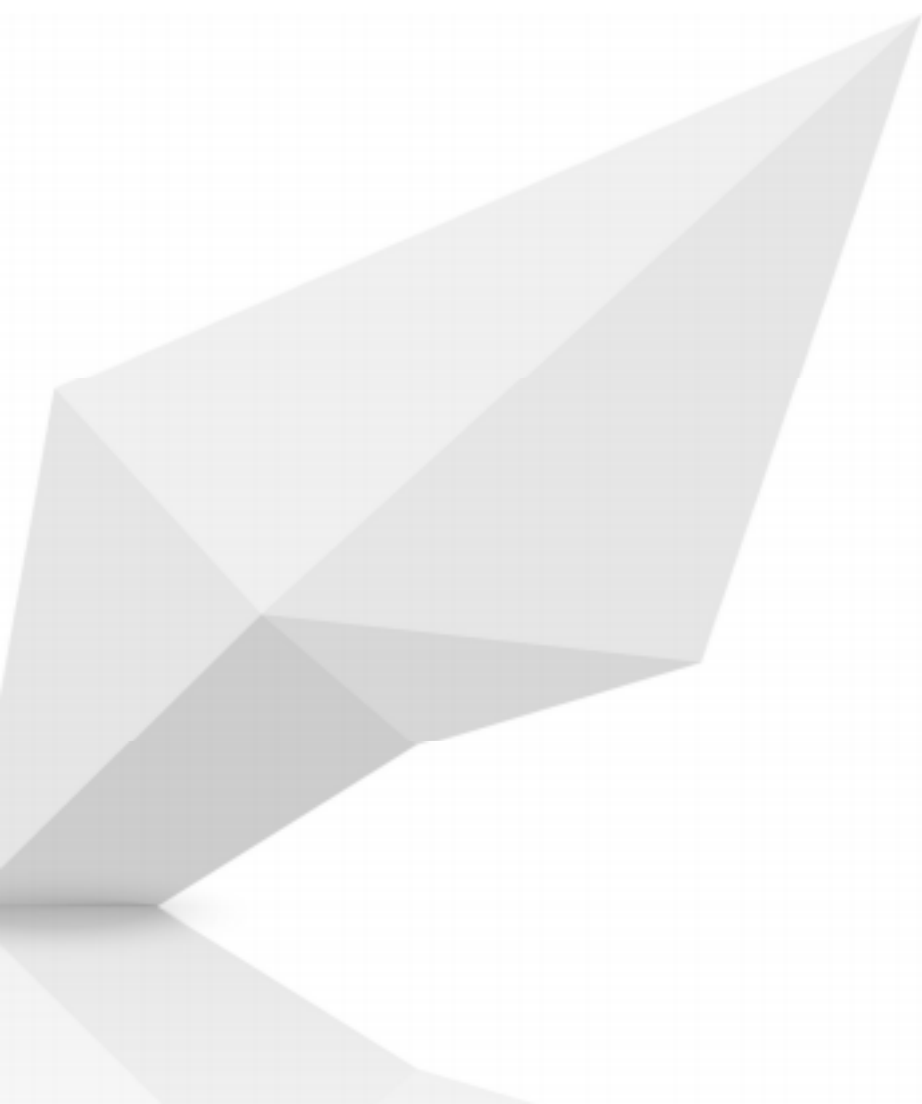


# Prospect Recreation & Park District

Financial Statements and Supplementary  
Information with Independent Auditor's Report

Years Ended December 31, 2020 and 2019



**WIPFLI**

## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Prospect Recreation & 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.

### **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 business-type activities of Prospect Recreation & Park District as of December 31, 2020, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

## **Report on Prior Period Financial Statements**

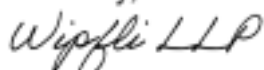
The financial statements of Prospect Recreation & Park District as of December 31, 2019, were audited by L. Paul Goedecke, PC, whose report dated May 14, 2020, expressed an unmodified opinion on the financial statements.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the 2020 financial statements that collectively comprise the District's financial statements as a whole. The 2020 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 2020 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 2020 information has been subjected to the auditing procedures applied in the audit of the 2020 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 financial statements or to the 2020 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the 2020 information is fairly stated in all material respects in relation to the financial statements as a whole.

