

**ELIZABETH PARK AND
RECREATION DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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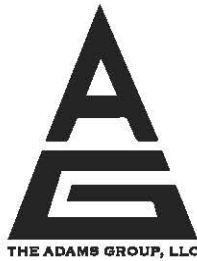
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Elizabeth Park and Recreation District
Elbert County, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, of the Elizabeth Park and Recreation District, (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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.

Auditors' 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 of 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 auditors' judgement, 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 District'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 District's internal control. Accordingly, we express no such opinion. 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, each major fund of the Elizabeth Park and Recreation District as of December 31, 2019, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

For the year ended December 31, 2018, The Elizabeth Park and Recreation District adopted the provisions of GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation of GASB Statement No. 75, Elizabeth Park and Recreation District reported a restatement for the change in accounting principle as of January 1, 2018. See Note 15 for further information. The January 1, 2017 balance was not restated for these changes in accounting principle due to the fact that information was not available to the District to restate net position as of January 1, 2017. Our opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the District's proportionate share of the net pension liability and schedule of employer contributions on pages 34 and 35 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 the Elizabeth Park and Recreation District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. Such information 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

June 13, 2019
Denver, Colorado

The Adams Group, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Elizabeth Parks and Recreation District
Management's Discussion and Analysis
December 31, 2019

As management of the Elizabeth Parks and Recreation District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2019.

FINANCIAL HIGHLIGHTS

- At the government-wide level, the assets of the District exceeded its liabilities at the close of 2019 by \$5,426,051, an increase of \$330,454 compared to the net position in 2018. Of this amount, the unrestricted net position of \$208,060 may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$510,814, a decrease of \$209,068. This significant decrease is due to \$537,162 related to capital outlay for the acquisition of Evans Park splash pad.
- As of December 31, 2019, fund balance of the District included \$238,185 as unassigned and available for operations; \$246,295 as restricted.
- At the end of the current year, unassigned fund balance for the General Fund was \$208,060 or 52% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

- 1) government-wide financial statements;
- 2) fund financial statements; and
- 3) notes to the financial statements.

This report also provides other supplementary information in addition to the financial statements themselves.

Government Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government and parks and recreation. The business-type activities of the District include recreation activities.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and enterprise funds.

Government Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The District's major governmental fund is the General Fund. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

General Fund

Administration of general District operations is accomplished through the General Fund. At the end of 2019, the fund balance was \$510,814, compared to the beginning balance of \$719,882, a decrease of \$209,068. Following is a listing of the General Fund departments listed by function.

Administrative Operations:

The District's expenditures related to the General Fund excluding capital outlay increased by 6.24% with the majority of the increase related to salaries and benefits for the District.

Proprietary Funds

The District has one Enterprise Fund.

The Proprietary Fund, an *Enterprise Fund*, is used to account for the proceeds from recreational services and park access fees. The net gain for the year was \$59,985, which resulted in an ending net position of \$379,374.

Schedules and Notes to the Financial Statements:

- The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages D1 through D27 of this report.
- The General fund budget presentation can be found at E1 and the pension and OPEB related reports can be found on E2 through E5.
- The budget presentation of the proprietary funds is shown on pages F1.

FINANCIAL ANALYSIS

The District uses fund accounting to ensure compliance with finance-related legal requirements. The District adopts an annually appropriated budget for each of its funds. Budgetary comparison statements have been provided to demonstrate compliance.

Government-wide Financial Analysis

As previously mentioned, the government-wide financial statements are designed to provide readers with a broad overview and long-term analysis of the District’s finances, in a manner similar to a private-sector business.

The following schedule summarizes the District’s net position as of December 31:

	Governmental Activities		Business Type Activities		Total	
	2019	Restated 2018	2019	Restated 2018	2019	Restated 2018
Program revenues:						
Charges for services	\$ -	\$ -	\$ 308,778	\$ 329,790	\$ 308,778	\$ 329,790
Operating grants and contributions	85,360	-	41	67,009	85,401	67,009
Capital grants and contributions	78,086	74,882	-	-	78,086	74,882
General revenues:						
Property taxes	496,722	475,985	-	-	496,722	475,985
Specific ownership taxes	97,901	87,576	-	-	97,901	87,576
Interest and other income	24,123	6,906	-	-	24,123	6,906
Total revenues	782,192	645,349	308,819	396,799	1,091,011	1,042,148
Expenses:						
General government	421,578	441,571	-	-	421,578	441,571
Culture and recreation	90,145	21,529	248,834	256,171	338,979	277,700
Total expenses	511,723	463,100	248,834	256,171	760,557	719,271
Change in Net Position	270,469	182,249	59,985	140,628	330,454	322,877
Net Position, January 1 Restated	4,776,248	4,593,999	319,349	178,721	5,095,597	4,772,720
Net Position, December 31	\$ 5,046,717	\$ 4,776,248	\$ 379,334	\$ 319,349	\$ 5,426,051	\$ 5,095,597

Traditionally, a government’s largest investment is in its capital assets: land, building, equipment, machinery, and specialized tools which are necessary to deliver and/or provide services to its residents and customers. Because capital assets may not be quickly converted to cash, these assets are not an available source of funding for future spending. In 2019, construction of the new Evans Park splash pad was completed at a cost of \$457,395 of which \$445,830 was incurred currently.

