

TRAILS PARK AND RECREATION DISTRICT

BASIC FINANCIAL STATEMENTS

December 31, 2024

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Directors
Trails Park and Recreation District
Centennial, 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 Trails Park and Recreation District (the "District") as of and for the year ended December 31, 2024, 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 and each major fund of the Trails Park and Recreation District as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages a-i and the required budgetary information and pension information on pages 47-52 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 supplementary information and other information have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

John Luther & Associates, LLC

July 29, 2025

TRAILS PARK AND RECREATION DISTRICT
Management's Discussion and Analysis
(Required Supplemental Information)
For the Year Ended December 31, 2024

Our discussion and analysis of the Trails Park and Recreation District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2024. Please read it in conjunction with the Auditors' Report at the front of this report and the District's financial statements, which follow this section.

Financial Highlights

The District's Governmental Activities Total Assets at December 31, 2024 were \$31,300,075 compared to \$28,196,245 at December 31, 2023. The difference is largely due to an increase in cash, property tax and capital assets.

The District's Total Governmental Activities Net position on page 1 at December 31, 2024 was \$24,493,447 compared to \$21,301,924 for 2023. The difference is primarily due to the increase in total assets.

The District's Unrestricted Net Position of the Governmental Activities Fund on page 1 at December 31, 2024 was \$6,321,669 compared to \$3,746,420 in 2023. The difference is due to the increase in total assets.

The Statement of Activities on page 2 for Governmental Activities reflects a change in net position of \$3,191,924 for the year ended December 31, 2024, compared to \$2,395,045 for the year ended December 31, 2023. The difference is primarily due to increases in grant revenue, property taxes, and investment earnings.

Total governmental Land and Improvements before depreciation at December 31, 2024 was \$24,576,718 compared to \$23,625,759 at December 31, 2023. Improvements made at various District parks and trails totaled \$1,424,864.

The Current Assets of the Recreation Center on the Statement of Net Position on page 6 were \$6,555,075 at December 31, 2024 compared to \$6,824,839 at December 31, 2023. The change is due primarily to depreciation of capital assets.

The net position of the Recreation Center decreased by \$747,641 at the end of 2024 when compared to 2023. This decrease is primarily due to the amount due to other funds and a decrease in the value of capital assets.

The District has spent the following amounts on the construction of the Trails Recreation Center. The amounts below also include furnishings and subsequent improvements to the facilities:

Trails Recreation Center

| <u>Year</u> | <u>Total Expenditures</u> |
|-------------|---------------------------|
| 2004 | \$ 17,094,662 |
| 2005 | 187,510 |
| 2006 | 1,375 |
| 2007 | - |
| 2008 | 85,839 |
| 2009 | - |
| 2010 | 71,486 |
| 2011 | 42,875 |
| 2012 | 46,750 |
| 2013 | 180,426 |
| 2014 | - |
| 2015 | 124,497 |
| 2016 | - |
| 2017 | 223,958 |
| 2018 | 28,577 |
| 2019 | 164,240 |
| 2020 | 136,217 |
| 2021 | 79,680 |
| 2022 | 487,197 |
| 2023 | 197,557 |
| 2024 | 433,539 |
| | <u>\$ 19,686,385</u> |

The Trails Recreation Center has incurred operating expenses in excess of operating income in each of the prior years as follows:

| <u>Trails Recreation Center</u> | | |
|---------------------------------|--|---|
| <u>YEAR</u> | Amount Expenses (Over) <u>Revenues</u> | Amount (Before Depreciation) Expenses (Over)/Under <u>Revenues</u> |
| 2006 | (780,405) | (120,095) |
| 2007 | (879,320) | (218,987) |
| 2008 | (853,436) | (184,519) |
| 2009 | (900,502) | (236,567) |
| 2010 | (791,351) | (133,461) |
| 2011 | (490,035) | 97,041 |
| 2012 | (494,481) | 101,317 |
| 2013 | (644,924) | (50,957) |
| 2014 | (438,786) | 143,483 |
| 2015 | (378,203) | 208,125 |
| 2016 | (472,257) | 111,776 |
| 2017 | (596,428) | 26,186 |
| 2018 | (546,248) | 51,691 |
| 2019 | (1,040,279) | (417,165) |
| 2020 | (1,908,743) | (1,316,525) |
| 2021 | (1,286,673) | (654,911) |
| 2022 | (680,915) | (49,153) |
| 2023 | (916,107) | (252,111) |
| 2024 | (747,641) | (55,879) |

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Trails Park and Recreation District basic financial statements. The basic financial statements are comprised of three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) Notes to the Financial Statements. This report also contains required supplementary information and other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements report information on all activities of the District. The statement of net position includes all of the District’s assets and liabilities. All the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

The ***Statement of Activities*** presents information showing how the Trails Park and Recreation District net position changed during fiscal year 2024. 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 reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund financial statements. The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

Governmental funds – All of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided that explains the relationship between them.

The District's governmental fund financial statements contain two separate funds. The General Fund and the Conservation Trust Fund. The General Fund is the general operations fund of the District, and accounts for all financial resources that are not accounted for in other funds. The Conservation Trust Fund accounts for lottery proceeds which are legally restricted for part and recreation purposes.

Proprietary Funds – The Trails Park and Recreation District maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

The District's proprietary fund financial statements account for the activities of the Trails Recreation Center. Proprietary Fund statements offer financial information about the activities the government entity operates as a business. This fund is considered to be a major fund of the Trails Park and Recreation District.

Financial Analysis of the District Overall

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Trails Park and Recreation District, assets exceeded liabilities by \$27,001,897 at the close of the 2024 fiscal year.

A portion of the Trails Park and Recreation District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2024 net investment in capital assets was \$24,224,778. The Trails Park and Recreation District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the Trails Park and Recreation District net position totaling \$295,000 represents resources that are subject to external restrictions for how they may be used. The remaining balance of unrestricted net position in the amount of \$2,482,109 may be used to meet the District's obligations to citizens and creditors.

At the end of the current fiscal year, the Trails Park and Recreation District can report positive balances in net position for the District as a whole, as well as for its governmental activities as a whole. The same situation held true for the prior fiscal year.

**Trails Park and Recreation District Net Position
Changes in Net Position**

| | Governmental Activities | Governmental Activities | Business-Type Activities | Business-Type Activities |
|----------------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Assets | | | | |
| Current and other assets | \$ 13,423,297 | \$ 10,870,741 | \$ (3,594,448) | \$ (3,005,158) |
| Capital assets | 17,876,778 | 17,325,504 | 6,348,010 | 6,606,233 |
| Total assets | 31,300,075 | 28,196,245 | 2,753,562 | 3,601,075 |
| Deferred Outflows | 1,108,213 | 1,333,185 | - | - |
| Liabilities | | | | |
| Long-term liabilities | 2,055,376 | 2,451,590 | - | - |
| Other liabilities | 238,252 | 99,487 | 245,112 | 344,984 |
| Total liabilities | 2,293,628 | 2,551,077 | 245,112 | 344,984 |
| Deferred Inflows | 5,621,213 | 5,676,429 | - | - |
| Net Position | | | | |
| Net Investment in capital assets | \$17,876,778 | \$17,325,504 | \$6,348,010 | \$6,606,233 |
| Restricted | \$295,000 | \$230,000 | \$0 | \$0 |
| Unrestricted | \$6,321,669 | \$3,746,420 | (3,839,560) | (3,350,142) |
| Total Net Position | \$ 24,493,447 | \$ 21,301,924 | \$ 2,508,450 | \$ 3,256,091 |

Governmental activities

- Governmental-type activities increased the District’s total net position by \$3,191,523 from 2023.
- The increase in total net position is partially due to the District’s increase in current assets.