The 2019 Schedule of Operating Expenses is the responsibility of management and was subjected to the auditing procedures applied in the audit of the 2019 financial statements by L. Paul Goedecke, PC, whose report dated May 14, 2020 stated the 2019 information is fairly stated in all material respects in relation to the 2019 financial statements as a whole.

Sincerely,



Wipfli LLP

June 9, 2021

## **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, 2020.

### **Financial Highlights**

- As of the close of the current fiscal year, the District's net position was \$14,768,506.
- Net position increased by \$1,181,441.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of financial statements and notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

The financial statements of the District are presented as a special purpose government engaged only in business-type activities – providing park and recreation services, including maintenance of facilities, to residents of Jefferson County.

The statement of net position presents information on all of the District's assets and liabilities, with the difference being reported as net position. Over time, increases or decreases in the net position 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 that reflects how the District's net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenue and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows reports the District's cash flows from operating, noncapital financing, capital, and investing activities.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The supplemental information contained in this report provides a schedule of operating expenses and a budgetary comparison statement to demonstrate compliance with State budget law.

## 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 \$14,768,506 at the close of the most recent fiscal year.

### Net Position

	<u>2020</u>	<u>2019</u>
Current assets	\$ 7,014,798	\$ 7,958,071
Capital assets	18,055,143	16,530,529
Total assets	<u>25,069,941</u>	<u>24,488,600</u>
Current liabilities	383,238	437,123
Deferred inflow of resources	2,363,670	2,547,102
Long Term Obligations	<u>7,554,527</u>	<u>7,917,310</u>
Total liabilities	<u>10,301,435</u>	<u>10,901,535</u>
Investment in capital assets	10,150,616	8,263,219
Restricted	650,497	404,483
Unrestricted	<u>3,967,393</u>	<u>4,919,363</u>
Total net position	<u>\$ 14,768,506</u>	<u>\$ 13,587,065</u>

### Change in Net Position

	<u>2020</u>	<u>2019</u>
Revenue		
Operating revenue	\$ 440,897	\$ 546,597
Property taxes, net	2,386,878	2,080,875
Specific ownership taxes	190,451	185,405
Investment income	33,522	112,713
Total revenue	<u>3,051,748</u>	<u>2,925,590</u>
Expenses		
General government (includes depreciation)	1,519,902	1,352,925
Debt Service costs	<u>350,405</u>	<u>360,155</u>
Total expenses	<u>1,870,307</u>	<u>1,713,080</u>
Change in net position	1,181,441	1,212,510
Net position - Beginning	13,587,065	12,374,555
Net position - Ending	<u>\$ 14,768,506</u>	<u>\$ 13,587,065</u>

Total net position increased by \$1,181,441 from the previous year.

## **New Year's Budgets and Rates**

The District has appropriated \$3,559,217 for spending in the 2021 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, 2020 and 2019**

