

SOUTH PARK – PARK AND RECREATION DISTRICT

BASIC FINANCIAL STATEMENTS

December 31, 2022

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Title Page

Table of Contents

FINANCIAL SECTION

Independent Auditors' Report

Basic Financial Statements

Statement of Net Position	1
Statement of Activities	2
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Net Position – Proprietary Fund Type	6
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund Type	7
Statement of Cash Flows – Proprietary Fund Type	8
Notes to Financial Statements	9 - 20

Required Supplementary Information

General Fund – Budgetary Comparison Schedule	21
----------------------------------------------	----

Individual Fund Schedules

Construction Fund – Budgetary Comparison Schedule	22
Conservation Trust Fund – Budgetary Comparison Schedule	23
Recreation Fund – Budgetary Comparison Schedule	24

FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

To the Board of Directors
South Park – Park and Recreation District
Fairplay, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of the South Park – Park and Recreation District (the “District”) as of and for the year ended December 31, 2022, 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the South Park – Park and Recreation District as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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 South Park – Park and Recreation District and to meet our 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 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

Our objectives are 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 our 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 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of 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 judgement, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required budgetary information on page 21 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 (GASB) 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.

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion is not affected by this missing information.

Supplementary and Other 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 individual fund schedules as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The individual fund schedules have 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 individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

John Luther & Associates, LLC

June 30, 2023

BASIC FINANCIAL STATEMENTS

SOUTH PARK - PARK AND RECREATION DISTRICT

STATEMENT OF NET POSITION

As of December 31, 2022

	GOVERNMENTAL	BUSINESS TYPE	TOTAL	
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	<u>2022</u>	<u>2021</u>
ASSETS				
Cash and Investments	\$ 193,005	\$ 47,932	\$ 240,937	\$ 304,799
Receivables				
Property Taxes	276,067	-	276,067	466,022
Accounts	-	4,725	4,725	8,033
Due from Other Funds	52,555	-	52,555	-
Inventory	-	221	221	221
Capital Assets, Not Depreciated	-	304,600	304,600	304,600
Capital Assets, Depreciated				
Net of Accumulated Depreciation	-	1,768,244	1,768,244	1,836,667
TOTAL ASSETS	<u>521,627</u>	<u>2,125,722</u>	<u>2,647,349</u>	<u>2,920,342</u>
LIABILITIES				
Accounts Payable	-	10,032	10,032	4,615
Accrued Expenses	-	8,621	8,621	6,979
Accrued Interest	-	-	-	281
Noncurrent Liabilities				
Due within One Year	-	10,418	10,418	172,728
Due in More Than One Year	-	-	-	10,418
TOTAL LIABILITIES	<u>-</u>	<u>29,071</u>	<u>29,071</u>	<u>195,021</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	276,067	-	276,067	466,022
NET POSITION				
Net Investment in Capital Assets	-	2,062,426	2,062,426	1,958,121
Restricted for Emergencies	15,300	-	15,300	14,200
Unrestricted	230,260	34,225	264,485	286,978
TOTAL NET POSITION	<u>\$ 245,560</u>	<u>\$ 2,096,651</u>	<u>\$ 2,342,211</u>	<u>\$ 2,259,299</u>

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

SOUTH PARK - PARK AND RECREATION DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 27,191	\$ -	\$ -	\$ -
Parks and Recreation	12,500	-	-	47,572
Interest on Long-Term Debt	3,093	-	-	-
Total Governmental Activities	42,784	-	-	47,572
Business-Type Activities				
Recreation Center	608,141	150,651	16,570	-
Total Business-Type Activities	608,141	150,651	16,570	-
Total Primary Government	\$ 650,925	\$ 150,651	\$ 16,570	\$ 47,572