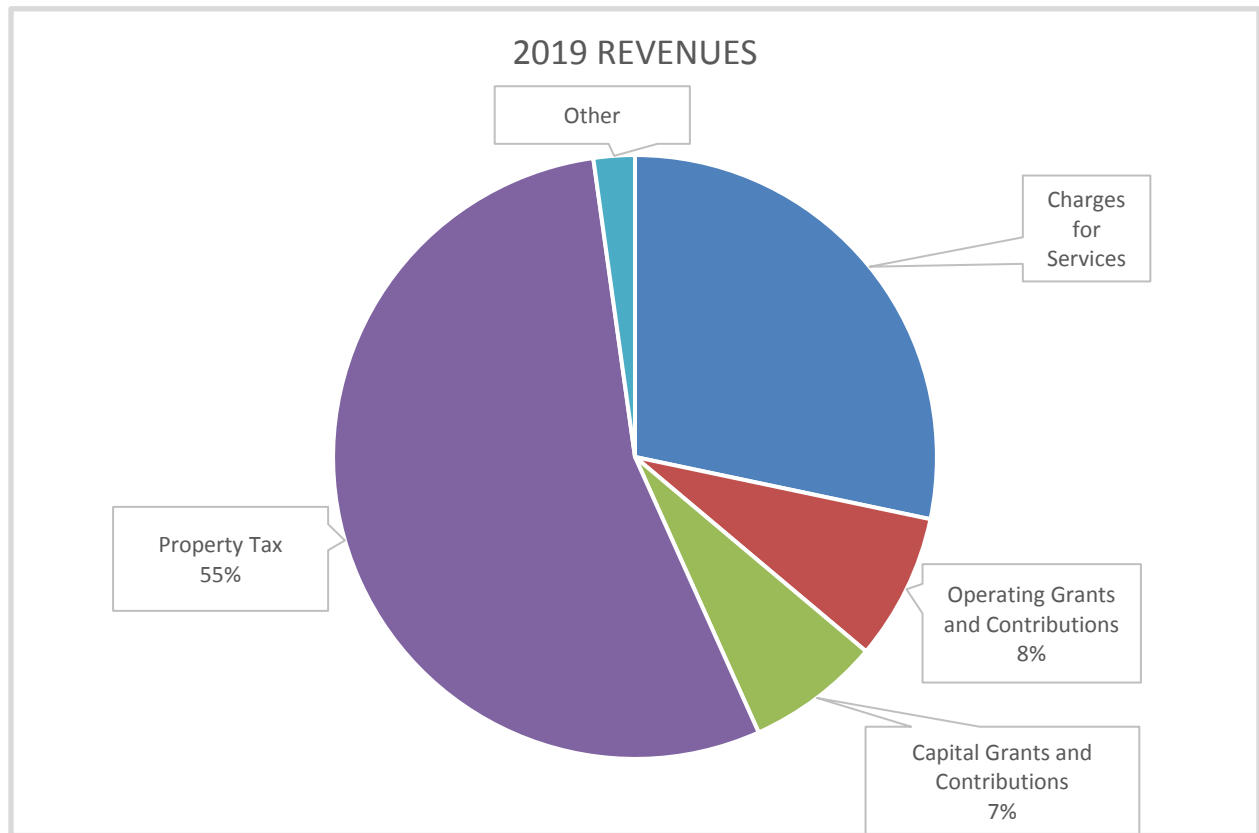
At the end of the 2019 fiscal year, the District’s net position was \$5,426,051; an increase of \$330,454 compared to the prior year balance. The restricted component of net position totals \$246,295, which was an increase of \$95,026 over 2018. The restrictions include 3% of fiscal spending, which has been reserved for emergencies regarding the Taxpayer’s Bill of Rights (“TABOR”) and restrictions related to the unspent Conservation Trust Funds. The District’s “equity” in capital assets (i.e., cost of capital assets, less accumulated depreciation and debt incurred to acquire those capital assets) increased to \$4,971,696 (92%) of total net position. The unrestricted balance of \$208,060 compared to the unrestricted balance of \$437,228 at the end of 2018. The decrease resulted from expenditures related to the acquisition of capital assets.

The following schedule summarizes the changes in the District’s net position during 2019:

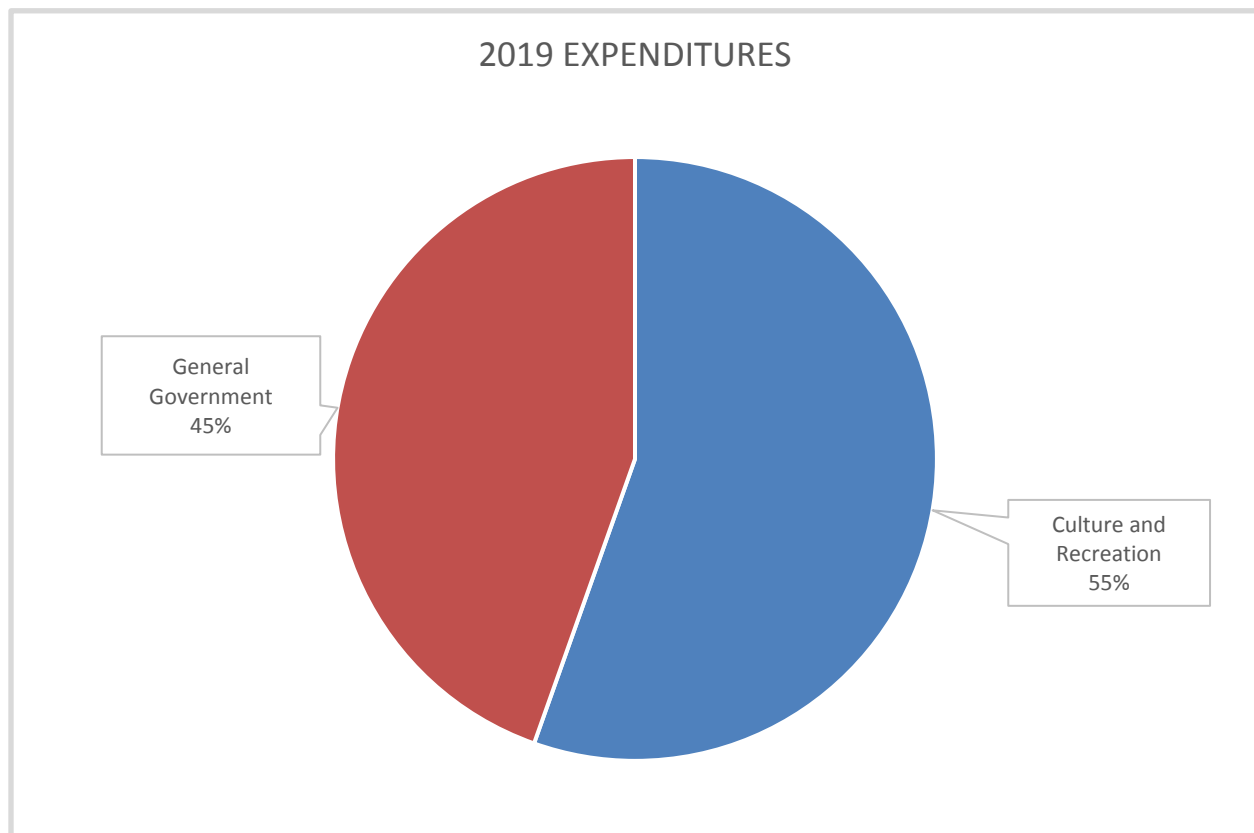
Elizabeth Parks and Recreation District's Change in Net Position