Business Type Activities

- Business-type activities decreased the District’s total net position by \$747,641 from 2023.
- The decrease in total net position is primarily due to depreciation and an increase in the amount due to other funds.

**Trails Park and Recreation District Statement of Activities
Change in Net Position**

| | Governmental Activities | | Business-type Activities | |
|------------------------------------|-------------------------|---------------------|--------------------------|--------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Revenues | | | | |
| Program Revenues | | | | |
| Charges for services | \$16,386 | \$113,788 | \$2,746,339 | \$2,557,325 |
| Operating grants and contributions | 187,812 | 415,312 | - | - |
| Capital grants and contributions | 347,840 | 397,860 | - | - |
| General Revenues | | | | |
| Property taxes | 5,708,881 | 4,409,992 | - | - |
| Specific Ownership Taxes | 306,246 | 268,899 | - | - |
| Investment Earnings | 201,817 | 104,492 | - | - |
| Miscellaneous | 70,847 | 6,751 | 171,157 | 122,674 |
| Transfers | (531,351) | (87,107) | 531,351 | 87,107 |
| Total revenues | \$6,308,478 | \$5,629,987 | \$3,448,847 | \$2,767,106 |
| Expenses | | | | |
| General Government | \$1,775,582 | \$1,723,819 | - | - |
| Park and Recreation | 1,341,373 | 1,511,123 | 4,196,488 | 3,683,213 |
| Total expenses | 3,116,955 | 3,234,942 | 4,196,488 | 3,683,213 |
| Change in net position | 3,191,523 | 2,395,045 | (747,641) | (916,107) |
| Net position, beginning | \$21,301,924 | 18,906,879 | 3,256,091 | 4,172,198 |
| Net position, ending | \$24,493,447 | \$21,301,924 | \$2,508,450 | \$3,256,091 |

Restatement of Beginning Net Position

In 2018, the District adopted Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the new standard required the restatement of the beginning net position of the governmental activities. Restatement of Beginning Net Position was necessary in 2024 due to an interfund transfer of \$531,351.

Financial Analysis of the District's Funds

The Trails Park and Recreation District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In 2011, the District adopted a new accounting pronouncement which requires it to classify fund balance based mainly on the extent to which the District is bound to honor constraints on how the funds are allowed to be spent.

As of December 31, 2024, \$953,990 of the District's fund balance is restricted, and the remaining balance of \$6,674,959 is unassigned.

Governmental Funds:

The District's total General Fund balance, on page 4, increased by \$2,014,924 from 2023. The district has a General Fund balance of \$6,969,959 at December 31, 2024.

The District's Conservation Trust fund balance increased by \$371,567 and has an ending fund balance of \$658,990 at December 31, 2024 which is scheduled to be spent on park and recreation maintenance and enhancements in 2025 or beyond. Conservation Trust Fund assets must be spent for designated purposes.

The District's largest revenue sources, property taxes and specific ownership taxes, totaled \$6,015,127, which represents an increase of \$1,336,236 as compared to 2023. The increase is primarily due to the increased assessed valuation within the District.

Overall, total revenues in the governmental funds decreased by \$1,122,735 in 2024 as compared to 2023. The increase is partially due to an increase in property taxes and interest income received during the year. Total expenditures in the governmental funds increased by \$578,576. This difference is primarily due to increase salary expense and capital outlays in 2024.

General Fund Budgetary Highlights

The General Fund actual expenditures in 2024 were \$2,369,577 under budget and actual revenues excluding transfers were \$2,113,415 under budget.

Trails Recreation Fund

The District's proprietary fund reported an increase in charges for services of \$237,497 and an increase in recreation center expenses of \$513,275 compared to 2023. These changes reflect the addition to programs and services offered to recreation center customers.

Net position in the proprietary fund decreased by \$747,641 compared to \$916,107 in 2023. This change reflects depreciation expense of \$691,762 as well as increases in personnel expenses.

Trails Recreation Fund Budgetary Highlights

The Trails Recreation Center Enterprise Fund budgetary comparison on page 53 shows actual 2024 revenues that were over budget by \$422,351 including transfers. Actual 2024 expenditures for the Recreation Center were higher than budgeted expenditures by \$77,655, resulting in a net positive budget variance of \$344,696.

Capital Assets

Capital assets. The Trails Park and Recreation District combined investment in capital assets as of December 31, 2024 totals \$24,576,718. This investment in capital assets includes land, parks and improvements, buildings, furnishings and equipment.

Capital asset events during the 2002-2024 fiscal years included the following:

| <u>Year</u> | <u>Total Expenditures</u> |
|-------------|---------------------------|
| 2002 | \$ 171,163 |
| 2003 | 358,574 |
| 2004 | 1,380,295 |
| 2005 | 2,193,419 |
| 2006 | 464,650 |
| 2007 | 2,651,347 |
| 2008 | 922,932 |
| 2009 | 362,142 |
| 2010 | 729,465 |
| 2011 | 539,816 |
| 2012 | 1,063,317 |
| 2013 | 1,007,772 |
| 2014 | 463,699 |
| 2015 | 4,470 |
| 2016 | 509,600 |
| 2017 | 154,580 |
| 2018 | 169,321 |
| 2019 | 1,408,588 |
| 2020 | 1,645,583 |
| 2021 | 447,025 |
| 2022 | 1,470,406 |
| 2023 | 629,300 |
| 2024 | 950,959 |

Long Term Debt Obligations

Bonds

The district issued bonds in December 2002 in the amount of \$17,500,000. The net proceeds from the bonds were used to build the recreation center and the Skateboard Park. The 2002 bonds were paid off with the proceeds of the 2012 and 2011 Refunding bonds.

The District issued refunding bonds in August 2011 in the amount of \$9,500,000. The net proceeds from these bonds were used to partially pay off the 2002 bonds. These bonds mature as disclosed on Page 21 of the footnotes and carry interest rates of 2.00% to 4.50%. The District expects to save approximately \$924,000 in total interest charges because the 2011 bonds carry lower interest rates than the 2002 bonds.

The District issued refunding bonds in October 2012 in the amount of \$2,275,000. The net proceeds from these bonds were also used to pay off the 2002 bonds. These bonds were fully paid on December 1, 2015.

At the end of the 2022 fiscal year, the Trails Park and Recreation District paid off the 2011 bonds with interest in full.

Certificates of Participation

In June 2025 the District issued Certificates of Participation, Series 2025 in the aggregate principal amount of \$8,500,000 (“the Certificates”). The net proceeds from the sale of the certificates will be used for the full replacement of the District’s Lookout Pool and related infrastructure and for costs incurred in issuing the Certificates.

The Certificates evidence undivided interests in the right to receive lease revenue pursuant to a Lease Purchase Agreement, dated June 1, 2025, between the District and BOKF, NA, solely in its capacity as trustee (“the Lease Purchase Agreement”). The leased property includes the aquatic facilities of the Trails Recreation Center and all facilities and mechanical systems necessary for the operations of the aquatics center.

Pursuant to the Lease Purchase Agreement, the District will pay base rent (annually) plus interest (biannually) beginning November 15, 2025. The final maturity of the Certificates is December 01, 2055.

Economic Factors, Next Year’s Budget and Rates

For 2025, the Trails Park and Recreation District certified a total mill levy is 6.140 mills, yielding gross property tax revenue of \$5,556,096.

In preparing the 2025 budget, the Trails Park and Recreation District considered several factors including:

- The mill levy vs increase in property values
- Capital Improvements Schedule
- Increased utility costs
- Grant opportunities

The adopted 2025 fiscal year total budget appropriation is \$13,537,960, an increase of \$4,098,811 as compared to \$9,439,149 in 2024.