GENERAL REVENUES

Property Taxes
Specific Ownership Taxes
Interest
Other
Transfers

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2022	2021
\$ (27,191)	\$ -	\$ (27,191)	\$ (23,919)
35,072	-	35,072	36,391
<u>(3,093)</u>	<u>-</u>	<u>(3,093)</u>	<u>(6,391)</u>
4,788	-	4,788	6,081
<u>-</u>	<u>(440,920)</u>	<u>(440,920)</u>	<u>(336,549)</u>
<u>-</u>	<u>(440,920)</u>	<u>(440,920)</u>	<u>(336,549)</u>
4,788	(440,920)	(436,132)	(330,468)
461,458	-	461,458	470,974
48,556	-	48,556	-
8	-	8	942
-	9,022	9,022	1,520
<u>(371,613)</u>	<u>371,613</u>	<u>-</u>	<u>-</u>
<u>138,409</u>	<u>380,635</u>	<u>519,044</u>	<u>473,436</u>
143,197	(60,285)	82,912	142,968
<u>102,363</u>	<u>2,156,936</u>	<u>2,259,299</u>	<u>2,116,331</u>
<u>\$ 245,560</u>	<u>\$ 2,096,651</u>	<u>\$ 2,342,211</u>	<u>\$ 2,259,299</u>

SOUTH PARK - PARK AND RECREATION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	GENERAL FUND	CONSTRUCTION FUND	NON-MAJOR CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS	
				2022	2021
ASSETS					
Cash and Cash Equivalents	\$ 55,145	\$ 127,189	\$ 10,671	\$ 193,005	\$ 265,644
Due from Other Funds	52,555	-	-	52,555	-
Property Taxes Receivable	276,067	-	-	276,067	466,022
TOTAL ASSETS	<u>\$ 383,767</u>	<u>\$ 127,189</u>	<u>\$ 10,671</u>	<u>\$ 521,627</u>	<u>\$ 731,666</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Tax Revenue	276,067	-	-	276,067	466,022
FUND BALANCES					
Restricted for Emergencies	15,300	-	-	15,300	14,200
Restricted for Debt Service	-	127,189	-	127,189	111,916
Restricted for Parks and Recreation	-	-	10,671	10,671	4,704
Unassigned	92,400	-	-	92,400	134,824
TOTAL FUND BALANCES	<u>107,700</u>	<u>127,189</u>	<u>10,671</u>	<u>245,560</u>	<u>265,644</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 383,767</u>	<u>\$ 127,189</u>	<u>\$ 10,671</u>		

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

Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.

	<u>-</u>	<u>(163,281)</u>
Net position of governmental activities	<u>\$ 245,560</u>	<u>\$ 102,363</u>

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

SOUTH PARK - PARK AND RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2022

	GENERAL FUND	CONSTRUCTION FUND	NON-MAJOR	TOTAL GOVERNMENTAL	
			CONSERVATION TRUST FUND	FUNDS	
				2022	2021
REVENUES					
Taxes	\$ 322,375	\$ 187,639	\$ -	\$ 510,014	\$ 470,974
Intergovernmental	-	-	47,572	47,572	36,391
Interest	-	-	8	8	942
Other	-	-	-	-	1,081
TOTAL REVENUES	322,375	187,639	47,580	557,594	509,388
EXPENDITURES					
General Government	21,199	5,992	-	27,191	23,919
Parks and Recreation	-	-	12,500	12,500	-
Debt Service					
Principal	-	163,000	-	163,000	159,000
Interest and Fiscal Charges	-	3,374	-	3,374	6,665
TOTAL EXPENDITURES	21,199	172,366	12,500	206,065	189,584
EXCESS OF REVENUES OVER EXPENDITURES	301,176	15,273	35,080	351,529	319,804
OTHER FINANCING USES					
Transfers	(342,500)	-	(29,113)	(371,613)	(290,584)
TOTAL OTHER FINANCING USES	(342,500)	-	(29,113)	(371,613)	(290,584)
NET CHANGE IN FUND BALANCES	(41,324)	15,273	5,967	(20,084)	29,220
FUND BALANCES, Beginning	149,024	111,916	4,704	265,644	236,424
FUND BALANCES, Ending	\$ 107,700	\$ 127,189	\$ 10,671	\$ 245,560	\$ 265,644

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

SOUTH PARK - PARK AND RECREATION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

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

Net change in fund balances - total governmental funds	\$ (20,084)
--------------------------------------------------------	-------------

Repayment of bond long-term debt and related costs are reported as an expenditure in the governmental funds and decrease fund balance. For the District as a whole, however, these costs and payments reduce the liabilities or are capitalized in the statement of net position and do not result in an expense in the statement of activities. This amount is bond payments of \$163,000 and change in accrued interest \$281.

