligations	(443,198)	(7,295,016)
Debt issuance costs	-	(147,500)
Interest paid	(203,085)	(280,730)
Net cash flows from capital and related financing activities	(612,697)	(182,587)
Cash flows from investing activities		
Interest	2,664	1,660
Net cash flows from investing activities	2,664	1,660
Net change in cash and cash equivalents	(37,779)	434,512
Cash and cash equivalents at beginning of year	754,478	319,966
Cash and cash equivalents at end of year	\$ 716,699	\$ 754,478
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (1,870,361)	\$ (1,711,901)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	326,808	286,651
Changes in operating assets and liabilities:		
Other receivables	(8,850)	72,867
Prepays and other assets	2,200	-
Accounts payable	(6,233)	(3,928)
Accrued wages and compensated absences payable	(4,137)	(1,581)
Net cash flows from operating activities	\$ (1,560,573)	\$ (1,357,892)
Non-cash investing activity		
Contributed capital assets	\$ 136,600	\$ -
Purchase of vehicles under capital lease	\$ 113,398	\$ 101,691

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

Thompson Rivers Parks and Recreation District

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Form of Organization

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

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

Financial Reporting Entity

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

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

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

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

Basic Financial Statements

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

Thompson Rivers Parks and Recreation District

Notes to Financial Statements

Basis of Accounting

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Total net position is segregated into net investment in capital assets, restricted for emergencies, restricted for debt service, and unrestricted net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Budgets and Budgetary Accounting

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

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

Following is a summary of the original budget, total revisions and revised budget for the District for the year ended December 31, 2020:

	Original Budget	Total Revisions	Revised Budget
Thompson Rivers Parks and Recreation District	\$ 3,358,065	\$ (1,079,889)	\$ 2,278,176

Cash and Cash Equivalents

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

Revenue Recognition and Receivables

Operating revenues are those revenues that are generated directly from the primary activity of the District. These revenues are for recreational programs and classes which are earned as the service is provided. The District is responsible for billing and collection of these charges on a monthly basis. All revenues not meeting these definitions are reported as nonoperating revenues. Receivables are

Thompson Rivers Parks and Recreation District

Notes to Financial Statements

reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. No amounts were determined to be uncollectible at December 31, 2020 or 2019, respectively.

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

Operating Revenues and Expenses

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

Prepaid Items

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

Capital Assets

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

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

Description	Years
Land	N/A
Land improvements	20 - 50 years
Vehicles & Equipment	4 - 20 years
Building	50 years

Thompson Rivers Parks and Recreation District

Notes to Financial Statements

Accrued Compensated Absences Payable

Obligations associated with the District's vacation policy are recorded as a liability and expensed when earned to the extent that such benefits vest to the employee. The amount of the accrued and unpaid balance due under this policy is considered a long-term liability. The District had approximately \$36,000 for accrued compensated absences at December 31, 2020 and 2019.

Net Position

Net position is classified in the following categories:

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

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

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

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and such differences could be material.

2. Cash and Investments

Custodial Credit Risk - Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation ("FDIC") to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2020 and 2019, the District had deposits with two financial institutions with a carrying amount of \$713,579

Thompson Rivers Parks and Recreation District

Notes to Financial Statements

and \$750,445 respectively. The bank balances with the financial institutions were \$741,694 and \$755,634, respectively, of which, \$491,265 and \$273,815 respectively, was covered by federal depository insurance, with the excess in 2020 and 2019 covered by PDPA.

Investments

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

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

District policy is to hold investments until maturity.

Interest Rate Risk

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

Custodial Credit Risk - Investments

Custodial credit risk of investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2020 and 2019, the District held no investments.

