

PROSPECT RECREATION & PARK DISTRICT

—
**Financial Statements
and
Supplemental Information
Year Ended December 31, 2019 and 2018
with
Independent Auditor's Report**

L. PAUL GOEDECKE P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors
Prospect Recreation & Park District
Jefferson County, Colorado

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of Prospect Recreation & Park District as of and for the years ended December 31, 2019 and 2018 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Prospect Recreation & Park District at December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

The management's discussion and analysis information on pages III - V are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

L. Paul Goedecke P.C.

L. Paul Goedecke, P.C.
May 14, 2020

Management's Discussion and Analysis

As management of the Prospect Recreation & Park 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

- As of the close of the current fiscal year, the District's net position was \$ 13,587,065
- Net position increased by \$ 1,212,510.

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 financial statements. This report also contains other supplementary information in addition to the basic 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 liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 identify functions of the District that are principally to be supported by ad valorem taxes (*governmental activities*). The governmental activities of the District include the financing, construction of, and maintenance of governmental infrastructure including neighborhood/community parks and recreation facilities and services, and facilities constructed or acquired by the District.

The government-wide financial statements can be found on pages 1, 2 and 3 of this report.

Notes to 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 financial statements can be found on pages 5-17 of this report

Other information. A budgetary comparison statement has been provided in this section to demonstrate compliance with State budget law. The budget statements are found after the *basic financial statements* on pages 18-20 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$ 10,279,787 at the close of the most recent fiscal year.

Net Position

	<u>2019</u>	<u>2018</u>
Current assets	\$ 7,958,071	\$ 6,536,014
Capital assets	16,530,529	16,731,049
Total assets	<u>24,488,600</u>	<u>23,267,063</u>
Current liabilities	2,984,225	2,612,415
Total liabilities	<u>2,984,225</u>	<u>2,612,415</u>
Long Term Obligations	7,917,310	8,280,093
Investment in capital assets	8,263,219	8,125,956
Restricted	64,400	64,400
Unrestricted	5,259,446	4,184,199
Total net position	<u>\$ 13,587,065</u>	<u>\$ 12,374,555</u>

Change in Net Position

	<u>2019</u>	<u>2018</u>
Revenue		
Operating Revenue	\$ 546,597	\$ 461,895
Property taxes (net)	2,080,875	2,076,549
Specific ownership taxes	185,405	194,011
Investment income	112,713	86,920
Total revenue	<u>2,928,590</u>	<u>2,819,375</u>
Expenses		
General government (includes depreciation)	1,352,925	1,355,452
Debt Service costs	360,155	369,155
Total expenses	<u>1,713,080</u>	<u>1,724,607</u>
Change in net position	1,215,510	1,094,768
Net position – Beginning	12,374,555	11,279,787
Net position - Ending	<u>\$ 13,587,065</u>	<u>\$ 12,374,555</u>

Total net position increased by \$ 1,215,510 from the previous year.

New Year's Budgets and Rates

The District has appropriated \$ 3,647,380 for spending in the 2020 fiscal year budget. It is anticipated that beginning fund balances, property tax revenue, specific ownership tax revenue, recreation fees, grants and fee-in-lieu revenue will be sufficient to cover these expenditures.

Requests for Information

This financial report is designed to provide a general overview of the Prospect Recreation & Park District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Office of the Prospect Recreation & Park District
4198 Xenon Street
Wheat Ridge, CO 80033.

PROSPECT RECREATION & PARK DISTRICT

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Statement of Net Position
December 31, 2019 and 2018

