

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

BASIC FINANCIAL STATEMENTS

December 31, 2018

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Parachute/Battlement Mesa Park & Recreation District, as of and for the year ended December 31, 2018, which collectively comprise the basic financial statements of the District, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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 District, as of December 31, 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Parachute/Battlement Mesa Park & Recreation District's basic financial statements. Individual fund schedule listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated in all material respects in relation to the financial statements as a whole.

John Cutler & Associates, LLC

July 10, 2019



PARACHUTE BATTLEMENT MESA PARK & RECREATION DISTRICT MANAGEMENT DISCUSSION & ANALYSIS: 2018 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, 2018. 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 District.

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 oversees the PBM Trail Committee, whose budget is under the General Fund.

Since assuming operations, financial and management of BMGC and GVRC the District has spent approximately \$2,131,000 in capital expenditures & projects. In 2018 the District performed the following capital projects and/or made capital expenditures for a total of \$810,668:

- **COMMUNITY PARK:**
 - Canopies for picnic tables
 - Completion of park restroom

- **BATTLEMENT MESA GOLF CLUB:**
 - Pond Relocation design
 - Cooler & Refrigeration Area for Restaurant
 - 65 new Golf Carts – purchase vs. leasing
 - 2 new Greens Mowers

- **PBM TRAIL**
 - Constructed PBM Trail

• **GRAND VALLEY RECREATION CENTER:**

- Flooring for Weight Room
- Installed ADA Pool Lift
- New Computers and Printers
- Installed new Boiler
- Completed pool deck retile

The District's net position increased by \$1,028,832, with an increase in Capital Assets of \$810,668.

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.

Property tax revenue decreased from \$3,625,399 in 2016 to \$1,713,151 in 2018. Oil and gas abatements of \$176,594 were deducted from property tax revenue due to the Court ruling which allowed the oil and gas companies to recover taxes. Oil and gas property tax revenue comprises around 85% of the total tax revenue for the District. This loss of around \$1,912,248 in property taxes, or a 53% loss in property tax revenue, effects the District's ability to perform the extensive capital repairs that are needed. 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 and capital projects.

The District has no debt, but the Board may consider requesting a mill levy increase to offset the loss in property tax revenue.

2. Overview of the Financial Statements

The annual report consists of three parts:

- Management's Discussion and Analysis
- Financial Statements
- Supplementary Information

3. Required Financial Statements

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

Statement of Net Position

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

Statement of Revenues, Expenses and Changes in Net Position

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

Statement of Cash Flows

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

4. Financial Analysis of The District

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

5. Net Position

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

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

Condensed Statement of Net Position

	2018	2017	2018 - 2017 Change	
			\$	%
Current & Other Assets	\$6,008,484	\$5,042,938	\$965,546	19.1%
Capital Assets	\$6,999,892	\$6,453,448	\$546,444	8.5%
Total Assets	\$13,008,376	\$11,496,386	\$1,511,990	13.2%
Total Liabilities	\$69,908	\$ 54,615	\$15,293	28.0%
Deferred Inflow of Resources	\$2,361,560	\$1,893,695	\$467,865	24.7%
Net Position:				
Invested in capital assets net of related debt	\$6,999,892	\$6,453,448	\$546,444	8.5%
Restricted	\$99,000	\$89,000	\$10,000	11.2%
Unrestricted	\$3,478,016	\$3,005,628	\$472,388	15.7%
Total Net Position	\$10,576,908	\$9,548,076	\$1,028,832	10.8%
Total Liabilities, Deferred & Equity	\$13,008,376	\$11,496,386	\$1,511,990	13.2%

Current Assets increased by 19.1% primarily due to increased deposits in ColoTrust investments and a better rate of return on reserves. Even after depreciation, capital expenditures increased the Capital Asset position to almost \$7.0 million.

Total liabilities increased slightly to \$69,908, but the District has no long term debt and these short term liabilities are paid off within a few months. They are associated with employee paid leave time and golf course customer credits.

Invested in capital assets increased \$546,444 due to capital expenditures for golf carts, pond relocation, the PBM Trail project and rec center capital improvements. Restricted funds no longer include lease payment reserves and consists of the TABOR 3% restricted funds. Unrestricted funds increased close to \$500,000 and these funds can be utilized as needed and directed by the Board of Directors for capital projects. In 2018 the District's Net Position improved by \$1,028,832 due to reserves, capital improvements and grants of \$314,101, that helped offset capital improvements.