Requests for Information

This financial report is designed to provide a general overview of the Trails Park and Recreation District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Delos Searle, Executive Director
Phone: 303-269-8413
Trails Park and Recreation District
16799 E. Lake Avenue
Centennial, CO 80016
Website: www.tprd.org

BASIC FINANCIAL STATEMENTS

TRAILS PARK AND RECREATION DISTRICT

STATEMENT OF NET POSITION

As of December 31, 2024

| | GOVERNMENTAL ACTIVITIES | BUSINESS TYPE ACTIVITIES | TOTALS | |
|---|----------------------------|--------------------------------|----------------------|----------------------|
| | | | 2024 | 2023 |
| ASSETS | | | | |
| Cash and Investments | \$ 4,065,688 | \$ 193,277 | \$ 4,258,965 | \$ 2,188,869 |
| Receivables | | | | |
| Property Taxes | 5,556,096 | - | 5,556,096 | 5,528,796 |
| Accounts | - | 9,625 | 9,625 | 143,755 |
| Interfund Balances | 3,801,513 | (3,801,513) | - | - |
| Prepaid Items | - | 4,163 | 4,163 | 4,163 |
| Capital Assets, not Depreciated | 9,641,901 | - | 9,641,901 | 10,260,501 |
| Capital Assets, Depreciated, Net of Accumulated Depreciation | 8,234,877 | 6,348,010 | 14,582,887 | 13,671,236 |
| TOTAL ASSETS | 31,300,075 | 2,753,562 | 34,053,637 | 31,797,320 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Related to Pensions | 1,020,190 | - | 1,020,190 | 1,266,465 |
| Related to OPEB | 88,023 | - | 88,023 | 66,720 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 1,108,213 | - | 1,108,213 | 1,333,185 |
| LIABILITIES | | | | |
| Accounts Payable | 221,007 | 85,005 | 306,012 | 183,189 |
| Accrued Expenses | 17,245 | 6,235 | 23,480 | 137,330 |
| Unearned Revenue | - | 153,872 | 153,872 | 123,952 |
| Noncurrent Liabilities | | | | |
| Net Pension Liability | 1,909,338 | - | 1,909,338 | 2,301,098 |
| Net OPEB Liability | 146,038 | - | 146,038 | 150,492 |
| TOTAL LIABILITIES | 2,293,628 | 245,112 | 2,538,740 | 2,896,061 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Related to Pensions | 1,961 | - | 1,961 | 55,661 |
| Related to OPEB | 63,156 | - | 63,156 | 91,972 |
| Deferred Property Tax Revenue | 5,556,096 | - | 5,556,096 | 5,528,796 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 5,621,213 | - | 5,621,213 | 5,676,429 |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 17,876,778 | 6,348,010 | 24,224,788 | 23,931,737 |
| Restricted for Emergencies | 295,000 | - | 295,000 | 230,000 |
| Unrestricted | 6,321,669 | (3,839,560) | 2,482,109 | 396,278 |
| TOTAL NET POSITION | \$ 24,493,447 | \$ 2,508,450 | \$ 27,001,897 | \$ 24,558,015 |

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

TRAILS PARK AND RECREATION DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2024

| <u>FUNCTIONS/PROGRAMS</u> | <u>Expenses</u> | <u>PROGRAM REVENUES</u> | | |
|-----------------------------------|---------------------|-----------------------------|---|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| PRIMARY GOVERNMENT | | | | |
| Governmental Activities | | | | |
| General Government | \$ 1,775,582 | \$ - | \$ - | \$ - |
| Park and Recreation | 1,341,373 | 16,386 | 187,812 | 347,840 |
| Total Governmental Activities | <u>3,116,955</u> | <u>16,386</u> | <u>187,812</u> | <u>347,840</u> |
| Business-Type Activities | | | | |
| Trails Recreation Center | <u>4,196,488</u> | <u>2,746,339</u> | <u>-</u> | <u>-</u> |
| Total Business-Type Activities | <u>4,196,488</u> | <u>2,746,339</u> | <u>-</u> | <u>-</u> |
| Total Primary Government | <u>\$ 7,313,443</u> | <u>\$ 2,762,725</u> | <u>\$ 187,812</u> | <u>\$ 347,840</u> |
| GENERAL REVENUES | | | | |
| Property Taxes | | | | |
| Specific Ownership Taxes | | | | |
| Investment Earnings | | | | |
| Miscellaneous Revenue | | | | |
| Transfers | | | | |
| TOTAL GENERAL REVENUES | | | | |
| CHANGE IN NET POSITION | | | | |
| NET POSITION, Beginning, Restated | | | | |
| NET POSITION, Ending | | | | |

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

| Governmental Activities | Business-Type Activities | TOTALS | |
|----------------------------|-----------------------------|----------------------|----------------------|
| | | 2024 | 2023 |
| \$ (1,775,582) | - | \$ (1,775,582) | \$ (1,723,819) |
| (789,335) | - | (789,335) | (584,163) |
| (2,564,917) | - | (2,564,917) | (2,307,982) |
| - | (1,450,149) | (1,450,149) | (1,125,888) |
| - | (1,450,149) | (1,450,149) | (1,125,888) |
| (2,564,917) | (1,450,149) | (4,015,066) | (3,433,870) |
| 5,708,881 | - | 5,708,881 | 4,409,992 |
| 306,246 | - | 306,246 | 268,899 |
| 201,817 | - | 201,817 | 104,492 |
| 70,847 | 171,157 | 242,004 | 129,425 |
| (531,351) | 531,351 | - | - |
| 5,756,440 | 702,508 | 6,458,948 | 4,912,808 |
| 3,191,523 | (747,641) | 2,443,882 | 1,478,938 |
| 21,301,924 | 3,256,091 | 24,558,015 | 23,079,077 |
| <u>\$ 24,493,447</u> | <u>\$ 2,508,450</u> | <u>\$ 27,001,897</u> | <u>\$ 24,558,015</u> |

TRAILS PARK AND RECREATION DISTRICT

BALANCE SHEET
ALL GOVERNMENTAL FUNDS
December 31, 2024

| | CONSERVATION | | TOTALS | |
|--|----------------------|-------------------|----------------------|----------------------|
| | GENERAL FUND | TRUST FUND | 2024 | 2023 |
| ASSETS | | | | |
| Cash and Investments | \$ 3,406,698 | \$ 658,990 | \$ 4,065,688 | \$ 1,974,426 |
| Accounts Receivable | - | - | - | 143,755 |
| Property Taxes Receivable | 5,556,096 | - | 5,556,096 | 5,528,796 |
| Due from Other Funds | 3,801,513 | - | 3,801,513 | 3,223,764 |
| TOTAL ASSETS | \$ 12,764,307 | \$ 658,990 | \$ 13,423,297 | \$ 10,870,741 |
| LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 221,007 | \$ - | \$ 221,007 | \$ 89,848 |
| Accrued Expenses | 17,245 | - | 17,245 | 9,639 |
| TOTAL LIABILITIES | 238,252 | - | 238,252 | 99,487 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Property Taxes | 5,556,096 | - | 5,556,096 | 5,528,796 |
| FUND BALANCES | | | | |
| Restricted for Park and Recreation | - | 658,990 | 658,990 | 287,423 |
| Restricted for Emergencies | 295,000 | - | 295,000 | 230,000 |
| Unassigned | 6,674,959 | - | 6,674,959 | 4,725,035 |
| TOTAL FUND BALANCES | 6,969,959 | 658,990 | 7,628,949 | 5,242,458 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 12,764,307 | \$ 658,990 | | |
| Amounts reported for governmental activities in the statement of net position are different because: | | | | |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. | | | 17,876,778 | 17,325,504 |
| Long-term liabilities and related deferred inflows and outflows are not due and payable in the current period and therefore, are not reported in the funds. This includes net pension liability (\$1,909,338), net OPEB liability (\$146,038), deferred outflows related to pensions \$1,020,190, deferred outflows related to OPEB \$88,023 deferred inflows related to pensions (\$1,961), and deferred inflows related to OPEB (\$63,156). | | | (1,012,280) | (1,266,038) |
| Net position of governmental activities | | | <u>\$ 24,493,447</u> | <u>\$ 21,301,924</u> |

