

**STRASBURG METROPOLITAN PARKS AND  
RECREATION DISTRICT**

**ANNUAL FINANCIAL REPORT**

**AND SUPPLEMENTAL INFORMATION**

**FOR THE**

**YEAR ENDED DECEMBER 31, 2021**

# STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT

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## ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

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STRASBURG METROPOLITAN PARKS AND  
RECREATION DISTRICT

ROSTER OF DISTRICT OFFICIALS  
**DECEMBER 31, 2021**

BOARD OF DIRECTORS

Cindy Fahey .....President  
Scott Gerrard.....Vice President  
Avis Devlin .....Secretary/Treasurer  
Lonnie Losh .....Director  
Mitch Swanson.....Director

DISTRICT ADMINISTRATOR

Angela Graf

**SCOTT C. WRIGHT**  
**CERTIFIED PUBLIC ACCOUNTANT**

PO Box 1354  
Eagle, Colorado 81631  
scottwright.cpa@icloud.com  
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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Strasburg Metropolitan Parks and Recreation District  
Strasburg, Colorado

**Report on the Audit of the Financial Statements**

*Opinions*

I have audited the accompanying financial statements of the governmental activities and each major fund of the Strasburg Metropolitan Parks and Recreation District as of and for the year ended December 31, 2021, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Strasburg Metropolitan Parks and Recreation District as of December 31, 2021, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Basis for Opinions*

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Strasburg Metropolitan Parks and Recreation District, Colorado and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

*Responsibilities of Management 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, 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 Strasburg Metropolitan Parks and Recreation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

My objective is to obtain reasonable assurance about whether the 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 my opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards, I:

- 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 Strasburg Metropolitan Parks and Recreation 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Strasburg Metropolitan Parks and Recreation District's ability to continue as a going concern for a reasonable period of time.

I am 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7, the budgetary comparison information on pages 31-32, the schedule of the District's proportionate share of the net pension liability on page 33, and the schedule of the District contributions on page 34 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Scott Wright*

Eagle, Colorado

June 21, 2022

## Management's Discussion and Analysis

As management of the Strasburg Metropolitan Parks and Recreation District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2021. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's basic financial statements.

### Financial Highlights

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$2,379,883.
- The District's total net position increased by \$222,627 from the previous year.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$851,597, an increase of \$153,669 in comparison with the prior year. Approximately seventy-five percent (86%) of this total amount, or \$634,995 is available for use within the District's policies (unassigned fund balance).
- Unassigned general fund balances represent 89 percent of total general fund expenditures or over 10 months of operations.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, (2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. Two categories are reported:

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the past year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses may be reported in this statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements can be found on pages 8-9 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The

District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District uses only governmental funds.

**Governmental Funds** - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the funds – general fund, and conservation trust fund – each of which are considered to be major funds. The basic governmental fund financial statements can be found on pages 12-15 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-32 of this report.

**Required Supplemental Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other required supplemental information. The Strasburg Metropolitan Parks and Recreation District adopts an annual appropriated budget for its general fund and conservation trust fund. Budgetary comparison statements have been provided in this section for the general fund and the conservation trust fund to demonstrate compliance with these budgets and can be found after the notes to the financial statements on pages 34-35 of this report. Pension-related required supplemental information is included on pages 36-37 of this report.

### **Government-wide Financial Analysis**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$2,379,883. However, the implementation of GASB 68 and GASB 71 have caused a large change in unrestricted net position that make other changes difficult to discern. Net position increased \$107,352 from the prior year due to the recording of a net pension expense credit.

The largest portion of the District's net position (72%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for

future spending. It should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (1.1%) represents resources that are subject to external restriction on how they may be used.

