

Prospect Recreation & Park District

Financial Statements and Supplemental
Information with Independent Auditor's Report

Years Ended December 31, 2021 and 2020



WIPFLI

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

Independent Auditor's Report

Opinion

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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, 2021, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ABC Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Other Matters

The management's discussion and analysis information on pages III through V is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. The management's discussion and analysis presents the comparison of 2021 to 2020, and excludes comparative amounts for 2019. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

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.

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

July 19, 2022

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, 2021.

Financial Highlights

- As of the close of the current fiscal year, the District's net position was \$16,152,691.
- Net position increased by \$1,384,185.

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 \$16,152,691 at the close of the most recent fiscal year.

Net Position

	<u>2021</u>	<u>2020</u>
Current assets	\$ 8,124,502	\$ 7,014,798
Capital assets	18,115,094	18,055,143
Total assets	<u>26,239,596</u>	<u>25,069,941</u>
Current liabilities	393,428	383,238
Deferred inflow of resources	2,501,733	2,363,670
Long Term Obligations	7,191,744	7,554,527
Total liabilities	<u>10,086,905</u>	<u>10,301,435</u>
Investment in capital assets	10,560,567	10,150,616
Restricted	859,781	650,497
Unrestricted	4,732,343	3,967,393
Total net position	<u>\$ 16,152,691</u>	<u>\$ 14,768,506</u>

Change in Net Position

	<u>2021</u>	<u>2020</u>
Revenue		
Operating revenue	\$ 691,441	\$ 440,897
Property taxes, net	2,283,284	2,386,878
Specific ownership taxes	180,957	190,451
Interest income (expense)	(3,721)	33,522
Total revenue	<u>3,151,961</u>	<u>3,051,748</u>
Expenses		
General government (includes depreciation)	1,427,871	1,519,902
Debt Service costs	339,905	350,405
Total expenses	<u>1,767,776</u>	<u>1,870,307</u>
Change in net position	1,384,185	1,181,441
Net position - beginning	14,768,506	13,587,065
Net position - ending	<u>\$ 16,152,691</u>	<u>\$ 14,768,506</u>

Total net position increased by \$1,384,185 from the previous year.

New Year's Budgets and Rates

The District has appropriated \$4,726,224 for spending in the 2022 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

**Statements of Net Position
December 31, 2021 and 2020**

ASSETS	2021	2020
Current Assets:		
Cash and investments	\$ 4,448,846	\$ 3,692,383
Cash and investments, restricted	859,781	650,497
Receivable from county treasurer	5,924	11,638
Property taxes receivable	2,501,733	2,363,670
Accounts receivable, Applewood Golf Course	253,042	221,020
Prepaid expenses and deposits	55,176	75,590
Total current assets	<u>8,124,502</u>	<u>7,014,798</u>
Capital Assets:		
Applewood golf course	13,602,500	13,602,500
Park facilities	4,814,271	4,327,902
Water rights	297,820	297,820
Buildings and improvements	1,229,349	1,229,349
Land	2,856,316	2,856,316
Vehicles and equipment	478,451	461,348
Computer equipment	24,104	21,719
Accumulated depreciation	(5,187,717)	(4,741,811)
Total capital assets	<u>18,115,094</u>	<u>18,055,143</u>
Total assets	<u>\$ 26,239,596</u>	<u>\$ 25,069,941</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	\$ 23,325	\$ 11,829
Accrued expenses	1,329	6,060
Accrued payroll	1,911	-
Accrued sick and vacation pay	13,963	10,949
Deposits, net	2,900	4,400
Current portion of long-term obligations	350,000	350,000
Total current liabilities	<u>393,428</u>	<u>383,238</u>
Long-term obligations	<u>7,191,744</u>	<u>7,554,527</u>
Deferred Inflows of Resources		
Property tax revenue	<u>2,501,733</u>	<u>2,363,670</u>
Total deferred inflows of resources	<u>2,501,733</u>	<u>2,363,670</u>
Net position:		
Investment in capital assets	10,560,567	10,150,616
Restricted	859,781	650,497
Unrestricted	4,732,343	3,967,393
Total net position	<u>16,152,691</u>	<u>14,768,506</u>
Total liabilities and net position	<u>\$ 26,239,596</u>	<u>\$ 25,069,941</u>