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
<b>Current Assets:</b>		
Cash and investments	\$ 3,692,383	\$ 4,822,267
Investments, restricted	650,497	404,483
Receivable from county treasurer	1,638	-
Property taxes receivable	2,363,670	2,547,102
Accounts receivable, Applewood Golf Course	221,020	125,388
Prepaid expenses and deposits	<u>75,590</u>	<u>58,831</u>
<b>Total current assets</b>	<u>7,017,798</u>	<u>7,958,071</u>
<b>Capital Assets:</b>		
Applewood golf course	13,602,500	13,500,000
Park facilities	4,327,902	4,317,981
Water rights	297,820	297,820
Buildings and improvements	1,279,349	1,212,186
Land	2,856,315	1,156,316
Vehicles and equipment	461,348	333,751
Computer equipment	21,719	21,719
Accumulated depreciation	<u>(4,741,811)</u>	<u>(7,309,241)</u>
<b>Total capital assets</b>	<u>18,055,143</u>	<u>16,530,529</u>
<b>Total assets</b>	<u>\$ 25,069,941</u>	<u>\$ 24,488,600</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 1,829	\$ 60,260
Prepaid fees		11,625
Accrued expenses	6,060	4,601
Accrued sick and vacation pay	10,949	7,647
Deposits, net	4,100	3,000
Current portion of long-term obligations	<u>350,000</u>	<u>350,000</u>
<b>Total current liabilities</b>	<u>383,238</u>	<u>437,123</u>
<b>Long-term obligations</b>	<u>7,552,527</u>	<u>7,917,310</u>
<b>Deferred Inflows of Resources</b>		
Property tax revenue	<u>2,363,670</u>	<u>2,547,102</u>
<b>Total deferred Inflows of resources</b>	<u>2,363,670</u>	<u>2,547,102</u>
<b>Net position:</b>		
Investment in capital assets	10,150,616	8,263,219
Restricted	650,497	404,483
Unrestricted	<u>3,967,393</u>	<u>7,919,363</u>
<b>Total net position</b>	<u>14,768,506</u>	<u>13,587,065</u>
<b>Total liabilities and net position</b>	<u>\$ 25,069,941</u>	<u>\$ 24,488,600</u>

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

**PROSPECT RECREATION & PARK DISTRICT**

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**Statement of Revenues, Expenses and Changes in Net Position  
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>% of Total Revenue</u>	<u>2019</u>	<u>% of Total Revenue</u>
<b>Operating revenue:</b>				
Conservation trust revenue	\$ 51,987	1.68 %	\$ 57,135	1.91 %
Golf Course revenue base rent	178,718	5.79	174,700	5.91
Golf Course percentage rent	216,268	7.00	125,388	4.21
Golf Course water lease revenue	23,865	0.77	24,476	0.83
Water lease expenses	(63,913)	(2.07)	(63,115)	(2.11)
Recreation fees	18,343	0.59	118,214	4.00
GOCO grant	-	-	50,000	1.69
Other revenue/donations	13,628	0.51	59,529	2.01
<b>Total operating revenues</b>	<u>440,857</u>	<u>14.28</u>	<u>546,597</u>	<u>18.48</u>
<b>Operating expenses:</b>				
Personnel and related expenses	476,771	15.44	410,819	13.89
General and administrative	213,004	6.90	211,836	7.16
Repairs and maintenance	397,560	12.87	300,407	10.16
<b>Total operating expenses</b>	<u>1,087,335</u>	<u>35.21</u>	<u>923,062</u>	<u>31.21</u>
<b>Operating loss before depreciation</b>	<u>(646,438)</u>	<u>(20.93)</u>	<u>(376,465)</u>	<u>(12.73)</u>
<b>Depreciation</b>	<u>(432,567)</u>	<u>(14.01)</u>	<u>(429,863)</u>	<u>(14.53)</u>
<b>Loss from operations</b>	<u>(1,079,005)</u>	<u>(34.94)</u>	<u>(806,328)</u>	<u>(27.26)</u>
<b>Non-operating revenues and expenses:</b>				
Property taxes - general	1,465,229	47.44	1,277,884	43.21
Property taxes - debt service	957,969	31.02	834,937	28.23
Specific ownership taxes	190,451	6.17	185,405	6.27
Interest income	33,522	1.00	112,713	3.81
Bond interest, net of premium amortization	(350,405)	(11.35)	(360,155)	(12.18)
County treasurer fees	(36,320)	(1.18)	(31,976)	(1.08)
<b>Total non-operating activities</b>	<u>2,260,445</u>	<u>73.19</u>	<u>2,018,838</u>	<u>68.76</u>
<b>Change in net position:</b>	1,181,441	38.75 %	1,212,510	41.00 %
<b>Net position: beginning of year</b>	<u>13,587,065</u>		<u>12,374,555</u>	
<b>Net position: end of year</b>	<u>\$ 14,768,506</u>		<u>\$ 13,587,065</u>	

