

**PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2023**

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## **FINANCIAL SECTION**



## JOHN CUTLER & ASSOCIATES

Board of Directors  
Parachute/Battlement Mesa  
Park & Recreation District  
Parachute, Colorado

### INDEPENDENT AUDITORS' REPORT

#### Report on the Financial Statements

##### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities and each major fund, of the Parachute/Battlement Mesa Park & Recreation District (the "District") as of and for the year ended December 31, 2023, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Parachute/Battlement Mesa Park & Recreation District as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparison schedules for the general and major special revenue funds, 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 Parachute/Battlement Mesa Park & 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 management's discussion and analysis and required budgetary information on pages 19-20 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.

### ***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 schedule as listed in the table of contents, is presented for purposes of additional analysis and is 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 schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*John Luttrell & Associates, LLC*

June 19, 2024



PARACHUTE/BATTLEMENT MESA  
PARK AND RECREATION DISTRICT

## **PARACHUTE-BATTLEMENT MESA PARK & RECREATION DISTRICT MANAGEMENT DISCUSSION & ANALYSIS: 2023 AUDIT**

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This section of the Parachute Battlement Mesa Park & Recreation District (“PBMPRD” or the “District”) annual financial report presents our analysis of the District’s financial performance during the fiscal year ended December 31, 2023. Please read it in conjunction with the financial statements.

### **1. Financial Highlights**

On January 1, 2016, the District assumed ownership, management, and financial control of the Battlement Mesa Golf Club (BMGC) and the Grand Valley Recreation Center (GVRC). Prior to these transfers the District provided activities and sports programs to the community.

The District has three types of Funds to comply with Governmental Accounting Standards Board for Fund reporting. These Funds consist of:

1. Governmental Type Funds: (1) General Fund; and (2) Conservation Trust Fund;
2. Business Type Activities Funds also known as Proprietary Funds: Recreation Fund with two sub funds: (1) Grand Valley Recreation and Programs Fund and; (2) Battlement Mesa Golf Club Fund.

The Board oversaw the PBM Trail Committee, whose budget was under the General Fund but is no longer active.

The District is *currently* in good financial health and there is no long-term debt. PBMPRD has enough in unrestricted funds to maintain operations for over one year. However, the District has aging infrastructure with the transfer of ownership of the golf course and recreation center; that in some instances has exceeded its life expectancy and will need ongoing capital replacement and improvement projects. 2024 revenue recovered from the prior years of the COVID Pandemic with the 2023 current year realizing an increase in operating income of \$150,806 from 2022.

A continual concern is that oil and gas production may decrease and may affect property tax revenue in the years ahead. The District has increased property tax revenues by 16.5% of its property tax revenue since 2022. Business type funds user fees and memberships do not cover operating expenses.

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

Since assuming operations, financial and management of BMGC and GVRC the District has spent approximately \$7,187,175 in capital expenditures & projects. In 2023 the District performed the following capital projects made capital expenditures for a total of \$1,628,476:

- **BATTLEMENT MESA GOLF CLUB:** (\$574,616)
  - Cart path improvements
  - Golf Pro Shop Improvements
  - Replaced Golf Course Machinery
  - Remodeling of Restaurant
  - Replaced Golf Carts
  
- **GRAND VALLEY RECREATION CENTER:** (\$1,054,861)
  - Irrigation Water Transfer
  - Tennis Court Remodel
  - Replacement Recreation Equipment
  - Solar Parking Lot Lights
  - Audio System Replacements

Despite the age of the facilities and equipment, the District's assets increased in value due to the 2023 replacements and improvements. In 2023 the value of capital assets increased by \$1,628,476. Depreciation recorded was \$422,203. Net losses of \$313,801 from depreciated assets removed and replaced were \$666,848 less depreciation of \$353,347.

The District's unrestricted net position increased by \$20,017, with the remainder invested in capital assets. This is due to consistently monitoring expenses and ensuring the District is run as efficiently as possible. Cash and Investments showed an increase of \$994,793 after funding for the golf course and recreation center capital outlays and business type activities.

Property tax income in 2023 was \$2,870,154; however in this amount, the District did collect \$26,024 in delinquent taxes. The property tax revenue in 2016 was the District's highest at \$3,804,581 and 2023 is **\$749,947 less**, reflecting a recovery from 2016, but still a 19.7% loss in revenue. Oil and gas property tax revenue comprises around 81% of the total tax revenue for the District. The increase in oil and gas property tax revenue affected the District's ability to perform the extensive capital repairs and basic maintenance that was needed and accomplished significant repairs and upgrades. Residential property tax 9% of property tax income.

The Board of Directors strive to keep user fees for the Rec Center, Golf Course and programs at a price that is affordable to those in the District. Keeping these rates low for the community means that property tax revenue is required to maintain operations and limits the amount available for repairs, maintenance, capital projects and ongoing operations.

