

THOMPSON RIVERS PARKS AND  
RECREATION DISTRICT

FINANCIAL STATEMENTS

Year Ended December 31, 2022



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Independent Auditors' Report

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

**Opinions**

We have audited the accompanying balance sheet/statement of net position, and the statement of revenue, expenditures and changes in fund balance/statement of activities of the governmental activities and the major fund of Thompson Rivers Parks and Recreation District (the District) as of December 31, 2022 and for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities and the major fund of the District as of December 31, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

*Anderson & Whitney, P.C.*

July 28, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report provides readers with a narrative overview and analysis of the financial activities of the Thompson Rivers Parks and Recreation District for the year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

### FINANCIAL HIGHLIGHTS

- \* Assets exceeded liabilities by \$5,294,369 at December 31, 2022.
- \* The General Fund balance was \$2,097,144 as of December 31, 2022. Of this amount, \$67,216 is reserved for emergencies.
- \* The December 31, 2022 General Fund balance is \$1,253,604 more than the previous year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements contain three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

**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.

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 District's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the fiscal 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 related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

**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 local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one governmental fund, a General Fund.

**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 government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide adjustments to facilitate this comparison between *governmental funds* and *governmental activities*, which are also explained in the notes.

The basic governmental fund financial statements can be found on pages 9 and 10 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 11 through 21 of this report.

**Budgetary Comparisons.** The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund on pages 23 through 24 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2022, assets exceeded liabilities by \$5,294,369.

The following table provides a summary of the District's net position:

December 31	2022	2021
Assets:		
Current and other assets	\$ 4,373,127	\$ 2,287,370
Capital assets	11,372,420	11,110,702
Total Assets	15,745,547	13,398,072
Liabilities:		
Current and other liabilities	971,407	544,694
Long-term liabilities	7,538,697	5,959,234
Total Liabilities	8,510,104	6,503,928
Deferred Inflows of Resources:		
Deferred Property Taxes	1,941,074	1,519,816
Total Deferred Inflows	1,941,074	1,519,816
Net Position:		
Net Investment in capital assets	5,248,671	4,703,698
Restricted	67,216	69,493
Unrestricted	(21,518)	601,137
Total Net Position	\$ 5,294,369	\$ 5,374,328

The portion of the District’s net position that represents unrestricted net position which may be used to meet the District’s ongoing obligations to patrons is \$(21,518).

Another significant portion of the District’s net position reflects its investment in capital assets. These assets include land, building, equipment, and vehicles. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$67,216 of the District’s net position represents resources that are subject to external restriction on how they may be used. Included in this category are the TABOR emergency reserves of \$67,216.

The following table indicates the changes in net position:

Years Ended December 31	2022	2021
Revenues:		
General revenues:		
Property and S.O. taxes	\$ 1,608,105	\$ 1,625,066
Charges for services	199,741	177,932
Conservation trust funds	176,235	155,523
Insurance proceeds	323,322	--
IGA field house payment	200,000	200,000
Other revenue and grants	56,438	134,268
Total Revenues	2,563,841	2,292,789
Expenses:		
Program costs	1,162,578	695,570
Administration and operating cost	988,240	906,918
Debt service	184,668	198,518
Depreciation	308,314	288,620
Total Expenses	2,643,800	2,089,626
Increase (Decrease) in Net Position	\$ (79,959)	\$ 203,163

**Governmental Activities.** Governmental activities decreased the District’s net position by \$79,959 in 2022. Key elements of this decrease are as follows:

- \* Total revenues were \$2,563,841, up 11.8% from the prior year. This is primarily due to insurance proceeds in 2022.
- \* Expenses totaled \$2,643,800. This represents a 26.5% increase over the previous year, primarily due to increased repairs and maintenance related to the insurance proceeds received and increased program services..

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's budget is prepared according to Colorado statutes:

Year Ended December 31, 2022	Final Budget	Actual
Beginning Fund Balance	\$ 843,540	\$ 843,540
Revenue	2,104,098	2,563,841
Expenditures	(2,104,098)	(3,355,237)
Other Financing Sources	--	2,045,000
Ending Fund Balance	\$ 843,540	\$ 2,097,144

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The District's investment in capital assets for its governmental fund activities as of December 31, 2022 totals \$3,247,286 (net of accumulated depreciation and debt). This investment includes all land, buildings and equipment. The decrease in investment in capital assets for the current year was \$1,456,412, primarily due to the new lease purchase agreement in the amount \$2,045,000 to fund capital projects. Additional information on the District's capital assets can be found in Note 3 of this report.

