

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

BASIC FINANCIAL STATEMENTS

December 31, 2022

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
Title Page	
Table of Contents	
FINANCIAL SECTION	
Independent Auditors' Report	
Management's Discussion and Analysis	i - viii
Basic Financial Statements	
Government Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4
Statement of Net Position –Proprietary Fund Type	5
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund Type	6
Statement of Cash Flows - Proprietary Fund Type	7
Notes to Financial Statements	8 – 18
Required Supplementary Information	
General Fund - Budgetary Comparison Schedule	19
Individual Fund Schedules	
Recreation Fund - Budgetary Comparison Schedule	20

FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities and each major fund, of the Parachute/Battlement Mesa Park & Recreation District (the "District") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Parachute/Battlement Mesa Park & Recreation District as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparison schedules for the general and major special revenue funds, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary information on page 19 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund schedule as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

John Cutler & Associates, LLC

July 12, 2023



PARACHUTE/BATTLEMENT MESA
PARK AND RECREATION DISTRICT

PARACHUTE-BATTLEMENT MESA PARK & RECREATION DISTRICT MANAGEMENT DISCUSSION & ANALYSIS: 2022 AUDIT

This section of the Parachute Battlement Mesa Park & Recreation District (“PBMPRD” or the “District”) annual financial report presents our analysis of the District’s financial performance during the fiscal year ended December 31, 2022. Please read it in conjunction with the financial statements.

1. Financial Highlights

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

The District has 5 Funds to comply with Governmental Accounting Standards Board for Fund reporting. These Funds consist of: (1) Community Park Fund; (2) Programs and Activities Fund; (3) Grand Valley Recreation Fund; (4) Battlement Mesa Golf Club Fund; and (5) General Fund. The Board oversaw the PBM Trail Committee, whose budget was under the General Fund but is no longer active.

The District is *currently* in good financial health and there is no long-term debt. PBMPRD has enough in unrestricted funds to maintain operations for over one year. However, the District has aging infrastructure with the transfer of ownership of the golf course and recreation center; that in some instances has exceeded its life expectancy and will need ongoing capital replacement and improvement projects. 2022 revenue recovered slightly from the prior years of the COVID Pandemic with the current year realizing an increase in operating income of \$91,500 from 2021.

Of major concern is that oil and gas production is decreasing and may affect property tax revenue in the years ahead. The District has lost 20% of its property tax revenue since 2021. User fees and memberships do not cover operating expenses.

Since assuming operations, financial and management of BMGC and GVRC the District has spent approximately \$6,500,000 in capital expenditures & projects. In 2022 the District performed the following capital projects and/or made capital expenditures for a total of \$410,455:

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

- **BATTLEMENT MESA GOLF CLUB:** (\$94,789)
 - Cart path improvements
 - Golf Pro Shop Improvements
 - Replaced Golf Course Machinery

- **GRAND VALLEY RECREATION CENTER:** (\$315,666)
 - Irrigation Water Transfer
 - LED Lights
 - Shower/Locker/Restrooms Remodel

Due to the age of the facilities and equipment the District's assets continue to decrease in value due to depreciation of the assets. In 2022 the value of previous assets decreased by \$409,937 due to depreciation and \$30,511 in the disposal of two golf course mowers.

The District's net position increased by \$142,050, despite the decrease in property tax revenue. This is due to consistently monitoring expenses and ensuring the District is run as efficiently as possible. Cash and Investments showed an increase of \$1,336,438 after funding for the golf course and recreation center capital outlays.

Property tax income in 2022 was \$1,728,251; however in this amount, the District did collect \$11,774 in delinquent taxes from oil and gas companies. The **loss** in property tax revenue since 2016 is **\$2,076,330**, reflecting a 55% loss in revenue. Oil and gas property tax revenue comprises around 81% of the total tax revenue for the District. The loss in oil and gas property tax revenue affects the District's ability to perform the extensive capital repairs and basic maintenance that is needed. Residential property tax brings in around \$143,500 per year and comprises 9% of property tax income.

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

Of note is that the District had to fund operations in 2022 by transferring \$1,455,022 from cash reserves to continue to operate and maintain the Grand Valley Rec Center, sports programs, Battlement Mesa Golf Club and Community Park. Also transferred was \$836,652 of physical assets to the Recreation Fund for the irrigation project on the back 9 for the Golf Course from the General Fund Assets. The ability to continue to transfer close to \$1,500,000 from cash reserves is unsustainable without increases in rates, memberships, or requests to increase the mill levy.

