

THOMPSON RIVERS PARKS AND
RECREATION DISTRICT

FINANCIAL STATEMENTS

Year Ended December 31, 2023



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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, 2023 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, 2023, 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.

June 27, 2024

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, 2023. 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 \$4,990,555 at December 31, 2023.
- * The General Fund balance was \$903,960 as of December 31, 2023. Of this amount, \$137,873 is reserved for emergencies.
- * The December 31, 2023 General Fund balance is \$1,193,184 less 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 11 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 13 through 23 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 25 through 26 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, 2023, assets exceeded liabilities by \$4,990,555.

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

December 31	2023	2022
Assets:		
Current and other assets	\$ 5,114,513	\$ 4,373,127
Capital assets	19,564,619	11,372,420
Total Assets	24,679,132	15,745,547
Liabilities:		
Current and other liabilities	760,445	971,407
Long-term liabilities	14,883,516	7,538,697
Total Liabilities	15,643,961	8,510,104
Deferred Inflows of Resources:		
Deferred Property Taxes	4,044,618	1,941,074
Total Deferred Inflows	4,044,618	1,941,074
Net Position:		
Net Investment in capital assets	4,242,237	5,248,671
Restricted	137,873	67,216
Unrestricted	610,445	(21,518)
Total Net Position	\$ 4,990,555	\$ 5,294,369

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 \$610,445.

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 \$137,873 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 \$137,873.

The following table indicates the changes in net position:

Years Ended December 31	2023	2022
Revenues:		
General revenues:		
Property and S.O. taxes	\$ 2,011,825	\$ 1,608,105
Charges for services	1,509,777	199,741
Conservation trust funds	196,960	176,235
Insurance proceeds	102,912	323,322
IGA field house payment	200,000	200,000
Other revenue and grants	574,307	56,438
Total Revenues	4,595,781	2,563,841
Expenses:		
Program costs	2,459,488	1,162,578
Administration and operating cost	1,306,692	988,240
Debt service	669,622	184,668
Depreciation and amortization	463,793	308,314
Total Expenses	4,899,595	2,643,800
Increase (Decrease) in Net Position	\$ (303,814)	\$ (79,959)

Governmental Activities. Governmental activities decreased the District’s net position by \$303,814 in 2023. Key elements of this decrease are as follows:

- * Total revenues were \$4,595,781, up 79.3% from the prior year. This is primarily due to golf related activity and increased property tax proceeds in 2023.
- * Expenses totaled \$4,899,595. This represents an 85.3% increase over the previous year, primarily due to increased program and debt service costs related to the golf proceeds received and increased depreciation and amortization expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Year Ended December 31, 2023	Final Budget	Actual
Beginning Fund Balance	\$ 2,097,144	\$ 2,097,144
Revenue	4,692,605	4,595,781
Expenditures	(4,716,373)	(13,456,362)
Other Financing Sources	36,000	7,667,397
Ending Fund Balance	\$ 2,109,376	\$ 903,960

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets for its governmental fund activities as of December 31, 2023 totals \$4,898,338 (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 \$350,332, primarily due to depreciation exceeding additions for additions that are not related to financed purchases or lease assets. Additional information on the District's capital assets can be found in Note 3 of this report.

Long-term Debt. At December 31, 2023, the District had \$15,417,549 of long-term debt primarily related to the lease collateralized by the Nelson Ballfield property, Milliken Athletic Complex and land, and the Mad Russian Golf Course and event center. In September of 2023 the district secured additional financing for the construction of the pool originally secured in 2022 that was refinanced with a lease purchase agreement that included an additional \$600,000. 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 2024 budget:

- **Revenues:** While expenses were greater than anticipated, revenues were at record levels including considerably higher revenue generated by greens fees and concessions sales at the golf course. The first year of operations at the golf course and event center gave us greater insight into the potential profitability of the course.
- **Expenses:** The district experienced exciting growth in 2023 including the addition of the Mad Russian Golf Course, event center, and second pool in Milliken. In large part the district anticipated and prepared for growth including the addition of staff in special events, the new event center and in our finance division. Some equipment needs and repairs to the event center and golf course exceeded what was anticipated. Lease purchase financing was used fund some of those additions, upgrades, and repairs.