Of note is that the District had to fund operations and capital replacements in 2023 by transferring \$2,075,463 from the General Fund cash reserves to continue to operate and maintain the Grand Valley Rec Center, sports programs, Battlement Mesa Golf Club and Community Park. The ability to continue to transfer similar amounts from cash reserves may be unsustainable in the future without increases in rates, memberships, or requests to increase the mill levy.

## **2. Overview of the Financial Statements**

The annual report consists of three parts:

Management's Discussion and Analysis  
Financial Statements  
Supplementary Information

## **3. Required Financial Statements**

The financial statement of net position provides information about the District using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

### **Statement of Net Position**

The statement of net position provides information about the nature and amounts of investments in resources (assets) and obligations to District creditors (liabilities). It also provides the basis for computing the rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

### **Statement of Revenues, Expenses, and Changes in Net Position**

This statement measures the results of the District's operations over the past year and may be used to determine profitability, credit worthiness, and whether the District has successfully recovered all its costs through its user fees, taxes, and other changes.

### **Statement of Cash Flows**

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the District's cash receipts and payments during the reporting period. This statement reports cash receipts, cash payments, and the net changes in cash resulting from operations, non-capital financing, capital related financing, and investing activities. It also provides answers to such questions as where the cash came from, how was cash used, and what was the change in cash balance during the reporting period.

#### 4. Financial Analysis of The District

One of the most important questions asked about the District’s finances is “Is the District as a whole better off or worse off as a result of this year’s activities?” The statement of net position and statement of revenues, expenses, and changes in net position report information about the District’s activities in a way that can help answer that question. These two statements report the net position of the District and the related change in these assets. The District’s net position (the difference between assets and liabilities) is one way to measure financial health or financial position. Over time, increases in the District’s net position, is one indicator that the District’s financial health is improving. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, or changed governmental legislation.

#### 5. Net Position

As part of our analysis, we provide a summary of the District’s statement of net position:

##### Condensed Statement of Net Position (previously referred to as Balance Sheet)

	<u>2023</u>	<u>2022</u>	<u>2023 - 2022 Change</u>	
			<u>\$</u>	<u>%</u>
Current & Other Assets	\$9,319,385	\$7,402,823	\$1,916,562	25.89%
Capital Assets	\$ 10,021,782	\$9,075,339	\$946,443	10.43%
<b>Total Assets</b>	<b>\$19,341,167</b>	<b>\$16,478,161</b>	<b>\$2,863,006</b>	<b>9.00%</b>
<b>Total Liabilities</b>	<b>\$170,116</b>	<b>\$26,793</b>	<b>\$143,323</b>	<b>534.93%</b>
<b>Deferred Inflow of Resources</b>	<b>\$3,754,536</b>	<b>\$2,829,880</b>	<b>\$924,476</b>	<b>32.67%</b>
<b>Net Position:</b>				
Invested in capital assets net of related debt	\$10,021,782	\$9,075,339	\$946,443	10.43%
Restricted for emergencies	\$121,900	\$85,900	\$36,000	41.91%
Unrestricted	\$5,273,013	\$4,460,250	\$812,763	18.22%
<b>Total Net Position</b>	<b>\$15,416,695</b>	<b>\$13,621,489</b>	<b>\$1,795,206</b>	<b>13.80%</b>

Current Assets increased by 9% primarily due to investing in replacement capital assets, which increased 10.43% over 2022 and increases in property tax receivables.

Total liabilities increased 534.93% due mostly to accounts payable associated with the Recreation Center capital roof repairs and maintenance, golf upgrades and accrued compensated absences. The District has no long-term debt, and these short-term liabilities are paid off within a few months.

Although capital improvements of \$1,628,476 were made, depreciation expense offset some of the value of capital assets, which decreased only 10.43%. Restricted funds consist of the TABOR requirement to maintain 3% emergency reserves.

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

Unrestricted funds increased by \$812,763 due to receiving increased property tax revenues in 2023 associated with oil and gas and increased interest income at rates above 5%. The unrestricted funds can be utilized as needed and directed by the Board of Directors. In 2023 the District's Net Position improved by \$1,795,206 due in large part to increases in 2023 property taxes due in 2024.

Deferred Inflow of Resources increased \$924,476 as 2023 was property value reassessment year and oil and gas property taxes increased.

While the statement of net position shows the net position; the statement of revenue, expenses, and changes in net position answers as to the nature and sources of these changes.

The primary sources of income prior to 2016 were program and activities income and non-operating income (property taxes). With Grand Valley Recreation Center and Battlement Mesa Golf Club under the Park and Rec District umbrella, there are user fees and memberships that contribute to operating revenue.