**Long-term Debt.** At December 31, 2022, the District had \$8,175,195 of long-term debt primarily related to the capital lease collateralized by the Nelson Ballfield property and the Milliken Athletic Complex and land. In September of 2022 the district secured financing for the construction of the pool. This was in the form of a \$2,045,000 Lease Purchase Agreement. Additional information on the District's debt can be found in Note 4.

### **OTHER MATTERS**

The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2023 budget:

- **Post COVID:** As with most organizations COVID significantly impacted our organization. Revenue was lower in 2021 and 2022 resulting a lack of capital spending and constrained payroll growth. Adequate reserves as well as very focused spending as a result of our three-year plan put the District in an excellent position to capitalize on post COVID growth. 2022 was a record participation year in many programs for the District. Focused spending added two programming spaces to the District (Elwell Elementary Gymnasium and the JAC) in late 2022 to help accommodate what is anticipated to be rapid growth in 2023-2025. Increased home values, residential and commercial growth and elevated oil and gas prices will drive significant revenue growth in 2023-2025.

- **Lease Purchase Agreement:** The District entered into a lease purchase finance agreement in 2022 to help fund capital activities in 2023. The funds will be used to pay for the expansion of the Milliken Water Works Pool and the startup expenses (equipment, facility update) of the Mad Russian Golf Course. It is anticipated that all funds will be spent in 2023.
- **Golf Course:** On January 1<sup>st</sup> of 2023 the District entered into a 25-year lease to operate the Mad Russian Golf Course and Event Center. The course had been on the market and was likely to be sold to a private developer. The District felt it was in the best interest of the community to keep the course open to as many current and future golfers as possible. The District opened the course the first week of April and the Event Center the first week of July. Existing management staff from our Parks and Recreation Departments will take on operations of the golf course.
- **Growth Expense:** The District suspended its capital equipment purchase plan and made limited capital improvements from 2021-2022. It is anticipating that the District will spend considerable funds in these two areas in the years to come. We anticipate purchasing four vehicles, turf maintenance equipment and making improvements to the event center in 2023. The District plans to increase staff in 2023 to accommodate growth. We will hire an Events Coordinator, Operations Coordinator and Parks and Recreation Director in 2023.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of the District's finances for those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District, 320 Centennial Drive, Milliken, Colorado 80543.

**THOMPSON RIVERS PARK AND RECREATION DISTRICT**

**BALANCE SHEET / STATEMENT OF NET POSITION**

December 31, 2022	General Fund	Adjustments (Note 9)	Statement of Net Position
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 376,324	\$ -	\$ 376,324
Account receivable	50,694	-	50,694
Property taxes receivable	1,941,074	-	1,941,074
Prepaid items	3,650	-	3,650
Total Current Assets	2,371,742	-	2,371,742
Capital Assets:			
Land	-	1,672,000	1,672,000
Construction in progress	-	433,243	433,243
Building	-	6,117,588	6,117,588
Land improvements	-	5,067,280	5,067,280
Vehicles and equipment	-	1,011,303	1,011,303
Total Capital Assets	-	14,301,414	14,301,414
Less Accumulated Depreciation	-	(2,928,994)	(2,928,994)
Total Capital Assets, Net	-	11,372,420	11,372,420
Other Assets:			
Restricted cash	2,001,385	-	2,001,385
TOTAL ASSETS	\$ 4,373,127	\$ 11,372,420	\$ 15,745,547
<u>LIABILITIES AND DEFERRED INFLOWS</u>			
Current Liabilities:			
Accounts payable	\$ 267,882	\$ -	\$ 267,882
Accrued wages and compensated absences payable	16,967	50,061	67,028
Accrued interest payable	50,060	-	50,060
Current portion of capital lease obligations	-	586,437	586,437
Capital Lease Obligations, net of current portion	-	7,538,697	7,538,697
Deferred Inflows of Resources:			
Deferred revenue - property taxes	1,941,074	-	1,941,074
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,275,983	8,175,195	10,451,178
<u>FUND BALANCE/NET POSITION</u>			
Fund Balance:			
Restricted for Emergencies	67,216	(67,216)	-
Restricted for Capital Outlay	2,001,385	(2,001,385)	-
Unassigned	28,543	(28,543)	-
TOTAL FUND BALANCE	\$ 2,097,144	\$ (2,097,144)	\$ -
Net Position:			
Net Investment in Capital Assets		5,248,671	5,248,671
Restricted for Emergencies		67,216	67,216
Unrestricted		(21,518)	(21,518)
TOTAL NET POSITION		\$ 5,294,369	\$ 5,294,369