### NET POSITION

	<u>2021</u>	<u>2020</u>
<b>Assets:</b>		
Current Assets	\$ 1,384,775	\$ 1,162,044
Capital Assets	<u>1,716,211</u>	<u>1,754,605</u>
<b>Total Assets</b>	<u>3,100,986</u>	<u>2,916,649</u>
Deferred Outflows of Resources	<u>81,972</u>	<u>68,974</u>
<b>Liabilities:</b>		
Current and Other Liabilities	21,694	14,350
Noncurrent Liabilities	<u>72,632</u>	<u>195,285</u>
<b>Total Liabilities</b>	<u>94,326</u>	<u>209,635</u>
Deferred Inflows of Resources	<u>708,749</u>	<u>449,766</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	1,716,211	1,754,605
Restricted For:		
Emergencies	25,547	26,194
Purposes of Grantors	191,055	158,285
Unrestricted (Deficit)	<u>447,070</u>	<u>218,172</u>
<b>Total Net Position</b>	<u>\$ 2,379,883</u>	<u>\$ 2,157,256</u>

## CHANGE IN NET POSITION

Governmental activities increased the District's net position by \$222,627 for 2021.

The following is a condensed comparative summary of the District's revenue and expenses as of December 31:

	<u>2021</u>	<u>2020</u>
<b>General Revenues:</b>		
Property and Specific Ownership	\$ 482,259	\$ 465,356
Intergovernmental	32,689	27,098
Investment Earnings	277	5,441
Miscellaneous	<u>140,522</u>	<u>10,096</u>
<b>Total General Revenues</b>	<u>655,747</u>	<u>507,991</u>
<b>Program Revenues:</b>		
Charges for Services	169,255	82,188
Operating Grants	13,611	41,473
Capital Grants	<u>26,576</u>	<u>200,000</u>
<b>Total Program Revenues</b>	<u>209,442</u>	<u>323,661</u>
<b>Total Revenues</b>	<u>865,189</u>	<u>831,652</u>
<b>Expenses:</b>		
Governmental Activities:		
Administration	394,115	324,255
Pension Expense (Credit)	(107,352)	(185,911)
Facilities	248,564	187,988
Programs	105,383	84,760
Loss on Disposal of Capital Assets	<u>1,852</u>	<u>84,000</u>
<b>Total Expenses</b>	<u>642,562</u>	<u>495,092</u>
<b>Change in Net Position</b>	222,627	336,560
<b>Net Position – Beginning of Year</b>	<u>2,157,256</u>	<u>1,820,696</u>
<b>Net Position – End of Year</b>	<u>\$ 2,379,883</u>	<u>\$ 2,157,256</u>

**Capital assets.** The Strasburg Metropolitan Parks and Recreation District's investment in capital assets for its governmental activities as of December, 31, 2021, totals \$1,716,211 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, water rights, buildings and improvements, utility lines, infrastructure, wells, and machinery and equipment (see table below). The total decrease in the District's investment in capital assets for the current fiscal year was 2.19%.

**Strasburg Metropolitan Parks and Recreation District's Capital Assets  
(net of depreciation)**

	<u>2021</u>	<u>2020</u>
<b>Governmental Activities:</b>		
Land	\$ 875,241	\$ 874,141
Construction in Progress	26,576	-
Land Improvements	592,355	660,169
Buildings and Improvements	165,275	167,421
Machinery and Equipment	<u>56,764</u>	<u>52,874</u>
 Total Capital Assets, Being Depreciated	 <u>\$ 1,716,211</u>	 <u>\$ 1,754,605</u>

Additional information on the District's capital assets can be found in Note 4 on page 23 of this report.

**Long-term debt.** At December 31, 2021, the District had no outstanding debt.

**Economic Factors and Next Year's Budgets and Rates**

The District's total assessed valuations for 2021 as certified by the Adams County and Arapahoe County Assessors was \$77,495,120 and \$24,597,410, respectively. The District's mill rate for general operating purposes was set at 5.010 mills in 2021 for 2022 collections. Budgeted 2022 property tax revenues are \$511,484.

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Angie Graff, Strasburg Metropolitan Parks and Recreation District, 1932 Burton Street, P.O. Box 118, Strasburg, Colorado 80136.

