

ARAPAHOE LAKE PUBLIC PARK DISTRICT

Arapahoe County, Colorado

**FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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Independent Auditor's Report

Board of Directors
Arapahoe Lake Public Park District
Arapahoe County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Arapahoe Lake Public Park District (the "District") as of and for the year ended December 31, 2020, 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; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 respective financial position of the governmental activities and each major fund of Arapahoe Lake Public Park District as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund and the special revenue – conservation trust fund for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District’s financial statements as a whole. The supplemental information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplemental 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. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,



Wipfli LLP
Lakewood, Colorado

September 29, 2021

BASIC FINANCIAL STATEMENTS

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
STATEMENT OF NET POSITION
December 31, 2020**

	Governmental Activities
ASSETS	
Cash and investments - unrestricted	\$ 106,313
Cash and investments - restricted	78,808
Receivable - County treasurer	982
Grant receivable	13,131
Property taxes receivable	189,178
Prepaid expenses	8,396
Capital assets, net of accumulated depreciation	417,549
Total assets	814,357
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	22,878
Total deferred outflows of resources	22,878
LIABILITIES	
Accounts payable	6,675
Accrued interest payable	810
Bonds and loans payable	
Due within one year	49,900
Due in more than one year	381,900
Total liabilities	439,285
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	189,178
NET POSITION	
Net investment in capital assets	(14,251)
Restricted	
Emergency reserves	4,400
Debt Service	70,397
Capital projects	7,601
Unrestricted	140,625
Total net position	\$ 208,772

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
General government	\$ 167,744	\$ 4,062	\$ 13,131	\$ 3,480	\$ (147,071)
Interest and fiscal charges	16,237	-	-	-	(16,237)
Total governmental activities	<u>\$ 183,981</u>	<u>\$ 4,062</u>	<u>\$ 13,131</u>	<u>\$ 3,480</u>	<u>(163,308)</u>

General revenues:	
Taxes:	
Property taxes	200,542
Specific ownership taxes	14,218
Net investment income	1,644
Other	471
Total general revenues	<u>216,875</u>
Change in net position	53,567
Net position - Beginning of year	155,205
Net position - End of year	<u>\$ 208,772</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020**

	General	Special Revenue - Conservation Trust	Debt Service	Total Governmental Funds
ASSETS				
Cash and investments - unrestricted	\$ 106,313	\$ -	\$ -	\$ 106,313
Cash and investments - restricted	-	7,601	71,207	78,808
Cash with County Treasurer	982	-	-	982
Grant receivable	13,131	-	-	13,131
Property tax receivable	126,823	-	62,355	189,178
Prepaid expenses	8,396	-	-	8,396
TOTAL ASSETS	\$ 255,645	\$ 7,601	\$ 133,562	\$ 396,808
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 6,675	\$ -	\$ -	\$ 6,675
TOTAL LIABILITIES	6,675	-	-	6,675
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenues	126,823	-	62,355	189,178
Total deferred inflows of resources	126,823	-	62,355	189,178
FUND BALANCES				
Fund Balances:				
Nonspendable for prepaid expenses	8,396	-	-	8,396
Restricted:				
Emergency reserves	4,400	-	-	4,400
Debt service	-	-	71,207	71,207
Capital projects	-	7,601	-	7,601
Assigned for subsequent years	33,814	-	-	33,814
Unassigned	75,537	-	-	75,537
TOTAL FUND BALANCES	122,147	7,601	71,207	200,955
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 255,645	\$ 7,601	\$ 133,562	

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

Some assets used in governmental activities are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds.

 Capital assets, net of accumulated depreciation

417,549

417,549

Some liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds.