2. Overview of the Financial Statements

The annual report consists of three parts:

Management's Discussion and Analysis
Financial Statements
Supplementary Information

3. Required Financial Statements

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

Statement of Net Position

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

Statement of Revenues, Expenses, and Changes in Net Position

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

Statement of Cash Flows

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

4. Financial Analysis of The District

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of this year's activities?" The statement of net position and statement of revenues, expenses, and changes in net position report information about the District's activities in a way that can help answer that question. These two statements report the net position of the District and the related change in these assets.

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

The District's net position (the difference between assets and liabilities) is one way to measure financial health or financial position. Over time, increases in the District's net position, is one indicator that the District's financial health is improving. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, or changed governmental legislation.

5. Net Position

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

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

	<u>2022</u>	<u>2021</u>	<u>2022 - 2021 Change</u>	
			<u>\$</u>	<u>%</u>
Current & Other Assets	\$7,402,823	\$6,036,385	\$1,336,438	22.10%
Capital Assets	\$9,075,339	\$9,082,705	-\$7,366	-0.10%
Total Assets	\$16,478,161	\$15,119,259	\$1,358,902	9.00%
Total Liabilities	\$26,793	\$46,427	-\$19,634	-42.29%
Deferred Inflow of Resources	\$2,829,880	\$1,593,150	\$1,236,730	77.62%
Net Position:				
Invested in capital assets net of related debt	\$9,075,339	\$9,082,631	-\$7,292	-0.10%
Restricted	\$85,900	\$96,800	-\$10,900	-11.26%
Unrestricted	\$4,460,250	\$4,300,008	\$160,242	3.7%
Total Net Position	\$13,621,489	\$13,479,439	\$142,050	1.05%

Current Assets increased by 22.1% primarily due to reduced investing in capital assets, which decreased 0.081% over 2021.

Total liabilities decreased 42.29% due mostly to accounts payable associated with the golf course. The District has no long-term debt, and these short-term liabilities are paid off within a few months.

Although capital improvements of \$410,455 were made, depreciation expense offset some of the value of capital assets, which decreased only 0.081%. Restricted funds consist of the TABOR requirement to maintain 3% emergency reserves.

Unrestricted funds increased by \$160,242 due to receiving delinquent property taxes in 2022 associated with oil and gas. The unrestricted funds can be utilized as needed and directed by the Board of Directors. In 2022 the District's Net Position improved by \$142,050 due in large part to capital improvements/assets.

Deferred Inflow of Resources increased \$1,236,730 as oil and gas property taxes increased.

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

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

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

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

	<u>Gov't Funds</u>	<u>Proprietary Funds</u>	<u>All Funds</u>
Revenue			
Operating Revenue		\$992,637	\$992,637
Non-Operating Revenue	\$1,943,256	\$2,369	\$1,945,625
Total Revenues	\$1,943,256	\$995,006	\$2,938,262
Expenses			
Gov't Fund Expense	\$461,979		\$461,979
Operating Expense		\$1,924,296	\$1,924,296
Transfers Out	\$2,291,674		\$2,291,674
Capital Outlay		\$410,455	\$410,455
Total Expenses	\$2,753,653	\$2,334,751	\$5,088,404
Income/Loss before Transfers	\$1,481,277	-\$1,339,745	\$2,796,730
Transfers In	\$0	\$2,291,674	\$2,291,674
Net Income	-\$810,397	\$951,929	\$141,532
GAAP Basis Adjustments:			
Capital Outlay		\$410,455	\$410,455
Depreciation		-\$409,937	-\$409,937
Net Income (GAAP Basis)	-\$810,397	\$952,447	\$142,050
Beginning Balances (Adjusted)	\$3,941,057	\$9,538,382	\$13,479,439
Ending Balances	\$3,130,660	\$10,490,829	\$13,621,489

For Auditing purposes, the Governmental Fund contains the General Fund, Community Park Fund and the PBM Trail Fund. These funds are not considered Enterprise Funds/Proprietary Funds, which charge fees for services. The primary revenue for the Governmental Fund is property tax revenue. The General Fund is used to pay payroll taxes, insurance, employee medical benefits, employee retirement, treasurer's fees, office supplies, printing, postage, elections, management, accounting, legal, audit and sales tax collected.