Cash and cash equivalents held by the District at December 31, 2020 and 2019 were as follows:

	2020	2019
Cash held by county treasurer	\$ 3,120	\$ 4,033
Cash on deposit with financial institutions	713,579	750,445
Total cash and cash equivalents	\$ 716,699	\$ 754,478

Thompson Rivers Parks and Recreation District

Notes to Financial Statements

3. Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,673,100	\$ -	\$ -	\$ 1,673,100
Construction in progress	70,070	-	(70,070)	-
Total capital assets, not being depreciated	1,743,170	-	(70,070)	1,673,100
Capital assets, being depreciated:				
Land improvements	5,067,280	-	-	5,067,280
Building	5,979,889	136,600	-	6,116,489
Vehicles and equipment	694,608	151,538	(812)	845,334
Total capital assets, being depreciated	11,741,777	288,138	(812)	12,029,103
Less: accumulated depreciated				
Land improvements	(1,181,108)	(106,450)	-	(1,287,558)
Building	(388,693)	(119,598)	-	(508,291)
Vehicles and equipment	(436,068)	(100,760)	-	(536,828)
Total accumulated depreciation	(2,005,869)	(326,808)	-	(2,332,677)
Total capital assets, being depreciated, net	9,735,908	(38,670)	(812)	9,696,426
Capital assets, net	\$ 11,479,078	\$ (38,670)	\$ (70,882)	\$ 11,369,526

Thompson Rivers Parks and Recreation District

Notes to Financial Statements

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,673,100	\$ -	\$ -	\$ 1,673,100
Construction in progress	-	70,070	-	70,070
Total capital assets, not being depreciated	1,673,100	70,070	-	1,743,170
Capital assets, being depreciated:				
Land improvements	5,067,280	-	-	5,067,280
Building	5,979,889	-	-	5,979,889
Vehicles and equipment	536,287	167,761	(9,440)	694,608
Total capital assets, being depreciated	11,583,456	167,761	(9,440)	11,741,777
Less: accumulated depreciated				
Land improvements	(1,077,123)	(103,985)	-	(1,181,108)
Building	(269,095)	(119,598)	-	(388,693)
Vehicles and equipment	(378,979)	(63,068)	5,979	(436,068)
Total accumulated depreciation	(1,725,197)	(286,651)	5,979	(2,005,869)
Total capital assets, being depreciated, net	9,858,259	(118,890)	(3,461)	9,735,908
Capital assets, net	\$ 11,531,359	\$ (48,820)	\$ (3,461)	\$ 11,479,078

Thompson Rivers Parks and Recreation District

Statements Cash Flows

4. Long-Term Debt

A summary of the District's long-term debt as of December 31, 2020 and 2019, is as follows:

	2020	2019
Capital Leases		
\$163,136 May 19, 2015, capital lease with the financial institution, due in monthly installments of \$3,002 through May 2020. The interest rate is 3.97%. The lease is collateralized by vehicles and equipment.	\$ -	\$ 14,863
Various capital leases with a motor credit company, due in annual installments ranging from \$12,688 to \$22,978, including principal and interest, through 2024. Interest accrues at 6.20% per annum. The lease is collateralized by vehicles.	149,950	79,258
\$7,075,517 October 3, 2019, capital lease with the financial institution, due in semi-annual installments of \$291,865 through October 1, 2034. The interest rate is 2.87%. The lease proceeds were used to payoff the October 1, 2015 capital lease and the September 5, 2014 capital lease and pay the issuance costs of this agreement. The lease is collateralized by the Nelson Ballfield property and the Milliken Athletic Complex and Land.	6,690,978	7,075,516
Total long-term debt	\$ 6,840,928	\$ 7,169,637

A summary of changes in debt for the year ended December 31, 2020, is as follows:

	Beginning Balance	Additions	Debt Retired	Ending Balance	Due Within One Year
Capital Leases	\$ 7,169,637	\$ 114,488	\$ 443,197	\$ 6,840,928	\$ 433,923
Compensated Absences	\$ 35,968	\$ 2,971	\$ 2,971	\$ 35,968	\$ 5,395

A summary of changes in debt for the year ended December 31, 2019, is as follows:

	Beginning Balance	Additions	Debt Retired	Ending Balance	Due Within One Year
Capital Leases	\$ 7,286,900	\$ 7,177,753	\$ 7,295,016	\$ 7,169,637	\$ 417,466
Compensated Absences	\$ 31,584	\$ 7,355	\$ 2,971	\$ 35,968	\$ 5,395

