

Prospect Recreation & Park District

Financial Statements and Supplemental
Information with Independent Auditor's Report

Year Ended December 31, 2023



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"), which comprise the statement of net position as of December 31, 2023, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Prospect Recreation & Park District as of December 31, 2023, and the results of its operations and its cash flows 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 for 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 the District'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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis, on pages IV through VI, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Auditing Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information 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 of America. 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
Denver, Colorado

July 24, 2024

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, 2023.

Financial Highlights

- As of the close of the current fiscal year, the District's net position was \$19,261,202.
- Net position increased by \$1,640,321.

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 \$19,261,202 at the close of the most recent fiscal year.

Net Position

	<u>December 31, 2023</u>
Current assets	\$ 10,517,513
Capital assets	18,869,799
Non-current assets	813,474
Total assets	<u>30,200,786</u>
Current liabilities	441,603
Deferred inflow of resources	4,106,803
Long Term Obligations	6,391,178
Total liabilities	<u>10,939,584</u>
Investment in capital assets	12,078,621
Restricted	1,597,500
Unrestricted	5,585,081
Total net position	<u>\$ 19,261,202</u>

Change in Net Position

	<u>Year ended December 31, 2023</u>
Revenue	
Operating revenue	\$ 566,151
Property taxes, net	2,441,109
Specific ownership taxes	183,538
Interest income	422,331
Total revenue	<u>3,613,129</u>
Expenses	
General government (includes depreciation)	1,655,528
Debt Service costs	317,280
Total expenses	<u>1,972,808</u>
Change in net position	1,640,321
Net position - beginning	<u>17,620,881</u>
Net position - ending	<u>\$ 19,261,202</u>

Total net position increased by \$1,640,321 from the previous year.

New Year's Budgets and Rates

The District has appropriated \$4,238,237 for spending in the 2024 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

**Statement of Net Position
As of December 31, 2023**

ASSETS	2023
Current Assets:	
Cash and investments	\$ 5,238,600
Cash and investments, restricted	1,597,500
Receivable from County Treasurer	11,375
Property taxes receivable	2,942,709
Accounts receivable, Applewood Golf Course	276,190
Current portion of lease receivable	387,635
Prepaid expenses and deposits	63,504
Total current assets	10,517,513
 Capital Assets:	
Construction in progress	1,400,530
Applewood Golf Course	13,602,500
Park facilities	4,896,497
Water rights	297,820
Buildings and improvements	1,298,564
Land	2,856,316
Vehicles and equipment	597,310
Computer equipment	25,305
Accumulated depreciation	(6,105,043)
Total capital assets	18,869,799
Lease receivable, net of current portion	813,474
Total assets	\$ 30,200,786
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	\$ 15,487
Accrued expenses	4,648
Accrued sick and vacation pay	19,163
Deposits, net	2,305
Current portion of long-term obligations	400,000
Total current liabilities	441,603
Long-term obligations, net	6,391,178
Deferred Inflows of Resources	
Property tax revenue	2,942,709
Deferred lease revenue	1,164,094
Total deferred inflows of resources	4,106,803
Net position:	
Investment in capital assets	12,078,621
Restricted	1,597,500
Unrestricted	5,585,081
Total net position	19,261,202
Total liabilities and net position	\$ 30,200,786

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

PROSPECT RECREATION & PARK DISTRICT

**Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023**

	2023	% of Total Revenue
Operating revenue:		
Conservation trust revenue	\$ 77,654	2.13 %
Golf Course revenue base rent	154,357	4.23
Golf Course percentage rent	276,190	7.57
Golf Course water lease revenue	23,255	0.64
Water lease expenses	(72,223)	(1.98)
Recreation fees	102,961	2.82
Other revenue/donations	3,957	0.10
Total operating revenues	<u>566,151</u>	<u>15.51</u>
Operating expenses:		
Personnel and related expenses	612,489	16.78
General and administrative	275,371	7.54
Repairs and maintenance	328,575	9.00
Total operating expenses	<u>1,216,435</u>	<u>33.32</u>
Operating loss before depreciation	(650,284)	(17.81)
Depreciation	<u>(439,093)</u>	<u>(12.03)</u>
Loss from operations	<u>(1,089,377)</u>	<u>(29.84)</u>
Non-operating revenues and expenses:		
Property taxes - general	1,502,003	41.14
Property taxes - debt service	976,302	26.75
Specific ownership taxes	183,538	5.03
Interest income	422,331	11.57
Bond interest, net of premium amortization	(317,280)	(8.69)
County Treasurer fee's	(37,196)	(1.02)
Total non-operating activities	<u>2,729,698</u>	<u>74.77</u>
Change in net position:	1,640,321	44.93 %
Net position: beginning of year	<u>17,620,881</u>	
Net position: end of year	<u><u>\$ 19,261,202</u></u>	