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

	<u>Gov't Funds</u>	<u>Proprietary Funds</u>	<u>All Funds</u>
Revenue			
Operating Revenue		\$817,501	\$817,501
Non-Operating Revenue	\$2,406,808	\$64,596	\$2,471,404
Total Revenues	\$2,406,808	\$882,097	\$3,288,905
Expenses			
Gov't Fund Expense	\$389,352		\$389,352
Operating Expense		\$1,870,721	\$1,870,721
Transfers Out	\$899,671		\$899,671
Total Expenses	\$1,289,023	\$1,870,721	\$3,159,744
Income/Loss before Transfers	\$1,117,785	-\$988,624	\$129,161
Transfers In		\$899,671	\$899,671
Net Income	\$1,117,785	-\$88,953	\$1,028,832
Beginning Balances (Adjusted)	\$1,050,857	\$8,497,219	9,548,076
Ending Balances	\$2,168,642	\$8,408,266	\$10,576,908

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.

As can be seen from the loss of \$988,624 in the Proprietary Fund, property taxes must be transferred from the Governmental Fund to the Proprietary Fund to fund operations, pay employees and provide funds for capital projects. Of note is that employee compensation to run the rec center, golf course and programs, was \$987,763 in 2018. This is obviously the same as the loss in the Proprietary Fund; which required that property tax revenue be used to cover payroll expenses.

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. Programs, primarily youth sports programs, continue to run at a loss of approximately \$150,000 per year. The Board understands this loss and believes it has an obligation to provide the youth of the District with these activities. Utilities expense in 2018 was a little over \$178,000 with 60% of that associated with the Grand Valley Recreation Center. The Rec Center and Golf Course exceeded their 2018 budget for revenue; however, payroll expense increased due to the increase in the hourly rate to \$10.20/hr. for 2018 vs. \$9.30 in 2017. The new minimum hourly rate in 2019 is \$11.10.

It is worth noting that since 2016 the District has received \$544,834 in grants from Garfield County Federal and Mineral Lease District, GOCO (Great Outdoors of Colorado), Garfield County and URSA. Also, the District receives approximately \$20,000+ per year from the Conservation Trust Fund; primarily from lottery revenue. These funds can be used for the acquisition, development and maintenance, and capital improvements for recreational purposes.

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 increased due to approximately \$550,000 in 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 2019 budget, including user fees and charges. The following table presents the changes in the District’s budget from 2018 to 2019.

2019 vs. 2018 Budget

	<u>2019</u>	<u>2018</u>	<u>2018 – 2019 Change</u>	
			<u>\$</u>	<u>%</u>
Revenues				
Operating Revenues	\$713,700	\$1,036,810	-323,100	-31.2%
Non-Operating Revenues	\$3,258,065	\$2,068,633	\$1,189,432	57.5%
Transfers In	\$1,494,466	\$1,443,889	\$50,577	3.5%
Total Revenues	\$5,466,231	\$4,549,332	\$916,899	20.2%
Expenses				
Operating Expense	\$1,827,400	\$1,601,389	\$226,011	14.1%
G & A Expenses	\$474,262	\$571,734	-\$97,472	-17.1%
Non-operating Expenses	\$92,000	0	\$92,000	
Capital Outlays	\$1,224,000	\$879,310	\$344,690	39.2%
Total Expenses	\$3,617,662	\$3,052,433	\$565,229	18.5%

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

Change in Net Position	\$1,848,569	\$1,496,899	\$351,670	23.5%
Transfers Out	<u>-\$1,494,466</u>	<u>\$1,443,889</u>	<u>\$50,577</u>	<u>3.5%</u>
Net Income	\$354,103	\$53,010	\$301,093	568%
Beginning Net Position	<u>\$6,576,725</u>	<u>\$6,523,715</u>	<u>\$53,010</u>	<u>.81%</u>
Ending Net Position	<u>\$6,930,828</u>	<u>\$6,576,725</u>	<u>\$354,103</u>	<u>5.4%</u>

Operating Revenues decreased by \$323,100 between 2018-2019 due to allocations in the Enterprise fund vs. Governmental fund. Non-Operating Revenue increased due to the District levying to recover the abatement from 2018 due to oil and gas; and the anticipation of \$600,000 from grants for the golf course pond relocation and PBM Trail.