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

TRAILS PARK AND RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
Year Ended December 31, 2024

| | CONSERVATION | | TOTALS | |
|---|---------------------|-------------------|---------------------|---------------------|
| | GENERAL FUND | TRUST FUND | 2024 | 2023 |
| REVENUES | | | | |
| Taxes | \$ 6,015,127 | \$ - | \$ 6,015,127 | 4,678,891 |
| Intergovernmental Revenue | 187,812 | 347,840 | 535,652 | 813,172 |
| Daily Admissions and Passes | - | - | - | 100,362 |
| Facilities Rentals | 16,386 | - | 16,386 | 13,426 |
| Interest Income | 178,090 | 23,727 | 201,817 | 104,492 |
| Miscellaneous Revenue | 70,847 | - | 70,847 | 6,751 |
| TOTAL REVENUES | 6,468,262 | 371,567 | 6,839,829 | 5,717,094 |
| EXPENDITURES | | | | |
| General Government | | | | |
| Salaries and Benefits | 1,359,043 | - | 1,359,043 | 1,219,036 |
| Operating Expenses | 670,297 | - | 670,297 | 561,848 |
| Utilities | 438,819 | - | 438,819 | 382,214 |
| Maintenance | 852,712 | - | 852,712 | 1,011,238 |
| Capital Outlays | 601,116 | - | 601,116 | 169,075 |
| TOTAL EXPENDITURES | 3,921,987 | - | 3,921,987 | 3,343,411 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 2,546,275 | 371,567 | 2,917,842 | 2,373,683 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | - | - | 676,658 |
| Transfers Out | (531,351) | - | (531,351) | (763,765) |
| TOTAL OTHER FINANCING SOURCES (USES) | (531,351) | - | (531,351) | (87,107) |
| NET CHANGE IN FUND BALANCES | 2,014,924 | 371,567 | 2,386,491 | 2,286,576 |
| FUND BALANCES, Beginning | 4,955,035 | 287,423 | 5,242,458 | 2,955,882 |
| FUND BALANCES, Ending | <u>\$ 6,969,959</u> | <u>\$ 658,990</u> | <u>\$ 7,628,949</u> | <u>\$ 5,242,458</u> |

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

ARAPAHOE PARK AND RECREATION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2024

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

| | |
|--|---------------------|
| Net Changes in Fund Balances - Total Governmental Funds | \$ 2,386,491 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$950,959, exceeded depreciation expense (\$399,685) during the period. | 551,274 |
| Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized. | <u>253,758</u> |
| Change in Net Position of Governmental Activities | <u>\$ 3,191,523</u> |

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

TRAILS PARK AND RECREATION DISTRICT

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPES
 December 31, 2024

| | TRAILS RECREATION CENTER FUND | |
|---|----------------------------------|--------------|
| | TOTALS | |
| | 2024 | 2023 |
| ASSETS | | |
| Current Assets | | |
| Cash and Investments | \$ 193,277 | \$ 214,443 |
| Accounts Receivable | 9,625 | - |
| Prepaid Expenses | 4,163 | 4,163 |
| Total Current Assets | 207,065 | 218,606 |
| Non-Current Assets | | |
| Capital Assets, Net of Accumulated Depreciation | 6,348,010 | 6,606,233 |
| Total Non-Current Assets | 6,348,010 | 6,606,233 |
| TOTAL ASSETS | 6,555,075 | 6,824,839 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | 85,005 | 93,341 |
| Accrued Expenses | 6,235 | 127,691 |
| Due To Other Funds | 3,801,513 | 3,223,764 |
| Unearned Revenue | 153,872 | 123,952 |
| TOTAL LIABILITIES | 4,046,625 | 3,568,748 |
| NET POSITION | | |
| Net Investment in Capital Assets | 6,348,010 | 6,606,233 |
| Unrestricted | (3,839,560) | (3,350,142) |
| TOTAL NET POSITION | \$ 2,508,450 | \$ 3,256,091 |

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

TRAILS PARK AND RECREATION DISTRICT

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

| | TRAILS RECREATION CENTER FUND | |
|---|----------------------------------|---------------------|
| | TOTALS | |
| | 2024 | 2023 |
| OPERATING REVENUES | | |
| Daily Admissions and Passes | \$ 1,506,142 | \$ 1,427,876 |
| Program Revenue | 1,240,197 | 1,129,449 |
| Miscellaneous Revenue | 171,157 | 122,674 |
| TOTAL OPERATING REVENUES | <u>2,917,496</u> | <u>2,679,999</u> |
| OPERATING EXPENSES | | |
| Salaries and Benefits | 2,058,645 | 1,789,899 |
| Operating Expenses | 587,905 | 455,002 |
| Utilities | 465,299 | 379,715 |
| Insurance | 64,646 | 56,282 |
| Maintenance | 328,231 | 338,319 |
| Depreciation Expense | 691,762 | 663,996 |
| TOTAL OPERATING EXPENSES | <u>4,196,488</u> | <u>3,683,213</u> |
| OPERATING INCOME (LOSS) | <u>(1,278,992)</u> | <u>(1,003,214)</u> |
| NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | <u>(1,278,992)</u> | <u>(1,003,214)</u> |
| Transfer (To) From General Fund | <u>531,351</u> | <u>87,107</u> |
| CHANGE IN NET POSITION | (747,641) | (916,107) |
| NET POSITION, Beginning | <u>3,256,091</u> | <u>4,172,198</u> |
| NET POSITION, Ending | <u>\$ 2,508,450</u> | <u>\$ 3,256,091</u> |

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

TRAILS PARK AND RECREATION DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPES
 Year Ended December 31, 2024
 Increase (Decrease) in Cash

| | TRAILS RECREATION CENTER FUND | |
|--|----------------------------------|-----------------------|
| | TOTALS | |
| | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from Customers and Users | \$ 2,937,791 | \$ 2,676,125 |
| Payments to Suppliers | (998,124) | (714,443) |
| Payments to employees | (2,058,645) | (1,789,899) |
| Net Cash Provided by Operating Activities | <u>(118,978)</u> | <u>171,783</u> |
| CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Transfer to General Fund | <u>531,351</u> | <u>87,107</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Purchase of Capital Assets | <u>(433,539)</u> | <u>(197,557)</u> |
| Net Cash Used by Financing Activities | <u>(433,539)</u> | <u>(197,557)</u> |
| NET INCREASE (DECREASE) IN CASH | (21,166) | 61,333 |
| CASH, Beginning | <u>214,443</u> | <u>153,110</u> |
| CASH, Ending | <u>\$ 193,277</u> | <u>\$ 214,443</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating Income | <u>\$ (1,278,992)</u> | <u>\$ (1,003,214)</u> |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities | | |
| Depreciation Expense | 691,762 | 663,996 |
| Changes in Assets and Liabilities | | |
| Prepaid Expenses | - | (4,163) |
| Accounts Payable | (8,336) | (9,056) |
| Accrued Expenses | (121,456) | 44,031 |
| Interfund Balances | 577,749 | 484,063 |
| Unearned Revenue | 29,920 | (3,874) |
| Total Adjustments | <u>1,160,014</u> | <u>1,174,997</u> |
| Net Cash Provided by Operating Activities | <u>\$ (118,978)</u> | <u>\$ 171,783</u> |

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

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Trails Park and Recreation District (the “District”) is a quasi-municipal corporation and political subdivision of the State organized in 1982 pursuant to the Special District Act for the purpose of providing open space development and recreational facilities and operations for its residents. The District encompasses approximately 10.5 square miles located in Arapahoe County, Colorado and includes within its boundaries the city of Centennial and portions of unincorporated Arapahoe County. The District changed its name from Arapahoe to Trails Park and Recreation District in 2024.