 General obligation bonds and loans payable

(431,800)

 Accrued interest payable

(810)

 Loss on refunding, net of accumulated amortization

22,878

(409,732)

Net position of governmental activities

\$ 208,772

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2020**

	<u>General</u>	<u>Special Revenue - Conservation Trust</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES				
Property tax	\$ 125,581	\$ -	\$ 74,961	\$ 200,542
Specific ownership tax	14,218	-	-	14,218
Conservation Trust proceeds	-	3,480	-	3,480
Net investment income	1,057	35	552	1,644
Pool revenue	4,062	-	-	4,062
Grant revenue	13,131	-	-	13,131
Other	471	-	-	471
Total revenues	<u>158,520</u>	<u>3,515</u>	<u>75,513</u>	<u>237,548</u>
EXPENDITURES				
General				
Accounting and audit	12,900	-	-	12,900
Legal	10,317	-	-	10,317
Insurance	10,854	-	-	10,854
Office expenditures	484	-	-	484
Bank charges	180	-	-	180
Treasurer's fees	1,886	-	1,126	3,012
COVID grant expenditures	13,131	-	-	13,131
Pool				
Salaries and taxes	43,077	-	-	43,077
Chemicals and utilities	21,741	-	-	21,741
Other	17,671	-	-	17,671
Tennis				
	1,275	-	-	1,275
Debt service				
Principal	-	-	48,800	48,800
Interest and fiscal charges	-	-	10,813	10,813
Total expenditures	<u>133,516</u>	<u>-</u>	<u>60,739</u>	<u>194,255</u>
NET CHANGE IN FUND BALANCES	25,004	3,515	14,774	43,293
FUND BALANCES - BEGINNING OF YEAR	97,143	4,086	56,433	157,662
FUND BALANCES - END OF YEAR	<u>\$ 122,147</u>	<u>\$ 7,601</u>	<u>\$ 71,207</u>	<u>\$ 200,955</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2020**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net assets reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds		<u>\$ 43,293</u>
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense		<u>(33,102)</u>
		<u>(33,102)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest payable		91
Amortization of loss on bond refunding		<u>(5,515)</u>
		<u>(5,424)</u>
Long-term debt (e.g. bonds, capital leases) provides current financial resources to the governmental fund, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental fund. Neither transaction, however, has any effect on net assets. This amount is the net effect of differences in the treatment of long-term debt and related items.		
Loan principal		<u>48,800</u>
		<u>48,800</u>
Change in net position - Governmental activities		<u><u>\$ 53,567</u></u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

ARAPAHOE LAKE PUBLIC PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property tax	\$ 125,637	\$ 125,581	\$ (56)
Specific ownership taxes	15,248	14,218	(1,030)
Net investment income	1,500	1,057	(443)
Pool revenue	28,000	4,062	(23,938)
Grant revenue	-	13,131	13,131
Other	-	471	471
Total revenues	<u>170,385</u>	<u>158,520</u>	<u>(11,865)</u>
EXPENDITURES			
General			
Accounting and audit	16,250	12,900	3,350
Legal	14,000	10,317	3,683
Elections	1,000	-	1,000
Insurance	7,500	10,854	(3,354)
Office expenditures	-	484	(484)
Bank charges	750	180	570
Special events	3,000	-	3,000
Treasurer's fees	1,885	1,886	(1)
COVID grant expenses	-	13,131	(13,131)
Pool			
Salaries - lifeguards	33,590	24,990	8,600
Salaries - manager	17,850	14,512	3,338
Salaries - coaches	12,500	-	12,500
Payroll taxes	5,000	3,575	1,425
Chemicals	9,000	8,126	874
Gas/electric	10,000	8,757	1,243
Water	5,700	4,858	842
Inspections	475	805	(330)
Repairs and maintenance	7,500	11,047	(3,547)
Open-close service	4,500	4,360	140
Telephone	1,300	1,459	(159)
Swim team expenditures	5,000	-	5,000
Other	1,000	-	1,000
Tennis			
Repairs and maintenance	1,500	762	738
Electric	500	513	(13)
Capital Outlay	5,000	-	5,000
Contingency	10,000	-	10,000
Total expenditures	<u>174,800</u>	<u>133,516</u>	<u>41,284</u>
NET CHANGE IN FUND BALANCE	(4,415)	25,004	29,419
FUND BALANCE - BEGINNING OF YEAR	90,901	97,143	6,242
FUND BALANCE - END OF YEAR	<u>\$ 86,486</u>	<u>\$ 122,147</u>	<u>\$ 35,661</u>

These financial statements should be read only in connection with the
accompanying notes to financial statements.