- **Property Taxes:** The District received considerably higher revenue from property taxes in 2023. Revenues have now exceeded those received pre-COVID. The District anticipates increased property tax revenue in 2024 as well. Potential legislation at the state level as well as fluctuating oil and gas prices will likely mean this increase in revenue is unsustainable. The district will budget with this in mind spending funds on one time purchases as well as adding to its reserves.
- **Forward Looking:** As the district continues to grow both in revenue, facilities managed and residents served we will continue to be guided by our board / staff planning process and recently updated three year plan. The district is currently focused on increased financial literacy at all levels in the organization, population growth hotspots (specifically west Johnstown), and maximizing uses of current community assets. We expect these areas to drive our budgeting for the next three years.

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, 2023	General Fund	Adjustments	Statement of Net Position
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 923,016	\$ -	\$ 923,016
Account receivable	-	-	-
Property taxes receivable	4,044,618	-	4,044,618
Other receivables	48,062	-	48,062
Prepaid items	3,650	-	3,650
Total Current Assets	5,019,346	-	5,019,346
Capital Assets:			
Land	-	1,672,000	1,672,000
Construction in progress	-	108,369	108,369
Building	-	7,302,856	7,302,856
Land improvements	-	5,067,280	5,067,280
Furniture and fixtures	-	72,302	72,302
Vehicles and equipment	-	1,716,009	1,716,009
Lease assets	-	7,018,589	7,018,589
Total Capital Assets	-	22,957,405	22,957,405
Less Accumulated Depreciation/Amortization	-	(3,392,786)	(3,392,786)
Total Capital Assets, Net	-	19,564,619	19,564,619
Other Assets:			
Restricted cash	95,167	-	95,167
TOTAL ASSETS	\$ 5,114,513	\$ 19,564,619	\$ 24,679,132
<u>LIABILITIES AND DEFERRED INFLOWS</u>			
Current Liabilities:			
Accounts payable	\$ 72,498	\$ -	\$ 72,498
Accrued wages and compensated absences payable	17,830	60,475	78,305
Accrued interest payable	75,607	-	75,607
Current portion of lease liabilities	-	534,034	534,034
Noncurrent Liabilities:			
Lease liabilities, net of current portion	-	14,883,515	14,883,515
Deferred Inflows of Resources:			
Deferred revenue - property taxes	4,044,618	-	4,044,618
Total Liabilities and Deferred Inflows of Resources	4,210,553	15,478,024	19,688,577
<u>FUND BALANCE/NET POSITION</u>			
Fund Balance:			
Restricted for Emergencies	137,873	(137,873)	-
Restricted for Capital Outlay	95,167	(95,167)	-
Unassigned	670,920	(670,920)	-
Total Fund Balance	903,960	(903,960)	-
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 5,114,513		
Net Position:			
Net Investment in Capital Assets		4,242,237	4,242,237
Restricted for Emergencies		137,873	137,873
Unrestricted		610,445	610,445
TOTAL NET POSITION		\$ 4,990,555	\$ 4,990,555

See Accompanying Notes to Financial Statements

THOMPSON RIVERS PARK AND RECREATION DISTRICT

RECONCILIATION BETWEEN THE GENERAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

December 31, 2023

Fund Balance of General Fund	\$ 903,960
Capital assets in governmental activities are not financial resources and therefore are not reported in the General Fund	19,564,619
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 liabilities	(15,417,549)
Compensated absences	(60,475)
Total Net Position	\$ 4,990,555