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# STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT

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## STATEMENT OF NET POSITION DECEMBER 31, 2021

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	Total Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 837,555
Receivables (net)	542,739
Prepaid Expenses	4,481
Capital Assets, net of accumulated depreciation	
Nondepreciable	901,817
Depreciable	814,394
<b>Total Assets</b>	<b>3,100,986</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Contributions After Measurement Date	28,929
Collective Pension Amounts	47,897
Changes in District's Proportion	5,146
<b>Total Deferred Outflows of Resources</b>	<b>81,972</b>
<b>LIABILITIES</b>	
Accounts Payable	14,829
Accrued Liabilities	6,865
Noncurrent Liabilities:	
Net Pension Liability	72,632
<b>Total Liabilities</b>	<b>94,326</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue - Property Taxes	511,484
Collective Pension Amounts	178,608
Change in District Proportion	18,657
<b>Total Deferred Inflows of Resources</b>	<b>708,749</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,716,211
Restricted For:	
Emergencies	25,547
Purposes of Grantors	191,055
Unrestricted	447,070
<b>Total Net Position</b>	<b>\$ 2,379,883</b>

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

# STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT

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## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021

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	Total Governmental Activities
<b>Expenses</b>	
Parks and Recreation:	
Administration	\$ 394,115
Pension Expense	(107,352)
Facilities	248,564
Programs	105,383
	<hr/>
<b>Total Expenses</b>	640,710
	<hr/>
<b>Program Revenues</b>	
Charges for Services	169,255
Operating Grants	13,611
Capital Grants	26,576
	<hr/>
<b>Total Program Revenues</b>	209,442
	<hr/>
<b>Net Program Expense</b>	431,268
	<hr/>
<b>General Revenues (Expenses)</b>	
Property and Specific Ownership Taxes	482,259
Intergovernmental	32,689
Investment Earnings	277
Miscellaneous	140,522
Loss on Disposal of Capital Assets	(1,852)
	<hr/>
<b>Total General Revenues</b>	653,895
	<hr/>
<b>Change in Net Position</b>	222,627
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<b>Net Position, Beginning of Year</b>	2,157,256
	<hr/>
<b>Net Position, End of Year</b>	\$ 2,379,883
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The accompanying notes are an integral part of the financial statements.

# STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2021

	General Fund	Conservation Trust Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 646,500	\$ 191,055	\$ 837,555
Receivables:			
- Taxes	511,484	-	511,484
- Intergovernmental	26,576	-	26,576
- Accounts	4,679	-	4,679
Prepaid Expenses	4,481	-	4,481
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Assets</b>	<u>\$ 1,193,720</u>	<u>\$ 191,055</u>	<u>\$ 1,384,775</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Accounts Payable	\$ 14,829	\$ -	\$ 14,829
Accrued Liabilities	6,865	-	6,865
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Liabilities</b>	<u>21,694</u>	<u>-</u>	<u>21,694</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	511,484	-	511,484
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Deferred Inflows of Resources</b>	<u>511,484</u>	<u>-</u>	<u>511,484</u>
 <b>FUND BALANCES</b>			
<b>Restricted For:</b>			
TABOR Emergency Reserve	25,547	-	25,547
Purposes of Grantors	-	191,055	191,055
<b>Unassigned</b>	634,995	-	634,995
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Fund Balances</b>	<u>660,542</u>	<u>191,055</u>	<u>851,597</u>
 <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 1,193,720</u>	<u>\$ 191,055</u>	<u>\$ 1,384,775</u>

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

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

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Total Fund Balances - Governmental Fund	\$ 851,597
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet.	
Capital Assets	2,723,421
Accumulated Depreciation	(1,007,210)
	<u>1,716,211</u>
Deferred outflows of resources used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Contributions After Measurement Date	28,929
Changes in Proportionate Share	5,146
Collective Pension Amounts	47,897
	<u>81,972</u>
Deferred inflows of resources used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Changes in Proportionate Share	(18,657)
Collective Pension Amounts	(178,608)
	<u>(197,265)</u>
The long-term liability for pension is not due and payable in the current period and therefore not reported as a liability in the governmental funds.	
	<u>(72,632)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 2,379,883</u></u>

# STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT

## STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	Conservation Trust Fund	Total
<b>Revenues</b>			
Taxes	\$ 482,259	\$ -	\$ 482,259
Intergovernmental	40,186	32,689	72,875
Charges for Services	169,255	-	169,255
Investment Earnings	196	81	277
Miscellaneous	140,522	-	140,522
<b>Total Revenues</b>	<u>832,418</u>	<u>32,770</u>	<u>865,188</u>
<b>Expenditures</b>			
Current:			
Administration	394,115	-	394,115
Facilities	153,211	-	153,211
Programs	105,383	-	105,383
Capital Improvements	58,810	-	58,810
<b>Total Expenditures</b>	<u>711,519</u>	<u>-</u>	<u>711,519</u>
<b>Net Change in Fund Balances</b>	120,899	32,770	153,669
<b>Fund Balances, Beginning of Year</b>	<u>539,643</u>	<u>158,285</u>	<u>697,928</u>
<b>Fund Balances, End of Year</b>	<u>\$ 660,542</u>	<u>\$ 191,055</u>	<u>\$ 851,597</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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Net change in fund balances - Total Governmental Funds \$ 153,669