	Governmental Activities		Business Type Activities		Total	
	2019	Restated 2018	2019	Restated 2018	2019	Restated 2018
Program revenues:						
Charges for services	\$ -	\$ -	\$ 308,778	\$ 329,790	\$ 308,778	\$ 329,790
Operating grants and contributions	85,360	-	41	67,009	85,401	67,009
Capital grants and contributions	78,086	74,882	-	-	78,086	74,882
General revenues:						
Property taxes	496,722	475,985	-	-	496,722	475,985
Specific ownership taxes	97,901	87,576	-	-	97,901	87,576
Interest and other income	24,123	6,906	-	-	24,123	6,906
Total revenues	<u>782,192</u>	<u>645,349</u>	<u>308,819</u>	<u>396,799</u>	<u>1,091,011</u>	<u>1,042,148</u>
Expenses:						
General government	421,578	441,571	-	-	421,578	441,571
Culture and recreation	90,145	21,529	248,834	256,171	338,979	277,700
Total expenses	<u>511,723</u>	<u>463,100</u>	<u>248,834</u>	<u>256,171</u>	<u>760,557</u>	<u>719,271</u>
Change in Net Position	270,469	182,249	59,985	140,628	330,454	322,877
Net Position, January 1 Restated	<u>4,776,248</u>	<u>4,593,999</u>	<u>319,349</u>	<u>178,721</u>	<u>5,095,597</u>	<u>4,772,720</u>
Net Position, December 31	<u>\$ 5,046,717</u>	<u>\$ 4,776,248</u>	<u>\$ 379,334</u>	<u>\$ 319,349</u>	<u>\$ 5,426,051</u>	<u>\$ 5,095,597</u>

Total revenues in 2019 were 4.7% higher compared to the prior year for all revenue sources.



For 2019, the District increased funding to allow for the purchase of supplies, equipment, and vehicles as well as the continued investment in staff and training in support of the governmental activities and to enhance quality services.



Fund Financial Analysis

Aggregate fund balances at year-end which is represented by the General Fund showed a decrease of \$209,068 generally as a result of expenditures related to the construction of a splash pad as described earlier. The General Fund revenues increased by 21.2% of which approximates 13% is related to the recognition of developer fees in the General Fund rather than the Proprietary Fund.

Proprietary Fund charges for services decreased by 6.37%. The majority of the decrease is as a result of discontinuing the District’s RV dump station at Casey Jones Park.

Overall expenditures increased by 5.75% which was consistent with budgeted expectations.

Budget Variances and Amendments

The District did not amend its budget in 2019. The budget presentations are presented on schedules E1 and F1.

Capital Assets and Debt Administration

Capital Assets

The District’s investment in capital assets for its governmental activities as of December 31, 2019, equaled \$4,785,808. This is an increase of \$332,785 from the prior year. Additional information on the District’s capital assets can be found in Note 3 of the Notes to Financial Statements.

Long-Term Debt

The District's significant debt relates to its share of the Net Pension Liability for its Cost-Sharing Defined Benefit Plan as well as an additional OPEB Plan that the District participates in. The District's NPL balance at year end was \$480,690 which was an increase of \$136,029 over the reported balance for 2018. The increase resulted from the District's proportionate share of the plan increasing by 0.0073963% resulting in an increase of approximately \$92,000 in the District's NPL. In addition, the District's Deferred Outflows related to the pension increased by approximately \$205,000 for the year ended December 31, 2019. The major portion of the increase resulted from the District's share of the difference between projected and actual earnings which will be recognized over future periods. More information on the District's Defined Benefit Pension Plan can be found in Note 5 of the Notes to Financial Statements.

Next Year's Budget and Rates:

The District's General Fund balance at the end of fiscal year 2019 was \$510,814. A reserve is considered necessary to start the year and provide basic services to the residents of and visitors of the District. An adequate reserve at the year-end on which to operate government at a basic level is generally a minimum of three months or 25% of budgeted expenditures. At the end of 2019, the District's General Fund balance approximated 52% of actual 2019 General Fund expenditures. Most of the estimated expenses for the 2020 budget were consistent with 2019.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Elizabeth Park and Recreation District Finance Department, 34201 County Road 17, Elizabeth, Colorado 80107.