ASSETS	2019	2018
Current Assets:		
Cash and investments	\$ 5,160,829	\$ 4,142,219
Investments – restricted	65,921	64,400
Current taxes	-	15,241
2019 taxes collectible in 2020	2,547,102	2,142,849
Accounts receivable AGC	125,388	117,651
Prepaid expenses/deposits	58,831	53,654
Total current assets	7,958,071	6,536,014
Capital Assets:		
Leasehold improvements	95,219	95,219
Applewood Golf course land	10,366,800	10,366,800
Applewood Golf course building	3,141,550	3,133,200
Park facilities	4,222,763	4,001,769
Water rights	297,820	297,820
Buildings	1,203,836	1,203,836
Land	1,156,316	1,156,316
Vehicles and equipment	333,751	333,751
Computer equipment	21,719	21,719
Accumulated depreciation	(4,309,245)	(3,879,381)
Total capital assets	16,530,529	16,731,049
Total assets	24,488,600	23,267,063
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	60,260	117,048
Prepaid fees	11,615	14,870
Accrued expenses	4,601	-
Accrued sick and vacation pay	7,647	9,648
Deposits (net)	3,000	3,000
Current portion of long-term obligations	350,000	325,000
Total current liabilities	437,123	469,566
Long-Term Obligations	7,917,310	8,280,093
Deferred Inflows of Resources		
Property tax revenue	2,547,102	2,142,849
Total deferred inflows of resources	2,547,102	2,142,849
Net position:		
Investment in capital assets	8,263,219	8,125,956
Restricted	65,921	64,400
Unrestricted	5,257,925	4,184,199
Total net position	13,587,065	12,374,555
Total liabilities and net position	\$ 24,488,600	\$ 23,267,063

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

PROSPECT RECREATION & PARK DISTRICT

**Statement of Revenues, Expenses and Changes in Net Position
December 31, 2019 and 2018**

	2019	% of Total Revenue	2018	% of Total Revenue
Operating revenue:				
Fee in lieu revenue	\$ -	0.00%	\$ -	0.00%
Lottery/conservation trust	57,435	2.24%	50,328	2.05%
Golf Course Revenue base rent	174,700	6.81%	167,892	6.85%
Golf Course Percentage rent	125,388	4.89%	117,651	4.80%
Golf Course water lease revenue	24,476	0.95%	25,113	1.02%
Water lease expenses	(63,145)	-2.46%	(64,379)	-2.63%
Recreation fees	118,214	4.61%	124,378	5.08%
GOCO Grant	50,000	1.95%	-	0.00%
Other revenue/donations	59,529	2.32%	40,912	1.67%
Total operating revenues	546,597	21.31%	461,895	18.85%
Operating expenses:				
Personnel and related expenses	410,819	16.01%	407,576	16.63%
General and administrative	211,836	8.26%	309,060	12.61%
Repairs and maintenance	300,407	11.71%	235,794	9.62%
Total operating expenses	923,062	35.98%	952,430	38.87%
Operating income (loss) before depreciation	(376,465)	-14.67%	(490,535)	-20.02%
Depreciation	(429,863)	-16.76%	(403,022)	-16.45%
Income (loss) from operations	(806,328)	-31.43%	(893,557)	-36.47%
Non-operating revenues and expenses				
Taxes – property, current	1,277,884	49.81%	1,276,806	52.11%
Taxes – debt service	834,937	32.55%	831,387	33.93%
Taxes – specific ownership	185,405	7.23%	194,011	7.92%
Interest income	112,713	4.39%	86,920	3.55%
Bond interest (net of premium amortization)	(360,155)	-14.04%	(369,155)	-15.07%
Treasurer fees	(31,946)	-1.25%	(31,644)	-1.29%
	2,018,838	78.69%	1,988,325	81.15%
Change In Net Position:	1,212,510	47.26%	1,094,768	44.68%
Beginning of Year	12,374,555		11,279,787	
End of year	\$ 13,587,065		\$ 12,374,555	

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

PROSPECT RECREATION & PARK DISTRICT

**Statement of Cash Flows
December 31, 2019 and 2018**

	2019	2018
Cash flows from operating activities:		
Receipts from customers/grants/lottery and other	\$ 535,629	\$ 455,338
Payment for operating expenses	(982,450)	(847,198)
Net cash provided (required) by operating activities	(446,821)	(391,860)
Cash flows from non-capital financing activities:		
Taxes – property and specific ownership - net	2,281,521	2,269,060
Net cash provided by non-capital financing activities	2,281,521	2,269,060
Cash flows from capital financing activities:		
Debt Principal reduction	(325,000)	(300,000)
Interest on Debt	(372,938)	(381,938)
Acquisition of capital assets/work in progress	(229,344)	(346,097)
Net cash flows from capital financing activities	(927,282)	(1,028,035)
Cash flows from investing activities:		
Interest income	112,713	86,920
Net cash provided (required) from investing activities	112,713	86,920
Net increase (decrease) in cash and equivalents	1,020,131	936,085
Cash and equivalents – beginning of year	4,206,619	3,270,534
Cash and equivalents – end of year	\$ 5,226,750	\$ 4,206,619
Reconciliation of operating income(loss) to net cash provided (required) by operating activities:		
Loss from operations	(806,328)	(893,557)
Adjustments to reconcile loss from operations to net cash flows provided (required) by operating activities:		
Depreciation	429,863	403,022
(Increase) decrease in assets:		
Prepaid expenses	(2,677)	(4,482)
Accounts receivable	(7,737)	(7,387)
Increase (decrease) in liabilities:		
Accounts payable - operating	(56,788)	108,655
Deposits	(2,500)	(700)
Accrued expenses	2,600	1,059
Prepaid fees	(3,255)	1,530
Net cash provided (required) by operating activities	\$ (446,822)	\$ (391,860)