*Amounts reported for governmental activities in the  
statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, for governmental activities, those capital outlays other than noncapitalizable items are shown in the Statement of Activities and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	58,810
Depreciation	<u>(95,352)</u>
	<u>(36,542)</u>

Loss on Disposal of Capital Assets (1,852)

Net pension liability-related items reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the expenditures of the governmental funds.

Change in proportionate shares of collective net pension-related items	112,645
Change in contributions made after the measurement date	(1,743)
Net amortization of change in proportionate share	<u>(3,550)</u>
	<u>107,352</u>

**Change in Net Position of Governmental Activities** \$ 222,627

# STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021

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The financial statements of the Strasburg Metropolitan Parks and Recreation District (District) have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to governmental entities. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting board for establishing governmental accounting and financial reporting principles. The following notes are an integral part of the District’s financial statements.

### **Note 1. Summary of Significant Accounting Policies**

#### **A. Financial Reporting Entity**

As required by generally accepted accounting principles, these financial statements present the Strasburg Metropolitan Parks and Recreation District (the primary government). The District does not have any component units for which the District is considered financially accountable.

*Primary Government.* The Strasburg Metropolitan Parks and Recreation District was organized in 1974. The District is a quasi-municipal corporation and is governed pursuant provisions of the Colorado Special District Act. The District was organized for the purpose of providing recreational facilities and programs for its inhabitants. The District is located approximately 30 miles east of the Denver International Airport and encompasses parts of both Arapahoe and Adams counties in its jurisdiction.

#### **B. Government-wide and Fund Financial Statements**

*Government-wide Financial Statements.* The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the District. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business segment are offset by program revenues and helps identify the extent to which each is self-financing or draws from the general revenues of the District. Direct expenses are those that are clearly identifiable with a specific function or business segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

*Fund Financial Statements.* Fund financial statements report detailed information about the District with the focus on major funds rather than on reporting funds by type. Separate financial statements are provided for governmental funds. The District has no proprietary or fiduciary funds. Individual governmental funds are reported as separate columns in the fund financial statements.

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## C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

*Measurement Focus and Basis of Accounting.* The government-wide financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for property, plant and equipment are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (60 days). The major sources of revenue which are susceptible to accrual are property taxes and certain intergovernmental revenues. Expenditures generally are recorded when the liability is incurred, as under full accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

*Financial Statement Presentation – Fund Accounting.* A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts which are segregated for the purpose of accounting for specific activities. The District uses funds to report results of operations and financial position, and demonstrate compliance with legal, contractual and regulatory requirements.

The District reports the following major governmental funds:

- *General Fund* - This is the District's primary operating fund. It is used to account for all activities of the District not required to be accounted for in some other fund.
- *Conservation Trust Fund* - This fund is used to account for lottery proceeds from the State of Colorado that are legally restricted to expenditures for park and recreation purposes.

## D. Capital Assets

Capital assets, which include land, buildings, and certain equipment, are reported 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. Such assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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.

# STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021

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Depreciation of property, plant and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings and Facilities	10-30 years
Vehicles and Rolling Stock	3-17 years
Machinery and Equipment	3-10 years

### E. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents the consumption of net position that applies to a future period that will not be recognized as an outflow of the resources (expenditure) until the future period. At the end of the current fiscal year, the District had deferred outflows of resources for pension benefits. The Public Employees' Retirement Association of Colorado ("PERA") recognizes deferred outflows of resources (DOR) which are amortized according to the actuarial valuation report. The DOR can occur from contributions after measurement date, changes in investment, changes in assumptions and changes in experience, as determined from the actuarial valuation report.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category - deferred inflows of resources (DIR) representing pensions and unavailable tax revenues. PERA recognizes deferred inflows of resources related to pensions which are amortized according to the actuarial valuation report. The DIR can occur from changes in investment, changes in assumptions and changes in experience, as determined from the actuarial valuation report.