**Condensed Statement of Revenue, Expenses and Changes in Net Position**  
(Previously referred to as Income Statement)

	<u>Gov't Funds</u>	<u>Proprietary Funds</u>	<u>All Funds</u>
<b>Revenue</b>			
Operating Revenue		\$1,089,559	\$1,089,559
Non-Operating Revenue	\$3,304,977	\$383,399	\$3,368,376
<b>Total Revenues</b>	<b>\$3,304,977</b>	<b>\$1,472,958</b>	<b>\$4,777,935</b>
<b>Expenses</b>			
Gov't Fund Expense	\$400,768		\$400,768
Operating Expense		\$2,581,961	\$2,581,961
Transfers Out	\$2,075,463		\$2,075,463
Capital Outlay		\$1,682,267	\$1,682,267
<b>Total Expenses</b>	<b>\$2,476,231</b>	<b>\$4,210,228</b>	<b>\$6,686,459</b>
<b>Income/Loss before Transfers</b>	<b>\$2,904,209</b>	<b>-\$2,737,270</b>	<b>\$166,939</b>
Transfers In	\$0.00	\$2,075,463	\$2,075,463
<b>Net Income</b>	<b>\$828,746</b>	<b>-\$1,109,003</b>	<b>\$280,257</b>
<b>GAAP Basis Adjustments:</b>			
Capital Outlay less Dispositions		\$1,682,267	\$410,455
Depreciation		\$447,196	-\$409,937
<b>Net Income (GAAP Basis)</b>	<b>\$828,746</b>	<b>\$966,460</b>	<b>\$142,050</b>
<b>Beginning Balances (Adjusted)</b>	<b>\$3,130,660</b>	<b>\$10,490,289</b>	<b>\$13,479,439</b>
<b>Ending Balances</b>	<b>\$3,959,406</b>	<b>\$11,457,289</b>	<b>\$15,416,695</b>

For Auditing purposes, the Governmental Fund contains the General Fund, Conservation Trust Fund and the PBM Trail Fund. These funds are not considered Business Type Funds/Proprietary Funds, which charge fees for services.

## PARACHUTE BATTLEMENT MESA PARK & RECREATION DISTRICT

### Management's Discussion and Analysis

The primary revenue for the Governmental Fund is property tax revenue. The General Fund is used to pay payroll taxes, insurance, employee medical benefits, employee retirement, treasurer's fees, office supplies, printing, postage, elections, management, accounting, legal, audit and sales tax collected.

The Proprietary Fund consists of those funds or activities that charge fees for service or usage; and receive only a part of their income from property tax revenue. The Funds included under the Proprietary (or Business Type Activities) Fund consist of the Grand Valley Recreation Center and Programs and the Battlement Mesa Golf Club.

As can be seen above the Proprietary (Business Type Activities) funds only bring in \$1,089,559 in operating revenue and total operating expenses were \$2,581,961. Operating income only covers 42.2% of the operating expenses. The largest expense is approximately \$1,098,291 for payroll and benefits. Utility charges are \$199,421 and repairs and maintenance for the golf course, rec center and ballparks are close to \$267,143. Due to the age of the facilities repairs and maintenance will only increase in the future. The majority of employees are part-time and seasonal which saves in benefits. But with the increase in the hourly rate to \$13.65/hr. (2023) and \$14.42/hr. (2024) and the new State requirement that part-time and seasonal staff be paid 1-hour sick leave for every 30 hours worked, this added to the District's expenses.

The Battlement Mesa Golf Club irrigation project was completed in 2021 and is displaying less water usage expense by 48.5% than in the past, with 2023 at \$22,070 and 2022 \$42,859.

Garfield County Federal and Mineral Lease District provided \$315,474 in grants for the replacement roof, and irrigation at the Recreation Center facilities .

Programs, primarily youth sports programs, with operating revenue of \$53,092 and expenses of \$21,221. The Board understands this loss and believes it has an obligation to provide the youth of the District with these activities.

The Community Park, which is open to the public at no charge, cost the District \$32,228 for maintenance, utilities, trash removal and water.

Battlement Mesa Golf Course operating revenue was \$825,245 with expenses of \$934,935. The expenses for the ballfield, Community Park, Skate and Dog Park are included under the golf course fund. The largest expenses were wages, maintenance and repairs and utilities.

Grand Valley Recreation Center has raised rates for 2024 again. Total income for 2023 memberships and user fees were \$373,904, while expenditures were \$1,067,990. As with the golf course and programs, wages comprised the majority of expense at \$704,607. Constant and continual building repairs and maintenance continued to contribute to the \$132,650 loss in 2023.

## 6. Budgetary Highlights

As required by state law, the District adopts a budget and appropriates funds by December 15 for the following fiscal year. If an amendment is necessary, the Board will approve a supplemental appropriation at a public hearing and file it with the State of Colorado.

## 7. Capital Assets and Debt Administration

### Capital Assets

Capital Assets less disposed assets increased \$946,463 due to \$1,687,267 additions, dispositions of \$293,608 with depreciation of \$447,166 on capital projects that are referenced under Section 1: "Financial Highlights".

## 8. Long-Term Debt

The District has no long-term debt.

## 9. Economic Factors and New Year's Budget Rates

The District's Board of Directors and management consider many factors when setting the 2023 budget, including user fees and charges. The Board did not raise Rec Center membership rates or fees in 2023. The following table presents the changes in the District's budget from 2023 to 2022.