THOMPSON RIVERS PARK AND RECREATION DISTRICT

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

Year Ended December 31, 2023	General Fund	Adjustments	Statement of Activities
Revenue:			
Charges for services	\$ 240,011	\$ -	\$ 240,011
Property taxes	1,928,795	-	1,928,795
Goft course revenues	1,269,766	-	1,269,766
Conservation trust funds	196,960	-	196,960
Specific ownership taxes	83,030	-	83,030
Grants and noncapital contributions	21,735	-	21,735
Facility and field rentals	22,697	-	22,697
IGA Field House payment	200,000	-	200,000
Donation from private source	500,000	-	500,000
Insurance proceeds	102,912	-	102,912
Other revenues	5,703	-	5,703
Interest	24,172	-	24,172
Total Revenue	4,595,781	-	4,595,781
Expenditures:			
Current Operating:			
Program costs	2,459,488	-	2,459,488
Administration and operating costs	1,217,420	10,413	1,227,833
Capital Outlay	8,734,851	(8,655,992)	78,859
Debt Service	1,044,603	(374,981)	669,622
Depreciation and amortization	-	463,793	463,793
Total Expenditures	13,456,362	(8,556,767)	4,899,595
Other Financing Sources (Uses):			
Proceeds of lease	7,667,397	(7,667,397)	-
Total Other Financing Sources (Uses)	7,667,397	(7,667,397)	-
Revenue Over (Under) Expenditures	(1,193,184)	889,370	(303,814)
Fund Balance/Net Position, Beginning of Year	2,097,144	3,197,225	5,294,369
Fund Balance/Net Position, End of Year	\$ 903,960	\$ 4,086,595	\$ 4,990,555

See Accompanying Notes to Financial Statements.

THOMPSON RIVERS PARK AND RECREATION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GENERAL FUND TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

Net change in fund balance – General Fund	\$ (1,193,184)
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 and amortization.	8,192,199
Governmental funds report lease payments as current expenditures. The following summarizes the District's debt transactions for the year.	
Principal portion of payments of on leases	374,981
Proceeds from lease	(7,667,397)
Increase (decrease) in accrued leave	(10,413)
<hr/> Change in Net Position of Governmental Activities	<hr/> \$ (303,814)

THOMPSON RIVERS PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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.

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.

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. Proceeds of long-term debt, acquisitions under leases and financed purchases are reported as other financing sources.

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

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.

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.

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 15th, the district manager submits the budgets to the District board. Prior to December 15th the District board after reviewing the budgets adopts the budget with a certified copy sent to the Division of Local Government prior to January 30th, 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

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 lease agreements.

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.

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 \$60,475 at December 31, 2023.

THOMPSON RIVERS PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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 and except for right-to-use assets, the measurement is discussed in Note 1: Leases. 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 is charged as an expense against its operation over the assets' estimated useful lives. Accumulated depreciation is reported on the statement of net position. Depreciation has been provided over the estimated useful lives on the straight-line basis. Useful lives by type of asset are as follows:

Description	Years
Land	N/A
Land improvements	20-50 Years
Vehicles & equipment	4-20 years
Building	50 years
Leased assets	7-50 years

Leases:

Financed purchases: As lessee for a financed purchase lease where a contract transfers ownership of the underlying asset to the District by the end of the contract, and does not contain termination options but may contain a fiscal funding or cancellation clause that is not reasonably certain of being exercised it is reported as a financed purchase of the underlying asset by the District. The asset is included in capital assets and depreciated over the life of the asset and the liability is reported with long-term debt on the statement of net position.

Lessee: Thompson Rivers Parks and Recreation District is a lessee for noncancellable leases of equipment, land and improvements, and recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. Thompson Rivers Parks and Recreation District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

THOMPSON RIVERS PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Leases - Continued:

Lessee - Continued:

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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.

THOMPSON RIVERS PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

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, 2023 are \$137,873.

Restricted for Capital Outlay:

Restrictions for capital needs at December 31, 2023 are \$751,269.

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.

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.

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.

THOMPSON RIVERS PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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, 2023 and 2022, the District had deposits with three financial institutions carrying amounts of \$249,729 and \$362,051, respectively. The bank balances with the financial institutions were \$252,353 and \$371,121, respectively, of which \$252,353 and \$371,121 respectively was covered by FDIC and the excess, if any, 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.