BASIC FINANCIAL STATEMENTS

ELIZABETH PARK AND RECREATION DISTRICT

Statement of Net Position

December 31, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and investments	\$ 746,487	\$ -	\$ 746,487
Property taxes receivable - current	26,615	-	26,615
Property taxes receivable - advance	578,584	-	578,584
Internal balances	(270,005)	270,005	-
Prepaid expenses	26,334	1,798	28,132
Total Current Assets	1,108,015	271,803	1,379,818
Capital Assets			
Nondepreciable	4,195,984	-	4,195,984
Depreciable, net of accumulated depreciation	589,824	185,888	775,712
Total Capital Assets	4,785,808	185,888	4,971,696
Total Assets	5,893,823	457,691	6,351,514
Deferred Outflows of Resources			
Deferred outflows relating to pensions	238,785	55,078	293,863
Deferred outflows relating to OPEB	10,113	2,333	12,446
Total Deferred Outflows of Resources	248,898	57,411	306,309
Liabilities			
Current Liabilities			
Accounts payable	11,311	19,637	30,948
Accrued liabilities	7,306	1,076	8,382
Total Current Liabilities	18,617	20,713	39,330
Long-term Liabilities			
Net pension liability	390,595	90,095	480,690
Net OPEB liability	32,966	7,604	40,570
Total Long-term Liabilities	423,561	97,699	521,260
Total Liabilities	442,178	118,412	560,590
Deferred Inflows of Resources			
Deferred property taxes	578,584	-	578,584
Deferred inflows of resources relating to pensions	74,797	17,253	92,050
Deferred inflows of resources relating to OPEB	445	103	548
Total Deferred Inflows of Resources	653,826	17,356	671,182
Net Position			
Net investment in capital assets	4,785,808	185,888	4,971,696
Restricted for:			
Emergency reserve	20,900	-	20,900
Conservation trust funds	225,395	-	225,395
Unrestricted	14,614	193,446	208,060
Total Net Position	\$ 5,046,717	\$ 379,334	\$ 5,426,051

The notes to the financial statements are an integral part of these financial statements

ELIZABETH PARK AND RECREATION DISTRICT

Statement of Activities

For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities							
General government	\$ 421,578	\$ -	\$ -	\$ -	\$ (421,578)	\$ -	\$ (421,578)
Parks and recreation	90,145	-	85,360	78,086	73,301	-	73,301
Total Governmental Activities	511,723	-	85,360	78,086	(348,277)	-	(348,277)
Business-type Activities							
Park programs	248,834	308,778	41	-	-	59,985	59,985
Total	<u>\$ 760,557</u>	<u>\$ 308,778</u>	<u>\$ 85,401</u>	<u>\$ 78,086</u>	<u>(348,277)</u>	<u>59,985</u>	<u>(288,292)</u>
General Revenues:							
					496,722	-	496,722
					97,901	-	97,901
					11,846	-	11,846
					12,277	-	12,277
					<u>618,746</u>	<u>-</u>	<u>618,746</u>
					270,469	59,985	330,454
					<u>4,776,248</u>	<u>319,349</u>	<u>5,095,597</u>
					<u>\$ 5,046,717</u>	<u>\$ 379,334</u>	<u>\$ 5,426,051</u>

The notes to the financial statements are an integral part of these statements

ELIZABETH PARK AND RECREATION DISTRICT

GOVERNMENTAL FUNDS

Balance Sheet

December 31, 2019

	<u>General</u>	<u>Total</u>
Assets		
Cash and investments	\$ 746,487	\$ 746,487
Accounts receivable:		
Taxes - current	26,615	26,615
Taxes - deferred	578,584	578,584
Prepaid expenses	26,334	26,334
	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,378,020</u>	<u>\$ 1,378,020</u>
Liabilities		
Accounts payable	\$ 11,311	\$ 11,311
Accrued payroll	7,306	7,306
Amounts due to other funds	270,005	270,005
	<u> </u>	<u> </u>
Total Liabilities	<u>288,622</u>	<u>288,622</u>
Deferred Inflows of Resources		
Deferred property taxes	578,584	578,584
	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>578,584</u>	<u>578,584</u>
Fund Balances		
Nonspendable:		
Prepaid expenses	26,334	26,334
Restricted for:		
Emergencies	20,900	20,900
Conservation Trust	225,395	225,395
Unassigned	238,185	238,185
	<u> </u>	<u> </u>
Total Fund Balance	<u>510,814</u>	<u>510,814</u>
	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of	<u>\$ 1,378,020</u>	<u>\$ 1,378,020</u>

The notes to the financial statements are an integral part of these statements

ELIZABETH PARK AND RECREATION DISTRICT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

December 31, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Fund balance of Governmental funds	\$ 510,814
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	4,785,808
Pension and OPEB liabilities and related deferred inflows and deferred outflows of resources are not current financial resources and, therefore, are not reported in the fund financial statements:	
Net pension and OPEB liability	(423,561)
Deferred outflows of resources relating to pensions and OPEB	248,898
Deferred inflows of resources relating to pensions and OPEB	<u>(75,242)</u>
Net Position of Governmental Activities	<u>\$ 5,046,717</u>

The notes to the financial statements are an integral part of these statements

ELIZABETH PARK AND RECREATION DISTRICT
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2019

	General	Total
Revenues		
Taxes	\$ 594,623	\$ 594,623
Intergovernmental revenues	85,360	85,360
Charges for services	78,086	78,086
Miscellaneous income	24,123	24,123
	782,192	782,192
Total Revenues		
Expenditures		
General government	454,098	454,098
Parks and recreation	-	-
Capital outlay	537,162	537,162
	991,260	991,260
Total Expenditures		
Net Change In Fund Balances	(209,068)	(209,068)
Fund Balances:		
Beginning of Year (Restated)	719,882	719,882
	719,882	719,882
End of Year	\$ 510,814	\$ 510,814

The notes to the financial statements are an integral part of these statements

ELIZABETH PARK AND RECREATION DISTRICT

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to
the Statement of Activities