PARACHUTE BATTLEMENT MESA PARK & RECREATION DISTRICT

Management's Discussion and Analysis

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

As can be seen above the Proprietary funds only bring in \$992,637 in operating revenue and total operating expenses were \$1,924,296. Operating income only covers 51.6% of the operating expenses. The largest expense is approximately \$1,171,930 for payroll and benefits. Utility charges are \$198,765 and repairs and maintenance for the golf course, rec center and ballparks are close to \$380,000. Due to the age of the facilities repairs and maintenance will only increase in the future. The majority of employees are part-time and seasonal which saves in benefits. But with the increase in the hourly rate to \$12.56/hr. (2022) and \$13.65/hr. (2023) and the new State requirement that part-time and seasonal staff be paid 1-hour sick leave for every 30 hours worked, this added to the District's expenses.

The Battlement Mesa Golf Club irrigation project was completed in 2021 and is displaying less water usage expense than in the past.

Garfield County Federal and Mineral Lease District provided \$25,000 in grants for new LED Lights at the Recreation Center facilities.

Programs, primarily youth sports programs, continued to cost the district \$66,073 (with operating revenue of \$44,781 and expenses of \$110,854). The Board understands this loss and believes it has an obligation to provide the youth of the District with these activities.

The Community Park, which is open to the public at no charge, cost the District close to \$67,943 for maintenance, utilities, trash removal and water.

Battlement Mesa Golf Course operating revenue was \$797,425 with expenses of \$934,935. The expenses for the ballfield and Skate and Dog Park are included under the golf course fund. The largest expenses were wages, maintenance and repairs and utilities.

Grand Valley Recreation Center has raised rates in 2022. Total income for memberships and user fees were \$283,732, while expenditures were \$1,135,566. As with the golf course and programs, wages comprised the majority of expense at \$626,369. Constant and continual building repairs and maintenance continued to contribute to the \$818,544 loss in 2022.

6. Budgetary Highlights

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

7. Capital Assets and Debt Administration

Capital Assets

Capital Assets decreased by \$7,366 due to \$410,455 additions, dispositions of \$30,514 with depreciation of \$409,937 on capital projects that are referenced under Section 1: "Financial Highlights".

8. Long-Term Debt

The District has no long-term debt.

9. Economic Factors and New Year's Budget Rates

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

2023 vs. 2022 Budget

	<u>2023</u>	<u>2022</u>	<u>2023 - 2022 Change</u>	
			<u>\$</u>	<u>%</u>
Revenues				
Operating Revenues	\$1,126,503	\$987,690	\$138,813	14.05%
Non-Operating Revenues	\$3,115,847	\$1,856,201	\$1,259,646	67.86%
Transfers In	\$3,331,305	\$1,987,200	\$1,344,105	67.64%
Total Revenues	\$7,573,655	\$4,831,091	\$2,742,564	56.77%
Expenses				
Operating Expense	\$2,208,459	\$1,958,889	\$249,570	12.74%
G & A Expenses	\$596,753	\$432,020	\$164,733	38.13%
Non-operating Expenses	\$40,000	\$42,000	(\$2,000)	-4.76%
Capital Outlay	\$2,132,000	\$913,000	\$1,219,000	133.52%
Total Expenses	\$4,977,212	\$3,345,909	\$1,631,303	48.76%
Change in Net Position	\$2,596,443	\$1,485,182	\$1,111,261	74.82%
Transfers Out	(\$3,331,305)	(\$1,987,200)	(\$1,344,105)	67.64%
Net Income	(\$734,862)	(\$502,018)	(\$232,844)	46.38%
Beginning Net Position	\$13,479,722	\$13,479,439	(\$483,855)	-3.59%
Ending Net Position	\$14,876,860	\$13,479,722	(\$502,020)	-3.72%

Note: 2021 Net Position was restated

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

Budgeted Operating Revenues increased by \$138,813 between 2022-2023 primarily due to increased rates. The Rec Center membership rates were raised in 2023 to \$220/adult annual membership rate, with the last increase made in 2022. This means there is an anticipated income of \$1,397,138 in 2023 and with capital improvements of \$2,132,000, a total loss of \$734,682 for the Rec Center fund. Non-Operating Revenue increased by \$1,259,646 due to an anticipated increase in 2023 oil and gas property tax revenue.