Transfers out of the Governmental Fund and transfers into Proprietary Fund consisted of property taxes needed to fund operations and cover payroll. Approximately \$1,500,000 is needed annually to make up the deficit in user fees and memberships. 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. 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 and sports programs and activities, day-to-day operations; including wages, employee benefits, payroll taxes, 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 also increased expenses.

The G&A budget includes advertising and promotion, computer, phone & internet services, property and liability insurance, workers compensation, management fees, accounting, audit and legal fees and contingency. Contingency decreased by approximately \$50,000 from 2018 to 2019. Legal expenditures also decreased as the District Manager handles basic contracts and statutory filings. Also, the District held an election and expenses were budgeted for 2018 that were not required in 2019.

Non-Operating expenses include TABOR emergency reserve and Garfield County Treasurer's Fees. In 2018 they were consolidated into Non-Operating expenses.

It was anticipated that the District would start construction on the pond relocation project; thus, an increase in capital outlay of \$345,000. This may not occur until 2020.

BASIC FINANCIAL STATEMENTS

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF NET POSITION

As of December 31, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	
			2018	2017
ASSETS				
Cash and Investments	\$ 1,990,230	\$ 1,447,178	\$ 3,437,408	\$ 3,107,527
Receivables				
Property Taxes	2,361,560	-	2,361,560	1,893,695
Accounts	179,575	1,489	181,064	1,410
Prepaid Expenses	-	-	-	11,356
Interfund Balances	-	-	-	-
Inventory	-	28,452	28,452	28,951
Capital Assets, Not Depreciated	-	2,814,448	2,814,448	2,351,062
Capital Assets, Depreciated Net of Accumulated Depreciation	-	4,185,444	4,185,444	4,102,385
TOTAL ASSETS	4,531,365	8,477,011	13,008,376	11,496,386
LIABILITIES				
Accounts Payable	1,163	16,653	17,816	24,514
Accrued Expenses	-	52,092	52,092	9,234
Accrued Compensated Absences	-	-	-	20,867
TOTAL LIABILITIES	1,163	68,745	69,908	54,615
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	2,361,560	-	2,361,560	1,893,695
NET POSITION				
Net Investment in Capital Assets	-	6,999,892	6,999,892	6,453,448
Restricted for Emergencies	99,000	-	99,000	89,000
Unrestricted	2,069,642	1,408,374	3,478,016	3,005,628
TOTAL NET POSITION	\$ 2,168,642	\$ 8,408,266	\$ 10,576,908	\$ 9,548,076

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

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

<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	\$ 389,352	\$ -	\$ 314,101	\$ -
Total Governmental Activities	389,352	-	314,101	-
Business-Type Activities				
Recreation Center	1,870,721	817,203		-
Total Business-Type Activities	1,870,721	817,203	-	-
Total Primary Government	\$ 2,260,073	\$ 817,203	\$ 314,101	\$ -
			GENERAL REVENUES	
			Property Taxes	
			Specific Ownership Taxes	
			Interest	
			Other	
			Transfers	
			TOTAL GENERAL REVENUES	
			CHANGE IN NET POSITION	
			NET POSITION, Beginning	
			NET POSITION, Ending	

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

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
		TOTALS	
		2018	2017
\$ (75,251)	\$ -	\$ (75,251)	\$ (803,593)
(75,251)	-	(75,251)	(803,593)
-	(1,053,518)	(1,053,518)	(179,889)
-	(1,053,518)	(1,053,518)	(179,889)
(75,251)	(1,053,518)	(1,128,769)	(983,482)
1,713,151	-	1,713,151	1,968,178
143,420	-	143,420	151,910
-	64,596	64,596	29,618
236,136	298	236,434	34,105
(899,671)	899,671	-	-
1,193,036	964,565	2,157,601	2,183,811
1,117,785	(88,953)	1,028,832	1,200,329
1,050,857	8,497,219	9,548,076	8,347,747
\$ 2,168,642	\$ 8,408,266	\$ 10,576,908	\$ 9,548,076