See Accompanying Notes to Financial Statements

**THOMPSON RIVERS PARK AND RECREATION DISTRICT**

**STATEMENT OF REVENUE, EXPENSES, AND CHANGES  
IN FUND BALANCE / STATEMENT OF ACTIVITIES**

Year Ended December 31, 2022	General Fund	Adjustments (Note 10)	Statement of Activities
Revenue:			
Charges for services	\$ 199,741	\$ -	\$ 199,741
Property taxes	1,518,167	-	1,518,167
Conservation trust funds	176,235	-	176,235
Specific ownership taxes	89,938	-	89,938
Grants and noncapital contributions	19,353	-	19,353
Facility and field rentals	34,253	-	34,253
IGA Field House payment	200,000	-	200,000
Insurance proceeds	323,322	-	323,322
Other revenues	1,484	-	1,484
Interest	1,348	-	1,348
<b>Total Revenue</b>	<b>2,563,841</b>	<b>-</b>	<b>2,563,841</b>
Expenditures:			
Current Operating:			
Program costs	1,162,578	-	1,162,578
Administration and operating costs	988,240	-	988,240
Capital Outlay	570,032	(570,032)	-
Debt Service	634,387	(449,719)	184,668
Depreciation	-	308,314	308,314
<b>Total Expenditures</b>	<b>3,355,237</b>	<b>(711,437)</b>	<b>2,643,800</b>
Other Financing Sources (Uses):			
Proceeds of capital lease	2,045,000	(2,045,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>2,045,000</b>	<b>(2,045,000)</b>	<b>-</b>
Revenue Over (Under) Expenditures	1,253,604	(1,333,563)	(79,959)
Fund Balance, Beginning of Year	843,540	4,530,788	5,374,328
<b>Fund Balance, End of Year</b>	<b>\$ 2,097,144</b>	<b>\$ 3,197,225</b>	<b>\$ 5,294,369</b>

See Accompanying Notes to Financial Statements.

# THOMPSON RIVERS PARKS AND RECREATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies:

This summary of Thompson Rivers Parks and Recreation District's significant accounting policies is to assist the reader with interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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#### Form of Organization:

Thompson Rivers Parks and Recreation District is an independent governmental entity organized in April 1994, under the provisions of the Colorado Revised Statutes. The District's Board of Directors is elected by residents of the District and has the responsibilities for designation of management, operational decisions, and budget matters. The District is fully responsible for its financial matters and is not financially interdependent with another governmental unit. Revenues are derived by service charges determined by the Board. The District exists for the benefit of its residents and services of the District are generally available to the residents of the District.

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#### 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. Revenues are recorded when earned and expenses are recorded when a 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 collectible within a current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 and claims and judgments, are recorded only when payment is due.

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

# THOMPSON RIVERS PARKS AND RECREATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued:

Property taxes and interest associated with the current year are all considered to be susceptible to accrual and so 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.

The District reports the following major governmental fund:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District.

The District changed from business-type activities presentation to government activities presentation effective as of December 31, 2022 and for the year ending December 31, 2022. Certain amounts have been reclassified with this presentation.

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Scope of Reporting Entity:

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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Budgets and Budgetary Accounting:

Annual budgets are adopted as required by Colorado statutes. Formal budgetary integration is employed as a management control device during the year. Prior to September the department heads submit their budgets to the budget officer, who is designated as the person responsible for the budget. Prior to October 15<sup>th</sup>, the district manager submits the budgets to the District board. Prior to December 15<sup>th</sup> the District board after reviewing the budgets adopts the budget with a certified copy sent to the Division of Local Government prior to January 30<sup>th</sup>, and passes a resolution making the appropriation for the ensuing fiscal year.

The Board approves total budget appropriations only. Budgeted amounts within the fund may be transferred as long as total appropriations are not altered. If the total appropriations must be revised, an official amended budget is approved and a resolution making additional appropriations is passed.

# THOMPSON RIVERS PARKS AND RECREATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Budgets and Budgetary Accounting - continued:

The level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis. Budgets are adopted on the accrual basis and the budgetary comparisons shown in these financial statements under supplementary information are shown on that basis.

The District may be in violation of Colorado Revised Statutes due to the over-expenditure of budgeted appropriations from the lease purchase agreement.