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

PROSPECT RECREATION & PARK DISTRICT

Notes to Financial Statements December 31, 2019 and 2018

Note 1: Definition of Reporting Entity

The District, a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Jefferson County, Colorado. The District was established as a Title 32 Special District to provide park and recreation services on January 1, 2000. Prior to January 1, 2000 the District was a component unit of Jefferson County acting as a Title 30 Special District.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organization and functions should be included within the reporting entity. GASB pronouncements set forth the financial accountability 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 District is not financially accountable for any other organization, nor is the District a component unit of any other governmental entity.

Note 2: Summary of Significant Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund as defined by Governmental Accounting Standards. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

The District has elected to follow GASB pronouncements. During the year ended December 31, 2004 the District adopted provisions of Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The Statement establishes new financial reporting which requires governmental entities that use proprietary fund accounting, such as the District, to recognize capital contributions on the Statement of Revenue, Expenses and Change in Net Assets.

PROSPECT RECREATION & PARK DISTRICT

Notes to Financial Statements December 31, 2019 and 2018

Note 2: Summary of Significant Accounting Policies (Continued)

The more significant accounting policies of the District are described as follows:

- a) Basis of Accounting – The District’s records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for property, plant and equipment are shown as increases in net assets.
- b) Property, Plant and Equipment – Property, plant and equipment are recorded at cost except for those assets that have been transferred from Jefferson County which are stated at estimated fair market value as determined by Jefferson County. These assets are being depreciated over their estimated useful lives on a straight-line basis. Donated land has been recorded at its appraised value and the donation is reflected as non-operating revenue.
- c) Property Taxes – Property taxes are levied by the District 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 before December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of December 31 of each 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 in August and generally sales of the tax liens on delinquent properties are held in November. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectable taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

- d) Compensated Absences – The District’s financial statements include a provision for vacations earned but not taken by District employees.

PROSPECT RECREATION & PARK DISTRICT

Notes to Financial Statements December 31, 2019 and 2018

Note 2: Summary of Significant Accounting Policies (Continued)

- e) Budgets – In accordance with the State Budget Law, 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 within the total appropriation without notification. The appropriation can be modified only upon completion of notice and hearing requirements. The appropriation is at the total fund expenditures level and lapses at year end.

Encumbrance accounting (open purchase orders, contracts in process and other commitments for the expenditures of funds in future periods) is not used by the District for budget or financial reporting purposes.

- f) Cash Equivalents – The District considers cash deposits and highly liquid investments with original maturities of three months or less to be cash equivalents.

PROSPECT RECREATION & PARK DISTRICT

**Notes to Financial Statements
December 31, 2019 and 2018**

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2018 follows:

<u>By Classification</u>	Balance 12/31/2019	Additions	Reduction	Balance 12/31/2019
Applewood Golf course	\$ 13,500,000	\$ -	\$ -	\$ 13,500,000
Park facilities	4,096,988	220,993	-	4,317,981
Water Rights	297,820	-	-	297,820
Buildings and improvements	1,203,836	8,350	-	1,212,186
Land	1,156,316	-	-	1,156,316
Vehicles and equipment	333,751	-	-	333,751
Computer equipment	21,719	-	-	21,719
	20,610,430	229,343	-	20,839,773
Accumulated depreciation	(3,879,381)	(429,863)	-	(4,309,244)
Net capital assets	\$ 16,731,049	\$ (200,520)	\$ -	\$ 16,530,529

Note 4: Cash and Investments

Cash and investments as of December 31, 2019 are classified in the accompanying financial statement as follows:

Statement of net assets:

Cash and investments – unrestricted	\$ 5,160,829
Cash and investments – restricted	65,921
	<u>\$ 5,226,750</u>

Cash and equivalents, per the Statement of Cash Flows as of December 31, 2019 consist of the following:

Petty cash	\$ 100
Deposits with financial institutions	259,233
Federated Gov't Oblig Fund held by Bank of Oklahoma	338,562
Investments – ColoTrust*	4,628,815
	<u>\$ 5,226,750</u>

*The District has \$65,921 held in a ColoTrust account which represents fees in lieu which are pending determination by the County as to their allowable use.