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - CONSERVATION TRUST
For the Year Ended December 31, 2020**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES			
Conservation trust	\$ 4,300	\$ 3,480	\$ (820)
Net investment income	100	35	(65)
Total revenues	<u>4,400</u>	<u>3,515</u>	<u>(885)</u>
EXPENDITURES			
Tennis/pool - capital outlay and maintenance	<u>4,400</u>	-	<u>4,400</u>
Total expenditures	<u>4,400</u>	-	<u>4,400</u>
NET CHANGE IN FUND BALANCE	-	3,515	3,515
FUND BALANCE - BEGINNING OF YEAR	-	4,086	4,086
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 7,601</u>	<u>\$ 7,601</u>

These financial statements should be ready only in connection with
the accompanying notes to the financial statements.

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 – DEFINITION OF REPORTING ENTITY

Arapahoe Lake Public Park District (District), a quasi-municipal corporation was organized in 1981 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Arapahoe County, Colorado. The District was established to construct and maintain parks and recreation facilities.

The District contracts for all operations and administrative functions except for seasonal employees hired as lifeguards and coaches.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial 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 primary governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District, the difference between the assets and liabilities of the District being reported as net position.

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 the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

The *Special Revenue Fund – Conservation Trust* is used to account for the financial resources of conservation trust fund proceeds to be used for establishment and maintenance of open space.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

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

Budgets

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

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Pooled Cash

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 single bank account. 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 total cash.

Property Taxes

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 1 or if in equal installments, at the taxpayer's 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 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 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.

Capital Assets

Capital assets, which include the pool and tennis courts, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Pool and Tennis courts	25 years
Equipment	5-10 years

Bond Issue Costs and Original Issue Discount/Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances – Governmental Funds

Fund balance for governmental funds are reported in the categories listed below to make the nature and extent of the constraints placed on a government’s fund balances more transparent. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

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

Unassigned fund balance—amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments – unrestricted	\$ 106,313
Cash and investments – restricted	<u>78,808</u>
Total cash and investments	<u><u>\$ 185,121</u></u>

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Cash and investments as of December 31, 2020 consist of the following:

Deposits with financial institutions	\$ 17,323
Investments	<u>167,798</u>
Total cash and investments	<u><u>\$ 185,121</u></u>

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 equal to 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, 2020, the District's cash deposits had a bank balance and carrying balance of \$17,323.

Investment Policy

The District follows state statutes regarding investments. The District follows Colorado State Statutes which 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 and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

At December 31, 2020 the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Less than one year	<u>\$ 167,798</u>

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

COLOTRUST

At December 31, 2020, the District has invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST PLUS+ may also invest in the highest rated commercial paper. Both the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios are rated AAAM by Standard and Poor's.

The District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Investment Valuation

Investments which are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: 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 has investments that are not categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at year end for which the investment valuations were determined as follows.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. COLOTRUST requests 24-hour notice for wire transfer withdrawals of \$1 million or more. Additionally, COLOTRUST may temporarily suspend the right of redemption or postpone the date of payment upon the occurrence of certain events. Such suspension or postponement will not alter or affect a Participant's beneficial interest as measured by its shares or the accrued interest and earnings thereon. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2020 follows:

	<u>Balance at December 31, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2020</u>
Capital assets, being depreciated:				
Pool and tennis courts	\$ 713,281	\$ -	\$ -	\$ 713,281
Equipment	45,499	-	-	45,499
Total capital assets, being depreciated	<u>758,780</u>	<u>-</u>	<u>-</u>	<u>758,780</u>
Less accumulated depreciation for:				
Pool and tennis courts	296,513	29,878	-	326,391
Equipment	11,616	3,224	-	14,840
Total accumulated depreciation	<u>308,129</u>	<u>33,102</u>	<u>-</u>	<u>341,231</u>
Total capital assets, being depreciated, net	<u>450,651</u>	<u>(33,102)</u>	<u>-</u>	<u>417,549</u>
Capital assets, net	<u>\$ 450,651</u>	<u>\$ (33,102)</u>	<u>\$ -</u>	<u>\$ 417,549</u>

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, 2020.