Transfers out of the Governmental Fund and transfers into Proprietary Fund consisted of property taxes needed to fund operations, cover payroll, and perform capital improvements. The budgeted transfer of \$3,331,305 in 2023 is due to increases in operating expenditures and capital improvements.

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

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

The General and Administrative (G&A) budget includes advertising and promotion, computer, phone & internet services, property and liability insurance, workers compensation, management fees, accounting/finance, audit, legal fees, and contingency. Contingency of \$87,000 is included under General and Administrative expenses.

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

BASIC FINANCIAL STATEMENTS

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF NET POSITION

As of December 31, 2022

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	
			2022	2021
ASSETS				
Cash and Investments	\$ 3,136,332	\$ 1,403,827	\$ 4,540,159	\$ 4,419,329
Receivables				
Property Taxes	2,829,880	-	2,829,880	1,593,150
Accounts	-	-	-	4,640
Inventory	-	32,784	32,784	19,266
Capital Assets, Not Depreciated	-	2,643,468	2,643,468	2,368,468
Capital Assets, Depreciated				
Net of Accumulated Depreciation	-	6,431,871	6,431,871	6,714,163
TOTAL ASSETS	5,966,212	10,511,950	16,478,162	15,119,016
LIABILITIES				
Accrued Expenses	5,672	10,033	15,705	9,584
Accrued Compensated Absences	-	11,088	11,088	36,843
TOTAL LIABILITIES	5,672	21,121	26,793	46,427
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	2,829,880	-	2,829,880	1,593,150
NET POSITION				
Investment in Capital Assets	-	9,075,339	9,075,339	9,082,631
Restricted for Emergencies	85,900	-	85,900	96,800
Unrestricted	3,044,760	1,415,490	4,460,250	4,300,008
TOTAL NET POSITION	\$ 3,130,660	\$ 10,490,829	\$ 13,621,489	\$ 13,479,439

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

PARACHUTE/BATTELEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 461,979	\$ -	\$ 40,039	\$ -
Total Governmental Activities	461,979	-	40,039	-
Business-Type Activities				
Recreation Center	2,334,233	985,637	2,369	-
Total Business-Type Activities	2,334,233	985,637	2,369	-
Total Primary Government	<u>\$ 2,796,212</u>	<u>\$ 985,637</u>	<u>\$ 42,408</u>	<u>\$ -</u>
GENERAL REVENUES				
Property Taxes				
Specific Ownership Taxes				
Interest				
Other				
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.

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
		TOTALS	
		2022	2021
<u>\$ (421,940)</u>	<u>\$ -</u>	<u>\$ (421,940)</u>	<u>\$ (700,435)</u>
<u>(421,940)</u>	<u>-</u>	<u>(421,940)</u>	<u>(700,435)</u>
<u>-</u>	<u>(1,346,227)</u>	<u>(1,346,227)</u>	<u>(898,592)</u>
<u>-</u>	<u>(1,346,227)</u>	<u>(1,346,227)</u>	<u>(898,592)</u>
<u>(421,940)</u>	<u>(1,346,227)</u>	<u>(1,768,167)</u>	<u>(1,599,027)</u>
1,599,976	-	1,599,976	2,015,297
119,357	-	119,357	132,147
79,597	-	79,597	21,557
104,287	7,000	111,287	90,858
<u>(2,291,674)</u>	<u>2,291,674</u>	<u>-</u>	<u>-</u>
<u>(388,457)</u>	<u>2,298,674</u>	<u>1,910,217</u>	<u>2,271,574</u>
<u>(810,397)</u>	<u>952,447</u>	<u>142,050</u>	<u>660,832</u>
<u>3,941,057</u>	<u>9,538,382</u>	<u>13,479,439</u>	<u>12,818,607</u>
<u>\$ 3,130,660</u>	<u>\$ 10,490,829</u>	<u>\$ 13,621,489</u>	<u>\$ 13,479,439</u>

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	GENERAL FUND	
	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 3,136,332	\$ 3,938,743
Accounts Receivable	-	4,640
Property Taxes Receivable	2,829,880	1,593,150
TOTAL ASSETS	<u>\$ 5,966,212</u>	<u>\$ 5,536,533</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES		
LIABILITIES		
Accrued Expenses	\$ 5,672	\$ 2,326
TOTAL LIABILITIES	<u>5,672</u>	<u>2,326</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax Revenue	2,829,880	1,593,150
FUND EQUITY		
Restricted for Emergencies	85,900	96,800
Unassigned	3,044,760	3,844,257
TOTAL FUND EQUITY	<u>3,130,660</u>	<u>3,941,057</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	<u>\$ 5,966,212</u>	<u>\$ 5,536,533</u>