PROSPECT RECREATION & PARK DISTRICT

Notes to Financial Statements December 31, 2019 and 2018

Note 4: Cash and Investments (Continued)

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners 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 District's cash deposits had a bank balance of \$255,365 and a carrying balance of \$256,233.

Custodial Credit Risks – Deposits

As of December 31, 2018, none of the District's bank balance of \$255,365 were exposed to custodial credit risk as all deposits are either insured through the FDIC or collateralized with securities held by the pledging financial institution through PDPA.

PROSPECT RECREATION & PARK DISTRICT

Notes to Financial Statements December 31, 2019 and 2018

Note 4: Cash and Investments (Continued)
Investments

Credit Risk

The District has not adopted a formal investment policy, however, the District follows state statutes regarding investments.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM funds Governmental Select series) and money market funds (generally held by Bank Trust Departments in their role as Paying Agent or Trustee), and Colotrust, which record their investments at amortized cost.

Colorado State statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

The District generally limits its concentration of investments to those noted with an asterisk (*) above, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk.

The local government investment pools include the Colorado Local Government Liquid Assets Trust (ColoTrust) rated AAAM by Standard & Poor's.

PROSPECT RECREATION & PARK DISTRICT

Notes to Financial Statements December 31, 2019 and 2018

Note 4: Cash and Investments (Continued)

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors, such actions are generally associated with a debt service or sinking fund requirements.

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

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Colorado Liquid Asset Trust (ColoTrust)	Weighted average Under 60 days	\$ 4,628,815
Federated Government Obligation Fund		338,561

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioners administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities 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 any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

PROSPECT RECREATION & PARK DISTRICT

Notes to Financial Statements December 31, 2019 and 2018

Note 4: Cash and Investments (Continued)

Federated Government Obligation Fund

At December 31, 2019 the District had investments held by the Bank of Oklahoma (BOK) invested in a Federated Government Obligation Fund in the amount of \$338,561. The Obligation Fund invests primarily in short term U.S. Treasury and government securities which includes repurchase agreements collateralized by U.S. Treasury and Government Securities. The fund is rated AAA from Moodys, Standard and Poors, and Fitch.

Concentration of Credit Risk

The District does not have a policy that addresses limitations on the amount that can be invested in any one issuer, however, the District invests primarily in local government investment pools and/or U.S. securities, which are not subject to concentration of credit risk.

Note 5: Long Term Obligations

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2019

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019	Current Portion
General Obligation Bonds Series 2016	\$ 8,375,000	\$ -	\$ 325,000	\$ 8,050,000	\$ 350,000
Unamortized premium on Bonds	230,093	-	12,783	217,310	-
	<u>\$ 8,605,093</u>	<u>\$ -</u>	<u>\$ 337,783</u>	<u>\$ 8,267,310</u>	<u>\$ 350,000</u>

The detail of the District's long-term obligations is as follows:

On December 14, 2016 the District issued \$ 9,000,000 of Taxable Series 2016 General Obligation – Bonds with a premium of \$ 255,659. Proceeds from the bond issue along with \$ 4,100,000 of grant revenues (\$3,000,000 of GOCO and \$1,100,000 of Jeffco Open Space Funds) and \$400,000 of district funds were used to acquire the Applewood Golf course property.

PROSPECT RECREATION & PARK DISTRICT

Notes to Financial Statements December 31, 2019 and 2018

Note 5: Long Term Obligations (Continued)

The Bonds have a maturity date of December 1, 2036 and bear interest ranging from 3.0% to 5.0% payable semi-annually on June 1 and December 1 of each year beginning on June 1, 2018. Principal payments are due annually on December 1, beginning on December 1, 2018. The Bonds are general obligations of the District and are secured by the Districts full faith and credit. All taxable property within the District is subject to ad valorem taxation without limitation as to rate or amount and in an amount sufficient to pay the principal and interest on the bonds when due.