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

**PROSPECT RECREATION & PARK DISTRICT**

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**Statements of Cash Flows**  
**For the Years Ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers, grants, lottery and other	\$ 429,259	\$ 535,620
Payment for operating expenses	<u>(1,253,611)</u>	<u>(982,450)</u>
Net cash used by operating activities	<u>(824,352)</u>	<u>(446,821)</u>
<b>Cash flows from non-capital financing activities:</b>		
Leases - property and specific ownership - net	<u>2,577,329</u>	<u>2,281,521</u>
Net cash provided by non-capital financing activities	<u>2,577,329</u>	<u>2,281,521</u>
<b>Cash flows from capital and related financing activities:</b>		
Debt Principal reduction	(320,000)	(325,000)
Interest on debt	(363,888)	(372,038)
Acquisition of capital assets	<u>(1,957,181)</u>	<u>(779,344)</u>
Net cash used by capital and financing activities	<u>(2,670,369)</u>	<u>(977,782)</u>
<b>Cash flows from investing activities:</b>		
Interest income	<u>33,522</u>	<u>112,713</u>
Net cash provided by investing activities	<u>33,522</u>	<u>112,713</u>
<b>Net Increase (decrease) in cash and equivalents</b>	<b>(883,870)</b>	<b>1,020,131</b>
<b>Cash and investments - beginning of year</b>	<u>5,226,750</u>	<u>4,206,619</u>
<b>Cash and investments - end of year</b>	<u><b>\$ 4,342,880</b></u>	<u><b>\$ 5,226,750</b></u>
<b>Reconciliation of operating loss to net cash</b>		
<b>from operating activities:</b>		
Loss from operations	\$ (1,079,005)	\$ (806,328)
Adjustments to reconcile loss from operations to net cash used by operating activities:		
Depreciation	432,567	429,863
(Increase) decrease in assets:		
Receivable from County Treasurer	(11,635)	-
Accounts receivable, Applewood Golf Course	(95,632)	(7,737)
Prepaid expenses and deposits	(16,759)	(2,677)
Increase (decrease) in liabilities:		
Accounts payable	(48,431)	(56,787)
Prepaid fees	(11,625)	(3,255)
Accrued expenses	1,459	2,600
Accrued sick and vacation pay	3,302	-
Deposits, net	<u>1,100</u>	<u>(2,500)</u>
<b>Net cash used by operating activities</b>	<u><b>\$ (874,352)</b></u>	<u><b>\$ (446,821)</b></u>
<b>Supplemental disclosure of non-cash capital and related financing activities:</b>		
Amortization of premium on bonds	<u>\$ 12,783</u>	<u>\$ 12,783</u>

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

PROSPECT RECREATION & PARK DISTRICT

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Notes to Financial Statements  
December 31, 2020 and 2019

**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 (the "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, 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 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

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Notes to Financial Statements

December 31, 2020 and 2019

**Note 2: Summary of Significant Accounting Policies (Continued)**

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

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 capital assets are shown as increases in net assets.

Capital assets – Capital assets 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.

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 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 general 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.

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

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

Investment in capital assets – consists of net capital assets, 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 of 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 inflows of resources related to the restricted net assets.

PROSPECT RECREATION & PARK DISTRICT

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Notes to Financial Statements  
December 31, 2020 and 2019

**Note 2: Summary of Significant Accounting Policies (Continued)**

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

The District's unrestricted component of net position as of December 31, 2020 and 2019, is \$4,551,487 and \$5,257,925, respectively.

**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.

The District amended its annual budget for the year ended December 31, 2020.

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.

**Cash Equivalents** – The District follows the practice of pooling cash and investments 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.

The District considers cash deposits and highly liquid investments with original maturities of three months or less to be cash equivalents.