### 2023 vs. 2022 Budget

	<u>2023</u>	<u>2022</u>	<u>2023 - 2022 Change</u>	
			<u>\$</u>	<u>%</u>
<b>Revenues</b>				
Operating Revenues	\$1,126,503	\$938,190	\$188,313	20.07%
Non-Operating Revenues	\$3,110,347	\$1,851,201	\$1,259,646	68.02%
Transfers In	\$3,130,301	\$1,854,699	\$1,344,105	67.64%
<b>Total Revenues</b>	<b>\$7,367,151</b>	<b>\$4,644,090</b>	<b>\$2,723,061</b>	<b>58.63%</b>
<b>Expenses</b>				
Operating Expense	\$352,119	\$305,400	\$46,719	15.30%
G & A Expenses	\$836,003	\$753,420	\$82,583	10.96%
Non-operating Expenses	\$40,000	\$42,000	(\$2,000)	-4.76%
Capital Outlay	\$2,052,000	\$913,110	\$1,138,890	124.73%
<b>Total Expenses</b>	<b>\$3,280,122</b>	<b>\$2,013,930</b>	<b>\$1,266,192</b>	<b>62.87%</b>
<b>Change in Net Position</b>	<b>\$4,087,029</b>	<b>\$2,630,160</b>	<b>\$1,111,261</b>	<b>42.25%</b>
Transfers Out	(\$3,130,301)	(\$1,854,670)	\$106,049	72.47%
<b>Net Income</b>	<b>\$956,728</b>	<b>\$775,490</b>	<b>(\$232,844)</b>	<b>30.03%</b>
<b>Beginning Net Position</b>	<b>\$13,499,348</b>	<b>\$13,393,299</b>	<b>\$106,049</b>	<b>0.79%</b>
<b>Ending Net Position</b>	<b>\$14,876,860</b>	<b>\$13,479,722</b>	<b>(\$502,020)</b>	<b>-3.54%</b>

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

Budgeted Operating Revenues increased by \$188,813 between 2022-2023 primarily due to increased rates. The Rec Center membership rates were raised in 2023 to \$220/adult annual membership rate, with the last increase made in 2022. This means there is an anticipated income of \$1,073,461 in 2023 and with capital improvements of \$2,052,000, a total loss of \$662,362 for the District. Non-Operating Revenue increased by \$1,259,646 due to an anticipated increase in 2023 oil and gas property tax revenue.

Transfers out of the Governmental Fund and transfers into Proprietary Fund consisted of property taxes needed to fund operations, cover payroll, and perform capital improvements. The budgeted transfer of \$3,130,301 in 2023 is due to increases in operating expenditures and capital improvements.

The District strives to keep user rates low for the community; however, the Board is aware that property tax revenue may decrease further due to changes in the Residential Assessment Rate and oil and gas production decreasing. This may require an increase in the mill levy and/or increase in user fees and membership rates in order to continue to provide programs and recreation to the District residents. However, the majority of property tax (85%) comes from oil and gas companies and not residential.

Operating expenses include Battlement Mesa Golf Club, Grand Valley Recreation Center; sports programs and activities; day-to-day operations including wages, employee benefits, cost of goods sold, utilities, janitorial, repairs and maintenance, landscape maintenance, chemicals, and supplies. The majority of employees are hourly and with the minimum rate increase this has increased payroll expenses. Utilities are also increasing for water, sewer, electrical and gas. Maintenance of the Community Park has increased expenses due to landscape and equipment maintenance, trash, and water charges; and no revenue is generated for this facility.

The General and Administrative (G&A) budget includes advertising and promotion, computer, phone & internet services, property and liability insurance, workers compensation, management fees, accounting/finance, audit, legal fees, and contingency. Contingency of \$121,900 is included under General and Administrative expenses.

Non-Operating expenses include TABOR 3% emergency reserve and Garfield County Treasurer's Fees to collect and distribute property taxes.

## **BASIC FINANCIAL STATEMENTS**

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF NET POSITION

As of December 31, 2023

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	
			2023	2022
<b>ASSETS</b>				
Cash and Investments	\$ 4,004,335	\$ 1,530,458	\$ 5,534,793	\$ 4,540,159
Receivables				
Property Taxes	3,754,356	-	3,754,356	2,829,880
Inventory	-	30,236	30,236	32,784
Capital Assets, Not Depreciated	-	2,643,468	2,643,468	2,643,468
Capital Assets, Depreciated				
Net of Accumulated Depreciation	-	7,378,314	7,378,314	6,431,871
<b>TOTAL ASSETS</b>	<b>7,758,691</b>	<b>11,582,476</b>	<b>19,341,167</b>	<b>16,478,162</b>
<b>LIABILITIES</b>				
Accrued Expenses	44,929	82,283	127,212	15,705
Accrued Compensated Absences	-	42,904	42,904	11,088
<b>TOTAL LIABILITIES</b>	<b>44,929</b>	<b>125,187</b>	<b>170,116</b>	<b>26,793</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenue	3,754,356	-	3,754,356	2,829,880
<b>NET POSITION</b>				
Investment in Capital Assets	-	10,021,782	10,021,782	9,075,339
Restricted for Emergencies	121,900	-	121,900	85,900
Unrestricted	3,837,506	1,435,507	5,273,013	4,460,250
<b>TOTAL NET POSITION</b>	<b>\$ 3,959,406</b>	<b>\$ 11,457,289</b>	<b>\$ 15,416,695</b>	<b>\$ 13,621,489</b>