Thompson Rivers Parks and Recreation District

Notes to Financial Statements

The annual requirements to amortize all debt outstanding as of December 31, 2020 are as follows:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 433,923	\$ 197,264	\$ 631,187
2022	447,770	183,338	631,108
2023	462,099	168,928	631,027
2024	453,949	154,011	607,960
2025	442,141	141,590	583,731
2026-2030	2,409,964	518,690	2,928,654
2031-2034	2,191,082	143,840	2,334,922
Totals	\$ 6,840,928	\$ 1,507,661	\$ 8,348,589

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

Land	\$ 500,000
Land improvements	4,437,124
Vehicles and technology equipment	342,460
Less: accumulated depreciation	(1,392,185)
Total	\$ 3,887,399

On October 3, 2019, the District entered into a lease purchase agreement for \$7,075,517 which refunded the October 1, 2015 capital lease and the September 5, 2014 capital lease. There were debt issuance costs of \$147,500. The refinancing resulted in an economic gain (difference between the present values of the debt service payments of on the old and new debt) of approximately \$26,000. There were no deferred gains or losses resulting from this refunding as amounts were immaterial.

The District's credit agreement with the bank contains certain financial covenants that require, among other things, maintenance of minimum amounts in cash; submission of audited financial statements within 270 days after year end; and requires approval for new debt. The District is in compliance with these financial covenants as of December 31, 2020.

5. Risk Management

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

At December 31, 2019, the date of the most recent audited financial statements, the Pool had assets of \$63,918,422, liabilities of \$39,345,647 and members' equity of \$24,572,775. The liability amount includes no long-term debt. Total revenue for 2019 amounted to \$20,983,559 and total expenses were

Thompson Rivers Parks and Recreation District

Notes to Financial Statements

\$22,973,705, resulting in an excess of expenses over revenues of \$1,990,146. The net decrease in members' equity during 2019 was \$1,214,592, which includes a decrease in non-admitted assets of \$122,776. The District's share of these amounts is less than 1%.

6. Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the "Plan"). The Plan, available to all full time District employees, permits them to defer a portion of their salary until future years. The District may elect to make a discretionary matching contribution. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. For the years ended December 31, 2020 and 2019, the District contributed \$9,665 and \$8,492, respectively.

The Plan complies with Section 457 of the Internal Revenue Code, whereby, trust provisions are incorporated so that plan assets are held to trust for the exclusive benefit of participants and their beneficiaries. As a result, as of December 31, 2020, the assets and liabilities of the deferred compensation plan are not included in the accompanying financial statements.

7. TABOR Compliance

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

Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$63,007 and \$63,752 as of December 31, 2020 and 2019, respectively, for emergencies as defined by the Amendment.

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

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

Thompson Rivers Parks and Recreation District

Notes to Financial Statements

8. Note Receivable

On March 2, 2015, the District sold a piece of land for \$330,000. The District received cash of \$55,000 and had obtained a note receivable of \$275,000. The District received annual installments of \$55,000 for five years until June 2020. Once all five payments have been made, no other obligations exist for either party. Management has determined imputed interest to be immaterial, therefore the balance does not reflect this adjustment. Ending balance of the note receivable is \$0 and \$55,000 as of December 31, 2020 and 2019, respectively.

9. Non-Cash Capital and Related Financing Activities

During the years ended December 31, 2020 and 2019, the District acquired capital assets through capital leases totaling \$113,398 and \$101,691, respectively.

10. Risks and Uncertainties

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

On March 27, 2020, the “Coronavirus Aid, Relief, and Economic Security (“CARES”) Act” was Signed into law. The Cares Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

The District continues to examine the impact that the CARES Act may have on the business. The CARES Act had minimal impact on the District for the Year ended December 31, 2020.

11. Subsequent Events

Management of the District has evaluated subsequent events through September 30, 2021, the date that the financial statements were available to be issued. No transactions or events that would require adjustment to or disclosure in the financial statements were identified.