The governmental funds also reported deferred inflows of resources representing unavailable tax revenues.

Deferred outflows of resources are presented below the total assets on the government-wide, proprietary, and governmental fund statements. Deferred inflows of resources are presented below the total liabilities on the government-wide, proprietary, and governmental fund statements

### F. Compensated Absences

It is the District's policy to require employees to use accumulated vacation in the year awarded. There is no liability for unpaid accumulated vacation or sick leave since the District

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does not have a policy to pay any amounts when employees separate from service with the District.

## **G. Fund Equity**

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid/deferred charges) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. The District considers all unassigned fund balances to be "reserves" for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (see Note 8).

## **H. Budgetary Information**

Budgets are adopted on a basis consistent with GAAP for all funds. According to Local Government Budget Law, the legal level of appropriations is at the total fund expenditures level and lapse at year-end. During the year, the District's Board of Directors can modify the budget by line item within a fund's total appropriation without notification.

# STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021

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Upon meeting notification and publication requirements, supplemental amendments increasing appropriations may be passed by resolution of the Board of Directors.

### I. Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the Arapahoe and Adams County Assessors generally as of January 1, of each year. The levy is normally set by December 15, by certification to the respective County Commissioners to place the tax lien on the individual properties as of January 1, of the following year. The respective County Treasurers collect the determined taxes during the ensuing calendar year. Taxes are payable by April 30, or if at the taxpayer's election paid in equal installments, by February 28 and June 15, respectively.

Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurers remit the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are collected.

### J. Pension

The District participates in the Local Government Division Trust Fund (LGDTF), a cost sharing multiple-employer defined benefit pension fund administered by the Colorado Public Employees' Retirement Association ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Note 2. Deposits and Investments

Cash and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

Cash and Cash Equivalents	<u>\$ 837,555</u>
Total	<u>\$ 837,555</u>

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Cash and investments as of December 31, 2021 consist of the following:

Deposits With Financial Institutions	\$ 60,481
Deposits With Local Government Investment Pools	<u>777,074</u>
Total	<u>\$ 837,555</u>

## Deposits

*Custodial Credit Risk.* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party.

The Colorado Public Deposit Protection Act (PDPA) requires that cash be deposited in eligible public depositories and that deposits in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds with RHMAEC being a named participant in the single institution collateral pool. The minimum pledging requirement is 102% of the uninsured deposits. The Colorado State Banking Board verifies the market value at least monthly. Bank assets (usually securities) are required by PDPA to be delivered to a third-party institution for safekeeping and pledged to the Colorado Division of Banking. Based on the above, the Colorado State Auditor has concluded that there is no custodial risk for public deposits collateralized under PDPA.

## Investments

*Credit Risk.* Colorado State Statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. These investments include local government investment pools and certain obligations of the United States government. State law limits investments in commercial paper, corporate bonds, and money market mutual funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices.

Presented below is the minimum rating, as required by Colorado State Statutes, for investments held by the District as of December 31, 2021.

Ratings <u>S&amp;P</u>	Local Government <u>Investment Pools</u>
AAAm	<u>\$ 777,074</u>

*Interest Rate Risk.* The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

# STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021

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*Concentration of Credit Risk.* The District places no limit on the amount it may invest in any one issuer. The District invests in one local government investment pool, the Colorado Local Government Liquid Asset Trust (COLOTRUST). The investment is not categorized because the investment is not evidenced by securities that exist in physical or book entry form. At December 31, 2021, the District had an investment of \$777,074 for both market and carrying value.

Fair Value of Investments. The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At December 31, 2021, the District had no investments measured at fair value and had the following investments measured at net asset value:

<u>Investments Measured at Net Asset Value</u>	<u>Total</u>
Colotrust	<u>\$ 777,074</u>
Total	<u>\$ 777,074</u>

At December 31, 2021 there were no unrealized losses reflective of changes in the fair market value of investments.