**Note 3: Cash and Investments**

Cash and investments for the years ended December 31, 2020 and 2019 are classified in the accompanying financial statements as follows:

	2020	2019
Statement of net assets:		
Cash and investments - unrestricted	\$ 3,692,383	\$ 4,822,267
Cash and investments - restricted	650,197	401,783
	<u>\$ 4,342,880</u>	<u>\$ 5,225,750</u>

At December 31, 2020 and 2019, the District reports cash and investments in the amount of \$584,004 and \$338,562, respectively, which are restricted for debt service on the District's outstanding Bonds and \$66,403 and \$65,921, respectively, which represent fees in lieu, which are pending determination by the County as to their allowable use.

PROSPECT RECREATION & PARK DISTRICT

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Notes to Financial Statements  
December 31, 2020 and 2019

**Note 3: Cash and Investments (Continued)**

Cash and investments, per the Statement of Cash Flows as of December 31, 2020 and 2019 consist of the following:

	2020	2019
Petty cash	\$ 100	\$ 100
Deposits with Financial institutions	93,788	259,233
Federated Government Obligation Fund held by Bank of Oklahoma	584,094	338,562
Investments - COLOTRUST	3,664,898	4,628,855
	<u>\$ 4,342,880</u>	<u>\$ 5,226,750</u>

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 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 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 and 2019, the District's cash deposits had a bank balance of \$197,805 and \$258,365, respectively, and a carrying balance of \$93,788 and \$259,233, respectively.

As of December 31, 2020 and 2019, none of the District's bank balances discussed above 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.

**Investments**

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.

**PROSPECT RECREATION & PARK DISTRICT**

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**Notes to Financial Statements  
December 31, 2020 and 2019**

**Note 3: Cash and Investments (Continued)**

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

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investments contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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, certain U.S. government agency securities and securities of the World bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2020 and 2019, the District had the following investments:

Investment	Maturity	Amount	
		2020	2019
Colorado Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$ 3,667,898	\$ 4,628,855
Federated Government Obligation Fund	Weighted average under 60 days	581,094	338,562
		<u>\$ 4,248,992</u>	<u>\$ 4,967,417</u>

PROSPECT RECREATION & PARK DISTRICT

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Notes to Financial Statements  
December 31, 2020 and 2019

Note 3: **Cash and Investments (Continued)**

**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 venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST 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 COLOTRUST. Substantially all securities owned by COLOTRUST 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.

**Federated Government Obligation Fund**

At December 31, 2020 and 2019, the District had investments held by the Bank of Oklahoma ("BOK") invested in a Federated Government Obligation Fund in the amount of \$584,094 and \$338,562, respectively. 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 Moody's, Standard and Poor's, 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.

PROSPECT RECREATION & PARK DISTRICT

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Notes to Financial Statements  
December 31, 2020 and 2019

Note 4: Capital Assets

Capital asset activity for the years ended December 31, 2020 and 2019 was as follows:

Classification	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020
Applewood Golf Course	\$ 13,500,000	\$ 102,500	\$ -	\$ 13,602,500
Park facilities	4,317,981	9,921	-	4,327,902
Water rights	297,820	-	-	297,820
Buildings and improvement	1,212,186	17,153	-	1,229,339
Land	1,156,316	1,700,000	-	2,856,316
Vehicles and equipment	333,751	177,597	-	511,348
Computer equipment	21,719	-	-	21,719
	20,839,775	1,957,181	-	22,796,956
Accumulated depreciation	(4,309,244)	(432,557)	-	(4,741,801)
Capital assets, net	\$ 16,530,529	\$ 1,524,624	\$ -	\$ 18,055,143

Classification	Balance 1/1/2019	Additions	Reductions	Balance 12/31/2019
Applewood Golf Course	\$ 13,500,000	\$ -	\$ -	\$ 13,500,000
Park facilities	4,096,986	220,993	-	4,317,981
Water rights	297,820	-	-	297,820
Buildings and improvement	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	(3,878,381)	(429,863)	-	(4,309,244)
Capital assets, net	\$ 16,731,049	\$ (200,520)	\$ -	\$ 16,530,529