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

Reporting Entity

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

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

Based on the application of these criteria, the District includes the following organization in its reporting entity:

Trails Recreation Center Enterprise

The Trails Recreation Center Enterprise (the “Enterprise”) was formed in 2004. The purpose of the Enterprise is to carry out certain recreation activities of the District, including, but not limited to, the operation and maintenance of the Trails Recreation Center. The Enterprise is considered part of the District’s financial reporting entity because its resources and obligations are entirely for the benefit of the District. The Enterprise is blended into the District’s financial statements as a proprietary fund. Separate financial statements for the Enterprise are not available.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements

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

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

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 fund:

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. This fund also includes the activities of funds that are maintained separately by the District for internal purposes but are combined in the basic financial statements for reporting purposes because the expenditures and/or revenues of these funds are dependent upon transfers to and from the General Fund. These funds include the grants fund, capital fund, and outdoor pool fund.

The *Conservation Trust Fund* – This fund is used to account for lottery proceeds from the State of Colorado that are legally restricted to expenditures for park and recreation purposes.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District reports the following major proprietary fund:

The *Trails Recreation Center Fund* accounts for the financial activities associated with the operations and maintenance of the District's recreation center. The intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, similar to a business; or where the District has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Cash and Investments

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

Investments are recorded at fair value.

Receivables

Receivables are reported net of an allowance for uncollectible amounts, where applicable.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future years and are recorded as prepaid expenses using the consumption method.

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 acquisition 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.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

| | |
|-----------------------------|--------------|
| Buildings and Improvements | 30 years |
| Park and Trail Improvements | 40 years |
| Machinery and Equipment | 5 - 20 years |

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 of resources. This separate financial statement element, deferred outflows 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 the liabilities, the statement of financial position and balance sheets 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 and fund balance that applies to a futures period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

Employees of the District accrue vacation time based on years of service. Employees are allowed to accumulate unused vacation time up a maximum of 160. Upon termination of employment from the District, employees will be compensated for all accrued vacation time at their current pay rate. Employees are not compensated for any of their accrued sick time.

These compensated absences are recognized as current salary costs when earned in the proprietary fund types and when due in the governmental fund types. The District has not recorded a liability for compensated absences in its government-wide statement of position as the amounts are immaterial.

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.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations (Continued)

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.

Net Position

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

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

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

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

Fund Balance Classification

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The District did not report any fund balance as nonspendable as of December 31, 2024.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (Continued)

- **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 the following amounts as restricted as of December 31, 2024:

| | |
|---------------------|--------------------------|
| Emergency Reserves | \$ 295,000 |
| Park and Recreation | <u>658,990</u> |
| Total | <u>\$ 953,990</u> |

- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not report any committed fund balances as of December 31, 2024.
- **Assigned** – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The District does not report any assigned fund balances as of December 31, 2024.
- **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 resources.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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 inflow of resources are recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data has not been presented in all statements because such inclusion would make certain statements unduly complex and difficult to understand. Also, certain amounts presented in the prior year data have been reclassified to be consistent with current year's presentation.

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:

- Prior to September 30, the District Administration submits to the District's Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- 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.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets and Budgetary Accounting (Continued)

- Budgets are legally adopted for all funds of the District. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparisons presented for the Trails Recreation Center Fund is presented on a non-GAAP budgetary basis. Depreciation is not budgeted.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations by fund.

State Compliance

For the year ended December 31, 2024, actual expenditures in the Trails Recreation Center Fund exceeded budgeted amounts by \$77,655.. This may be a violation of state statute.

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2024 follows:

| | |
|-------------|----------------------------|
| Petty Cash | \$ 1,550 |
| Deposits | 364,659 |
| Investments | <u>3,892,756</u> |
| Total | <u>\$ 4,258,965</u> |

The above amounts are classified in the statement of Net Position as follows:

| | |
|--------------------------|----------------------------|
| Governmental Activities | \$ 4,065,688 |
| Business-Type Activities | <u>193,277</u> |
| Total | <u>\$ 4,258,965</u> |

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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, 2024, 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, 2024, the District had deposits with financial institutions with a carrying amount of \$364,659. The bank balances with the financial institutions were \$336,315. Of this amount \$250,000 was covered by federal depository insurance and \$86,315 was covered by collateral held in the financial institutions name (PDPA)

Investments

Interest Rate Risk

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

Credit Risk

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

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

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Local Government Investment Pools

The District had invested \$3,892,756 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.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2024 is summarized below:

| | <u>Balances</u> <u>12/31/23</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balances</u> <u>12/31/24</u> |
|---------------------------------------|------------------------------------|------------------|------------------|------------------------------------|
| Governmental Activities | | | | |
| Capital Assets, not depreciated | | | | |
| Land | \$ 7,969,727 | \$ 806,264 | \$ - | \$ 8,775,991 |
| Construction in Progress | <u>2,290,774</u> | <u>-</u> | <u>1,424,864</u> | <u>865,910</u> |
| Total Capital Assets, not depreciated | <u>10,260,501</u> | <u>806,264</u> | <u>1,424,864</u> | <u>9,641,901</u> |
| Capital Assets, depreciated | | | | |
| Park Improvements | 10,873,058 | 1,424,864 | - | 12,297,922 |
| Outdoor Pool Improvements | 1,261,636 | - | - | 1,261,636 |
| Buildings and Improvements | | | | |
| Pool | 677,337 | - | - | 677,337 |
| Machinery and Equipment | 18,448 | 144,695 | - | 163,143 |
| Machinery and Equipment - Pool | <u>534,779</u> | <u>-</u> | <u>-</u> | <u>534,779</u> |
| Total Capital Assets, depreciated | <u>13,365,258</u> | <u>1,569,559</u> | <u>-</u> | <u>14,934,817</u> |

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 4: CAPITAL ASSETS (Continued)

| | <u>Balances</u> <u>12/31/23</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balances</u> <u>12/31/24</u> |
|---|------------------------------------|---------------------|---------------------|------------------------------------|
| Governmental Activities | | | | |
| Less Accumulated Depreciation | | | | |
| Park Improvements | 4,365,849 | 309,034 | - | 4,674,883 |
| Outdoor Pool Improvements | 933,759 | 42,055 | - | 975,814 |
| Buildings and Improvements | | | | |
| Pool | 453,939 | 21,616 | - | 475,555 |
| Machinery and Equipment | 24,438 | 14,471 | - | 38,909 |
| Machinery and Equipment - Pool | <u>522,270</u> | <u>26,619</u> | - | <u>548,889</u> |
| Total Accumulated Depreciation | <u>6,300,255</u> | <u>399,685</u> | - | <u>6,699,940</u> |
| Total Capital Assets, depreciated, Net | <u>7,065,003</u> | <u>1,169,874</u> | - | <u>8,234,877</u> |
| Governmental Activities, Capital Assets, Net | <u>\$ 17,325,504</u> | <u>\$ 1,976,138</u> | <u>\$ 1,424,864</u> | <u>\$ 17,876,778</u> |

Depreciation expense was charged to the park and recreation program of the District.