	<u>Balance December 31, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2020</u>	<u>Current Portion</u>
General obligation loans payable:					
2017 Loan	\$ 480,600	\$ -	\$ 48,800	\$ 431,800	\$49,900
	<u>\$ 480,600</u>	<u>\$ -</u>	<u>\$ 48,800</u>	<u>\$ 431,800</u>	<u>\$49,900</u>

General Obligation Loan, Series 2017

On August 24, 2017, the District entered into a Promisorry Note Agreement with Independent Bank, in the amount of \$555,500 to provide funds to pay the costs of refunding \$490,000 of the Series 2008 Bonds and pay costs in connection with the issuance of the Series 2017 Loan. The District incurred a bond refunding loss of \$42,433, which is being amortized over the life of the Series 2017 Loan in the statement of net position and the statement of activities. The Loan bears interest of 2.25%.

The Series 2017 Loan is secured by and payable from pledged revenue, which includes property taxes derived from the required mill levy net of the cost of collection and any other legally available moneys which the District, at its sole discretion, has deposited in the Loan Fund.

The Loan may be prepaid prior to the maturity date, at the option of the District, in whole on December 1, 2022 upon payment of the principal balance plus accrued interest. Also, the District may prepay up to \$25,000 of loan principal annually on any principal payment date.

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

The District's long-term obligations will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 49,900	\$ 9,716	\$ 59,616
2022	51,000	8,593	59,593
2023	52,100	7,445	59,545
2024	53,300	6,273	59,573
2025	54,500	5,074	59,574
2026-2028	171,000	7,753	178,753
	<u>\$ 431,800</u>	<u>\$ 44,854</u>	<u>\$ 476,654</u>

On November 6, 2007, a majority of the District's voters approved the District to increase taxes for debt repayment up to \$75,000 annually, or by such lesser amount as may be necessary for the purpose of paying the District's debt and any refundings.

As of December 31, 2020, the District had no authorized but unissued debt.

NOTE 6- FUND EQUITY

At December 31, 2020, the District reported the following classifications of fund equity.

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$8,396 is comprised of prepaid amounts which are not in spendable form.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$4,400 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

The restricted fund balance in the Conservation Fund in the amount of \$7,601 is unspent funding from the State of Colorado – Conservation Trust Fund and is to be used for allowable capital projects.

The restricted fund balance in the Debt Service Fund in the amount of \$71,207 is to be used exclusively for debt service requirements (see Note 5).

Assigned Fund Balance

The assigned fund balance in the General Fund in the amount of \$33,814 is comprised of amounts assigned by the Board of Directors by a resolution to eliminate the projected budgetary deficit in the subsequent year's budget.

Unassigned fund balance

The unassigned fund balance in the General Fund in the amount of \$75,537 are available for any purpose.

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 - NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets, consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2020, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net investment in capital assets:	
Capital assets, net	\$ 417,549
Noncurrent portion of long-term obligations	(381,900)
Current portion of long-term obligations	(49,900)
Net investment in capital assets	\$ (14,251)

Restricted net position include amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

The District had restricted net position as of December 31, 2020 as follows:

Restricted:	
Emergency reserve	\$ 4,400
Debt Service	70,397
Capital projects	7,601
	\$ 82,398

NOTE 8 – RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2020. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation 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.

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 9 - 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 that apply to the State of Colorado and all local governments.

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.

On November 7, 1995, a majority of the District's voters approved the District to increase taxes \$9,622 annually by increasing the mill levy from 8.879 mills to 9.61 mills to pay the District's operations, maintenance and other expenses in fiscal year 1995 and subsequent years.

Additionally, the District's electors authorized the District to retain and spend the full amount of all revenues and receipts available to the District during 1995 and thereafter, without limitation by Article X, Section 20 of the Colorado Constitution.