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#### Cash and Cash Equivalents:

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation ("FDIC") to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado Governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits.

The Board authorizes the District to invest in certificates of deposit and U.S. Treasury bills at various financial institutions that are FDIC insured, or repurchase agreements provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds.

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#### Compensated Absences:

Vacation and sick leave accumulated by an employee are recorded as a liability and current operating expense of the District at the employee's current rate of pay. Accrued compensated absences totaled \$50,061 at December 31, 2022.

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# THOMPSON RIVERS PARKS AND RECREATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Capital Assets:

Capital assets purchased or acquired with an original cost of \$5,000 or more are stated at cost except for property received by donation or contribution, which is stated at its estimated fair market value at the time it is received by the District. The cost of maintenance and repairs is charged against income as incurred; significant renewals, betterments, and improvements are capitalized.

Depreciation of exhaustible fixed assets used by enterprise funds is charged as an expense against its operation over the assets' estimated useful lives. Accumulated depreciation is reported on the enterprise fund balance sheet. Depreciation has been provided over the estimated useful lives on the straight-line basis. Useful lives by type of asset are as follows:

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

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#### Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowing used for the acquisition of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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#### Fund Equity:

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are legally restricted by law or outside parties for use for specific purpose.

Restrictions for the District are recorded up to the maximum equity available in the fund balance and consist of:

#### Restricted for Emergencies:

These restrictions are established to comply with TABOR. Recorded TABOR emergency reserves at December 31, 2022 are \$67,216.

# THOMPSON RIVERS PARKS AND RECREATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies - Continued:

Restricted for Capital Outlay:

Restrictions for capital needs at December 31, 2022 are \$2,001,385.

Assigned fund balances, if any, are amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official to which the Board delegates authority. Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

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Deferred Outflows and Inflows of Resources:

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

In addition to liabilities, the statement of financial 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualified for reporting in this category: deferred property taxes.

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Use of Estimates:

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

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# THOMPSON RIVERS PARKS AND RECREATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – Cash and Cash Equivalents:

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 regulators. Amounts on deposit 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 held in trust for all public funds. 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 the aggregate uninsured deposits.

At December 31, 2022 and 2021, the District had deposits with three financial institutions with carrying amount of \$362,051 and \$758,759, respectively. The bank balances with the financial institutions were \$371,121 and \$727,430, respectively, of which \$371,121 and \$250,126 respectively was covered by FDIC and the excess was covered by PDPA.

Investments are stated at fair value as required by the Governmental Accounting Standards Board Statement 31.

The PDPA requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, US government securities, mortgages and deeds of trust.

Credit risk – The District’s investment policy authorizes the District to invest in bonds or other interest-bearing obligations of the United States of America or its agencies thereof, certificates of deposit and local investment pools.

Interest rate risk – The District’s investment policy limits all federal securities to maturities of 5 years or less from the date of purchase.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does have a deposit policy that allows investments only in U.S. instrumentalities or deposits insured by federal depository insurance. The District may at times exceed federally insured limits.

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# THOMPSON RIVERS PARKS AND RECREATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 – Capital Assets:

	Balance 1/1/22	Additions	Deletions	Balance 12/31/22
Capital assets not being depreciated:				
Land	\$ 1,672,000	\$ --	\$--	\$ 1,672,000
Construction in progress	--	433,243	--	433,243
<b>Total non depreciated assets</b>	<b>1,672,000</b>	<b>433,243</b>	<b>--</b>	<b>2,105,243</b>
Capital Assets Being Depreciated:				
Land Improvements	5,067,280	--	--	5,067,280
Building	6,117,588	--	--	6,117,588
Vehicles and equipment	874,514	136,788	--	1,011,302
<b>Total Capital Assets, Being Depreciated</b>	<b>12,059,382</b>	<b>136,788</b>	<b>--</b>	<b>12,196,170</b>
Accumulated depreciation	(2,620,680)	(308,313)	--	(2,928,993)
<b>Capital Assets, Net</b>	<b>\$11,110,702</b>	<b>\$ 261,718</b>	<b>\$ --</b>	<b>\$ 11,372,420</b>

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

Land	\$ 500,000
Land improvements	4,437,124
Vehicles and equipment	464,760
Less: accumulated depreciation	(1,604,878)
<b>Total</b>	<b>\$ 3,797,006</b>

### NOTE 4 – Long-Term Debt:

A summary of the changes in debt for the year ended December 31, 2022, is as follows:

	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
Capital Leases	\$6,407,004	\$2,167,846	\$ 449,715	\$ 8,125,134	\$586,437
Compensated Absences	41,554	36,819	28,312	50,061	--
<b>Total</b>	<b>\$6,448,558</b>	<b>\$2,204,665</b>	<b>\$478,027</b>	<b>\$8,175,195</b>	<b>\$586,437</b>

# THOMPSON RIVERS PARKS AND RECREATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4 – Long-Term Debt:

A summary of the District’s long term debt as of December 31, 2022 are as follows:

December 31	2022
Various capital leases with a motor credit company, due in annual installments ranging from \$12,688 to \$22,978, including principal and interest, through 2024. Interest accrues at 6.20% per annum. The leases are collateralized by vehicles.	\$ 189,579
\$7,075,517 October 3, 2019, capital lease with the financial institution, due in semi-annual installments of \$291,865 through October 1, 2034. The interest rate is 2.87%. The lease proceeds were used to payoff the October 1, 2015 capital lease and the September 5, 2014 capital lease and pay the issuance costs of this agreement. The lease is collateralized by the Nelson Ballfield property and the Milliken Athletic Complex and Land.	5,890,555
On September 1, 2022, lease purchase agreement with the financial institution, due in semi-annual installments of \$89,840 principal and interest payments through September 2037. Interest accrues at 3.765% per annum. The lease is used to finance the construction of a lap pool and is collateralized by the existing pool.	2,045,000
<b>Total Long-Term Debt</b>	<b>\$ 8,125,134</b>

The annual requirements to amortize all debt outstanding as of December 31, 2022 are as follows:

Year Ending December 31	Principal	Interest	Total
2023	\$ 586,437	\$ 268,569	\$ 855,006
2024	584,553	248,438	832,991
2025	578,225	215,541	793,766
2026	597,351	195,949	793,300
2027	614,699	176,111	790,810
2028-2032	2,953,337	571,854	3,525,191
2033-2037	2,210,532	147,201	2,357,733
<b>Totals</b>	<b>\$8,125,134</b>	<b>\$1,823,663</b>	<b>\$9,948,797</b>

# THOMPSON RIVERS PARKS AND RECREATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 5 – Risk Management:**

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

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### **NOTE 6 – Deferred Compensation Plan:**

The District offers its employees a deferred compensation plan created in accordance with internal Revenue Code Section 457 ( the “Plan”). The Plan, available to all the full time District employees, permits them to defer a portion of their salary until future years. The District elects to make matching contributions up to 5% of employee contributions. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. For the years ended December 31, 2022 and 2021, the District contributed \$20,979 and \$20,365, respectively.

The Plan complies with Section 457 of the Internal Revenue Code, whereby, trust provisions are incorporated so that plan assets are held to trust for the exclusive benefit of participants and their beneficiaries. As a result, as of December 31, 2022, the assets and liabilities of the deferred compensation plan are not included in accompanying financial statements.

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### **NOTE 7 – Contingencies:**

#### **Risk Management:**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors and omissions, injuries to employees or acts of God. The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

# THOMPSON RIVERS PARKS AND RECREATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7 – Contingencies - Continued:

#### Tax, Spending and Debt Limitations:

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 governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment’s language in order to determine its compliance.

In 1992, the Colorado voters approved the “taxpayer’s Bill of Rights” (TABOR). TABOR requires voter approval for any new tax, tax rate increase, mill levy increase, or new debt. Voter approval is also required to increase annual property taxes, revenue or spending by more than inflation plus a local growth factor. Spending not subject to TABOR includes that form District enterprise activities and federal funds. The District believes it is in compliance with requirements of TABOR.

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### NOTE 8 – Subsequent Events and Commitments:

The District entered into a twenty five year lease agreement for the Mad Russian Golf Course with a commencement date of January 1, 2023. As part of the agreement, rent for the second month of \$25,000 plus \$500,000 for the purchase of specified property and equipment was made.

Monthly payments will be as follows:

Period (Months)	Amount
1	\$ --
2-12	25,000
13-24	25,000
25-36	35,000
37-300	Prior lease year’s rent subject to 2.5% escalation year over year

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In May 2023 there was damage to the pump house at the golf course. Repair costs are estimated to be approximately \$250,000 and will be a shared responsibility between insurance, the District and the landowner. The allocation has not yet been determined.