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

PARACHUTE/BATLEMENT MESA PARK AND RECREATION DISTRICT

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

	GENERAL FUND	
	2022	2021
REVENUES		
Property Taxes	\$ 1,599,976	\$ 2,015,297
Specific Ownership Taxes	119,357	132,147
Grants and Donations	40,039	116,423
Conservation Trust Fund	29,454	34,658
Interest	79,597	21,557
Other	74,833	64,697
	<u>1,943,256</u>	<u>2,384,779</u>
TOTAL REVENUES		
EXPENDITURES		
General Government	461,979	828,573
	<u>461,979</u>	<u>828,573</u>
TOTAL EXPENDITURES		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,481,277</u>	<u>1,556,206</u>
OTHER FINANCING SOURCES (USES)		
Transfer Out	<u>(2,291,674)</u>	<u>(1,373,893)</u>
NET CHANGE IN FUND BALANCE	(810,397)	182,313
FUND BALANCE, Beginning	<u>3,941,057</u>	<u>3,758,744</u>
FUND BALANCES, Ending	<u>\$ 3,130,660</u>	<u>\$ 3,941,057</u>

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

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

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

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,403,827	\$ 480,586
Total Current Assets	<u>1,403,827</u>	<u>480,586</u>
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	9,075,339	9,082,631
Inventory	<u>32,784</u>	<u>19,266</u>
TOTAL ASSETS	<u>10,511,950</u>	<u>9,582,483</u>
LIABILITIES		
Current Liabilities		
Accrued Expenses	10,033	7,258
Accrued Compensated Absences	<u>11,088</u>	<u>36,843</u>
TOTAL LIABILITIES	<u>21,121</u>	<u>44,101</u>
NET POSITION		
Investment in Capital Assets	9,075,339	9,082,631
Unrestricted	<u>1,415,490</u>	<u>455,751</u>
TOTAL NET POSITION	<u>\$ 10,490,829</u>	<u>\$ 9,538,382</u>

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

PARACHUTE/BAT*LEMENT MESA PARK AND RECREATION DISTRICT

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

OPERATING REVENUES	<u>2022</u>	<u>2021</u>
Charges for Services	\$ 841,074	\$ 873,125
Pro Shop Sales	118,640	111,887
Facility Rental	25,923	11,571
Miscellaneous	<u>7,000</u>	<u>3,218</u>
 TOTAL OPERATING REVENUES	 <u>992,637</u>	 <u>999,801</u>
 OPERATING EXPENSES		
Operations	<u>2,334,233</u>	<u>1,901,793</u>
 TOTAL OPERATING EXPENSES	 <u>2,334,233</u>	 <u>1,901,793</u>
 OPERATING LOSS	 <u>(1,341,596)</u>	 <u>(901,992)</u>
 NON-OPERATING REVENUES		
Grants and Contributions	<u>2,369</u>	<u>6,618</u>
 TOTAL NON-OPERATING REVENUES	 <u>2,369</u>	 <u>6,618</u>
 INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	 <u>(1,339,227)</u>	 <u>(895,374)</u>
 CONTRIBUTIONS AND TRANSFERS		
Transfers In	<u>2,291,674</u>	<u>1,373,893</u>
 TOTAL CONTRIBUTIONS AND TRANSFERS	 <u>2,291,674</u>	 <u>1,373,893</u>
 NET INCOME (LOSS)	 952,447	 478,519
 NET POSITION, Beginning	 9,538,382	 8,778,499
 Prior Period Adjustment	 <u>-</u>	 <u>281,364</u>
 NET POSITION, Ending	 <u>\$ 10,490,829</u>	 <u>\$ 9,538,382</u>

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

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 Year Ended December 31, 2022
 Increase (Decrease) in Cash and Cash Equivalents