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	GENERAL FUND	
	2018	2017
ASSETS		
Cash and Cash Equivalents	\$ 1,990,230	\$ 570,876
Due From Recreation Fund	-	500,280
Accounts Receivable	179,575	-
Property Taxes Receivable	2,361,560	1,893,695
Prepaid Expenses	-	11,356
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 4,531,365</u>	<u>\$ 2,976,207</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 1,163	\$ 1,554
Accrued Expenses	-	9,234
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>1,163</u>	<u>10,788</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax Revenue	<u>2,361,560</u>	<u>1,893,695</u>
FUND BALANCES		
Nonspendable	-	11,356
Restricted for Emergencies	99,000	89,000
Unassigned	<u>2,069,642</u>	<u>971,368</u>
	<hr/>	<hr/>
TOTAL FUND BALANCES	<u>2,168,642</u>	<u>1,071,724</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 4,531,365</u>	<u>\$ 2,976,207</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Fund Balance, government activities	2,168,642	1,071,724
Long-term liabilities are not due and payable in the current period and are not reported in the funds. This is the amount of compensated absences	<hr/>	<hr/>
	-	(20,867)
Net position of governmental activities	<u>\$ 2,168,642</u>	<u>\$ 1,050,857</u>

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

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2018

REVENUES	GENERAL FUND	
	2018	2017
Property Taxes	\$ 1,713,151	\$ 1,968,178
Specific Ownership Taxes	143,420	151,910
Grants and Donations	314,101	-
Conservation Trust Fund	20,155	-
Other	215,981	32,153
TOTAL REVENUES	<u>2,406,808</u>	<u>2,152,241</u>
EXPENDITURES		
General Government	<u>410,219</u>	<u>801,556</u>
TOTAL EXPENDITURES	<u>410,219</u>	<u>801,556</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,996,589</u>	<u>1,350,685</u>
OTHER FINANCING SOURCES (USES)		
Transfer Out	<u>(899,671)</u>	<u>(1,368,209)</u>
NET CHANGE IN FUND BALANCE	1,096,918	(17,524)
FUND BALANCE, Beginning	<u>1,071,724</u>	<u>1,089,248</u>
FUND BALANCES, Ending	<u>\$ 2,168,642</u>	<u>\$ 1,071,724</u>

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

PARACHUTE/BATTLEMENT MESA 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, 2018

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 1,096,918
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the change in compensated absences for the year.	<u>20,867</u>
Change in Net Position of Governmental Activities	<u>\$ 1,117,785</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, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,447,178	\$ 2,536,651
Accounts Receivable	1,489	1,410
Total Current Assets	<u>1,448,667</u>	<u>2,538,061</u>
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	6,999,892	6,453,447
Inventory	<u>28,452</u>	<u>28,951</u>
 TOTAL ASSETS	 <u>8,477,011</u>	 <u>9,020,459</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	16,653	22,960
Due to General Fund	-	500,280
Accrued Expenses	52,092	-
Total Current Liabilities	<u>68,745</u>	<u>523,240</u>
 TOTAL LIABILITIES	 <u>68,745</u>	 <u>523,240</u>
NET POSITION		
Net Investment in Capital Assets	6,999,892	6,453,447
Unrestricted	<u>1,408,374</u>	<u>2,043,772</u>
 TOTAL NET POSITION	 <u>\$ 8,408,266</u>	 <u>\$ 8,497,219</u>

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

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2018

	2018	2017
OPERATING REVENUES		
Charges for Services	\$ 722,998	\$ 636,242
Conservation Trust Fund	-	19,520.00
Pro Shop Sales	94,205	108,506
Facility Rental	-	13,564
Miscellaneous	298	1,952
	<u>817,501</u>	<u>779,784</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Operations	<u>1,870,721</u>	<u>1,197,362</u>
TOTAL OPERATING EXPENSES	<u>1,870,721</u>	<u>1,197,362</u>
OPERATING INCOME	<u>(1,053,220)</u>	<u>(417,578)</u>
NON-OPERATING REVENUES		
Interest Income	64,596	29,618
Contributions and Grant Revenue	-	239,641
TOTAL NON-OPERATING REVENUES	<u>64,596</u>	<u>269,259</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(988,624)</u>	<u>(148,319)</u>
CONTRIBUTIONS AND TRANSFERS		
Transfers In	<u>899,671</u>	<u>1,368,209</u>
TOTAL CONTRIBUTIONS AND TRANSFERS	<u>899,671</u>	<u>1,368,209</u>
NET INCOME (LOSS)	(88,953)	1,219,890
NET POSITION, Beginning	<u>8,497,219</u>	<u>7,277,329.00</u>
NET POSITION, Ending	<u>\$ 8,408,266</u>	<u>\$ 8,497,219</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, 2018
 Increase (Decrease) in Cash and Cash Equivalents