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# THOMPSON RIVERS PARKS AND RECREATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9 – Reconciliation Between the General Fund Balance Sheet and the Statement of Net Position:

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

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December 31, 2022	
Fund balance of General Fund	\$ 2,097,144
Capital assets used in governmental activities are not financial resources and therefore are not reported in the General Fund	11,372,420
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Lease purchase agreement	(2,045,000)
Capital lease obligations	(6,080,134)
Compensated absences	(50,061)
<b>Total Net Position</b>	<b>\$ 5,294,369</b>

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### NOTE 10– Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of the General Fund to the Statement of Activities:

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Year Ended December 31, 2022	
Net change in fund balance – General Fund	\$ 1,253,604
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
The General Fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation.	261,718
Governmental funds report capital lease payments as current expenditures. The following summarizes the Authority’s long-term debt transactions for the year:	
Principal portion of payments on capital lease	449,719
Proceeds from capital lease	(2,045,000)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (79,959)</b>

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**REQUIRED SUPPLEMENTARY INFORMATION**

# THOMPSON RIVERS PARK AND RECREATION DISTRICT

## BUDGETARY COMPARISON STATEMENT

Year Ended December 31, 2022	Actual	Final Budget	Variance
Revenue:			
Charges for services	\$ 199,741	\$ 203,962	\$ (4,221)
Property taxes	1,518,167	1,425,784	92,383
Conservation trust funds	176,235	176,235	-
Specific ownership taxes	89,938	89,938	-
Grants and noncapital contributions	19,353	15,133	4,220
Facility and field rentals	34,253	34,253	-
IGA Field House payment	200,000	200,000	-
Insurance proceeds	323,322	(44,038)	367,360
Other revenues	1,484	1,483	1
Interest	1,348	1,348	-
<b>Total Revenue</b>	<b>2,563,841</b>	<b>2,104,098</b>	<b>459,743</b>
Expenditures/Expenses			
Program costs:			
Continuing education	13	1,730	1,717
Employee benefits	73,052	36,293	(36,759)
Other	17,405	35,702	18,297
Repairs and maintenance	375,075	36,125	(338,950)
Salaries	372,270	437,763	65,493
Supplies	95,755	141,229	45,474
Temporary help	85,013	106,170	21,157
Travel and meetings	5,013	1,861	(3,152)
Uniforms	43,353	43,353	-
Utilities	82,845	79,771	(3,074)
Workers' compensation	12,784	12,784	-
<b>Total Program Costs</b>	<b>1,162,578</b>	<b>932,781</b>	<b>(229,797)</b>

Continued on next page.

# THOMPSON RIVERS PARK AND RECREATION DISTRICT

## Schedule of Revenue and Expenses - Actual (Budgetary Basis) Compared to Budget - Continued

Year Ended December 31, 2022	Actual	Final Budget	Variance
Administrative and operating costs:			
Accounting	\$ 53,280	\$ 53,280	\$ -
Attorney	11,566	4,798	(6,768)
Board expense	1,215	4,856	3,641
Board member compensation	400	400	-
Communication	24,837	24,837	-
Computer expense	7,258	7,258	-
Continuing education	17,166	17,301	135
Contracted services	25,296	30,974	5,678
Fees/licenses/permits	17,745	41,768	24,023
Liability insurance	21,902	21,902	-
Office/administrative	132,687	39,722	(92,965)
Office supplies	23,306	47,655	24,349
Payroll taxes	64,606	64,606	-
Salaries	450,803	372,514	(78,289)
Travel and meetings	1,373	4,524	3,151
County treasurer fees	22,703	22,702	(1)
Closing cost - lease purchase	43,615	-	(43,615)
Utilities	68,482	65,000	(3,482)
<b>Total Administrative and Operating costs</b>	<b>988,240</b>	<b>824,097</b>	<b>(164,143)</b>
Capital outlay	570,032	-	(570,032)
Debt service	634,387	347,220	(287,167)
<b>Total Expenditures</b>	<b>3,355,237</b>	<b>2,104,098</b>	<b>(1,251,139)</b>
Other Financing Sources (Uses):			
Proceeds of capital lease	2,045,000	-	2,045,000
<b>Total Other Financing Sources (Uses)</b>	<b>2,045,000</b>	<b>-</b>	<b>2,045,000</b>
Revenue and Other Financing Sources			
<b>Over Expenditures</b>	<b>\$ 1,253,604</b>	<b>\$ -</b>	<b>\$ 1,253,604</b>
Fund Balance - Beginning	843,540		
<b>Fund Balance - Ending</b>	<b>\$ 2,097,144</b>		

See Accompanying Independent Auditors' Report.