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

PROSPECT RECREATION & PARK DISTRICT

**Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2021 and 2020**

	2021	% of Total Revenue		2020	% of Total Revenue
Operating revenue:					
Conservation trust revenue	\$ 61,274	1.92 %	\$	51,987	1.68 %
Golf Course revenue base rent	181,224	5.69		178,718	5.79
Golf Course percentage rent	253,042	7.94		216,268	7.00
Golf Course water lease revenue	21,718	0.68		23,866	0.77
Water lease expenses	(62,459)	(1.96)		(63,913)	(2.07)
Recreation fees	70,230	2.20		18,343	0.59
Other revenue/donations	166,412	5.22		15,628	0.51
Total operating revenues	691,441	21.70		440,897	14.28
Operating expenses:					
Personnel and related expenses	491,423	15.42		476,771	15.44
General and administrative	233,733	7.33		213,004	6.90
Repairs and maintenance	256,809	8.06		397,560	12.87
Total operating expenses	981,965	30.82		1,087,335	35.21
Operating loss before depreciation	(290,524)	(9.12)		(646,438)	(20.93)
Depreciation	(445,906)	(13.99)		(432,567)	(14.01)
Loss from operations	(736,430)	(23.11)		(1,079,005)	(34.94)
Non-operating revenues and expenses:					
Property taxes - general	1,404,686	44.07		1,465,229	47.45
Property taxes - debt service	913,276	28.66		957,969	31.02
Specific ownership taxes	180,957	5.68		190,451	6.17
Interest income (expense)	(3,721)	(0.12)		33,522	1.09
Bond interest, net of premium amortization	(339,905)	(10.67)		(350,405)	(11.35)
County treasurer fee's	(34,678)	(1.09)		(36,320)	(1.18)
Total non-operating activities	2,120,615	66.54		2,260,446	73.19
Change in net position:	1,384,185	43.43 %		1,181,441	38.25 %
Net position: beginning of year	14,768,506			13,587,065	
Net position: end of year	\$ 16,152,691			\$ 14,768,506	

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

PROSPECT RECREATION & PARK DISTRICT

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Receipts from customers, grants, lottery and other	\$ 697,155	\$ 429,259
Payment for operating expenses	(983,383)	(1,253,611)
Net cash used by operating activities	(286,228)	(824,352)
Cash flows from non-capital financing activities:		
Taxes - property and specific ownership - net	2,464,241	2,577,329
Net cash provided by non-capital financing activities	2,464,241	2,577,329
Cash flows from capital and related financing activities:		
Debt principal reduction	(350,000)	(350,000)
Interest on debt	(352,688)	(363,188)
Acquisition of capital assets	(505,857)	(1,957,181)
Net cash used by capital and financing activities	(1,208,545)	(2,670,369)
Cash flows from investing activities:		
Interest income (expense)	(3,721)	33,522
Net cash provided (used) by investing activities	(3,721)	33,522
Net increase (decrease) in cash and investments	965,747	(883,870)
Cash and investments - beginning of year	4,342,880	5,226,750
Cash and investments - end of year	\$ 5,308,627	\$ 4,342,880
Reconciliation of operating loss to net cash from operating activities:		
Loss from operations	\$ (736,430)	\$ (1,079,005)
Adjustments to reconcile loss from operations to net cash used by operating activities:		
Depreciation	445,906	432,567
(Increase) decrease in assets:		
Receivable from county treasurer	5,714	(11,638)
Accounts receivable, Applewood Golf Course	(32,022)	(95,632)
Prepaid expenses and deposits	20,414	(16,759)
Increase (decrease) in liabilities:		
Accounts payable	11,496	(48,431)
Prepaid fees	-	(11,615)
Accrued expenses	(4,731)	1,459
Accrued payroll	1,911	
Accrued sick and vacation pay	3,014	3,302
Deposits, net	(1,500)	1,400
Net cash used by operating activities	\$ (286,228)	\$ (824,352)
Supplemental disclosure of non-cash capital and related financing activities:		
Amortization of premium on bonds	\$ 12,783	\$ 12,783

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

PROSPECT RECREATION & PARK DISTRICT

**Notes to Financial Statements
December 31, 2021 and 2020**

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 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.

PROSPECT RECREATION & PARK DISTRICT

Notes to Financial Statements
December 31, 2021 and 2020

Note 2: Summary of Significant Accounting Policies (Continued)

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 generally sales of the tax liens on delinquent properties are held in November. The County Treasurer remits the taxes collected monthly to the District.

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

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 or resources related to those assets.