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 992,637	\$ 999,801
Cash Paid to Suppliers	(1,952,984)	(1,416,447)
Net Cash Provided (Used) by Operating Activities	<u>(960,347)</u>	<u>(416,646)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grant and Contribution Revenue	2,369	6,618
Purchase of Capital Assets	(410,455)	(919,341)
Transfers from Other Funds	2,291,674	1,373,893
Net Cash Provided by Capital and Related Financing Activities	1,883,588	461,170
Net Increase (Decrease) in Cash and Cash Equivalents	923,241	44,524
CASH AND CASH EQUIVALENTS, Beginning	<u>480,586</u>	<u>436,062</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,403,827</u>	<u>\$ 480,586</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	<u>\$ (1,341,596)</u>	<u>\$ (901,992)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation and Amortization	409,937	461,463
Loss on disposal of assets	7,820	-
Changes in Assets and Liabilities		
Prepaid Expenses	-	12,893
Inventory	(13,518)	1,462
Accounts Payable	-	(422)
Accrued Expenses	2,775	(2,006)
Accrued Compensated Absences	(25,765)	11,956
Total Adjustments	<u>381,249</u>	<u>485,346</u>
Net Cash Used by Operating Activities	<u>\$ (960,347)</u>	<u>\$ (416,646)</u>

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

PARACHUTE/BATTELEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

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

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

The District reports the following major proprietary fund:

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

Cash and Investments

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

Investments are recorded at fair value.

Capital Assets

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

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

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Compensated Absences

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

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

Long-Term Obligations

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

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

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

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

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

Net Position

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The District does not report any nonspendable fund balance as of December 31, 2022.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Council. These amounts cannot be used for any other purpose unless the District Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District does not report any committed fund balances as of December 31, 2022.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

State Compliance

At December 31, 2022 actual expenditures in the General Fund exceeded budgeted amounts by \$116,269. This may be a violation of State statute.

NOTE 3: DEPOSITS AND INVESTMENTS

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

Petty Cash	\$ 1,570
Cash Deposits	275,509
Investments	<u>4,263,080</u>
Total	<u>\$ 4,540,159</u>

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

Governmental Activities	\$ 3,136,332
Business-Type Activities	<u>1,403,827</u>
Total	<u>\$ 4,540,159</u>

Deposits

Custodial Credit Risk – Deposits

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

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

At December 31, 2022, the District had deposits with financial institutions with a carrying amount of \$275,509. The bank balances with the financial institutions were \$315,092. Of these balances, \$250,000 was covered by federal depository insurance and \$65,092 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

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

Investments

Interest Rate Risk

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

Credit Risk

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

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

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

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

Local Government Investment Pools

The District had invested \$4,263,080 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank.

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

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

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs. The District has no investments requiring categorization as of December 31, 2022.

NOTE 4: CAPITAL ASSETS

	Balances <u>12/31/2021</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/2022</u>
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 2,578,468	\$ -	\$ -	\$ 2,578,468
Water Rights	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>65,000</u>
Total Capital Assets, not depreciated	<u>2,643,468</u>	<u>-</u>	<u>-</u>	<u>2,643,468</u>
Capital Assets, depreciated				
Buildings and Improvements	7,151,376	346,401	-	7,497,777
Equipment	<u>1,523,114</u>	<u>64,054</u>	<u>30,511</u>	<u>1,556,657</u>
Total Capital Assets, depreciated	<u>8,674,490</u>	<u>410,455</u>	<u>30,511</u>	<u>9,054,434</u>
Less: Accumulated Depreciation				
Buildings and Improvements	1,510,954	270,971	30,511	1,751,414
Equipment	<u>724,373</u>	<u>138,966</u>	<u>(7,810)</u>	<u>871,639</u>
Total Accumulated Depreciation	<u>2,235,327</u>	<u>409,937</u>	<u>(22,701)</u>	<u>2,622,563</u>
Total Capital Assets, depreciated, Net	<u>6,439,163</u>	<u>518</u>	<u>(22,701)</u>	<u>6,431,871</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 9,082,631</u>	<u>\$ 518</u>	<u>\$ (7,810)</u>	<u>\$ 9,075,339</u>

Depreciation expense in the amount of \$409,937 was charged to the recreation center, golf course and program activities.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

NOTE 5: LONG-TERM DEBT

Business-Type Activities

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

	Balance <u>12/31/21</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/22</u>	Due In <u>One Year</u>
Compensated Absences	\$ 36,843	\$ 29,129	\$ 54,884	\$ 11,088	\$ -

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

NOTE 6: RISK MANAGEMENT

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

NOTE 7: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

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

The District has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2022, the emergency reserve of \$85,900 was recorded in the General Fund.