<u>163,281</u>

Change in net position of governmental activities	<u><u>\$ 143,197</u></u>
---------------------------------------------------	--------------------------

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

SOUTH PARK - PARK AND RECREATION DISTRICT

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPE
 As of December 31, 2022

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 47,932	\$ 39,155
Accounts Receivable	4,725	8,033
Inventory	221	221
Total Current Assets	<u>52,878</u>	<u>47,409</u>
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	<u>2,072,844</u>	<u>2,141,267</u>
TOTAL ASSETS	<u>2,125,722</u>	<u>2,188,676</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	10,032	4,615
Accrued Expenses	8,621	6,979
Current Portion of Long Term Debt	<u>10,418</u>	<u>9,728</u>
Total Current Liabilities	<u>29,071</u>	<u>21,322</u>
Noncurrent Liabilities		
Loan Payable	<u>-</u>	<u>10,418</u>
TOTAL LIABILITIES	<u>29,071</u>	<u>31,740</u>
NET POSITION		
Investment in Capital Assets	2,062,426	2,121,121
Unrestricted	<u>34,225</u>	<u>35,815</u>
TOTAL NET POSITION	<u>\$ 2,096,651</u>	<u>\$ 2,156,936</u>

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

SOUTH PARK - PARK AND RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for Services	\$ 145,292	\$ 108,617
Facility Rental	5,359	615
Miscellaneous	9,022	439
	<u>159,673</u>	<u>109,671</u>
OPERATING EXPENSES		
Operations	539,718	413,635
Depreciation	68,423	81,711
	<u>608,141</u>	<u>495,346</u>
OPERATING LOSS	<u>(448,468)</u>	<u>(385,675)</u>
NON-OPERATING REVENUES		
Grant Revenue	16,570	49,565
	<u>16,570</u>	<u>49,565</u>
NET LOSS BEFORE TRANSFERS	<u>(431,898)</u>	<u>(336,110)</u>
TRANSFER IN	<u>371,613</u>	<u>290,584</u>
NET INCOME (LOSS)	(60,285)	(45,526)
NET POSITION, Beginning	<u>2,156,936</u>	<u>2,202,462</u>
NET POSITION, Ending	<u>\$ 2,096,651</u>	<u>\$ 2,156,936</u>

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

SOUTH PARK - PARK AND RECREATION DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND TYPE

Year Ended December 31, 2022

Increase (Decrease) in Cash and Cash Equivalents

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 162,981	\$ 64,432
Cash Paid to Suppliers	(218,506)	(178,842)
Cash Paid to Employees	(314,153)	(232,458)
Net Cash Used by Operating Activities	(369,678)	(346,868)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grant Revenue	16,570	49,565
Lease Payments	(9,728)	(9,084)
Transfers from Other Funds	371,613	290,584
Net Cash Provided by Capital and Related Financing Activities	378,455	331,065
Net Increase (Decrease) in Cash and Cash Equivalents	8,777	(15,803)
CASH AND CASH EQUIVALENTS, Beginning	39,155	54,958
CASH AND CASH EQUIVALENTS, Ending	\$ 47,932	\$ 39,155
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (448,468)	\$ (385,675)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation and Amortization	68,423	81,711
Forgivness of Loan	-	(40,835)
Changes in Assets and Liabilities		
Accounts Receivable	3,308	(4,404)
Accounts Payable	5,417	229
Accrued Expenses	1,642	2,106
Total Adjustments	78,790	38,807
Net Cash Used by Operating Activities	\$ (369,678)	\$ (346,868)

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

SOUTH PARK – PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The South Park – Park and Recreation District (the “District”) is a quasi-governmental entity organized and operated pursuant to the Colorado Special Districts Act. The District was established in 1999 to provide parks and recreation facilities to residents of the District. The District is located in Park County, Colorado.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. Following is a summary of the more significant policies.

Reporting Entity

In accordance with governmental accounting standards, the South Park – Park and Recreation District has considered the possibility of inclusion of additional entities in its basic financial statements.

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

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

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

SOUTH PARK – PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

SOUTH PARK – PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

The *Construction Fund* accounts for proceeds set aside and expenditures made for certain projects designated by the District's Board of Directors.