For the Year Ended December 31, 2019

Amounts reported for governmental activities in the Statement of Activities
are different because:

Net change in fund balances - Total governmental funds	\$ (209,068)
Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful lives of the asset. Therefore, this is the amount of capital outlay, net of depreciation, in the current period.	
Depreciation expense	(41,646)
Capital outlay	537,162
Loss on asset disposal	(48,499)
Pension liability does not require use of current financial resources and therefore is not reported as expenditures in the governmental fund.	<u>32,520</u>
Change in Net Position of Governmental Activities	<u><u>\$ 270,469</u></u>

The accompanying notes are an integral part of these financial statements

ELIZABETH PARK AND RECREATION DISTRICT

PROPRETARY FUND

Statement of Net

Position

For the Year Ended December 31, 2019

Assets	
Current Assets	
Cash and investments	\$ -
Amounts due from other funds	270,005
Prepaid expenses	1,798
	<hr/>
Total Current Assets	271,803
	<hr/>
Capital Assets	
Buildings	288,044
Machinery and equipment	17,491
Parks	249,572
	<hr/>
	555,107
Less accumulated depreciation	(369,219)
	<hr/>
Total Capital Assets, Net of Accumulated Depreciation	185,888
	<hr/>
Deferred Outflows of Resources	
Deferred outflows relating to pensions	55,078
Deferred outflows relating to OPEB	2,333
	<hr/>
Total Deferred Outflows of Resources	57,411
	<hr/>
Total Assets	515,102
	<hr/>
Liabilities	
Current Liabilities	
Accounts payable	19,637
Accrued payroll	1,076
	<hr/>
Total Current Liabilities	20,713
	<hr/>
Long-term Liabilities	
Net pension liability	90,095
Net OPEB liability	7,604
	<hr/>
Total Long-term Liabilities	97,699
	<hr/>
Total Liabilities	118,412
	<hr/>
Deferred Inflows of Resources	
Deferred inflows of resources relating to pensions	17,253
Deferred inflows of resources relating to OPEB	103
	<hr/>
Total Deferred Inflows of Resources	17,356
	<hr/>
Net Position	
Net investment in capital assets	185,888
Unrestricted	193,446
	<hr/>
Total Net Position	\$ 379,334
	<hr/>

The notes to the financial statements are an integral part of these statements

ELIZABETH PARK AND RECREATION DISTRICT
PROPRETARY FUND
Statement of Revenue, Expenses and Changes in Net Position
For the Year Ended December 31, 2019

Operating Revenues	
Program revenue	\$ 308,778
Total Operating Revenues	308,778
Operating expenses	
Payroll and related costs	56,561
Other operating costs	181,997
Depreciation	10,275
Total Operating Expenses	248,834
Income From Operations	59,945
Nonoperating Revenues (Expenses)	
Other Income	40
Total Nonoperating Revenues (Expenses)	40
Net Income - Change in Net Position	59,985
Net Position - Beginning of Year Restated	319,349
Net Position - End of Year	\$ 379,334

The notes to the financial statements are an integral part of these financial statements

ELIZABETH PARK AND RECREATION DISTRICT

PROPRETARY FUND

Statement of Cash Flows

For the Year Ended December 31, 2019

Cash Flows From Operating Activities:	
Receipts from customers	\$ 308,778
Payments to suppliers	(363,910)
Payments to employees and related expenses	(62,987)
Payments to contract labor	<u>(21,510)</u>
Net Cash (Required) by Operating Activities	<u>(139,629)</u>
Cash Flows From Non Capital Financing Activities:	
Contributions	<u>41</u>
Net Cash Provided by Non Capital Financing Activities	<u>41</u>
Net (Decrease) in Cash and Cash Equivalents	(139,588)
Cash and Cash Equivalents, Beginning of Year	<u>139,588</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ -</u></u>
Reconciliation Of Operating Income (Loss) To Net Cash (Required) By Operating Activities	
Net income from operations	<u>\$ 59,945</u>
Adjustments To Reconcile Operating Income To Net Cash (Required) By Operating Activities	
Depreciation	10,275
Changes in Assets and Liabilities:	
(Increase) in prepaid expenses	(1,798)
(Increase) in due from other funds	(219,507)
Increase in accounts payable	17,881
Increase in accrued payroll	1,076
Change in net pension and OPEB liabilities and related deferred inflows/outflows of resources	<u>(7,500)</u>
Net Adjustments	<u>(199,573)</u>
Net Cash (Required) By Operating Activities	<u><u>\$ (139,628)</u></u>

The accompanying notes are an integral part of these financial statements

ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Elizabeth Park and Recreation District (“the District”), located in Elbert County, Colorado (the “County”), conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on July 9, 1986, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to develop and provide park and recreation facilities and services. The District’s primary revenues are property taxes and program services. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended GASB Statement No. 14, The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

Basis of Presentation

The accompanying financial statements are presented per GASB No. 34.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. *Governmental activities*, which are normally 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. For the most part, the effect of interfund activity has been removed from these statements.

The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position.

ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise 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 a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for the reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

The District reports the following major proprietary funds:

Proprietary Fund – The Proprietary Fund accounts for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item withing the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget incudes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers cash deposits with a maturity of three months or less to be cash equivalents. During 2019 the District incurred no noncash activities.

ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position:

Fair value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2019 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each funds' average equity balance in the total cash.

Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the Statement of Net Position.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. The District recognizes deferred outflows of resources related to pensions.

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents and acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of items that qualify for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also recognizes deferred inflow of resources related to pensions.

ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge.

Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Property, plant, and equipment are depreciated using the straight-line method. The lives of the assets range from 5 to 50 years.