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

PROSPECT RECREATION & PARK DISTRICT

**Statement of Cash Flows
For the Year Ended December 31, 2023**

	2023
Cash flows from operating activities:	
Receipts from customers, grants, lottery and other	\$ 530,050
Payment for operating expenses	(1,280,679)
Net cash used by operating activities	(750,629)
Cash flows from non-capital financing activities:	
Taxes - property and specific ownership - net	2,624,647
Net cash provided by non-capital financing activities	2,624,647
Cash flows from capital and related financing activities:	
Debt principal reduction	(375,000)
Interest on debt	(330,063)
Acquisition of capital assets	(1,469,719)
Net cash used by capital and financing activities	(2,174,782)
Cash flows from investing activities:	
Interest income	422,331
Net cash provided by investing activities	422,331
Net increase in cash and investments	121,567
Cash and investments - beginning of year	6,714,533
Cash and investments - end of year	\$ 6,836,100
Reconciliation of operating loss to net cash from operating activities:	
Loss from operations	\$ (1,089,377)
Adjustments to reconcile loss from operations to net cash used by operating activities:	
Depreciation	439,093
Noncash lease revenue	(388,032)
(Increase) decrease in assets:	
Receivable from county treasurer	(413)
Accounts receivable	21,141
Accounts receivable, Applewood Golf Course	(44,230)
Lease receivable	375,433
Prepaid expenses and deposits	(2,132)
Increase (decrease) in liabilities:	
Accounts payable	(51,163)
Accrued expenses	(7,468)
Accrued sick and vacation pay	(3,926)
Deposits, net	445
Net cash used by operating activities	\$ (750,629)
Supplemental disclosure of non-cash capital and related financing activities:	
Amortization of premium on bonds	\$ 12,783

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

PROSPECT RECREATION & PARK DISTRICT

**Notes to Financial Statements
December 31, 2023**

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, 2023

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 the County which are stated at estimated fair market value as determined by the 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.

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.

Deferred lease revenue – The District reports deferred inflows related to deferred lease revenue. This amount is recognized over the life of the lease.

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, 2023

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 components and is available for general use by the District.

The District’s unrestricted component of net position as of December 31, 2023 is \$5,585,081.

Budgets – In accordance with the State Budget Law, the District’s Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District’s Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can be modified only upon completion of notice and hearing requirements. The appropriation is at the total fund expenditures level and lapses at year end.

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

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 year ended December 31, 2023 are classified in the accompanying financial statements as follows:

	<u>2023</u>
Statement of net assets:	
Cash and investments	\$ 5,238,600
Cash and investments, restricted	<u>1,597,500</u>
	<u>\$ 6,836,100</u>

PROSPECT RECREATION & PARK DISTRICT

Notes to Financial Statements
December 31, 2023

Note 3: Cash and Investments (Continued)

At December 31, 2023, the District reports cash and investments in the amount of \$1,597,490, which are restricted for debt service on the District’s outstanding Bonds. At December 31, 2023, the District restricts additional cash of \$10, which represent fees in lieu, which are pending determination by the County as to their allowable use.

Cash and investments, per the statements of cash flows as of December 31, 2023 consist of the following:

	<u>2023</u>
Petty cash	\$ 100
Deposits with financial institutions	180,733
Federated Government Obligation Fund held by Bank of Oklahoma	1,436,653
Investments - COLOTRUST	<u>5,218,614</u>
	<u>\$ 6,836,100</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 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2023, the District’s cash deposits had a bank balance of \$183,157 and a carrying balance of \$180,733.

As of December 31, 2023, 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.

PROSPECT RECREATION & PARK DISTRICT

Notes to Financial Statements
December 31, 2023

Note 3: Cash and Investments (Continued)

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

Colorado 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, 2023, the District had the following investments:

Investment	Maturity	Amount
Colorado Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$ 5,218,614
Federated Government Obligation Fund	Weighted average under 60 days	<u>1,436,653</u>
		<u>\$ 6,655,267</u>

PROSPECT RECREATION & PARK DISTRICT

**Notes to Financial Statements
December 31, 2023**

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, 2023, the District had investments held by the Bank of Oklahoma (“BOK”) invested in a Federated Government Obligation Fund in the amount of \$1,436,653. 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, 2023**

Note 4: Lease Receivable

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 through December 31, 2026.

Total lease revenue under this agreement was \$430,547 for the year ended December 31, 2023.