The District reports the following major proprietary fund:

The *Recreation Fund* accounts for the financial activities associated with the operation of the recreation center.

Cash and Investments

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

Receivables

Receivables are reported net of an allowance for doubtful accounts.

Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services are consumed.

SOUTH PARK – PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property and equipment, are reported in the business-type activities column in the government-wide and proprietary fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

Buildings and Improvements	15 – 30 years
Equipment and Vehicles	3 – 10 years

Unearned Revenues

Unearned revenues represent membership dues for the next fiscal year, which have been received in the current fiscal year.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

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

In the government-wide financial statements, bond issue costs and bond discounts are capitalized and amortized on a straight-line basis over the life of the bonds. These costs are reported in the applicable program expense section in the statement of activities.

SOUTH PARK – PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

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

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represent assets that do not have any third-party limitation on their use. While District management may have categorized and segmented portion for various purposes, the Board of Directors has the unrestricted authority to revisit or alter these managerial decisions.

Fund Balance Classification

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

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies and has classified the fund balance of the *Construction Fund* as restricted because its use is restricted for the repayment of long-term debt. The District also reports the fund balance in the *Conservation Trust Fund* as restricted for park and recreation projects.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

SOUTH PARK – PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (Continued)

The District did not have any committed resources as of December 31, 2022.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Deferred Inflows of Resources

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

Property Taxes

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

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

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

SOUTH PARK – PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Data (Continued)

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- In the fall of each year, the District staff submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District. Budgets for the General, Conservation Trust, and Construction Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparison presented for the Recreation Fund is presented on a non-GAAP budgetary basis. Capital outlay and depreciation are not budgeted.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations by fund.

Legal Compliance

The actual expenditures in the Conservation Trust Fund and Recreation Fund exceeded the budgeted amounts by \$12,500 and \$34,736. This may be a violation of State statute.

SOUTH PARK – PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2022 follows:

Total Deposits	<u>\$ 240,937</u>
----------------	-------------------

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

Governmental Activities	\$ 193,005
Business-Type Activities	<u>47,932</u>
Total	<u>\$ 240,937</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2022, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

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

At December 31, 2022, the District had deposits with financial institutions with a carrying amount of \$230,937. The bank balances with the financial institutions were \$232,421, all of which were covered by federal depository insurance.

Investments

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.

SOUTH PARK – PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Credit Risk

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

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Local government investment pools
- Certain money market funds
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado municipalities. The District does not have any investments requiring categorization as of December 31, 2022.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2022 is summarized below:

	<u>Balances</u> <u>12/31/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/22</u>
Business-type Activities				
Capital Assets, not depreciated				
Land and land improvements	\$ 304,600	\$ -	\$ -	\$ 304,600
Capital Assets, depreciated				
Buildings and Improvements	2,519,023	-	-	2,519,023
Equipment and Vehicles	<u>664,696</u>	<u>-</u>	<u>-</u>	<u>664,696</u>
Total Capital Assets, depreciated	<u>3,183,719</u>	<u>-</u>	<u>-</u>	<u>3,183,719</u>
Less Accumulated Depreciation				
Buildings and Improvements	908,100	42,477	-	950,577
Equipment and Vehicles	<u>438,952</u>	<u>25,946</u>	<u>-</u>	<u>464,898</u>
Total Accumulated Depreciation	<u>1,347,052</u>	<u>68,423</u>	<u>-</u>	<u>1,415,475</u>
Total Capital Assets, depreciated, Net	<u>1,836,667</u>	<u>(68,423)</u>	<u>-</u>	<u>1,768,244</u>
Business-type Activities, Capital Assets, Net	<u>\$ 2,141,267</u>	<u>\$ (68,423)</u>	<u>\$ -</u>	<u>\$ 2,072,844</u>

Depreciation expense was charged entirely to the Recreation Center Program.

SOUTH PARK – PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2022.