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

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 368,540	\$ -	\$ 12	\$ -
Parks and Recreation	32,228	-	-	32,228
Total Governmental Activities	400,768	-	12	32,228
<b>Business-Type Activities</b>				
Recreation Center	2,581,961	1,087,760	324,762	-
Total Business-Type Activities	2,581,961	1,087,760	324,762	-
Total Primary Government	\$ 2,982,729	\$ 1,087,760	\$ 324,774	\$ 32,228

GENERAL REVENUES  
Property Taxes  
Specific Ownership Taxes  
Interest  
Other  
Transfers

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
		TOTALS	
		2023	2022
\$ (368,528)	\$ -	\$ (368,528)	\$ (421,940)
-	-	-	-
(368,528)	-	(368,528)	(421,940)
-	(1,169,439)	(1,169,439)	(1,346,227)
-	(1,169,439)	(1,169,439)	(1,346,227)
(368,528)	(1,169,439)	(1,537,967)	(1,768,167)
2,870,154	-	2,870,154	1,599,976
184,468	-	184,468	119,357
177,693	58,637	236,330	79,597
40,422	1,799	42,221	111,287
(2,075,463)	2,075,463	-	-
1,197,274	2,135,899	3,333,173	1,910,217
828,746	966,460	1,795,206	142,050
3,130,660	10,490,829	13,621,489	13,479,439
\$ 3,959,406	\$ 11,457,289	\$ 15,416,695	\$ 13,621,489

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2023

	GENERAL FUND	CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS	
			2023	2022
<b>ASSETS</b>				
Cash and Investments	\$ 4,003,193	\$ 1,142	\$ 4,004,335	\$ 3,136,332
Property Taxes Receivable	3,754,356	-	3,754,356	2,829,880
<b>TOTAL ASSETS</b>	<b>\$ 7,757,549</b>	<b>\$ 1,142</b>	<b>\$ 7,758,691</b>	<b>\$ 5,966,212</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accrued Expenses	\$ 43,787	\$ 1,142	\$ 44,929	\$ 5,672
<b>TOTAL LIABILITIES</b>	<b>43,787</b>	<b>1,142</b>	<b>44,929</b>	<b>5,672</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenue	3,754,356	-	3,754,356	2,829,880
<b>FUND EQUITY</b>				
Restricted for Emergencies	121,900	-	121,900	85,900
Unassigned	3,837,506	-	3,837,506	3,044,760
<b>TOTAL FUND EQUITY</b>	<b>3,959,406</b>	<b>-</b>	<b>3,959,406</b>	<b>3,130,660</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY</b>	<b>\$ 7,757,549</b>	<b>\$ 1,142</b>	<b>\$ 7,758,691</b>	<b>\$ 5,966,212</b>

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

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended December 31, 2023

	GENERAL FUND	CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS	
			2023	2022
REVENUES				
Property Taxes	\$ 2,870,154	\$ -	\$ 2,870,154	\$ 1,599,976
Specific Ownership Taxes	184,468	-	184,468	119,357
Grants and Donations	12	-	12	40,039
Intergovernmental	-	32,228	32,228	29,454
Interest	177,693	-	177,693	79,597
Other	40,422	-	40,422	74,833
TOTAL REVENUES	<u>3,272,749</u>	<u>32,228</u>	<u>3,304,977</u>	<u>1,943,256</u>
EXPENDITURES				
General Government	<u>368,540</u>	<u>32,228</u>	<u>400,768</u>	<u>461,979</u>
TOTAL EXPENDITURES	<u>368,540</u>	<u>32,228</u>	<u>400,768</u>	<u>461,979</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,904,209</u>	<u>-</u>	<u>2,904,209</u>	<u>1,481,277</u>
OTHER FINANCING SOURCES (USES)				
Transfer Out	<u>(2,075,463)</u>	<u>-</u>	<u>(2,075,463)</u>	<u>(2,291,674)</u>
NET CHANGE IN FUND BALANCE	828,746	-	828,746	(810,397)
FUND BALANCE, Beginning	<u>3,130,660</u>	<u>-</u>	<u>3,130,660</u>	<u>3,941,057</u>
FUND BALANCES, Ending	<u>\$ 3,959,406</u>	<u>\$ -</u>	<u>\$ 3,959,406</u>	<u>\$ 3,941,057</u>