On May 11, 2012, a majority of the District's voters approved the District to increase taxes from the current maximum mill levy of 9.61 mills to a mill levy not to exceed 12.0 mills or by such lesser amount as may be necessary for the purpose of paying the District's operations, maintenance, reserves for pool and tennis court replacements and other expenses; and shall the proceeds of such taxes and any investment income thereon be collected and spent by the District as a voter-approved revenue change in 2014 and in each year thereafter, without regard to any spending, revenue-raising, or other limitation by Article X, Section 20 of the Colorado Constitution or any other 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 10 – LEASE AGREEMENT

The District entered into the Amended and Restated Lease Agreement (Lease Agreement) on December 18, 2008 with Arapahoe Lake No. 1 Association (Association). The Association is the owner of certain land underlying the tennis courts and swimming pool which are District owned improvements. The Lease Agreement provides for the District to pay annual rent on the land in the amount of \$100. The term of the agreement is 25 years ending on December 18, 2033.

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

On March 9, 2020, the Association conveyed the property underlying the tennis courts and pool to the District via a special warranty deed. The Association and the District entered into a Use Agreement and Easement dated March 9, 2020, in which the HOA and District granted each other mutual permanent, non-exclusive easements and described the manner of use and maintenance of the pool and tennis court facilities.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2020**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property tax	\$ 74,994	\$ 74,961	\$ (33)
Net investment income	1,000	552	(448)
Total revenues	<u>75,994</u>	<u>75,513</u>	<u>(481)</u>
EXPENDITURES			
General			
County treasurer's fees	1,125	1,126	(1)
Paying agent fees	1,000	-	1,000
Contingency	1,000	-	1,000
Debt service			
Bond & Loan principal	48,800	48,800	-
Bond & Loan interest	10,813	10,813	-
Total expenditures	<u>62,738</u>	<u>60,739</u>	<u>1,999</u>
NET CHANGE IN FUND BALANCE	13,256	14,774	1,518
FUND BALANCE - BEGINNING OF YEAR	55,145	56,433	1,288
FUND BALANCE - END OF YEAR	<u>\$ 68,401</u>	<u>\$ 71,207</u>	<u>\$ 2,806</u>

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
Year Ended December 31, 2020**

**\$555,500 General Obligation
Refunding Loan, Series 2017
Dated August 24, 2017
Interest Rate 2.25%
Principal Due December 1
Interest Due June 1 and December 1**

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 49,900	\$ 9,716	\$ 59,616
2022	51,000	8,593	59,593
2023	52,100	7,445	59,545
2024	53,300	6,273	59,573
2025	54,500	5,074	59,574
2026	55,700	3,847	59,547
2027	57,000	2,594	59,594
2028	58,300	1,312	59,612
	<u>\$ 431,800</u>	<u>\$ 44,854</u>	<u>\$ 476,654</u>

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
SUMMARY OF ASSESSED VALUATION , MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Property Taxes		Percentage Collected to Levied
		Operations	Debt	Levied	Collected	
2008	\$ 7,832,390	9.520	6.156	\$ 122,780	\$ 122,774	100.0%
2009	\$ 7,834,200	9.520	8.700	\$ 142,740	\$ 142,713	100.0%
2010	\$ 7,779,330	9.610	8.700	\$ 142,439	\$ 142,439	100.0%
2011	\$ 7,781,320	9.610	8.700	\$ 142,475	\$ 142,455	100.0%
2012	\$ 7,335,060	9.610	8.700	\$ 134,305	\$ 134,259	100.0%
2013	\$ 7,320,120	12.000	8.700	\$ 151,526	\$ 151,526	100.0%
2014	\$ 7,411,350	12.000	9.200	\$ 157,120	\$ 157,104	100.0%
2015	\$ 7,481,466	12.000	9.200	\$ 158,607	\$ 158,607	100.0%
2016	\$ 9,958,118	12.000	9.200	\$ 211,112	\$ 210,719	99.8%
2017	\$ 9,960,894	12.000	9.200	\$ 211,171	\$ 210,948	99.9%
2018	\$ 10,015,704	12.000	4.165	\$ 161,903	\$ 161,904	100.0%
2019	\$ 10,018,199	12.000	7.486	\$ 195,214	\$ 195,214	100.0%
2020	\$ 10,469,731	12.000	7.163	\$ 200,631	\$ 200,542	100.0%
Estimated for year ending December 31, 2021	\$ 10,568,612	12.000	5.900	\$ 189,178		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurers do not permit identification of specific year of levy.