| | <u>Balances</u> <u>12/31/23</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balances</u> <u>12/31/24</u> |
|--|------------------------------------|---------------------|------------------|------------------------------------|
| Business-Type Activities | | | | |
| Capital Assets, depreciated | | | | |
| Buildings and Improvements | \$ 17,032,336 | \$ 433,539 | \$ - | \$ 17,465,875 |
| Improvements/Infrastructure | 532,421 | - | - | 532,421 |
| Machinery and Equipment | <u>826,824</u> | <u>-</u> | <u>-</u> | <u>826,824</u> |
| Total Capital Assets, depreciated | <u>18,391,581</u> | <u>433,539</u> | <u>-</u> | <u>18,825,120</u> |
| Less: Accumulated Depreciation | | | | |
| Buildings and Improvements | 11,100,969 | 656,514 | - | 11,757,483 |
| Improvements/Infrastructure | 11,690 | 4,523 | - | 16,213 |
| Machinery and Equipment | <u>672,689</u> | <u>30,725</u> | <u>-</u> | <u>703,414</u> |
| Total Accumulated Depreciation | <u>11,785,348</u> | <u>691,762</u> | <u>-</u> | <u>12,477,110</u> |
| Business-Type Activities, Capital Assets, Net | <u>\$ 6,606,233</u> | <u>\$ (258,223)</u> | <u>\$ -</u> | <u>\$ 6,348,010</u> |

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 5: INTERFUND BALANCES AND TRANSFERS

Interfund balances and transfers for the year ended December 31, 2024, were comprised of the following:

Interfund Balances

| <u>Due From</u> | <u>Due To</u> | <u>Amount</u> |
|-------------------------------|---------------|----------------------------|
| Trails Recreation Center Fund | General Fund | <u>\$ 3,301,513</u> |

At December 31, 2024, the amounts owed between the Trails Recreation Center Fund and the General Fund are due to timing differences related to receipts and disbursements into and out of the General Fund not being transferred in the same accounting period.

NOTE 6: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the LGDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly.

PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Benefits provided as of December 31, 2023. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP.

Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions as of December 31, 2024: Eligible employees of the School and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of January 1, 2024 through December 31, 2024. Employer contribution requirements are summarized in the table below:

| | January 1, 2024 Through December 31, 2024 |
|--|---|
| Employer contribution rate | 11.40% |
| Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) | (1.02%) |
| Amount apportioned to the LGDTF | 10.38% |
| Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 | 4.50% |
| Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 | 5.50% |
| Total employer contribution rate to the LGDTF | 20.38% |

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

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from District were \$238,781 for the year ended December 31, 2024.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the LGDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the LGDTF based on the proportionate amount of annual payroll of the LGDTF to the total annual payroll of the LGDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund.

The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. §§ 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S. § 24-51-414(9) providing compensatory payment of \$14.561 million for 2023 only.

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

The net pension liability for the LGDTF was measured as of December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TPL to December 31, 2024. The District's proportion of the net pension liability was based on the District's contributions to the LGDTF for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At December 31, 2024, the District reported a liability of \$1,909,338 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At December 31, 2023, the District's proportion was 0.265011%, which was an increase of 0.03059% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the District recognized pension expense of \$40,558. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---------------------------------------|--------------------------------------|
| Difference between expected and actual experience | \$103,327 | \$1,961 |
| Changes of assumptions or other inputs | N/A | N/A |
| Net difference between projected and actual earnings on pension plan investments | 557,535 | N/A |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 119,585 | N/A |
| Contributions subsequent to the measurement date | 239,743 | N/A |
| Total | \$1,020,190 | \$1,961 |

\$239,743 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended December 31, | |
|--------------------------------|-----------|
| 2025 | \$387,187 |
| 2026 | \$205,454 |
| 2027 | \$185,845 |
| 2028 | - |
| Thereafter | - |

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions. The TPL in the December 31, 2022, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

| | |
|---|---------------------|
| Actuarial cost method | Entry age |
| Price inflation | 2.30% |
| Real wage growth | 0.70% |
| Wage inflation | 3.00% |
| Salary increases, including wage inflation: | 3.40%- 11.30% |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25% |
| Discount rate | 7.25% |
| Post-retirement benefit increases: | |
| PERA benefit structure hired prior to 1/1/07 | 1.00% |
| and DPS benefit structure (compounded annually) | |
| PERA benefit structure hired after 12/31/06 ¹ | Financed by the AIR |

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis. Pre-retirement mortality assumptions were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2022, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies prepared at least every five years and asset/liability studies performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

| Asset Class | Target Allocation | 30 Year Expected Geometric Real Rate of Return |
|----------------|-------------------|--|
| Global Equity | 54.00% | 5.60% |
| Fixed Income | 23.00% | 1.30% |
| Private Equity | 8.50% | 7.10% |
| Real Estate | 8.50% | 4.40% |
| Alternatives | 6.00% | 4.70% |
| Total | 100.00% | |

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero.
- Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million commencing July 1, 2018, that is proportioned between the State, District, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------|----------------------------------|------------------------|
| Proportionate share of the net pension | \$3,742,516 | \$1,909,338 | \$373,754 |

Pension plan fiduciary net position. Detailed information about the LGDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN(Continued)

General Information about the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, District, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Districts Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare health benefits program is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN(Continued)

General Information about the OPEB Plan (Continued)

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, District, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$27,062 for the year ended December 31, 2024.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2024, the District reported an liability of \$146,038 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TOL to December 31, 2023. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the District's proportion was 0.0205%, which was an increase of 0.0020% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the District recognized OPEB income of \$27,511. At December 31, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | N/A | \$29,932 |
| Changes of assumptions or other inputs | \$1,717 | 15,485 |
| Net difference between projected and actual earnings on OPEB plan investments | 4,517 | N/A |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 54,727 | 17,739 |
| Contributions subsequent to the | 27,062 | N/A |
| Total | \$88,023 | \$63,156 |

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN(Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

\$27,062 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended December 31, | |
|--------------------------------|------------|
| 2025 | (\$14,837) |
| 2026 | \$4,647 |
| 2027 | \$5,758 |
| 2028 | \$2,660 |
| 2029 | (\$969) |
| Thereafter | \$546 |

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN(Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial assumptions. The TOL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

| | District Division |
|--|--|
| Actuarial cost method | <u>Entry age</u> |
| Price inflation | 2.30% |
| Real wage growth | 0.70% |
| Wage inflation | 3.00% |
| Salary increases, including wage inflation | |
| Members other than Safety Officers | 3.40%-11.00% |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation | 7.25% |
| Discount rate | 7.25% |
| Health care cost trend rates | |
| PERA benefit structure: | |
| Service-based premium subsidy | 0.00% |
| PERACare Medicare plans ¹ | 7.00% in 2023, gradually decreasing to 4.50% in 2033 |
| Medicare Part A premiums | 3.50% in 2023, gradually increasing to 4.50% in 2035 |
| DPS benefit structure: | |
| Service-based premium subsidy | 0.00% |
| PERACare Medicare plans | N/A |
| Medicare Part A premiums | N/A |

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

| <u>Participant Age</u> | <u>Annual Increase (Male)</u> | <u>Annual Increase (Female)</u> |
|------------------------|-------------------------------|---------------------------------|
| 65-68 | 2.2% | 2.3% |
| 69 | 2.8% | 2.2% |
| 70 | 2.7% | 1.6% |
| 71 | 3.1% | 0.5% |
| 72 | 2.3% | 0.7% |
| 73 | 1.2% | 0.8% |
| 74 | 0.9% | 1.5% |
| 75-85 | 0.9% | 1.3% |
| 86 and older | 0.0% | 0.0% |

| Sample Age | MAPD PPO #1 with Medicare Part A | | MAPD PPO #2 with Medicare Part A | | MAPD HMO (Kaiser) with Medicare Part A | |
|------------|----------------------------------|---------|----------------------------------|--------|--|---------|
| | Retiree/Spouse | | Retiree/Spouse | | Retiree/Spouse | |
| | Male | Female | Male | Female | Male | Female |
| 65 | \$1,692 | \$1,406 | \$579 | \$481 | \$1,913 | \$1,589 |
| 70 | \$1,901 | \$1,573 | \$650 | \$538 | \$2,149 | \$1,778 |
| 75 | \$2,100 | \$1,653 | \$718 | \$566 | \$2,374 | \$1,869 |

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

| Sample Age | MAPD PPO #1 without Medicare Part A | | MAPD PPO #2 without Medicare Part A | | MAPD HMO (Kaiser) without Medicare Part A | |
|------------|-------------------------------------|---------|-------------------------------------|---------|---|---------|
| | Retiree/Spouse | | Retiree/Spouse | | Retiree/Spouse | |
| | Male | Female | Male | Female | Male | Female |
| 65 | \$6,469 | \$5,373 | \$4,198 | \$3,487 | \$6,719 | \$5,581 |
| 70 | \$7,266 | \$6,011 | \$4,715 | \$3,900 | \$7,546 | \$6,243 |
| 75 | \$8,026 | \$6,319 | \$5,208 | \$4,101 | \$8,336 | \$6,563 |

The 2023 Medicare Part A premium is \$506 per month.