Other Supplementary Information

Thompson Rivers Parks and Recreation District

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

	2020				
	Budgeted Amounts		Actual	Variance with	2019
	Original	Final		Final Budget	
			Positive	(Negative)	Actual
Revenues					
Operating revenues					
Charges for services	\$ 233,800	\$ 83,084	\$ 63,698	\$ (19,386)	\$ 238,279
Nonoperating revenues					
Property taxes	1,728,884	1,692,402	1,692,402	-	1,548,077
Conservation trust funds	120,000	124,354	124,354	-	143,385
Specific ownership taxes	102,000	84,605	84,605	-	103,121
Other nonoperating revenues	305,297	301,297	256,880	(44,417)	233,917
Grants and contributions	501,150	16,726	153,326	136,600	515,573
Interest	1,150	2,664	2,664	-	1,660
Total nonoperating revenues	2,758,481	2,222,048	2,314,231	92,183	2,545,733
Total revenues	2,992,281	2,305,132	2,377,929	72,797	2,784,012
Expenditures					
Program costs					
Communication	4,710	6,400	7,268	(868)	8,412
Continuing education	-	-	965	(965)	3,031
Employee benefits	34,800	39,859	60,704	(20,845)	55,484
League fees	900	-	-	-	905
Other	6,000	8,949	12,562	(3,613)	(3,030)
Repairs and maintenance	19,000	7,676	121,867	(114,191)	115,655
Salaries	205,750	174,141	230,109	(55,968)	266,873
Supplies	350,700	227,353	102,610	124,743	132,921
Temporary help	70,600	38,028	41,220	(3,192)	67,961
Travel and meetings	11	750	24	726	2,485
Uniforms	23,167	24,550	22,451	2,099	34,583
Utilities	20,000	11,421	67,871	(56,450)	80,427
Workers' compensation	-	-	8,602	(8,602)	9,748
Total program costs	735,638	539,127	676,253	(137,126)	775,455
Administrative and operating costs					
Accounting	34,000	35,949	35,950	(1)	26,566
Advertising	22,000	5,530	2,526	3,004	20,238
Attorney	7,000	10,431	10,431	-	20,908
Board expense	1,600	2,433	2,444	(11)	2,061
Board member compensation	6,000	5,300	5,300	-	6,000

(Continued)

Thompson Rivers Parks and Recreation District

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

	2020		Actual	Variance with Final Budget Positive (Negative)	2019 Actual
	Budgeted Amounts				
	Original	Final			
Expenditures (Continued)					
Communication	19,930	21,494	31,729	(10,235)	12,400
Computer expense	5,000	11,857	11,857	-	18,512
Continuing education	16,000	11,992	10,809	1,183	16,152
Contracted services	37,000	39,440	24,200	15,240	29,186
Copying	6,500	4,149	3,737	412	6,250
Employee benefits	59,800	51,288	31,944	19,344	30,731
Fees/licenses/permits	24,000	20,199	20,200	(1)	26,797
Interest expense	204,175	204,175	204,176	(1)	274,496
Liability insurance	27,000	26,593	26,593	-	23,889
Office/administrative	35,000	64,770	19,959	44,811	33,394
Office supplies	4,000	4,443	68,808	(64,365)	67,315
Payroll taxes	62,922	60,344	60,344	-	57,813
Postage	250	199	200	(1)	411
Principal paid	432,825	432,825	443,198	(10,373)	7,295,016
Salaries	510,181	528,979	521,339	7,640	447,419
Travel and meetings	244	2,500	232	2,268	2,483
Utilities	95,000	99,308	42,396	56,912	35,188
Total administrative and operating costs	1,610,427	1,644,198	1,578,372	65,826	8,453,225
Other expenses and transfers					
County treasurer fees	24,000	25,414	25,414	-	23,235
Loan issuance costs	-	-	-	-	147,500
Transfer to Capital Fund	988,000	69,437	-	69,437	-
Total expenditures	3,358,065	2,278,176	2,280,039	(1,863)	9,399,415
Change in net position budgetary basis	\$ (365,784)	\$ 26,956	97,890	\$ 74,660	(6,615,403)
Reconciling items to GAAP change in net position					
Loss on disposal of capital assets			(70,882)		(3,461)
Depreciation			(326,808)		(286,651)
Principal paid			443,198		7,295,016
Change in net position			\$ 143,398		\$ 389,501

See accompanying Independent Auditor's Report.