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 817,422	\$ 779,158
Cash Paid to Suppliers	(2,060,147)	(571,062)
Net Cash Provided (Used) by Operating Activities	<u>(1,242,725)</u>	<u>208,096</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contribution and Grant Revenue	-	239,642
Purchase of Capital Assets	(810,668)	(1,319,055)
Lease Principal Payments	-	(161,420)
Reclass Inventory	-	(28,951)
Transfers from Other Funds	899,671	1,368,209
Net Cash Provided by Capital and Related Financing Activities	<u>89,003</u>	<u>98,425</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>64,249</u>	<u>29,618</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,089,473)	336,139
CASH AND CASH EQUIVALENTS, Beginning	<u>2,536,651</u>	<u>2,200,512</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,447,178</u>	<u>\$ 2,536,651</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	<u>\$ (1,053,220)</u>	<u>\$ (417,578)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation and Amortization	265,069	221,067
Changes in Assets and Liabilities		
Accounts Receivable	(79)	(626)
Accounts Payable	(6,307)	11,683
Due to Other Funds	(500,280)	396,043
Accrued Expenses	52,092	(2,493)
Total Adjustments	<u>(189,505)</u>	<u>625,674</u>
Net Cash Used by Operating Activities	<u>\$ (1,242,725)</u>	<u>\$ 208,096</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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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 balances as of December 31, 2018.
- 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, 2018.
- 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, 2018

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, 2018

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2018 follows:

Petty Cash	\$ 1,365
Cash Deposits	91,715
Investments	<u>3,344,328</u>
 Total	 <u>\$ 3,437,408</u>

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

Governmental Activities	\$ 1,990,320
Business-Type Activities	<u>1,447,178</u>
 Total	 <u>\$ 3,437,408</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, 2018, 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, 2018, the District had deposits with financial institutions with a carrying amount of \$91,715. The bank balances with the financial institutions were \$56,716. The entire balance was covered by federal depository insurance.

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest, which include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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.

Local Government Investment Pools

The District had invested \$3,344,328 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, 2018

NOTE 4: CAPITAL ASSETS

	<u>Balances</u> <u>12/31/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/18</u>
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 2,694,218	\$ -	\$ -	\$ 2,694,218
Construction in Progress	55,270	-	-	55,270
Water Rights	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>65,000</u>
Total Capital Assets, not depreciated	<u>2,814,488</u>	<u>-</u>	<u>-</u>	<u>2,814,488</u>
Capital Assets, depreciated				
Buildings and Improvements	3,136,739	352,158	-	3,488,897
Equipment	<u>1,139,663</u>	<u>458,510</u>	<u>-</u>	<u>1,598,173</u>
Total Capital Assets, depreciated	<u>4,276,402</u>	<u>810,668</u>	<u>-</u>	<u>5,087,870</u>
Less: Accumulated Depreciation				
Buildings and Improvements	241,125	167,750	-	408,875
Equipment	<u>396,318</u>	<u>96,474</u>	<u>-</u>	<u>492,791</u>
Total Accumulated Depreciation	<u>637,442</u>	<u>264,224</u>	<u>-</u>	<u>901,666</u>
Total Capital Assets, depreciated, Net	<u>3,638,960</u>	<u>546,444</u>	<u>-</u>	<u>4,185,404</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 6,453,448</u>	<u>\$ 546,444</u>	<u>\$ -</u>	<u>\$ 6,999,892</u>

2018 depreciation expense of \$264,224 was charged to the recreation center, golf course and program activities.

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2018.

	<u>Balance</u> <u>12/31/17</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/18</u>	<u>Due In</u> <u>One Year</u>
Accrued Compensated Absences	<u>\$ 20,867</u>	<u>\$ -</u>	<u>\$ 20,867</u>	<u>\$ -</u>	<u>\$ -</u>

PARACHUTE/BATTLEMENT MESA PARK & RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: LONG-TERM DEBT (Continued)

Accrued Compensated Absences are being paid from resources generated by the Recreation Fund and were transferred from the General Fund in 2018.