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the table below:

| Year | PERACare Medicare Plans | Medicare Part A Premiums |
|-------|----------------------------|-----------------------------|
| 2023 | 7.00% | 3.50% |
| 2024 | 6.75% | 3.50% |
| 2025 | 6.50% | 3.75% |
| 2026 | 6.25% | 3.75% |
| 2027 | 6.00% | 4.00% |
| 2028 | 5.75% | 4.00% |
| 2029 | 5.50% | 4.00% |
| 2030 | 5.25% | 4.25% |
| 2031 | 5.00% | 4.25% |
| 2032 | 4.75% | 4.25% |
| 2033 | 4.50% | 4.25% |
| 2034 | 4.50% | 4.25% |
| 2035+ | 4.50% | 4.50% |

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, District, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for Safety Officers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN(Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Pre-retirement mortality assumptions for the District Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the District Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN(Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than Safety Officers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

- Per capita health care costs in effect as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

| Asset Class | Target Allocation | 30 Year Expected Geometric Real Rate of Return |
|----------------|-------------------|--|
| Global Equity | 54.00% | 5.60% |
| Fixed Income | 23.00% | 1.30% |
| Private Equity | 8.50% | 7.10% |
| Real Estate | 8.50% | 4.40% |
| Alternatives | 6.00% | 4.70% |
| Total | 100.00% | |

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

Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|---|----------------------------|---------------------|----------------------------|
| Initial PERACare Medicare trend rate ¹ | 5.75% | 6.75% | 7.75% |
| Ultimate PERACare Medicare trend rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A trend rate | 2.50% | 3.50% | 4.50% |
| Ultimate Medicare Part A trend | 3.50% | 4.50% | 5.50% |
| Net OPEB Liability | \$141,847 | \$146,038 | \$150,597 |

¹For the January 1, 2024, plan year.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Based on the above assumptions and methods, the FNP for the HCTF was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---------------------|-------------------------------|---------------------|
| Proportionate share of the net OPEB liability | \$172,489 | \$146,038 | \$123,409 |

OPEB plan fiduciary net position. Detailed information about the HCTF’s FNP is available in PERA’s ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the "Pool"). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for property, general, workers' compensation, and officials' liability. In the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Joint Use Agreement

In January 2007, the District entered into a Joint Use Agreement with the Cherry Creek School District No. 5. The agreement covers the use of nine school-park sites that were created as part of the initial service plan for the District. The Cherry Creek School District No. 5 acquired, primarily through the public open space dedication process, various school-park sites. The District's role is to provide supplemental park and recreational amenities.

The agreement is perpetual and may be terminated in whole or in part by mutual agreement of the parties at any time when necessary to comply with requirements or restrictions imposed by the State of Colorado or any of its agencies or departments or if necessary to comply with any judicial decree or order.

Under the terms of the agreement, each party is responsible for and pays costs of the development of the property, maintenance and repairs, equipment, and insurance coverage. In addition, the District paid \$18,000 to the Cherry Creek School District No.5 for the year ended December 31, 2024 under the terms of the agreement.

TRAILS PARK AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

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 1994, voters within the District approved the collection, retention and expenditure of State grants, all sales and use taxes and all other revenue generated by the District in 1995 and subsequent years without limitation, notwithstanding the provisions of the Amendment.

The District has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2024, a reserve of \$295,000 was recorded as a restriction of fund balance in the General Fund.

NOTE 10 SUBSEQUENT EVENTS

Potential subsequent events were considered through July 29, 2025. It was determined that that the following event was required to be disclosed through this date.

2025 Certificates of Participation

In June of 2025 the District issued Certificates of Participation, Series 2025 for \$8,500,000 full replacement of the District's Lookout Pool and related infrastructure.

REQUIRED SUPPLEMENTARY INFORMATION

TRAILS PARK AND RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended December 31, 2024

| | 2024 | | VARIANCE Positive (Negative) | 2023 ACTUAL |
|---|---------------------------------|---------------------|------------------------------------|---------------------|
| | ORIGINAL AND FINAL BUDGET | ACTUAL | | |
| REVENUES | | | | |
| Taxes | \$ 7,493,519 | \$ 6,015,127 | \$ (1,478,392) | \$ 4,678,891 |
| Intergovernmental | 1,043,158 | 187,812 | (855,346) | 415,312 |
| Daily Admissions and Passes | - | - | - | 100,362 |
| Facilities Rentals | 30,000 | 16,386 | (13,614) | 13,426 |
| Interest Income | 15,000 | 178,090 | 163,090 | 98,078 |
| Miscellaneous Revenue | - | 70,847 | 70,847 | 6,751 |
| TOTAL REVENUES | 8,581,677 | 6,468,262 | (2,113,415) | 5,312,820 |
| EXPENDITURES | | | | |
| Current | | | | |
| Salaries and Benefits | 1,386,052 | 1,359,043 | 27,009 | 1,219,036 |
| Operating Expenses | 797,135 | 670,297 | 126,838 | 561,848 |
| Utilities | 446,000 | 438,819 | 7,181 | 382,214 |
| Maintenance | 1,052,500 | 852,712 | 199,788 | 1,011,238 |
| Capital Outlay | 2,609,877 | 601,116 | 2,008,761 | 169,075 |
| TOTAL EXPENDITURES | 6,291,564 | 3,921,987 | 2,369,577 | 3,343,411 |
| EXCESS OF REVENUES OVER EXPENDITURES | 2,290,113 | 2,546,275 | 256,162 | 1,969,409 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | - | - | 676,658 |
| Transfer Out | (1,739,723) | (531,351) | 1,208,372 | (540,403) |
| TOTAL OTHER FINANCING SOURCES (USES) | (1,739,723) | (531,351) | 1,208,372 | 136,255 |
| NET CHANGE IN FUND BALANCES | 550,390 | 2,014,924 | 1,464,534 | 2,105,664 |
| FUND BALANCE, Beginning | 4,955,035 | 4,955,035 | - | 2,849,371 |
| FUND BALANCE, Ending | <u>\$ 5,505,425</u> | <u>\$ 6,969,959</u> | <u>\$ 1,464,534</u> | <u>\$ 4,955,035</u> |

See the accompanying independent auditors' report.