Optional Redemption

The Bonds are subject to redemption prior to maturity at the option of the District, in whole or in part in integral multiples of \$5,000, on December 1, 2026 or on any date thereafter, at a redemption price equal to the par amount thereof (with no redemption premium) plus accrued interest to the redemption date.

The Districts long-term obligations will mature as follows:

	Principal	Interest	Total
2020	\$ 350,000	\$ 363,188	\$ 713,188
2021	350,000	352,688	702,688
2022	350,000	340,438	690,438
2023	375,000	329,063	704,063
2024	400,000	315,000	715,000
2025-2029	2,145,000	1,326,750	3,471,750
2030-2034	2,760,000	757,750	3,517,750
2035-2036	1,320,000	99,750	1,419,750
	<u>\$ 8,050,000</u>	<u>\$ 3,884,627</u>	<u>\$ 11,934,627</u>

Note 6: Risk Management

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2019. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

PROSPECT RECREATION & PARK DISTRICT

**Notes to Financial Statements
December 31, 2019 and 2018**

Note 6: Risk Management (Continued)

The District pays annual premiums to the Pool for liability, property and public officials liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members.

Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Note 7: Retirement Plan

The District provides retirement for its employees through contributions to the Colorado Retirement Association (CRA) a defined contribution retirement fund. The Plan is funded by both the District and the employee to provide retirement benefits as well as death and disability benefits. The District as well as the employee each contributes 6% of their eligible salary to the plan.

Active employees not currently receiving benefits	<u>3</u>
Total participants	<u>3</u>

Employees eligible to participate in the plan are defined as having 24 or more hours per week for five or more months out of the calendar year and upon completion of 12 months of service. (The precise terms are described in the Districts Personnel Policy Manual). The employee vesting schedule is as follows:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1	20%
2	40%
3	60%
4	80%
5 or more	100%

The District contributed \$ 17,662 during the year 2019.

PROSPECT RECREATION & PARK DISTRICT

Notes to Financial Statements December 31, 2019 and 2018

Note 8: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's 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 businesses 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.

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.

The District voters authorized the District to collect, retain and spend all revenue and other funds collected from any source effective January 1, 2000 and continuing thereafter without regard to any expenditure, revenue raising, or other limitation contained within TABOR or other state law.

The District's management believes it is in compliance with the 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.

Note 9: Intergovernmental Agreements

The District has entered into an intergovernmental agreement with Jefferson County, Colorado dated March 28, 2000 by which the County has conveyed to the District by Commissioners' Deeds the following properties: Arapahoe Park, part of Maple Grove Park, Applewood Park, Crestview Arena, Prospect Arena, Prospect West Tennis Courts and associated water rights.

The 'real properties' have been valued at the acquisition costs originally paid during the period when Prospect Recreation District was a part of the County.

The Water Rights values are based on the current 'estimated market values,' not appraised values. However, the 'market values' of some of these water rights are based on the District being in possession of certificates of ownership.

PROSPECT RECREATION & PARK DISTRICT

Notes to Financial Statements December 31, 2019 and 2018

Note 9: Intergovernmental Agreements (continued)

The District entered into an intergovernmental agreement with APEX, formally known as North Jeffco Park and Recreation District, in February 2002, in which the parties agreed on the District's northern boundary and APEX's southern boundary. In addition, the District discontinued its pending inclusion proceeding with respect to the properties which lie north of agreed upon boundaries. In consideration, APEX made services and facilities available to Prospect residents at the APEX resident rates, with a few exceptions.

On January 20, 2000, the Board of County Commissioners approved an agreement with Jefferson County, Denver West Properties, Inc. and the District to amend a construction, operation and maintenance agreement between the County and Denver West Properties. As a part of that agreement Denver West agreed they would not seek exclusion of the property constituting Denver West Office Park or any portion thereof, from the boundaries of the District. Denver West acknowledged that the services provided by the District do not duplicate or interfere with any overlapping municipality. Denver West agreed to use its best efforts to remain within the District's boundaries and that Denver West would continue to pay the equivalent property tax levied by the District for the entire Denver West Office Park or pay the equivalent dollar amount annually to the District for so long as the District remains in existence.