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, 2018, the emergency reserve of \$99,000 was recorded in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

PARACHUTE/BATTLEMENT MESA PARK AND RECREATION DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2018

	2018		VARIANCE Positive (Negative)	2017 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 1,895,633	\$ 1,713,151	\$ (182,482)	1,968,178
Specific Ownership Taxes	138,000	143,420	5,420	151,910
Grants and Donations	-	314,101	314,101	-
Conservation Trust Fund	20,000	20,155	155	-
Interest	12,000	-	(12,000)	-
Other	3,000	215,981	212,981	32,153
TOTAL REVENUES	<u>2,068,633</u>	<u>2,406,808</u>	<u>338,175</u>	<u>2,152,241</u>
EXPENDITURES				
General Government				
Professional Services	169,024	150,925	18,099	141,984
Payroll	117,000	-	117,000	188,753
Utilities	-	-	-	169,863
Office Expense	18,710	61,990	(43,280)	65,048
Insurance	62,000	65,116	(3,116)	47,381
Treasurer Fees	60,000	34,343	25,657	39,378
Repair and Maintenance	-	50,162	(50,162)	99,570
Other Expenses	20,000	47,683	(27,683)	49,579
Contingency	125,000	-	125,000	-
TOTAL EXPENDITURES	<u>571,734</u>	<u>410,219</u>	<u>161,515</u>	<u>801,556</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,496,899</u>	<u>1,996,589</u>	<u>499,690</u>	<u>1,350,685</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	-	-
Transfer Out	<u>(1,443,889)</u>	<u>(899,671)</u>	<u>544,218</u>	<u>(1,368,209)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,443,889)</u>	<u>(899,671)</u>	<u>544,218</u>	<u>(1,368,209)</u>
NET CHANGE IN FUND BALANCE	<u>53,010</u>	<u>1,096,918</u>	<u>1,043,908</u>	<u>(17,524)</u>
FUND BALANCE Beginning	<u>(1,955,504)</u>	<u>1,071,724</u>	<u>3,027,228</u>	<u>1,089,248</u>
FUND BALANCE, Ending	<u>\$ (1,902,494)</u>	<u>\$ 2,168,642</u>	<u>\$ 4,071,136</u>	<u>\$ 1,071,724</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, 2018

	2018		VARIANCE Positive (Negative)	2017 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 652,950	\$ 722,998	\$ 70,048	\$ 636,242
Conservation Trust Fund	-	-	-	19,520
Facility Rental	14,800	-	(14,800)	13,564
Interest Income	24,010	64,596	40,586	29,618
Pro Shop Sales	10,500	94,205	83,705	108,506
Miscellaneous	-	298	298	1,952
Transfers In	1,443,889	899,671	(544,218)	1,368,209
Contribution Revenue	334,550	-	(334,550)	239,641
TOTAL REVENUES	<u>2,480,699</u>	<u>1,781,768</u>	<u>(698,931)</u>	<u>2,417,252</u>
EXPENDITURES				
Salaries and Benefits	929,288	987,763	(58,475)	646,673
Advertising	38,750	-	38,750	-
Engineering	20,000	-	20,000	2,625
Office Expense	8,849	-	8,849	-
Utilities	173,850	178,185	(4,335)	-
Rec Center Operating Expense	77,800	87,782	(9,982)	82,967
Rec Center Maintenance	56,000	-	56,000	-
Program Expense	23,200	29,453	(6,253)	33,873
Golf Course Operating Expense	24,401	13,429	10,972	16,632
Golf Maintenance Expenses	198,800	182,153	16,647	73,466
Pro Shop Operating Expense	6,500	125,677	(119,177)	107,218
Community Park Maintenance	43,301	-	43,301	4,364
Other	650	1,210	(560)	8,477
Capital Outlay	879,310	-	879,310	-
Debt Service				
Principal	-	-	-	161,420
TOTAL EXPENDITURES	<u>2,480,699</u>	<u>1,605,652</u>	<u>875,047</u>	<u>1,137,715</u>
NET INCOME (Budget Basis)	<u>\$ -</u>	<u>176,116</u>	<u>\$ 176,116</u>	<u>\$ 1,279,537</u>
GAAP BASIS ADJUSTMENTS				
Depreciation		<u>(265,069)</u>		
NET INCOME (LOSS), GAAP BASIS		<u>(88,953)</u>		
NET POSITION, Beginning		<u>8,497,219</u>		
NET POSITION, Ending		<u>\$ 8,408,266</u>		

See the accompanying independent auditors' report.