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

PROSPECT RECREATION & PARK DISTRICT

Notes to Financial Statements
December 31, 2021 and 2020

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, 2021 and 2020, is \$4,732,343 and \$3,967,393, 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, 2021 and 2020 are classified in the accompanying financial statements as follows:

	2021	2020
Statement of net assets:		
Cash and investments - unrestricted	\$ 4,448,846	\$ 3,692,383
Cash and investments - restricted	859,781	650,497
	<u>\$ 5,308,627</u>	<u>\$ 4,342,880</u>

At December 31, 2021 and 2020, the District reports cash and investments in the amount of \$793,347 and \$584,094, respectively, which are restricted for debt service on the District’s outstanding Bonds and \$66,434 and \$66,403, respectively, which represent fees in lieu, which are pending determination by the County as to their allowable use.

PROSPECT RECREATION & PARK DISTRICT

Notes to Financial Statements
December 31, 2021 and 2020

Note 3: Cash and Investments (Continued)

Cash and investments, per the statements of cash flows as of December 31, 2021 and 2020 consist of the following:

	2021	2020
Petty cash	\$ 100	\$ 100
Deposits with financial institutions	117,196	93,788
Federated Government Obligation Fund held by Bank of Oklahoma	793,346	584,094
Investments - COLOTRUST	4,397,985	3,664,898
	<u>\$ 5,308,627</u>	<u>\$ 4,342,880</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, 2021 and 2020, the District's cash deposits had a bank balance of \$126,750 and \$197,805, respectively, and a carrying balance of \$117,196 and \$93,788, respectively.

As of December 31, 2021 and 2020, 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

**Notes to Financial Statements
December 31, 2021 and 2020**

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, 2021 and 2020, the District had the following investments:

Investment	Maturity	Amount	
		2021	2020
Colorado Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$ 4,397,985	\$ 3,664,898
Federated Government Obligation Fund	Weighted average under 60 days	793,346	584,094
		<u>\$ 5,191,331</u>	<u>\$ 4,248,992</u>

PROSPECT RECREATION & PARK DISTRICT

**Notes to Financial Statements
December 31, 2021 and 2020**

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, 2021 and 2020, the District had investments held by the Bank of Oklahoma (“BOK”) invested in a Federated Government Obligation Fund in the amount of \$793,346 and \$584,094, 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

**Notes to Financial Statements
December 31, 2021 and 2020**

Note 4: Capital Assets

Capital asset activity for the years ended December 31, 2021 and 2020 was as follows:

Classification	Balance 1/1/2021	Additions	Reductions	Balance 12/31/2021
Applewood Golf Course	\$ 13,602,500	\$ -	\$ -	\$ 13,602,500
Park facilities	4,327,902	486,369	-	4,814,271
Water rights	297,820	-	-	297,820
Buildings and improvement	1,229,349	-	-	1,229,349
Land	2,856,316	-	-	2,856,316
Vehicles and equipment	461,348	17,103	-	478,451
Computer equipment	21,719	2,385	-	24,104
	<u>22,796,954</u>	<u>505,857</u>	<u>-</u>	<u>23,302,811</u>
Accumulated depreciation	(4,741,811)	(445,906)	-	(5,187,717)
Capital assets, net	<u>\$ 18,055,143</u>	<u>\$ 59,951</u>	<u>\$ -</u>	<u>\$ 18,115,094</u>

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	17,163	-	1,229,349
Land	1,156,316	1,700,000	-	2,856,316
Vehicles and equipment	333,751	127,597	-	461,348
Computer equipment	21,719	-	-	21,719
	<u>20,839,773</u>	<u>1,957,181</u>	<u>-</u>	<u>22,796,954</u>
Accumulated depreciation	(4,309,244)	(432,567)	-	(4,741,811)
Capital assets, net	<u>\$ 16,530,529</u>	<u>\$ 1,524,614</u>	<u>\$ -</u>	<u>\$ 18,055,143</u>

PROSPECT RECREATION & PARK DISTRICT

**Notes to Financial Statements
December 31, 2021 and 2020**

Note 5: Long Term Obligations

Long-term obligation activity for the years ended December 31, 2021 and 2020 was as follows:

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021	Current Portion
Series 2016 General Obligation Bonds	\$ 7,700,000	\$ -	\$ 350,000	\$ 7,350,000	\$ 350,000
Unamortized premium on Bonds	204,527	-	12,783	191,744	-
	<u>\$ 7,904,527</u>	<u>\$ -</u>	<u>\$ 362,783</u>	<u>\$ 7,541,744</u>	<u>\$ 350,000</u>

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020	Current Portion
Series 2016 General Obligation Bonds	\$ 8,050,000	\$ -	\$ 350,000	\$ 7,700,000	\$ 350,000
Unamortized premium on Bonds	217,310	-	12,783	204,527	-
	<u>\$ 8,267,310</u>	<u>\$ -</u>	<u>\$ 362,783</u>	<u>\$ 7,904,527</u>	<u>\$ 350,000</u>

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

On December 14, 2016 the District issued \$9,000,000 of Taxable Series 2016 General Obligation Bonds with a premium of \$255,659. Proceeds from the 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 Applewood 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 Districts full faith and credit. All taxable property within the District is subject to ad valorem taxation without limitation as to rate or amount and in an amount sufficient to pay the principal and interest on the bonds when due.