### **Note 3. Legal Compliance – Budgets**

No later than October 15<sup>th</sup>, the District Administrator submits to the Board of Directors a proposed budget for the calendar year commencing the following January 1<sup>st</sup>. The budget is prepared by fund, program, and line item and includes information on the prior year, current year estimates and requested appropriations and estimated revenues for the upcoming year.

The Board of Directors holds public hearings and must adopt the budget by resolution prior to December 15<sup>th</sup>. Once adopted, the Board may at any time, by resolution, amend the budget. The District had no supplemental appropriations during the year ended December 31, 2021.

Expenditures may not legally exceed budgeted appropriations at the fund level. Budgetary comparisons in the accompanying combined financial statements and in the individual fund statements are presented with a higher level of detail than legally required in order to facilitate closer financial analysis.

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#### Note 4. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 874,141	\$ 1,100	\$ -	\$ 875,241
Construction in Progress	<u>-</u>	<u>26,576</u>	<u>-</u>	<u>26,576</u>
Total Capital Assets, Not Being Depreciated	<u>874,141</u>	<u>27,676</u>	<u>-</u>	<u>901,817</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,209,334	-	(6,900)	1,202,434
Buildings and Improvements	376,355	10,293	-	386,648
Machinery and Equipment	<u>281,605</u>	<u>20,841</u>	<u>(69,924)</u>	<u>232,522</u>
Total Capital Assets, Being Depreciated	<u>1,867,294</u>	<u>31,134</u>	<u>(76,824)</u>	<u>1,821,604</u>
Less Accumulated Depreciation:				
Land Improvements	(549,165)	(66,261)	5,347	(610,079)
Buildings and Improvements	(208,934)	(12,440)	1	(221,373)
Machinery and Equipment	<u>(228,731)</u>	<u>(16,651)</u>	<u>69,624</u>	<u>(175,758)</u>
Total Accumulated Depreciation	<u>(986,830)</u>	<u>(95,352)</u>	<u>74,972</u>	<u>(1,007,210)</u>
Total Capital Assets, Being Depreciated, Net	<u>880,464</u>	<u>(64,218)</u>	<u>(1,852)</u>	<u>814,394</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,754,605</u>	<u>\$ (36,542)</u>	<u>\$ (1,852)</u>	<u>\$ 1,716,211</u>

Depreciation expense in the amount of \$95,352 was charged to the facilities function in the Statement of Activities for the year ended December 31, 2021.

#### Note 5. Long-term Debt

The District had no long-term debt as of December 31, 2021 and no debt related transactions for the year ended December 31, 2021.

#### Note 6. Intergovernmental Agreements

The District has entered into a Master Joint Use Agreement with Strasburg 31J School District in order to define the obligations of each party with respect to providing facilities, services, and programs to citizens, scheduling the use of facilities, developing a fair schedule of charges; joint funding of capital construction, and maintenance and operation of facilities.

# STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021

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### Note 7. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The District maintains commercial insurance for significant insurable risks. Settled claims did not exceed this commercial coverage in any of the past three fiscal years.

### Note 8. Employee Retirement Plan

#### Summary of Significant Accounting Policies

*Pensions.* The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Most of these changes were in effect as of December 31, 2021.

#### General Information about the Pension Plan

*Plan description.* Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Public Employees' Retirement Association (PERA). Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided as of December 31, 2020.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the

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benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007 will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

# STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021

*Contributions provisions as of December 31, 2021.* Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 1, 2020 through December 31, 2021 are summarized in the table below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employee contribution (all employees except State Troopers)	8.00%	8.50%	8.50%	8.50%
State Troopers Only	10.75%	12.00%	12.00%	12.50%

Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

The employer contribution requirements for all employees other than State Troopers are summarized in the table below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employer contribution rate	10.00%	10.50%	10.50%	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	8.98%	9.48%	9.48%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	N/A	0.02%	0.02%
<b>Total employer contribution rate to the LGDTF</b>	<b>12.68%</b>	<b>13.18%</b>	<b>13.20%</b>	<b>13.20%</b>

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$28,929 for the year ended December 31, 2021.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2021, the District reported a liability of \$165,157 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the collective total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The District’s proportion of the net pension liability was based on District’s contributions to the LGDTF for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the District’s proportion was 0.0316922703%, which was a decrease of 0.0076587352% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the District recognized a pension expense credit of \$107,352. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 47,897	\$ 178,608
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,146	18,657
Contributions subsequent to the measurement date	<u>28,929</u>	<u>NA</u>
Total	<u>\$ 81,972</u>	<u>\$ 197,265</u>

# STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021

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\$28,929 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2022	9,913
2023	(8,812)

*Actuarial assumptions.* The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% – 10.45%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount Rate	7.25%
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (compounded annually)	1.25%
PERA Benefit Structure hired after 12/31/06	Financed by the AIR

Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives <sup>1</sup>	6.00%	4.70%
Total	<u>100.00%</u>	

# STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021

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<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increase in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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Based on the above assumptions and methods, LGDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net pension liability	\$380,456	\$165,157	(\$14,590)

*Pension plan fiduciary net position.* Detailed information about the LGDTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Note 9. Commitments and Contingencies**

As of December 31, 2021 there were no claims for damages or lawsuits pending against the District.

*Tax, Spending and Debt Limitations.* Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer’s Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year’s Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District has established an emergency reserve for the year ended December 31, 2021 in the amount of \$25,547.

# **STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT**

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## **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021**

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The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including interpretation of how to calculate Fiscal Year Spending limits may require judicial interpretation.

**REQUIRED SUPPLEMENTAL  
INFORMATION**

# STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT

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## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2021

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	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>			
Taxes	\$ 493,137	\$ 482,259	\$ (10,878)
Intergovernmental	500,000	40,186	(459,814)
Charges for Services	113,500	169,255	55,755
Investment Earnings	9,000	196	(8,804)
Miscellaneous	91,000	140,522	49,522
	<u>1,206,637</u>	<u>832,418</u>	<u>(374,219)</u>
<b>Expenditures</b>			
Current:			
Administration	348,701	394,115	(45,414)
Facilities	138,000	153,211	(15,211)
Programs	85,900	105,383	(19,483)
Capital Improvements	540,000	58,810	481,190
	<u>1,112,601</u>	<u>711,519</u>	<u>401,082</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>94,036</u>	<u>120,899</u>	<u>26,863</u>
<b>Other Financing Sources (Uses)</b>			
Sales of Capital Assets	-	-	-
Transfers In	40,000	-	(40,000)
	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>
<b>Net Change in Fund Balances</b>	134,036	120,899	(53,137)
<b>Fund Balances, Beginning of Year</b>	<u>594,907</u>	<u>539,643</u>	<u>(55,264)</u>
<b>Fund Balances, End of year</b>	<u>\$ 728,943</u>	<u>\$ 660,542</u>	<u>\$ (108,401)</u>

# STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT

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## CONSERVATION TRUST FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2021

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	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 28,000	\$ 32,689	\$ 4,689
Investment Earnings	1,500	81	(1,419)
<b>Total Revenues</b>	29,500	32,770	3,270
<b>Expenditures</b>			
Capital Improvements	-	-	-
<b>Total Expenditures</b>	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,500	32,770	3,270
<b>Other Financing Sources (Uses)</b>			
Transfers Out	(40,000)	-	40,000
<b>Net Change in Fund Balances</b>	(10,500)	32,770	43,270
<b>Fund Balances, Beginning of Year</b>	130,203	158,285	28,082
<b>Fund Balances, End of year</b>	\$ 119,703	\$ 191,055	\$ 71,352

# STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT

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## SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY Last Fiscal Year

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	<u>2020<sup>1</sup></u>
District's Proportion of the Net Pension Liability	0.0316922703%
District's Proportionate Share of the Net Pension Liability	\$ 165,157
District's Covered Payroll	\$ 227,963
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	72.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.26%

<sup>1</sup> Amounts presented are as of the Measurement Date

# STRASBURG METROPOLITAN PARKS AND RECREATION DISTRICT

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## SCHEDULE OF DISTRICT CONTRIBUTIONS Last Fiscal Year

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	<u>2020</u>
Contractually Required Contribution	\$ 30,672
Contributions in Relation to the Contractually Required Contribution	<u>(30,672)</u>
Contribution Deficiency	<u><u>\$ -</u></u>
District's Covered Payroll	\$ 227,963
Contributions as a Percentage of Covered Payroll	13.45%