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

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF NET POSITION  
 PROPRIETARY FUND TYPE  
 As of December 31, 2023

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,530,458	\$ 1,403,827
Total Current Assets	<u>1,530,458</u>	<u>1,403,827</u>
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	10,021,782	9,075,339
Inventory	<u>30,236</u>	<u>32,784</u>
TOTAL ASSETS	<u>11,582,476</u>	<u>10,511,950</u>
LIABILITIES		
Current Liabilities		
Accrued Expenses	82,283	10,033
Accrued Compensated Absences	<u>42,904</u>	<u>11,088</u>
TOTAL LIABILITIES	<u>125,187</u>	<u>21,121</u>
NET POSITION		
Investment in Capital Assets	10,021,782	9,075,339
Unrestricted	<u>1,435,507</u>	<u>1,415,490</u>
TOTAL NET POSITION	<u>\$ 11,457,289</u>	<u>\$ 10,490,829</u>

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

PARACHUTE/BATLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUND TYPE  
Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Charges for Services	\$ 1,007,430	\$ 841,074
Pro Shop Sales	38,365	118,640
Facility Rental	41,965	25,923
Miscellaneous	1,799	7,000
	<u>1,089,559</u>	<u>992,637</u>
OPERATING EXPENSES		
Operations	<u>2,581,961</u>	<u>2,334,233</u>
	<u>2,581,961</u>	<u>2,334,233</u>
OPERATING LOSS	<u>(1,492,402)</u>	<u>(1,341,596)</u>
NON-OPERATING REVENUES		
Grants and Contributions	<u>324,762</u>	<u>2,369</u>
TOTAL NON-OPERATING REVENUES	<u>383,399</u>	<u>2,369</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(1,109,003)</u>	<u>(1,339,227)</u>
CONTRIBUTIONS AND TRANSFERS		
Transfers In	<u>2,075,463</u>	<u>2,291,674</u>
	<u>2,075,463</u>	<u>2,291,674</u>
NET INCOME (LOSS)	966,460	952,447
NET POSITION, Beginning	<u>10,490,829</u>	<u>9,538,382</u>
NET POSITION, Ending	<u>\$ 11,457,289</u>	<u>\$ 10,490,829</u>

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

PARACHUTE/BATLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE  
 Year Ended December 31, 2023  
 Increase (Decrease) in Cash and Cash Equivalents

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 1,089,559	\$ 992,637
Cash Paid to Suppliers	(1,992,453)	(1,952,984)
Net Cash Provided (Used) by Operating Activities	<u>(902,894)</u>	<u>(960,347)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grant and Contribution Revenue	324,762	2,369
Purchase of Capital Assets	(1,429,337)	(410,455)
Transfers from Other Funds	2,075,463	2,291,674
Net Cash Provided by Capital and Related Financing Activities	<u>970,888</u>	<u>1,883,588</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	58,637	-
Net Increase (Decrease) in Cash and Cash Equivalents	126,631	923,241
CASH AND CASH EQUIVALENTS, Beginning	<u>1,403,827</u>	<u>480,586</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,530,458</u>	<u>\$ 1,403,827</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	<u>\$ (1,492,402)</u>	<u>\$ (1,341,596)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation and Amortization	422,023	409,937
Loss on disposal of assets	60,871	7,820
Changes in Assets and Liabilities		
Inventory	2,548	(13,518)
Accrued Expenses	72,250	2,775
Accrued Compensated Absences	31,816	(25,765)
Total Adjustments	<u>589,508</u>	<u>381,249</u>
Net Cash Used by Operating Activities	<u>\$ (902,894)</u>	<u>\$ (960,347)</u>

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

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Parachute/Battlement Mesa Parks and Recreation District serves the Parachute/Battlement Mesa area with youth and adult sports, and activities. The Parachute/Battlement Mesa Park & Recreation District was formed in 1984 and serves a 318-square mile area which includes Battlement Mesa, Parachute and the surrounding area. The District owns and operates the Grand Valley Recreation Center and Battlement Mesa Golf Course. In addition, the District provides a variety of outdoor and indoor recreational services to the public. These services include activities for all ages ranging from dog and skate parks to organized volleyball, soccer, basketball and wrestling leagues.

The accounting policies of Parachute/Battlement Mesa Park & Recreation District (the "District") conform to generally accepted accounting principles as applicable to governments. Following is a summary of the more significant policies.

**Reporting Entity**

In accordance with governmental accounting standards, Parachute/Battlement Mesa Park & Recreation has considered the possibility of inclusion of additional entities in its basic financial statements.

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

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

**Government-Wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Government-Wide and Fund Financial Statements** (Continued)

*Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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

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

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

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

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

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

The District reports the following major proprietary fund:

The *Recreation Fund* accounts for the financial activities associated with the operation of the recreation center, park & recreation programs, and golf course.

**Cash and Investments**

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

Investments are recorded at fair value.