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

Notes to Financial Statements
December 31, 2021 and 2020

Note 5: Long Term Obligations (continued)

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

Year	Principal	Interest	Total
2022	\$350,000	\$352,687	\$ 702,687
2023	375,000	329,062	704,062
2024	400,000	315,000	715,000
2025	400,000	299,000	699,000
2026	400,000	283,000	683,000
2027-2031	2,365,000	1,128,000	3,493,000
2032-2036	3,060,000	474,750	3,534,750
	<u>\$ 7,350,000</u>	<u>\$ 3,181,499</u>	<u>\$ 10,531,499</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

Notes to Financial Statements
December 31, 2021 and 2020

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 Districts Personnel Policy Manual). The employee vesting schedule is as follows:

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

The District contributed \$9,719 and \$12,984 for the years ended December 31, 2021 and 2020, 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

Notes to Financial Statements December 31, 2021 and 2020

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 44th Avenue in Wheat Ridge. The obligation is subject to annual appropriation.

PROSPECT RECREATION & PARK DISTRICT

Notes to Financial Statements December 31, 2021 and 2020

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 Grove Park, the land on which the District offices and maintenance facility reside, and part of Tanglewood Sports Park to the District. This conveyance came about through the District's utilization of a 2012 change in County policy. During 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: Related Party

Some members of the Board of Directors also serve on the Board of Directors of the Prospect Foundation, Colorado a non-profit corporation. The District and the Foundation share common goals and objectives with respect to open space and its preservation.

SUPPLEMENTAL INFORMATION

PROSPECT RECREATION & PARK DISTRICT

**Schedule of Operating Expenses
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Personnel and related expenses:		
Salaries	\$ 310,320	\$ 312,631
Insurance	51,984	62,422
Retirement contribution	9,719	12,984
Payroll taxes	23,738	23,738
Payroll expenses	16,488	-
Incentive retention	69	-
Accounting contract	22,500	16,800
Recruiting	50	616
Mowing contract	<u>56,555</u>	<u>47,580</u>
Total personnel and related expenses	<u>491,423</u>	<u>476,771</u>
General and administrative expenses:		
Advertising	704	600
Board meeting stipends	5,900	11,100
Computer support	5,950	3,050
Insurance	70,809	46,871
Office supplies, printing, credit card charges and postage	23,945	18,974
Recreation programming	16,750	1,240
Fuel	10,175	5,056
Audit	6,250	5,000
Utilities	18,422	17,236
Legal	50,619	55,076
Meetings	596	461
Cellular communication	775	725
Professional dues	5,342	3,052
Security	4,665	4,441
Uniform	1,503	-
Telephone	3,999	3,260
Training and education	4,132	-
Contingency	-	12,251
Miscellaneous	<u>3,197</u>	<u>24,611</u>
Total general and administrative expenses	<u>233,733</u>	<u>213,004</u>
Repairs and maintenance		
Maintenance - water, sanitation and other	256,809	252,691
Capital projects	505,857	2,102,050
Less amount capitalized to fixed assets	<u>(505,857)</u>	<u>(1,957,181)</u>
Total repairs and maintenance	<u>256,809</u>	<u>397,560</u>
Total operating expenses	<u>\$ 981,965</u>	<u>\$ 1,087,335</u>