	<u>Balance</u> <u>12/31/21</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/22</u>	<u>Due In</u> <u>One Year</u>
Bonds Payable	<u>\$ 163,000</u>	<u>\$ -</u>	<u>\$ 163,000</u>	<u>\$ -</u>	<u>\$ -</u>

Bonds Payable

In 2002, the District issued \$2,000,000 of general obligation bonds (A bonds) and \$300,000 of Supplemental “B” Interest Registered Coupons. The proceeds from the sale of the bonds were used to finance the construction, acquisition, and equipping of a community recreation center and to pay certain costs of issuance of the bonds. Interest rates on the A bonds range from 3.25% to 5.3%, payable June 1 and December 1. The A bonds mature through 2022 commencing December 1, 2007. The Interest Coupons matured in various increments on December 1 from 2003 to 2006. These bonds were currently refunded in 2017.

In November of 2017, the District issued General Obligation Refunding Bonds, Series 2017. The proceeds of the bonds were used to currently refund the 2002 bonds. None of the previous bonds are outstanding as of December 31, 2017. The interest rate on the General Obligation Series 2017 refunded bonds are 2.07% payable June 1 and December 1. The bonds mature in 2022.

As of December 31, 2022 the bonds were paid in full.

SOUTH PARK – PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2022.

	<u>Balance</u> <u>12/31/21</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/22</u>	<u>Due In</u> <u>One Year</u>
Total Capital Loan	\$ 20,146	\$ -	\$ 9,728	\$ 10,418	\$ 10,418

Capital Loan

On January 9, 2022, the District entered into a Government Obligation Contract with KS StateBank to purchase fitness equipment. Principal and interest payments in the amount of \$900.86 are due monthly on the 9th of each month through December 2023.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Total Debt Service Requirements 2023	\$ 10,418	\$ 392	\$ 10,810

NOTE 6: INTERFUND BALANCES AND TRANSFERS

Transfers

Interfund transfers for the year ended December 31, 2022, were comprised of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Recreation Fund	General Fund	\$ 342,500
Recreation Fund	Conservation Trust Fund	<u>29,113</u>
		\$ 371,613

The General Fund transferred funds to the Recreation Fund to assist in the cost of operating the recreation center and the Construction Fund transferred the Bond Property Taxes to the General Fund.

SOUTH PARK – PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado Special District Self Insurance Pool for property and liability coverage. The Pool insures property and liability exposures through contributions made by member districts.

The District does not maintain an equity interest in the self-insurance pool. The District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund. The District carries commercial insurance for potential workers compensation claims. Claims have not exceeded insurance coverage for the last three years.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

The District has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2022, the emergency reserve of \$15,300 was recorded in the General Fund.

NOTE 9: SUBSEQUENT EVENTS

Potential subsequent events were considered through June 30, 2023. It was determined that no events are required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH PARK - PARK AND RECREATION DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2022

	2022		VARIANCE Positive (Negative)	2021 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 276,000	\$ 273,819	\$ (2,181)	\$ 256,125
Specific Ownership Taxes	56,000	48,556	(7,444)	-
Interest	100	-	(100)	923
Other	-	-	-	1,081
TOTAL REVENUES	<u>332,100</u>	<u>322,375</u>	<u>(9,725)</u>	<u>258,129</u>
EXPENDITURES				
General Government				
Professional Services	6,050	12,080	(6,030)	10,342
Election Expense	1,500	150	1,350	-
Treasurer Fees	6,800	8,137	(1,337)	6,756
Other Expenses	21,160	832	20,328	772
Contingency	11,565	-	11,565	-
TOTAL EXPENDITURES	<u>47,075</u>	<u>21,199</u>	<u>25,876</u>	<u>17,870</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>285,025</u>	<u>301,176</u>	<u>16,151</u>	<u>240,259</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	25,116
Transfers Out	(350,000)	(342,500)	7,500	(250,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(350,000)</u>	<u>(342,500)</u>	<u>7,500</u>	<u>(224,884)</u>
NET CHANGE IN FUND BALANCE	<u>(64,975)</u>	<u>(41,324)</u>	<u>23,651</u>	<u>15,375</u>
FUND BALANCE, Beginning	<u>214,983</u>	<u>149,024</u>	<u>(65,959)</u>	<u>133,649</u>
FUND BALANCE, Ending	<u>\$ 150,008</u>	<u>\$ 107,700</u>	<u>\$ (42,308)</u>	<u>\$ 149,024</u>

See the accompanying independent auditors' report.