Denver West reserves the right, however, to oppose any increase in mill levy beyond the mill levy first set after formation of the District. In 2002, the City of Lakewood annexed the Denver West Office Park. Denver West has honored its obligation under this agreement, as has the City of Lakewood.

On August 25, 2008 the District entered into an agreement with the City of Wheat Ridge which after certain landscaping and trail improvement on the north side of 44th Avenue are completed obligates the District to maintain the reconstructed trail along the north side of 44th Avenue. The obligation is subject to annual appropriation.

Note 10: Lease agreement

The District has assumed a lease agreement with Touchstone Golf LLC whereby the Lessor (Prospect Recreation and Park District) agrees to lease the parcel of land commonly known as the Applewood Golf Course to be used solely for the operation of a public golf course and other activities usually associated with the operation of a public golf course. Touchstone is to pay a minimum lease payment increased annually by a CPI adjustment.

PROSPECT RECREATION & PARK DISTRICT

Notes to Financial Statements December 31, 2019 and 2018

Note 11: Letter of Understanding

The District entered into a Letter of Understanding between the District and the City of Lakewood dated January 10, 2002 which established a mutually agreed upon framework for common action between the entities to enhance cooperation.

Note 12: Conveyance of Properties

On January 10, 2014, via Commissioner's Deeds, the County conveyed ownership of part of Maple Grove Park, the land on which the District Offices and Maintenance Facility reside, and part of Tanglewood Sports Park to the District. This conveyance came about through the District's utilization of a 2012 change in County policy. During the year 2015, the County conveyed ownership in Fairmont Park via a Commissioner's deed.

Note 13: Debt Authorization

The voters in the District passed a debt authorization question in November 2015 which authorizes the District to issue an amount of debt up to 9.0 million dollars at an interest rate not to exceed 5.99%. The voters also authorized the District to increase its General fund mill levy by 1 mill. On December 14, 2016, the District issued the entire amount of its authorized debt of 9.0 million dollars. (see Note 5).

SUPPLEMENTAL INFORMATION

PROSPECT RECREATION & PARK DISTRICT

**Schedule of Operating Expenses
December 31, 2019 and 2018**

	2019	2018
Personnel and related expenses:		
Salaries	\$ 253,418	\$ 259,065
Insurance	56,123	53,907
Retirement	17,662	12,918
Payroll taxes	19,940	19,900
Incentive retention	1,236	1,036
Accounting contract	16,800	16,800
Recruiting	105	-
Mowing contract	45,535	43,950
Total personnel and related expenses	410,819	407,576
General and administrative expenses		
Advertising	600	600
Board meeting stipends	5,900	6,200
Computer	3,260	15,317
Insurance	41,729	37,112
Office supplies, printing, credit card charges and postage	20,903	22,095
Recreation programming	19,488	18,850
Uniform	1,216	-
Fuel	6,210	8,197
Audit	5,000	5,600
Utilities	18,002	18,876
Legal	36,785	35,328
Meetings	2,141	2,468
Cellular	875	1,000
Professional dues	3,010	2,577
Security	4,212	3,818
Telephone	3,059	3,258
Training	3,007	903
Contingency/prof fees associated with golf course	7,240	4,279
Miscellaneous/donations/Hail damage	29,199	122,582
Total general and administrative expenses	211,836	309,060
Repairs and maintenance		
Maintenance - water, sanitation and other	190,912	171,776
Capital projects	338,838	410,115
Less amount capitalized to fixed assets	(229,343)	(346,097)
Total repairs and maintenance	300,407	235,794
Total Operating Expenses	\$ 923,062	\$ 952,430

PROSPECT RECREATION & PARK DISTRICT
Schedule of Revenue and Expenditures Budget and Actual
Year Ended December 31, 2019