**PROSPECT RECREATION & PARK DISTRICT**

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**Notes to Financial Statements  
December 31, 2020 and 2019**

**Note 5: Long Term Obligations**

Long-term obligation activity for the years ended December 31, 2020 and 2019 was as follows:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020	Current Portion
Series 2016 General Obligation Bonds	\$ 8,000,000	\$ -	\$ 350,000	\$ 7,650,000	\$ 350,000
Unamortized premium on Bonds	517,310	-	12,783	504,527	-
	<b>\$ 8,517,310</b>	<b>\$ -</b>	<b>\$ 362,783</b>	<b>\$ 7,934,527</b>	<b>\$ 350,000</b>

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019	Current Portion
Series 2016 General Obligation Bonds	\$ 8,375,000	\$ -	\$ 325,000	\$ 8,050,000	\$ 350,000
Unamortized premium on Bonds	230,393	-	12,803	217,590	-
	<b>\$ 8,605,393</b>	<b>\$ -</b>	<b>\$ 337,803</b>	<b>\$ 8,267,590</b>	<b>\$ 350,000</b>

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 bonds along with \$4,100,000 of grant revenues (\$3,000,000 from a Protect Initiative grant from Great Outdoors Colorado and \$1,100,000 from a Local Park and Recreation grant from Jefferson County Open Space Funds) and \$400,000 of District funds were used to acquire the Apolewood Golf course property.

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 District's 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.

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.

PROSPECT RECREATION & PARK DISTRICT

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Notes to Financial Statements  
December 31, 2020 and 2019

**Note 5: Long Term Obligations (continued)**

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

Year	Principal	Interest	Total
2021	\$ 350,000	\$ 352,687	\$ 702,687
2022	350,000	340,437	690,437
2023	375,000	329,062	704,062
2024	400,000	315,000	715,000
2025	400,000	299,000	699,000
2026-2030	2,740,000	1,231,750	3,471,750
2031-2035	2,910,000	620,250	3,530,250
2036	675,000	33,750	708,750
	<u>\$ 7,700,000</u>	<u>\$ 3,521,936</u>	<u>\$ 11,221,936</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 (the "Pool"). 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 four fiscal years.

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.

**PROSPECT RECREATION & PARK DISTRICT**

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**Notes to Financial Statements  
December 31, 2020 and 2019**

**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 contribute 6% of their eligible salary to the plan.

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 District's 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 \$12,987 and \$17,662 for the years ended December 31, 2020 and 2019, respectively.

**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 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.

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.

## PROSPECT RECREATION & PARK DISTRICT

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### Notes to Financial Statements December 31, 2020 and 2019

#### Note 9: Intergovernmental Agreements

The District has entered into an intergovernmental agreement with the County 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 properties were valued at the acquisition costs originally paid during the period when Prospect Recreation District was a part of the County. The water rights values were based on estimated market values at the time of conveyance.

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 the County, Denver West Properties, Inc. ("Denver West") and the District to amend a construction, operation and maintenance agreement between the County and Denver West. As a part of that agreement Denver West agreed to 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 obligates the District to maintain the reconstructed trail along the north side of 42<sup>nd</sup> Avenue in Wheat Ridge. The obligation is subject to annual appropriation.

**PROSPECT RECREATION & PARK DISTRICT**

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**Notes to Financial Statements  
December 31, 2020 and 2019**

**Note 10: Lease agreement**

The District has assumed a lease agreement with Touchstone Golf LLC whereby the District as lessor 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 consumer price index adjustment.

**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 Crave Park, the land on which the District offices and maintenance facility reside, and part of Langewood Sports Park to the District. This conveyance came about through the District's utilization of a 2012 change in County policy. During 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 \$9,000,000 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 \$9,000,000 (see Note 5).

**Note 14: Reclassification**

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 presentation.