Property Tax

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified by July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, and for proprietary fund types 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. Bonds payable are reported net of any bond premium or discount where applicable.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$26,334 represents prepaid expenditures.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$20,900 of the General Fund balance has been restricted in compliance with this requirement.

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Director.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District may report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, except for construction in progress, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflow of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the District will use the most restrictive net position first.

ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS

As of December 31, 2019, cash and investments are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ <u>746,487</u>

Cash and investments as of December 31, 2019, consist of the following:

Deposits with financial institutions	\$ 255,708
Investments - COLOTRUST	<u>490,779</u>
	\$ <u>746,487</u>

Deposits

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101 et. seq. The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed 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 institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2019, the carrying amount of the District's deposits was \$255,708 and the bank balance was \$265,425 of which \$250,000 was covered by FDIC insurance and \$15,425 was covered by the PDPA.

Investments

The District follows State statutes which allow the following investments:

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

**ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)
Investments

Credit risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado Statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Investment Valuation

Certain investments are measured at fair value 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 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 unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

As of December 31, 2019, the District had the following investments:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trust. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2019, COLOTRUST portfolio had a weighted average maturity of 47 to reset and 69 days to maturity. At December 31, 2019, the District had \$490,779 invested in COLOTRUST.

ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CAPITAL ASSETS

The following is a summary of the District's Governmental Activities capital assets as of December 31, 2019.

<u>Governmental Type Activities:</u>	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Capital assets not being depreciated:				
Land and buildings	\$ 1,521,013	\$ -	\$ (49,700)	\$ 1,471,313
Parks, landscaping	2,724,671	-	-	2,724,671
Total capital assets not being depreciated:	4,245,684	-	(49,700)	4,195,984
Capital assets being depreciated:				
Machinery, equipment	155,483	35,000	(25,457)	165,026
Parks, equipment	268,163	502,162	(42,997)	727,328
Total capital assets:	423,646	537,162	(68,454)	892,354
Depreciation	(330,539)	(41,646)	69,655	(302,530)
Net capital assets being depreciated:	93,107	495,516	1,201	589,824
Government type assets, net	<u>\$ 4,338,791</u>	<u>\$ 495,516</u>	<u>\$ (48,499)</u>	<u>\$ 4,785,808</u>

The District recognized depreciation of \$41,646 for the year ended December 31, 2019 which was allocated to Parks and Recreation.

The following is a summary of the District's Business Activities capital assets as of December 31, 2019.

<u>Business Type Activities:</u>	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Capital assets being depreciated:				
Land and buildings	\$ 288,044	\$ -	\$ -	\$ 288,044
Equipment	17,491	-	(1,400)	16,091
Park	249,572	-	-	249,572
Total capital assets	555,107	-	(1,400)	553,707
Depreciation	(358,944)	(10,275)	1,400	(367,819)
Business type assets, net	<u>\$ 196,163</u>	<u>\$ (10,275)</u>	<u>\$ -</u>	<u>\$ 185,888</u>

The District is responsible for the maintenance and repair of the capital assets.

**ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - INTERGOVERNMENTAL AGREEMENTS

On September 6, 2002, the District passed a resolution to consent to the overlapping of boundaries with Elbert and Highway 86 Metropolitan District and the District. On December 5, 2002, the District entered into an agreement with Elbert and Highway 86 Metropolitan District for the purpose of constructing park and recreation facilities within the District. Elbert and Highway 86 Metropolitan District shall construct a regional park and recreation fields, and related irrigated open space totaling approximately 7.37 acres located in the Elbert and Highway 86 Metropolitan District. Upon completion, the park and irrigation system shall be conveyed to Elizabeth Park and Recreation District with the exception of a trail within the park which shall be owned and operated by the Elbert and Highway 86 Metropolitan District. The irrigation water shall be supplied to Elizabeth Park and Recreation District at a substantially discounted usage rate. There shall be a \$1,500 Development Impact Fee collected at the issuance of each building permit and paid to the Elizabeth Park and Recreation District.

On August 17, 2004, the District entered into an agreement with the developer of land in the Spring Valley Metropolitan District. Spring Valley Metropolitan District will provide certain park and recreation services which will overlap the boundaries of Elizabeth Park and Recreation District therefore the developer has agreed to pay to Elizabeth Park and Recreation District, \$350 per residential lot at the time the building permits are issued.

On October 24, 2005, the District entered into an agreement with Pfeifer Johnson LLC, the developer of land in Britanie Ridge Metropolitan District. The boundaries of the Elizabeth Park and Recreation District and Britanie Ridge Metropolitan District overlap, therefore the develop of Britanie Ridge Metropolitan District shall pay a development impact fee of \$750 pe lot to the Elizabeth Park and Recreation District upon issuance of a building permit.

On August 21, 2007, the District entered in an agreement with Gold Creek Commons, LLC, the developer of land in Gold Creek Commons Metropolitan District. The boundaries of the Elizabeth Park and Recreation District and Cold Creek Metropolitan District overlap, therefore, the Developer of Gold Creek Metropolitan District shall pay a development impact fee of \$1,000 per lot to the Elizabeth Park and Recreation District upon issuance of a building permit.

On March 17, 2009, the District entered into a Development Fee Agreement with Ampaul LLC and Lake Real Estate, LLC, (the developers) developers of land within Ritoro Metropolitan District. The developers have agreed to pay Elizabeth Park and Recreation District \$10,000 at the signing of this agreement and a certain lump-sum amount once the final plat with in the Ritoro Metropolitan District is approved by the Town of Elizabeth, Colorado. The amount ranges from \$75,000 to \$125,000 depending on the year in which the final plat is approved. In 2017, this agreement was amended so the total amount of fees to be paid to the District will be \$135,000. A lump sum of \$25,000 will be paid upon execution of the amended agreement and then \$325 per lot for each of the 340 lots at the time the building permit is acquired.