**Capital Assets**

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

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

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

The District depreciated its assets using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 - 50 years
Machinery and Equipment	3 - 30 years
Infrastructure	10 - 50 years

**Compensated Absences**

Employees of the District are allowed to accumulate unused paid time off up to a max of 120 hours. Upon termination of employment from the District, an employee will be compensated for all accrued paid time off at their current pay rate.

These compensated absences are recognized as current salary costs when earned in the proprietary fund types and when due in the governmental fund types. A liability has been recorded in the government-wide financial statements for the accrued compensated absences.

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts, and bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method.

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

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Deferred Outflows/Inflows of Resources**

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

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

**Net Position**

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

*Net Investment in Capital Assets* includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of capital leases that are attributable to the acquisition of those assets.

*Restricted Net Position* includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

*Unrestricted Net Position* typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Fund Balance Classification**

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The District does not report any nonspendable fund balance as of December 31, 2023.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Council. These amounts cannot be used for any other purpose unless the District Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District does not report any committed fund balances as of December 31, 2023.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Property Taxes**

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

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

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

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

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

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (Continued)

**State Compliance**

At December 31, 2023 actual expenditures in the Conservation Trust Fund exceeded budgeted amounts by \$2,228. This may be a violation of State statute.

**NOTE 3: DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of December 31, 2023 follows:

Petty Cash	\$ 1,570
Cash Deposits	1,435,290
Investments	<u>4,097,933</u>
Total	<b><u>\$ 5,534,793</u></b>

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

Governmental Activities	\$ 4,004,335
Business-Type Activities	<u>1,530,458</u>
Total	<b><u>\$ 5,534,793</u></b>

**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, 2023, 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, 2023, the District had deposits with financial institutions with a carrying amount of \$1,435,290. The bank balances with the financial institutions were \$1,434,281. Of these balances, \$250,000 was covered by federal depository insurance and \$1,184,281 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

**Investments**

Interest Rate Risk

The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

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

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado municipalities and local governments.

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

Local Government Investment Pools

The District had invested \$4,097,933 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank.

The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

**Fair Value**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs. The District has no investments requiring categorization as of December 31, 2023.

**NOTE 4: CAPITAL ASSETS**

	Balances <u>12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/2023</u>
<b>Business-Type Activities</b>				
Capital Assets, not depreciated				
Land	\$ 2,578,468	\$ -	\$ -	\$ 2,578,468
Water Rights	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>65,000</u>
Total Capital Assets, not depreciated	<u>2,643,468</u>	<u>-</u>	<u>-</u>	<u>2,643,468</u>
Capital Assets, depreciated				
Buildings and Improvements	7,497,777	1,188,283	311,448	8,374,612
Equipment	<u>1,556,657</u>	<u>493,984</u>	<u>355,400</u>	<u>1,695,241</u>
Total Capital Assets, depreciated	<u>9,054,434</u>	<u>1,682,267</u>	<u>666,848</u>	<u>10,069,853</u>
Less: Accumulated Depreciation				
Buildings and Improvements	1,751,414	301,542	143,265	1,909,691
Equipment	<u>871,149</u>	<u>120,481</u>	<u>209,782</u>	<u>781,848</u>
Total Accumulated Depreciation	<u>2,622,563</u>	<u>422,203</u>	<u>353,047</u>	<u>2,691,539</u>
Total Capital Assets, depreciated, Net	<u>6,431,871</u>	<u>1,260,244</u>	<u>313,801</u>	<u>7,378,314</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 9,075,339</u>	<u>\$ 1,260,244</u>	<u>\$ (313,801)</u>	<u>\$ 10,021,782</u>

Depreciation expense was charged to the recreation center, golf course and program activities.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

**NOTE 5: LONG-TERM DEBT**

**Business-Type Activities**

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2023.

	Balance <u>12/31/22</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/23</u>	Due In <u>One Year</u>
Compensated Absences	\$ 11,088	\$ 31,816	\$ -	\$ 42,904	\$ -

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

**NOTE 6: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District carries commercial insurance to cover these risks. The District has not had any claims that exceeded insurable amounts for the last three years

**NOTE 7: COMMITMENTS AND CONTINGENCIES**

**Tabor Amendment**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. On November 5, 2013, voters within the District approved the collection, retention and expenditure the full amount of the District taxes, grants and all other revenue collected from all sources including property taxes, received in 2012 and each subsequent year, without regard to any revenue or expenditure limitations including those contained in Article X, Section 20 of the Colorado constitution or any other law.

The District has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2023, the emergency reserve of \$121,900 was recorded in the General Fund.

**NOTE 8: SUBSEQUENT EVENTS**

Potential subsequent events were considered through June 19, 2024. We noted no significant items required to be disclosed through this date.