**SUPPLEMENTAL INFORMATION**

**PROSPECT RECREATION & PARK DISTRICT**

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**Schedule of Operating Expenses  
December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Personnel and related expenses:</b>		
Salaries	\$ 312,631	\$ 253,418
Insurance	62,422	56,123
Retirement contribution	12,984	17,662
Payroll taxes	23,738	19,940
Incentive retention	-	1,236
Accounting contract	16,800	6,800
Recruiting	616	105
Mowing contract	<u>47,580</u>	<u>45,535</u>
<b>Total personnel and related expenses</b>	<u>476,771</u>	<u>410,819</u>
<b>General and administrative expenses:</b>		
Advertising	600	600
Board meeting stipends	11,100	5,900
Computer support	3,050	3,260
Insurance	46,871	41,729
Office supplies, printing, credit card charges and postage	18,974	20,903
Recreation programming	1,240	19,488
Uniform	-	1,216
Fuel	3,056	6,210
Audit	3,000	5,000
Utilities	17,236	8,002
Legal	53,076	36,785
Meetings	461	2,141
Cellular communication	725	875
Professional dues	3,052	3,010
Security	4,441	4,212
Telephone	3,260	3,059
Training and education	-	3,007
Contingency	12,251	7,240
Miscellaneous	<u>24,611</u>	<u>29,199</u>
<b>Total general and administrative expenses</b>	<u>213,004</u>	<u>211,836</u>
<b>Repairs and maintenance</b>		
Maintenance - water, sanitation and other	252,691	190,912
Capital projects	2,102,050	338,838
Less amount capitalized to fixed assets	<u>(1,957,181)</u>	<u>(229,343)</u>
<b>Total repairs and maintenance</b>	<u>397,560</u>	<u>300,407</u>
<b>Total operating expenses</b>	<u>\$ 1,087,335</u>	<u>\$ 923,062</u>

PROSPECT RECREATION & PARK DISTRICT

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Schedule of Revenue and Expenditures Budget and Actual  
Year Ended December 31, 2020

	BUDGET		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Operating revenue:</b>				
Tee in lieu of revenue	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Course maintenance revenue	45,000	45,000	51,987	6,987
Recreation fees	85,000	85,000	18,848	(66,152)
Co-Op Course revenue base rent	175,194	175,194	175,715	521
Co-Op Course percentage rent	170,000	170,000	215,755	45,755
Co-Op Course water lease revenue	25,000	25,000	23,866	(1,134)
Other income	14,837	14,837	15,575	738
<b>Total operating revenue</b>	<b>475,031</b>	<b>475,031</b>	<b>534,810</b>	<b>59,779</b>
<b>Operating expense:</b>				
<b>Personnel</b>				
Salaries	349,500	349,500	312,631	36,869
Retirement contribution	19,500	19,500	17,084	2,416
Benefits	93,774	93,774	95,160	1,386
Accounting contract	17,000	17,000	15,800	1,200
Mailing contract	47,000	47,000	47,580	(580)
Recruiting	500	500	615	(115)
<b>General and administrative</b>				
Advertising	1,000	1,000	500	500
Board meetings	8,000	8,000	11,100	(3,100)
Computer support, Internet	3,100	3,100	3,050	50
Copy supplies	2,200	2,200	2,057	143
Credit card and bank charges	4,800	4,800	2,568	2,232
Office supplies	4,000	4,000	2,989	1,011
PC supplies/Software/Payroll	4,200	4,200	3,787	413
Postage	2,000	2,000	3,046	(1,046)
Printing	5,000	5,000	4,985	15
Recreation programming	21,000	21,000	1,740	19,260
Uniform	1,500	1,500	1,500	-
Tax	11,000	11,000	5,056	5,944
Insurance - liability	45,540	45,540	45,871	(331)
Maintenance - building	9,000	9,000	5,112	3,888
Maintenance - equipment	5,500	5,500	5,531	(31)
Maintenance - irrigation	10,000	10,000	15,575	(5,575)
Maintenance - lawn and grounds	52,000	52,000	34,219	17,781
Maintenance - other	19,000	19,000	7,047	11,953
Maintenance - vehicle	7,000	7,000	12,283	(5,283)
Safety supplies	1,000	1,000	446	554
Sanitary gear	12,000	12,000	1,746	10,254
Supplies	1,000	1,000	1,000	-
Turf products	17,000	17,000	25,390	(8,390)
Water	75,000	75,000	131,119	(56,119)
Sanitation	19,000	19,000	21,475	(2,475)
Audit	5,000	5,000	5,000	-
Utilities	20,000	20,000	17,755	2,245
Contracts and elections	15,000	15,000	15,000	-
Legal	40,000	40,000	35,075	4,925
Meetings	5,000	5,000	451	4,549
Miscellaneous	38,745	38,745	24,611	14,134
Cellular communication	2,000	2,000	715	1,285
Professional fees	5,200	5,200	3,057	2,143
Public notices	250	250	67	183
Security	4,500	4,500	4,441	59
Telephone	5,700	5,700	3,750	1,950
Training and education	5,000	5,000	5,000	-
Water lease payment, AGC	78,900	78,900	53,915	24,985
Contingency	65,244	65,244	15,751	49,493
<b>Total operating expenses</b>	<b>\$ 1,236,953</b>	<b>\$ 1,256,953</b>	<b>\$ 1,006,379</b>	<b>\$ 250,574</b>