PROSPECT RECREATION & PARK DISTRICT

**Schedule of Revenue and Expenditures Budget and Actual
Year Ended December 31, 2021**

	BUDGET		Variance
	Final	Actual	Favorable (Unfavorable)
Operating revenue:			
Fee in lieu of revenue	\$ 5,000	\$ -	\$ (5,000)
Conservation trust revenue	45,000	61,274	16,274
Recreation fees	-	70,230	70,230
Golf Course revenue base rent	185,322	181,224	(4,098)
Golf Course percentage rent	120,000	253,042	133,042
Golf Course water lease revenue	25,000	21,718	(3,282)
Other income	200	166,412	166,212
Total operating revenue	380,522	753,900	373,378
Operating expense:			
Personnel:			
Salaries	324,500	310,320	14,180
Retirement contribution	9,000	9,719	(719)
Benefits	82,075	92,279	(10,204)
Accounting contract	18,000	22,500	(4,500)
Mowing contract	47,000	56,555	(9,555)
Recruiting	500	50	450
General and administrative:			
Advertising	1,000	704	296
Board meetings	10,000	5,900	4,100
Computer support/Internet	3,400	5,950	(2,550)
Copier supplies	2,200	2,370	(170)
Credit card and bank charges	4,800	3,556	1,244
Office supplies	4,000	3,419	581
PC supplies/Software/Payroll	500	4,089	(3,589)
Postage	5,000	5,074	(74)
Printing	5,000	5,412	(412)
Recreation programming	21,500	16,750	4,750
Uniform	1,500	1,503	(3)
Fuel	11,000	10,175	825
Insurance - liability	52,763	70,809	(18,046)
Maintenance - building	9,000	16,164	(7,164)
Maintenance - equipment	5,500	10,028	(4,528)
Maintenance - irrigation	15,000	11,182	3,818
Maintenance - lawn and grounds	63,000	54,545	8,455
Maintenance - other	19,000	15,371	3,629
Maintenance - vehicle	7,000	10,015	(3,015)
Safety supplies	1,000	904	96
Sand and gravel	12,000	11,295	705
Small tools	1,000	1,190	(190)
Turf products	30,000	16,926	13,074
Water	100,000	85,145	14,855
Sanitation	20,000	24,044	(4,044)
Audit	10,000	6,250	3,750
Utilities	20,000	18,422	1,578
Legal	40,000	50,619	(10,619)
Meetings	3,000	596	2,404
Miscellaneous	-	3,197	(3,197)
Cellular communication	2,000	775	1,225
Professional dues	3,200	5,342	(2,142)
Public notices	250	25	225
Security	4,500	4,665	(165)
Telephone	3,700	3,999	(299)
Training and education	6,000	4,132	1,868
Water Lease payment AGC	82,749	62,459	20,290
Contingency	171,903	-	171,903
Total operating expenses	\$ 1,233,540	\$ 1,044,424	\$ 189,116

PROSPECT RECREATION & PARK DISTRICT

**Schedule of Revenue and Expenditures Budget and Actual and Changes in Funds Available (Budgetary Basis)
Year Ended December 31, 2021**

	<u>BUDGET</u>		<u>Variance Favorable</u>
	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Non-operating revenue			
Property taxes	\$ 2,420,485	\$ 2,317,962	\$ (102,523)
Specific ownership taxes	150,000	180,957	30,957
Interest Income (expense)	20,000	(3,721)	(23,721)
County Treasurer fees	(35,455)	(34,678)	777
Total non-operating revenue	<u>2,555,030</u>	<u>2,460,520</u>	<u>(94,510)</u>
Non-operating expenditures			
Bond principal payment	350,000	350,000	-
Bond interest payment	352,688	352,688	-
Capital projects and equipment expense	1,623,531	505,857	1,117,674
Non-operating expenditures	<u>2,326,219</u>	<u>1,208,545</u>	<u>1,117,674</u>
Net Non-Operating income	<u>228,811</u>	<u>1,251,975</u>	<u>1,023,164</u>
Excess (deficiency) of revenue over expenditures (Budgetary Basis)	(624,207)	961,451	1,585,658
Beginning funds available	4,942,326	4,617,890	(324,436)
Ending funds available	<u>\$ 4,318,119</u>	<u>\$ 5,579,341</u>	<u>\$ 1,261,222</u>
Funds available are defined as follows:			
Current assets		\$ 8,124,502	
Less: current liabilities (net of current portion of debt)		2,545,161	
Ending funds available		<u>\$ 5,579,341</u>	
Reconciliation of Budgetary Basis (actual) to Statements of Revenue, Expenses and Changes in Net Position:			
Revenue (budgetary basis)		\$ 3,214,420	
Water lease expense		(62,459)	
County Treasurer fees		34,678	
Total revenue per Statements of Revenue, Expenses and Changes in Net Position		<u>3,186,639</u>	
Expenditures (budgetary basis)		2,252,969	
Depreciation		445,906	
Capital expenditures		(505,857)	
Principal paid		(350,000)	
Amortization of bond premium		(12,783)	
Water lease expense		(62,459)	
County Treasurer fees		34,678	
Total expenses per Statements of Revenue, Expenses and Changes in Net Position		<u>1,802,454</u>	
Change in net position per Statements of Revenue and Changes in Net Position		<u>\$ 1,384,185</u>	