THOMPSON RIVERS PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Capital Assets:

	Balance 1/1/23	Additions	Deletions	Transfers	Balance 12/31/23
Capital assets not being depreciated:					
Land	\$ 1,672,000	\$ --	\$ --	\$ --	\$ 1,672,000
Construction in progress	433,243	860,394	-	(1,185,268)	108,369
Total non depreciated assets	2,105,243	860,394	--	(1,185,268)	1,780,369
Capital Assets Being Depreciated:					
Land improvements	5,067,280	--	--	--	5,067,280
Building	6,117,588	--	--	1,185,268	7,302,856
Furniture and fixtures	--	72,302	--	--	72,302
Vehicles and equipment	1,011,302	962,760	(258,053)	--	1,716,009
Right to use leased assets	--	7,018,589	--	--	7,018,589
Total Capital Assets, Being Depreciated	12,196,170	8,053,651	(258,053)	1,185,268	21,177,036
Less: Accumulated Depreciation	(2,928,993)	(441,102)	258,053	--	(3,112,042)
Accumulated Amortization	--	(280,744)	--	--	(280,744)
Total Accumulated Depreciation and Amortization	(2,928,993)	(721,846)	258,053	--	(3,392,786)
Capital Assets, Net	\$11,372,420	\$ 8,192,199	\$ --	\$ --	\$ 19,564,619

NOTE 4 – Long-Term Debt:

A summary of the changes in debt for the year ended December 31, 2023, is as follows:

	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
Financed Purchases:					
Ford Motor Credit	\$ 189,580	\$ 13,908	\$ (91,536)	\$ 111,952	\$ 34,748
John Deere Company	--	51,169	(11,073)	40,096	9,208
MAC	5,890,554	166,085	(583,731)	5,472,908	429,720
Lap pool construction	2,045,000	2,671,874	(2,121,028)	2,595,846	120,307
Lease Liabilities:					
Mad Russian Golf Course	--	7,196,748	--	7,196,748	(59,949)
Compensated Absences	50,061	43,911	(33,497)	60,475	--
Total	\$ 8,175,195	\$10,143,695	\$(2,840,865)	\$15,478,025	\$ 534,034

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, 2023 are as follows:

December 31	2023
Various leases with a motor credit company and John Deere, 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.	\$ 152,047
\$7,075,517 October 3, 2019, 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 lease and the September 5, 2014 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.	5,472,908
On September 1, 2023, refinanced the September 1, 2022 lease purchase agreement with this lease purchase agreement with a financial institution, due in semi-annual installments of \$123,511 principal and interest payments through September 2038. Interest accrues at 4.938% per annum. The lease is used to finance the construction of a lap pool and is collateralized by the existing pool.	2,595,846
On January 1, 2023, the District entered into a twenty five-year right to use asset agreement for the Mad Russian Golf Course. Monthly payments of \$25,000 began month two and increases to \$35,000 for months 25 through 36 with 2.5% escalation for each of the following years. The District uses an estimated incremental borrowing rate of 5%.	7,196,748
Total Lease Liabilities	\$15,417,549

The annual requirements to amortize all debt outstanding as of December 31, 2023 are as follows:

Year Ending December 31	Principal	Interest	Total
2024	\$ 534,034	\$ 650,724	\$ 1,184,758
2025	662,880	628,835	1,291,715
2026	698,503	603,712	1,302,215
2027	733,514	576,974	1,310,488
2028	732,729	550,319	1,283,048
2029-2033	4,276,905	2,313,704	6,590,609
2034-2038	3,048,833	1,527,074	4,575,907
3039-2043	2,201,264	918,099	3,119,363
2044-2047	2,528,887	259,250	2,788,137
Totals	\$15,417,549	\$8,028,691	\$23,446,240

THOMPSON RIVERS PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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 2,000 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.

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, 2023 and 2022, the District contributed \$23,319 and \$20,979, 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, 2023, the assets and liabilities of the deferred compensation plan are not included in accompanying financial statements.