PROSPECT RECREATION & PARK DISTRICT

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Schedule of Revenue and Expenditures Budget and Actual and Changes in Funds Available (Budgetary Basis)  
Year Ended December 31, 2020

	BUDGET		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>Non-operating revenue</b>				
Property taxes	\$ 7,577,107	\$ 7,547,107	\$ 7,728,158	\$ 178,934
Specific ownership taxes	150,000	150,000	130,451	40,751
Interest Income	30,000	30,000	33,522	3,522
County Treasurer fees	(38,207)	(38,207)	(36,320)	1,887
<b>Total non-operating revenue</b>	<u>7,688,899</u>	<u>7,688,899</u>	<u>7,815,811</u>	<u>(178,044)</u>
<b>Non-operating expenditures</b>				
Bond principal payment	350,000	350,000	350,000	-
Bond interest payment	303,188	303,188	303,188	-
Capital projects and equipment expense	1,638,012	1,451,721	2,102,050	1,349,671
<b>Non-operating expenditures</b>	<u>2,291,200</u>	<u>1,104,909</u>	<u>1,755,238</u>	<u>1,349,671</u>
<b>Net Non-Operating income</b>	<u>538,675</u>	<u>(1,475,911)</u>	<u>(201,387)</u>	<u>1,271,627</u>
Excess (deficiency) of revenue over expenditures (Budgetary Basis)	(447,247)	(2,289,986)	(705,956)	1,845,986
Beginning funds available	5,389,573	5,389,573	5,323,846	(65,727)
Ending funds available	<u>\$ 4,942,326</u>	<u>\$ 3,109,587</u>	<u>\$ 4,617,890</u>	<u>\$ 1,488,253</u>

Funds available are defined as follows:

Current assets	\$ 7,014,768
Less: current liabilities (net of current portion of deb.)	1,396,908
<b>Ending funds available</b>	<u>\$ 4,617,890</u>

Reconciliation of Budgetary Basis (actual) to Statements of Revenue, Expenses and Changes in Net Position:

Revenue (budgetary basis)	\$ 8,115,851
Water lease expense	(65,918)
County Treasurer fees	36,320
<b>Total revenue per Statements of Revenue, Expenses and Changes in Net Position</b>	<u>8,086,253</u>
-Expenditures (budgetary basis)	8,891,617
Depreciation	437,557
Capital expenditures	(1,057,181)
Principal pay	(350,000)
Amortization of bond premium	(12,788)
Water lease expense	(65,918)
County Treasurer fees	36,320
<b>Total expenses per Statements of Revenue, Expenses and Changes in Net Position</b>	<u>8,505,577</u>
<b>Change in net position per Statement of Revenue and Changes in Net Position</b>	<u>\$ 1,181,421</u>