In the year ended December 31, 2019, \$78,086 in fees were paid to Elizabeth Park and Recreation District from various developments.

**ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the LGDTF that were in effect on the LGDTF's December 31, 2018 measurement date are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employee contribution rates for the LGDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to members of the Local Government Division hired on or after January 1, 2019. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

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Plan Description

Eligible employees of the Elizabeth Park and Recreation District are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

**ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits provided as of December 31, 2018. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lessor of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

**ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5- DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Contributions provisions as of December 31, 2019: Eligible employees and Elizabeth Parks and Recreation District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of January 1, 2019 through December 31, 2019. The employer contribution requirements during the period of January 1, 2019 through December 31, 2019 are summarized in the table below :

	Rate
Employer contribution rate	10.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208 (1)(f)	(1.02)%
Amount apportioned to the LGDTF	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%
Total employer contribution rate to the LGDTF	12.68%

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Elizabeth Parks and Recreation District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Elizabeth Parks and Recreation District were \$32,498 for the year ended December 31, 2019.

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

At December 31, 2019 the Elizabeth Parks and Recreation District reported a liability of \$480,690 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The Elizabeth Parks and Recreation District proportion of the net pension liability was based on Elizabeth Parks and Recreation District contributions to the LGDTF for the calendar year 2018 relative to the total contributions of participating employers to the LGDTF.

**ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

At December 31, 2018, the Elizabeth Parks and Recreation District proportion was 0.0383453 percent, which was an increase of 0.0072796 from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019 the Elizabeth Parks and Recreation District recognized pension expense of \$43,668. At December 31, 2019, the Elizabeth Parks and Recreation District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$20,099	\$ 0
Changes of assumptions or other inputs	0	92,050
Net difference between projected and actual earnings on pension plan investments	154,649	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	86,017	0
Contributions subsequent to the measurement date	32,498	N/A
Total	\$293,263	\$92,050

\$32,498 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$ 63,958
2021	22,659

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 %
Real wage growth	1.10 %
Wage inflation	3.50 %
Salary increases, including wage inflation	3.50 – 10.45 %
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 %
Discount rate	7.25 %
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 % compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2018 to December 31, 2019:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

**ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

**ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$735,356	\$480,690	\$267,736

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

Changes between the measurement date of the net pension liability and December 31, 2019.

During the 2019 legislative session, the Colorado General Assembly passed HB 19-1217: *PERA Public Employees’ Retirement Association Local Government Division Member Contribution Rate*. The bill was signed into law by Governor Polis on May 20, 2019, and eliminates the 2 percent increase in the contribution rate for members in the Local Government Division mandated by SB 18-200.

**ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

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

ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)

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

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

PERA Benefit Structure

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

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

DPS Benefit Structure

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

**ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7- DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Elizabeth Park and Recreation District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Elizabeth Park and Recreation District were \$2,614 for the year ended December 31, 2019.

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

At December 31, 2019 the Elizabeth Park and Recreation District reported a liability of \$40,570 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The Elizabeth Park and Recreation District proportion of the net OPEB liability was based on Elizabeth Park and Recreation District contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the Elizabeth Park and Recreation District proportion was 0.0029812 percent, which was an increase of 0.0005759 from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Elizabeth Park and Recreation District recognized OPEB expense of \$3,548. At December 31, 2019, the Elizabeth Park and Recreation District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 147	\$62
Changes of assumptions or other inputs	285	486
Net difference between projected and actual earnings on OPEB plan investments	720	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	8,680	0
Contributions subsequent to the measurement date	2,614	N/A
Total	\$12,446	\$548

\$2,614 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended	
2020	\$1,831
2021	1,831
2022	1,831
2023	1,831
2024	1,304
Thereafter	50

Actuarial assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 %
Real wage growth	1.10 %
Wage inflation	3.50 %
Salary increases, including wage inflation	3.50 % in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 %
Discount rate	7.25 %
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 %
PERACare Medicare plans	5.00 %
Medicare Part A premiums	3.25 % for 2018, gradually rising to 5.00 % in 2025

**ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

DPS benefit structure:

Service-based premium subsidy	0.00 %
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$736	\$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

**ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

**ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

**ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	\$37,449	\$40,570	\$41,858

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

**ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$45,394	\$40,570	\$30,445

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

ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 TAX SPENDING AND DEBT LIMITATION

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

May 2, 2000, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

NOTE 9 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of , damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal year.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

ELIZABETH PARK AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 10 SUBSEQUENT EVENTS

NOTE 11 PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 2019, the District determined that the prior year's percentage used to allocate salaries for the purpose of calculating the District's Pension and OPEB liabilities were not consistent with the work being performed. As a result of the recalculation the net pension liability of Enterprise Fund was reduced by \$120,171 and the net OPEB liability of the Enterprise Fund was reduced by \$9,323 while the net position was increased by \$129,494. The Governmental Activities net pension liability and net OPEB liability were increased by the same amounts while net position was reduced by \$129,494