	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenue:			
Fee in lieu	\$ 5,000	\$ -	\$ (5,000)
Lottery	45,000	57,435	12,435
Grant revenue	40,000	50,000	10,000
Recreation fees	85,000	118,214	33,214
Golf Course revenue base rent	172,929	174,700	1,771
Golf Course percentage rent	125,000	125,388	388
Golf Course water lease revenue	25,000	24,476	(524)
Other income/Insurance settlement	200	2,896	2,696
Total operating revenue	498,129	553,109	54,980
Operating expenses:			
Personnel			
Salaries	254,000	253,418	582
Retirement contribution	13,800	17,662	(3,862)
Benefits	77,534	77,299	235
General and Administrative			
Accounting contract	17,000	16,800	200
Mowing contract	47,000	45,535	1,465
Advertising & recruiting	1,500	705	795
Board meetings	8,000	5,900	2,100
Computer support/Internet	3,200	3,260	(60)
Copier supplies	2,000	2,059	(59)
Credit card and bank charges	4,800	5,223	(423)
Office supplies	4,000	2,660	1,340
PC supplies/Software/Payroll	3,300	3,027	273
Postage	5,000	3,184	1,816
Printing	5,000	4,686	314
Recreation programming	20,500	19,488	1,012
Uniform	1,500	1,216	284
Fuel	11,000	6,210	4,790
Insurance – liability	40,000	41,729	(1,729)
Maintenance-building	9,000	12,406	(3,406)
Maintenance-equipment	5,500	3,737	1,763
Maintenance-irrigation	9,000	14,030	(5,030)
Maintenance-lawn and grounds	39,000	43,261	(4,261)
Maintenance-other/paint/playground	17,000	12,347	4,653
Maintenance-vehicle	7,000	9,471	(2,471)
Safety supplies	1,000	80	920
Sand and gravel	12,000	215	11,785
Small tools	1,000	485	515
Turf products	17,000	7,884	9,116
Water	70,000	68,507	1,493
Sanitation	15,000	18,487	(3,487)
Audit	6,000	5,000	1,000
Heat and power	20,000	18,002	1,998
Legal	40,000	36,785	3,215
Meeting	3,000	2,141	859
Miscellaneous	61,976	29,194	32,782
Cellular communication	2,000	875	1,125
Dues	3,200	3,010	190
Public notices	250	64	186
Security	3,800	4,213	(413)
Telephone	3,700	3,059	641
Training and education	6,000	3,007	2,993
Water Lease payment AGC	79,500	63,146	16,354
Contingency	155,844	7,240	148,604
Total operating expenses	1,106,904	876,707	230,197

PROSPECT RECREATION & PARK DISTRICT

**Schedule of Revenue and Expenditures Budget and Actual
And Changes in Funds Available (Budgetary Basis)
December 31, 2019**

	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Non-operating revenue			
Property taxes	2,142,849	2,112,822	(30,027)
Specific ownership taxes	125,000	185,405	60,405
Interest income	30,000	112,713	82,713
Miscellaneous income	-	56,627	56,627
Treasurers fees	(32,143)	(31,946)	197
Total non-operating revenue	<u>2,265,706</u>	<u>2,435,621</u>	<u>169,915</u>
Non-operating expenditures			
Capital outlay Peaks to Plains trail project			
Debt service principal	325,000	325,000	-
Debt service interest paid	372,938	372,938	-
Capital projects and equipment expense	899,026	338,838	560,188
Non-operating expenditures	<u>1,596,964</u>	<u>1,036,776</u>	<u>560,188</u>
Net Non-operating income	<u>668,742</u>	<u>1,398,845</u>	<u>730,103</u>
Excess (deficiency) of revenue over expenditures (Budgetary Basis)	59,967	1,075,247	1,015,280
Beginning funds available	4,339,326	4,248,599	
Ending funds available	<u>\$ 4,399,293</u>	<u>\$ 5,323,846</u>	
Funds available are defined as follows:			
Current assets		7,955,571	
Less: current liabilities(net of current portion of debt)		<u>2,631,725</u>	
Ending funds available		<u>\$ 5,323,846</u>	
Reconciliation of Budgetary Basis (actual) to Statements of Revenue, Expenses and Changes in			
Net Assets:			
Revenue (budgetary basis)			<u>2,988,730</u>
Total revenue per Statements of Revenue, Expenses and Changes in Net Position			<u>2,988,730</u>
Expenditures (budgetary basis)			1,913,488
Depreciation			429,863
less amount of capital expenditures			(229,343)
less amount of principal paid			(325,000)
less amortization of premium			(12,783)
Total expenses per Statements of Revenue, Expenses and Changes in Net Position			<u>1,776,225</u>
Change in net position per Statement of Revenue, Expense and Changes in Net Position			<u>\$ 1,212,505</u>