TRAILS PARK AND RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE
 CONSERVATION TRUST FUND
 Year Ended December 31, 2024

| | 2024 | | VARIANCE Positive (Negative) | 2023 ACTUAL |
|---|---------------------------------|-------------------|------------------------------------|-------------------|
| | ORIGINAL AND FINAL BUDGET | ACTUAL | | |
| REVENUES | | | | |
| Intergovernmental | \$ 275,000 | \$ 347,840 | \$ 72,840 | \$ 397,860 |
| Interest Income | 1,000 | 23,727 | 22,727 | 6,414 |
| TOTAL REVENUES | <u>276,000</u> | <u>371,567</u> | <u>95,567</u> | <u>404,274</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Park and Recreation | - | - | - | - |
| TOTAL EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>276,000</u> | <u>371,567</u> | <u>95,567</u> | <u>404,274</u> |
| OTHER FINANCING USES | | | | |
| Transfers In(Out) | <u>(200,000)</u> | <u>-</u> | <u>200,000</u> | <u>(223,362)</u> |
| NET CHANGE IN FUND BALANCES | 76,000 | 371,567 | 295,567 | 180,912 |
| FUND BALANCE, Beginning | <u>287,423</u> | <u>287,423</u> | <u>-</u> | <u>106,511</u> |
| FUND BALANCE, Ending | <u>\$ 363,423</u> | <u>\$ 658,990</u> | <u>\$ 295,567</u> | <u>\$ 287,423</u> |

See the accompanying independent auditors' report.

TRAILS PARK AND RECREATION DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
 LOCAL GOVERNMENT DIVISION TRUST FUND

Years Ended December 31,

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District's proportionate share of the Net Pension Liability | 0.338% | 0.320% | 0.307% | 0.304% | 0.297% | 0.258% | 0.206% | 0.214% | 0.230% | 0.260% |
| District's proportionate share of the Net Pension Liability | \$ 3,030,472 | \$ 3,528,551 | \$ 4,151,451 | \$ 3,383,657 | \$ 3,736,342 | \$ 1,883,837 | \$ 1,074,074 | \$ (183,460) | \$ 2,301,098 | \$ 1,909,338 |
| District's covered-employee payroll | \$ 1,852,666 | \$ 1,819,148 | \$ 1,863,454 | \$ 1,917,100 | \$ 2,020,724 | \$ 1,478,883 | \$ 1,641,471 | \$ 1,641,471 | \$ 2,308,431 | \$ 2,653,090 |
| District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll | 163.6% | 194.0% | 222.8% | 176.5% | 184.9% | 127.4% | 65.4% | -11.2% | 99.7% | 72.0% |
| Plan fiduciary net position as a percentage of the total pension liability | 80.70% | 76.90% | 73.60% | 79.37% | 75.96% | 86.26% | 90.88% | 101.49% | 82.99% | 88.03% |

Notes:

This schedule is reported as of December 31, as that is the plan year end.

See the accompanying independent auditors' report.

TRAILS PARK AND RECREATION DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 LOCAL GOVERNMENT DIVISION TRUST FUND

Year Ended December 31,

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Statutorily required contributions | \$ 230,668 | \$ 236,286 | \$ 262,643 | \$ 247,167 | \$ 256,101 | \$ 190,823 | \$ 211,749 | \$ 274,423 | \$ 217,772 | \$ 238,781 |
| Contributions in relation to the Statutorily required contributions | <u>230,668</u> | <u>236,286</u> | <u>262,643</u> | <u>247,167</u> | <u>256,101</u> | <u>190,823</u> | <u>211,749</u> | <u>274,423</u> | <u>217,772</u> | <u>238,781</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll payroll | \$ 1,819,148 | \$ 1,863,454 | \$ 1,917,100 | \$ 1,949,234 | \$ 2,020,724 | \$ 1,478,883 | \$ 1,641,471 | \$ 2,127,310 | \$ 2,308,431 | \$ 2,653,090 |
| Contributions as a percentage of covered payroll | 12.68% | 12.68% | 13.70% | 12.68% | 12.67% | 12.90% | 12.90% | 12.90% | 9.43% | 9.00% |

See the accompanying independent auditors' report.

TRAILS PARK AND RECREATION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
HEALTH CARE TRUST FUND

Years Ended December 31,

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District's proportionate share of the Net OPEB Liability | 0.02360% | 0.02361% | 0.02305% | 0.01960% | 0.01570% | 0.01655% | 0.01843% | 0.02046% |
| District's proportionate share of the Net OPEB Liability | \$ 305,978 | \$ 306,882 | \$ 315,560 | \$ 220,328 | \$ 148,844 | \$ 142,745 | \$ 150,492 | \$ 146,038 |
| District's employee payroll | \$ 1,863,454 | \$ 1,917,100 | \$ 2,020,724 | \$ 1,478,883 | \$ 1,641,471 | \$ 2,153,725 | \$ 2,308,431 | \$ 2,653,090 |
| District's proportionate share of the Net OPEB Liability as a percentage of its employee payroll | 16.4% | 16.0% | 15.6% | 14.9% | 9.1% | 6.6% | 6.5% | 5.5% |
| Plan fiduciary net position as a percentage of the total pension liability | 16.72% | 17.53% | 17.03% | 24.49% | 32.78% | 39.40% | 38.57% | 46.16% |

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available

See the accompanying independent auditors' report.

TRAILS PARK AND RECREATION DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 HEALTH CARE TRUST FUND

Years Ended December 31,

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Statutorily required contributions | \$ 19,554 | \$ 19,882 | \$ 20,601 | \$ 15,085 | \$ 16,743 | \$ 21,968 | \$ 23,546 | \$ 27,062 |
| Contributions in relation to the Statutorily required contributions | 19,554 | 19,882 | 20,601 | 15,085 | 16,743 | 21,968 | 23,546 | 27,062 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's employee payroll | \$ 1,917,100 | \$ 1,949,234 | \$ 2,020,724 | \$ 1,478,883 | \$ 1,641,471 | \$ 2,153,725 | \$ 2,308,431 | \$ 2,653,090 |
| Contributions as a percentage of employee payroll | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% |

Notes:
 This schedule will report ten years of data when it is available

See the accompanying independent auditors' report.

INDIVIDUAL FUND SCHEDULE

TRAILS PARK AND RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE
 TRAILS RECREATION CENTER FUND
 Year Ended December 31, 2024

| | 2024 | | | VARIANCE | 2023 ACTUAL |
|---------------------------------|--------------------|---------------------|---------------------|------------------------|---------------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | Positive (Negative) | |
| REVENUES | | | | | |
| Daily Admissions and Passes | \$ 1,390,000 | \$ 1,390,000 | \$ 1,506,142 | \$ 116,142 | \$ 1,427,876 |
| Program Revenue | 1,471,985 | 1,473,185 | 1,240,197 | (232,988) | 1,129,449 |
| Miscellaneous Revenue | 151,600 | 163,311 | 171,157 | 7,846 | 122,674 |
| Transfers In | - | - | 531,351 | 531,351 | 87,107 |
| TOTAL REVENUES | 3,013,585 | 3,026,496 | 3,448,847 | 422,351 | 2,767,106 |
| EXPENDITURES | | | | | |
| Salaries and Benefits | 1,898,377 | 2,229,752 | 2,058,645 | 171,107 | 1,789,899 |
| Operating Expenses | 341,623 | 411,819 | 587,905 | (176,086) | 455,002 |
| Utilities | 363,000 | 430,000 | 465,299 | (35,299) | 379,715 |
| Insurance | 60,000 | 60,000 | 64,646 | (4,646) | 56,282 |
| Maintenance | 305,500 | 295,500 | 328,231 | (32,731) | 338,319 |
| TOTAL EXPENDITURES | 3,013,585 | 3,427,071 | 3,504,726 | (77,655) | 3,019,217 |
| NET INCOME, Budget Basis | \$ - | \$ (400,575) | (55,879) | \$ 344,696 | (252,111) |
| GAAP BASIS ADJUSTMENTS | | | | | |
| Depreciation Expense | | | (691,762) | | (663,996) |
| NET INCOME, GAAP Basis | | | (747,641) | | (916,107) |
| NET POSITION, Beginning | | | 3,256,091 | | 4,172,198 |
| NET POSITION, Ending | | | \$ 2,508,450 | | \$ 3,256,091 |

See the accompanying independent auditors' report.