REQUIRED SUPPLEMENTARY INFORMATION

ELIZABETH PARK AND RECREATION DISTRICT
GENERAL FUND

Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 496,805	\$ 496,722	\$ (83)
Ownership taxes	94,250	97,901	3,651
Conservation trust grant	40,000	85,360	45,360
Development fees	71,000	78,086	7,086
Miscellaneous income	8,000	11,846	3,846
Interest income	2,750	12,277	9,527
	<hr/>	<hr/>	<hr/>
Total Revenues	712,805	782,192	69,387
Expenditures			
Payroll	161,000	230,154	(69,154)
Payroll taxes	2,335	3,152	(817)
PERA	45,123	28,960	16,163
Health insurance	15,000	13,108	1,892
Insurance	26,000	25,009	991
Supplies	2,700	6,019	(3,319)
Accounting and auditing	8,500	8,500	-
Directors fees	6,000	4,900	1,100
Memberships and associations	1,200	-	1,200
Training and professional development	2,000	2,000	-
Gas and oil	2,500	3,573	(1,073)
Legal	8,500	14,702	(6,202)
Service charges	-	4,317	(4,317)
Printing and copier	1,500	1,287	213
Professional services	33,500	45,591	(12,091)
Utilities	32,000	32,822	(822)
Repair and maintenance	20,000	14,023	5,977
Miscellaneous	500	1,469	(969)
Treasurer's fees	15,500	14,512	988
Capital outlay	546,000	537,162	8,838
Emergency reserve	11,643	-	11,643
	<hr/>	<hr/>	<hr/>
Total Expenditures	941,501	991,260	(49,759)
Net Change In Fund Balance	(228,696)	(209,068)	19,628
Fund Balance:			
Beginning of Year (Restated)	754,747	719,882	(34,865)
End of Year	<u>\$ 526,051</u>	<u>\$ 510,814</u>	<u>\$ (15,237)</u>

The notes to the financial statements are an integral part of these statements

ELIZABETH PARK AND RECREATION DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability - Cost-Sharing Defined Benefit Plan
Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0383453%	0.0309549%	0.0275032%	0.0219282%	0.0187518%	0.0172409%
District's proportional share of the net pension liability	\$ 480,690	\$ 428,125	\$ 371,387	\$ 242,956	\$ 168,074	\$ 141,879
District's covered payroll	256,293	254,937	204,031	166,704	181,673	116,288
District's proportionate share of the net pension liability as a percentage of its covered payroll	190.60%	167.93%	182.02%	145.74%	92.51%	122.01%
Plan fiduciary net position as a percentage of the total pension	75.96%	79.37%	73.60%	76.90%	80.70%	77.66%

* The amounts presented for each fiscal year were determined as of 12/31 of the prior year.

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

ELIZABETH PARK AND RECREATION DISTRICT

Schedule of District's Contributions - Cost - Sharing Defined Benefit Plan
Last 10 Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statorily Required Contribution	\$ 32,498	\$ 32,326	\$ 25,871	\$ 21,138	\$ 23,036	\$ 14,785	\$ 11,412
Contributions in Relation to the Statorily Required Contribution	<u>32,498</u>	<u>32,326</u>	<u>25,871</u>	<u>21,138</u>	<u>23,036</u>	<u>14,785</u>	<u>11,412</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 256,293	\$ 254,937	\$ 204,031	\$ 166,704	\$ 181,673	\$ 116,604	\$ 90,000
Contributions as a percentage of Covered Payroll	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

* Information for the prior 3 years in not available to report

ELIZABETH PARK AND RECREATION DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability - Cost-Sharing Defined Benefit OPEB
Plan
Last 10 Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability	0.0029812%	0.0024053%	0.0021112%
District's proportional share of the net OPEB liability	\$ 40,570	\$ 31,260	\$ 27,373
District's covered payroll	254,937	204,031	166,704
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	15.91%	15.32%	16.42%
Plan fiduciary net position as a percentage of the total OPEB	17.03%	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of 12/31 of the prior year.

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

ELIZABETH PARK AND RECREATION DISTRICT

Schedule of District's Contributions - Cost-Sharing Defined Benefit OPEB Plan
Last 10 Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statorily Required Contribution	\$ 2,614	\$ 2,600	\$ 2,081	\$ 1,700	\$ 1,853	\$ 1,189	\$ 918
Contributions in Relation to the Statorily Required Contribution	<u>2,614</u>	<u>2,600</u>	<u>2,081</u>	<u>1,700</u>	<u>1,853</u>	<u>1,189</u>	<u>918</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 256,293	\$ 254,937	\$ 204,031	\$ 166,704	\$ 181,673	\$ 116,604	\$ 90,000
Contributions as a percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

* Information for the prior 3 years in not available to report

SUPPLEMENTARY INFORMATION

ELIZABETH PARK AND RECREATION DISTRICT

PROPRETARY FUND

Budgetary Comparison Schedule - Non GAAP Basis

For the Year Ended December 31, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Program revenue	\$ 317,080	\$ 308,778	\$ (8,302)
Miscellaneous income	3,000	41	(2,959)
	<hr/>	<hr/>	<hr/>
Total Revenues	320,080	308,819	(11,261)
	<hr/>	<hr/>	<hr/>
Expenditures			
Contract labor	27,500	21,510	5,990
Concession costs	2,850	5,172	(2,322)
Cleaning supplies	350	350	-
Refunds	26,075	7,375	18,700
Dues, memberships	500	1,002	(502)
Professional development	1,200	994	206
Facility rental fees	1,850	1,312	538
Payroll	111,000	52,090	58,910
PERA	15,318	6,684	8,634
Payroll taxes	1,610	722	888
Health insurance	5,000	4,567	433
Computer, phones and IT	-	15,501	(15,501)
Miscellaneous expense	350	896	(546)
Utilities	40,000	47,330	(7,330)
Sales tax	825	366	459
Program supplies	25,000	34,366	(9,366)
Professional services	3,400	4,141	(741)
Recreation equipment	3,500	-	3,500
Repairs and maintenance	33,500	41,682	(8,182)
	<hr/>	<hr/>	<hr/>
Total Expenditures	299,828	246,060	53,768
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues			
Over Expenditures Before Reconciling Items	<u>\$ 20,252</u>	62,759	<u>\$ 42,507</u>
		(10,275)	
Depreciation		7,501	
Non cash pension and OPEB transactions		<hr/>	
		59,985	
Change in net position		<hr/>	
		319,349	
Net position beginning of year - Restated		<hr/>	
		\$ 379,334	
Net position end of year		<u><hr/></u>	

See the accompanying independent auditor's report