NOTE 8: SUBSEQUENT EVENTS

Potential subsequent events were considered through July 12, 2023 We noted no significant items required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2022

	2022		VARIANCE Positive (Negative)	2021 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 1,593,151	\$ 1,599,976	\$ 6,825	\$ 2,015,297
Specific Ownership Taxes	135,000	119,357	(15,643)	132,147
Grants and Donations	9,500	40,039	30,539	116,423
Conservation Trust Fund	25,000	29,454	4,454	34,658
Interest	2,750	79,597	76,847	21,557
Other	40,000	74,833	34,833	64,697
TOTAL REVENUES	<u>1,805,401</u>	<u>1,943,256</u>	<u>137,855</u>	<u>2,384,779</u>
EXPENDITURES				
General Government				
Professional Services	172,400	168,186	4,214	165,800
Payroll Expense	8,100	8,201	-	206,037
Office Expense	11,220	10,105	1,115	36,203
Insurance	61,000	54,652	6,348	62,167
Treasurer Fees	42,000	38,818	3,182	40,724
Repair and Maintenance	22,500	28,971	(6,471)	168,069
Utilities	9,990	145,575	(135,585)	149,573
Other Expenses	18,500	7,471	11,029	-
TOTAL EXPENDITURES	<u>345,710</u>	<u>461,979</u>	<u>(116,269)</u>	<u>828,573</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,459,691</u>	<u>1,481,277</u>	<u>21,586</u>	<u>1,556,206</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	25,490	-	(25,490)	-
Transfer Out	<u>(1,987,200)</u>	<u>(2,291,674)</u>	<u>(304,474)</u>	<u>(1,373,893)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,961,710)</u>	<u>(2,291,674)</u>	<u>(329,964)</u>	<u>(1,373,893)</u>
NET CHANGE IN FUND BALANCE	<u>(502,019)</u>	<u>(810,397)</u>	<u>(308,378)</u>	<u>182,313</u>
FUND BALANCE Beginning	<u>3,941,057</u>	<u>3,941,057</u>	<u>-</u>	<u>3,758,744</u>
FUND BALANCE, Ending	<u>\$ 3,439,038</u>	<u>\$ 3,130,660</u>	<u>\$ (308,378)</u>	<u>\$ 3,941,057</u>

See the accompanying independent auditors' report.

INDIVIDUAL FUND SCHEDULES

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

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

	2022		VARIANCE Positive (Negative)	2021 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 879,190	\$ 841,074	\$ (38,116)	\$ 873,125
Facility Rental	15,600	25,923	10,323	11,571
Interest Income	1,200	-	(1,200)	-
Pro Shop Sales	99,000	118,640	19,640	111,887
Miscellaneous	-	7,000	7,000	3,218
Transfers In	1,961,710	2,291,674	329,964	1,373,893
Grants	35,000	-	(35,000)	-
Contribution Revenue	8,500	2,369	(6,131)	6,618
TOTAL REVENUES	3,000,200	3,286,680	286,480	2,380,312
EXPENDITURES				
Salaries and Benefits	1,164,599	1,171,930	(7,331)	892,004
Office Expense	40,000	15,368	24,632	35,184
Utilities	173,750	105,496	68,254	99,009
Recreation Center Operating Expense	64,000	34,113	29,887	57,090
Program Expense	16,350	21,624	(5,274)	-
Golf and Park Operating Expense	19,500	21,896	(2,396)	66,770
Repair and Maintenance Expenses	406,200	351,124	55,076	225,566
Pro Shop Operating Expense	75,500	41,928	33,572	62,675
Other	87,300	160,817	(73,517)	2,032
Capital Outlay	913,000	410,455	502,545	-
Contingency	40,000	-	40,000	-
TOTAL EXPENDITURES	3,000,199	2,334,751	665,448	1,440,330
NET INCOME (Budget Basis)	\$ 1	951,929	\$ 951,928	939,982
GAAP BASIS ADJUSTMENTS				
Capital Outlay		410,455		-
Depreciation		(409,937)		(461,463)
NET INCOME (LOSS), GAAP BASIS		952,447		478,519
NET POSITION, Beginning		9,538,382		8,778,499
Prior Period Adjustment		-		281,364
NET POSITION, Ending		\$ 10,490,829		\$ 9,538,382

See the accompanying independent auditors' report.