INDIVIDUAL FUND SCHEDULES

SOUTH PARK - PARK AND RECREATION DISTRICT

CONSTRUCTION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2022

	2022		VARIANCE Positive (Negative)	2021 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 220,000	\$ 187,639	\$ (32,361)	\$ 214,849
TOTAL REVENUES	220,000	187,639	(32,361)	214,849
EXPENDITURES				
General Governmental	5,600	5,592	8	5,648
Bond Issuance Cost	400	400	-	401
Debt Service				
Principal	163,000	163,000	-	159,000
Interest and Fiscal Charges	3,374	3,374	-	6,665
TOTAL EXPENDITURES	172,374	172,366	8	171,714
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	47,626	15,273	(32,353)	43,135
OTHER FINANCING USES				
Transfers Out	(30,000)	-	30,000	(25,117)
TOTAL OTHER FINANCING SOURCES (USES)	(30,000)	-	30,000	(25,117)
NET CHANGE IN FUND BALANCE	17,626	15,273	(2,353)	18,018
FUND BALANCE, Beginning	281,587	111,916	(169,671)	93,898
FUND BALANCE, Ending	\$ 299,213	\$ 127,189	\$ (172,024)	\$ 111,916

See the accompanying independent auditors' report.

SOUTH PARK - PARK AND RECREATION DISTRICT

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2022

	2022		VARIANCE Positive (Negative)	2021 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
State Lottery Funds	\$ 38,000	\$ 47,572	\$ 9,572	\$ 36,391
Interest	20	8	(12)	19
TOTAL REVENUES	<u>38,020</u>	<u>47,580</u>	<u>9,560</u>	<u>36,410</u>
EXPENDITURES				
Parks and Recreation	-	12,500	(12,500)	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>38,020</u>	<u>35,080</u>	<u>(2,940)</u>	<u>36,410</u>
OTHER FINANCING USES				
Transfers Out	<u>(38,000)</u>	<u>(29,113)</u>	<u>8,887</u>	<u>(40,583)</u>
NET CHANGE IN FUND BALANCE	20	5,967	5,947	(4,173)
FUND BALANCE, Beginning	<u>4,703</u>	<u>4,704</u>	<u>1</u>	<u>8,877</u>
FUND BALANCE, Ending	<u>\$ 4,723</u>	<u>\$ 10,671</u>	<u>\$ 5,948</u>	<u>\$ 4,704</u>

See the accompanying independent auditors' report.

SOUTH PARK - PARK AND RECREATION DISTRICT

RECREATION FUND
 BUDGETARY COMPARISON SCHEDULE
 BUDGET (NON-GAAP) BASIS
 Year Ended December 31, 2022

	2022		VARIANCE Positive (Negative)	2021 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 145,200	\$ 145,292	\$ 92	\$ 108,617
Grants	-	16,570	16,570	49,565
Special Events	2,500	-	(2,500)	-
Facility Rental	4,000	5,359	1,359	615
Interest	-	-	-	-
Miscellaneous	13,010	9,022	(3,988)	439
Transfers In	350,000	371,613	21,613	290,584
TOTAL REVENUES	514,710	547,856	33,146	449,820
EXPENDITURES				
Salaries and Benefits	358,442	315,795	42,647	234,564
Utilities	85,800	98,699	(12,899)	80,886
Supplies	18,000	24,024	(6,024)	18,338
Advertising	1,200	295	905	1,383
Accounting	12,000	11,623	377	9,640
Insurance	11,500	11,078	422	11,433
Other	16,930	77,121	(60,191)	55,664
Debt Service				
Principal	9,738	9,728	10	9,083
Interest	1,100	1,083	17	1,727
TOTAL EXPENDITURES	514,710	549,446	(34,736)	422,718
NET INCOME (Budget Basis)	\$ -	(1,590)	\$ (1,590)	27,102
GAAP BASIS ADJUSTMENTS				
Depreciation		(68,423)		(81,711)
Principal Paid on Long Term Debt		9,728		9,083
NET INCOME (LOSS), GAAP BASIS		(60,285)		(45,526)
NET POSITION, Beginning		2,156,936		2,202,462
NET POSITION, Ending		<u>\$ 2,096,651</u>		<u>\$ 2,156,936</u>

See the accompanying independent auditors' report.