**REQUIRED SUPPLEMENTARY INFORMATION**

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2023

	2023		VARIANCE Positive (Negative)	2022 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 2,827,980	\$ 2,870,154	\$ 42,174	\$ 1,599,976
Specific Ownership Taxes	100,000	184,468	84,468	119,357
Grants and Donations	13	12	(1)	40,039
Conservation Trust Fund	-	-	-	29,454
Interest	20,000	177,693	157,693	79,597
Other	55,000	40,422	(14,578)	74,833
TOTAL REVENUES	<u>3,002,993</u>	<u>3,272,749</u>	<u>269,756</u>	<u>1,943,256</u>
EXPENDITURES				
General Government				
Professional Services	108,750	92,144	16,606	168,186
Payroll Expense	127,100	118,282	8,818	8,201
Office Expense	6,100	6,358	(258)	10,105
Insurance	66,000	66,982	(982)	54,652
Treasurer Fees	40,000	57,388	(17,388)	38,818
Repair and Maintenance	-	-	-	28,971
Utilities	-	-	-	145,575
Other Expenses	88,600	27,386	61,214	7,471
TOTAL EXPENDITURES	<u>436,550</u>	<u>368,540</u>	<u>68,010</u>	<u>461,979</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,566,443</u>	<u>2,904,209</u>	<u>337,766</u>	<u>1,481,277</u>
OTHER FINANCING SOURCES (USES)				
Transfer Out	<u>(3,331,305)</u>	<u>(2,075,463)</u>	<u>1,255,842</u>	<u>(2,291,674)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,331,305)</u>	<u>(2,075,463)</u>	<u>1,255,842</u>	<u>(2,291,674)</u>
NET CHANGE IN FUND BALANCE	<u>(764,862)</u>	<u>828,746</u>	<u>1,593,608</u>	<u>(810,397)</u>
FUND BALANCE Beginning	<u>3,130,660</u>	<u>3,130,660</u>	<u>-</u>	<u>3,941,057</u>
FUND BALANCE, Ending	<u>\$ 2,365,798</u>	<u>\$ 3,959,406</u>	<u>\$ 1,593,608</u>	<u>\$ 3,130,660</u>

See the accompanying independent auditors' report.

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

CONSERVATION TRUST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2023

	2023		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUES			
Intergovernmental	\$ 30,000	\$ 32,228	\$ 2,228
TOTAL REVENUES	30,000	32,228	2,228
EXPENDITURES			
General Government			
Parks and Recreation	-	32,228	(32,228)
TOTAL EXPENDITURES	-	32,228	(32,228)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	30,000	-	(30,000)
OTHER FINANCING SOURCES (USES)			
Transfer Out	(30,000)	-	30,000
TOTAL OTHER FINANCING SOURCES (USES)	(30,000)	-	30,000
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE Beginning	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -

See the accompanying independent auditors' report.

**INDIVIDUAL FUND SCHEDULES**

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

RECREATION FUND  
 BUDGETARY COMPARISON SCHEDULE  
 BUDGET (NON-GAAP) BASIS  
 Year Ended December 31, 2023

	2023		VARIANCE Positive (Negative)	2022 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 1,021,579	\$ 1,007,430	\$ (14,149)	\$ 841,074
Facility Rental	16,560	41,965	25,405	25,923
Interest Income	12,294	58,637	46,343	-
Pro Shop Sales	40,733	38,365	(2,368)	118,640
Miscellaneous	500	1,799	1,299	7,000
Transfers In	3,276,299	2,075,463	(1,200,836)	2,291,674
Grants	85,000	315,474	230,474	-
Contribution Revenue	8,500	9,288	788	2,369
TOTAL REVENUES	<u>4,461,465</u>	<u>3,548,421</u>	<u>(913,044)</u>	<u>3,286,680</u>
EXPENDITURES				
Salaries and Benefits	1,368,268	1,333,324	34,944	1,171,930
Office Expense	14,333	17,349	(3,016)	15,368
Utilities	180,362	199,579	(19,217)	105,496
Recreation Center Operating Expense		37,633	(37,633)	34,113
Program Expense	30,525	22,545	7,980	21,624
Golf and Park Operating Expense	-	2,848	(2,848)	21,896
Repair and Maintenance Expenses	501,807	384,318	117,489	351,124
Pro Shop Operating Expense	-	4,669	(4,669)	41,928
Other	189,170	157,673	31,497	160,817
Capital Outlay	2,102,000	1,682,267	419,733	-
Contingency	30,000	-	30,000	-
TOTAL EXPENDITURES	<u>4,416,465</u>	<u>3,842,205</u>	<u>574,260</u>	<u>1,924,296</u>
NET INCOME (Budget Basis)	<u>\$ 45,000</u>	<u>(293,784)</u>	<u>\$ (338,784)</u>	<u>1,362,384</u>
GAAP BASIS ADJUSTMENTS				
Capital Outlay		1,682,267		-
Depreciation		(422,023)		(409,937)
NET INCOME (LOSS), GAAP BASIS		966,460		952,447
NET POSITION, Beginning		<u>10,490,829</u>		<u>9,538,382</u>
NET POSITION, Ending		<u>\$ 11,457,289</u>		<u>\$ 10,490,829</u>

See the accompanying independent auditors' report.