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

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 from District activities and federal funds. The District believes it is in compliance with requirements of TABOR.

REQUIRED SUPPLEMENTARY INFORMATION

THOMPSON RIVERS PARK AND RECREATION DISTRICT

BUDGETARY COMPARISON STATEMENT

Year Ended December 31, 2023	Actual	Original Budget	Final Budget	Variance
Revenue:				
Charges for services	\$ 240,011	\$ 222,705	\$ 222,705	\$ 17,306
Property taxes	1,928,795	1,951,000	1,951,000	(22,205)
Golf course revenues	1,269,766	1,207,000	1,207,000	62,766
Conservation trust funds	196,960	170,000	170,000	26,960
Specific ownership taxes	83,030	95,000	95,000	(11,970)
Grants and noncapital contributions	21,735	18,750	33,400	(11,665)
Facility and field rentals	22,697	33,000	33,000	(10,303)
IGA Field House payment	200,000	200,000	200,000	-
Donation from Private Source	500,000	500,000	500,000	-
Insurance proceeds	102,912	275,000	275,000	(172,088)
Other revenues	5,703	1,000	4,000	1,703
Interest	24,172	1,500	1,500	22,672
Total Revenue	4,595,781	4,674,955	4,692,605	(96,824)
Expenditures/Expenses				
Program costs:				
Continuing education	7,002	1,500	6,500	(502)
Employee benefits	100,471	73,540	163,618	63,147
Other	215,689	68,397	71,940	(143,749)
Repairs and maintenance	610,705	22,500	138,000	(472,705)
Salaries	872,848	259,735	1,041,650	168,802
Supplies	389,686	79,750	337,550	(52,136)
Temporary help	73,409	60,300	61,300	(12,109)
Travel and meetings	5,154	1,200	6,700	1,546
Uniforms	45,193	38,500	40,750	(4,443)
Utilities	133,632	73,000	109,000	(24,632)
Workers' compensation	5,699	18,800	18,800	13,101
Total Program Costs	2,459,488	697,222	1,995,808	(463,680)

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, 2023	Actual	Original Budget	Final Budget	Variance
Administrative and operating costs:				
Attorney	\$ 17,609	\$ 6,000	\$ 6,000	\$ (11,609)
Board expense	334	1,500	1,500	1,166
Communication	27,269	18,000	18,000	(9,269)
Computer expense	17,344	5,000	15,000	(2,344)
Continuing education	24,368	16,000	16,000	(8,368)
Contracted services	165,797	88,000	164,000	(1,797)
Employee benefits	46,815	36,783	37,783	(9,032)
Fees/licenses/permits	73,249	59,150	59,150	(14,099)
Liability insurance	55,038	23,000	44,500	(10,538)
Office/administrative	69,887	43,500	43,500	(26,387)
Office supplies	68,782	53,000	53,000	(15,782)
Payroll taxes	106,812	69,000	70,920	(35,892)
Salaries	457,476	388,900	424,462	(33,014)
Travel and meetings	10,366	9,750	9,750	(616)
County treasurer fees	29,261	25,000	25,000	(4,261)
Utilities	47,013	55,000	55,000	7,987
Total Administrative and Operating Costs	1,217,420	897,583	1,043,565	(173,855)
Capital outlay	8,734,851	2,188,000	500,000	(8,234,851)
Debt service	1,044,603	892,150	1,177,000	132,397
Total Expenditures	13,456,362	4,674,955	4,716,373	(8,739,989)
Other Financing Sources (Uses):				
Proceeds from sale of equipment	-	-	36,000	(36,000)
Proceeds of leases	7,667,397	-	-	7,667,397
Total Other Financing Sources (Uses)	7,667,397	-	36,000	7,631,397
Revenue and Other Financing Sources				
Over (Under) Expenditures	(1,193,184)	-	12,232	(1,205,416)
Fund Balance - Beginning	2,097,144			
Fund Balance - Ending	\$ 903,960			

See Accompanying Independent Auditors' Report.