The implicit rate on the lease was 3.25%. Future minimum rent on the noncancelable lease as of December 31, 2023, is as follows:

Year	Principal	Interest	Total
2024	387,635	39,036	426,671
2025	400,233	26,438	426,671
2026	413,241	13,430	426,671
	<u>\$ 1,201,109</u>	<u>\$ 78,904</u>	<u>\$ 1,280,013</u>

Note 5: Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

Classification	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023
Capital assets not being depreciated:				
Construction in progress	\$ 63,776	\$ 1,336,754	\$ -	\$ 1,400,530
Total capital assets not being depreciated	63,776	1,336,754	-	1,400,530
Capital assets being depreciated:				
Applewood Golf Course	13,602,500	-	-	13,602,500
Park facilities	4,896,497	-	-	4,896,497
Water rights	297,820	-	-	297,820
Buildings and improvements	1,229,349	69,215	-	1,298,564
Land	2,856,316	-	-	2,856,316
Vehicles and equipment	546,809	63,750	(13,249)	597,310
Computer equipment	25,305	-	-	25,305
Total capital assets being depreciated	23,454,596	132,965	(13,249)	23,574,312
Accumulated depreciation	(5,679,199)	(439,093)	13,249	(6,105,043)
Capital assets, net	<u>\$ 17,839,173</u>	<u>\$ 1,030,626</u>	<u>\$ -</u>	<u>\$ 18,869,799</u>

PROSPECT RECREATION & PARK DISTRICT

**Notes to Financial Statements
December 31, 2023**

Note 6: Long Term Obligations

Long-term obligation activity for the year ended December 31, 2023 was as follows:

	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023	Current Portion
Series 2016 General Obligation Bonds	\$ 7,000,000	\$ -	\$ 375,000	\$ 6,625,000	\$ 400,000
Unamortized premium on Bonds	178,961	-	12,783	166,178	-
	<u>\$ 7,178,961</u>	<u>\$ -</u>	<u>\$ 387,783</u>	<u>\$ 6,791,178</u>	<u>\$ 400,000</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, 2023

Note 6: Long Term Obligations (continued)

The Districts long-term obligations will mature as follows:

Year	Principal	Interest	Total
2024	\$ 400,000	\$ 315,000	\$ 715,000
2025	400,000	299,000	699,000
2026	400,000	283,000	683,000
2027	425,000	267,000	692,000
2028	445,000	250,000	695,000
2029-2033	2,625,000	889,500	3,514,500
2034-2036	1,930,000	196,250	2,126,250
	<u>\$ 6,625,000</u>	<u>\$ 2,499,750</u>	<u>\$ 9,124,750</u>

Note 7: 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 three 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, 2023

Note 8: 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 \$13,128 for the year ended December 31, 2023.

Note 9: Tax, Spending and Debt Limitations

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

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

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

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, 2023**

Note 10: 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, 2023**

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 6).

Note 14: Related Party

Some members of the Board of Directors also serve on the Board of Directors of the Prospect Foundation, a 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, 2023

	<u>2023</u>
Personnel and related expenses:	
Salaries	\$ 417,307
Insurance	40,003
Retirement contribution	13,128
Payroll taxes	30,490
Payroll expenses	4,930
Incentive retention	200
Accounting contract	18,000
Recruiting	831
Mowing contract	<u>87,600</u>
Total personnel and related expenses	<u>612,489</u>
General and administrative expenses:	
Advertising	1,361
Board meeting stipends	7,600
Computer support	7,578
Insurance	59,551
Office supplies, printing, credit card charges and postage	20,596
Recreation programming	23,448
Fuel	10,292
Audit	10,000
Elections	13,470
Utilities	20,698
Legal	75,593
Meetings	2,172
Cellular communication	950
Professional dues	4,543
Security	5,544
Uniform	791
Telephone	4,832
Training and education	6,039
Miscellaneous	<u>223</u>
Total general and administrative expenses	<u>275,371</u>
Repairs and maintenance	
Maintenance - water, sanitation and other	328,575
Capital projects	1,469,719
Less amount capitalized to fixed assets	<u>(1,469,719)</u>
Total repairs and maintenance	<u>328,575</u>
Total operating expenses	<u>\$ 1,216,435</u>

PROSPECT RECREATION & PARK DISTRICT

**Schedule of Revenue and Expenditures Budget and Actual
Year Ended December 31, 2023**

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenue:			
Fee in lieu of revenue	\$ 5,000	\$ -	\$ 5,000
Conservation trust revenue	65,000	77,654	12,654
Open space trails grant	573,000	-	(573,000)
Recreation fees	95,000	102,961	7,961
Golf Course revenue base rent	195,000	154,357	(40,643)
Golf Course percentage rent	260,000	276,190	16,190
Golf Course water lease revenue	25,000	23,255	(1,745)
Other revenue/donations	12,200	3,957	(8,243)
Total operating revenue	1,230,200	638,374	(581,826)
Operating expense:			
Personnel:			
Salaries	411,800	417,307	(5,507)
Retirement contribution	16,000	13,128	2,872
Benefits	94,938	75,623	19,315
Accounting contract	18,000	18,000	-
Mowing contract	55,000	87,600	(32,600)
Recruiting	1,000	831	169
General and administrative:			
Advertising	1,200	1,361	(161)
Board meetings	8,000	7,600	400
Computer support/Internet	4,800	7,578	(2,778)
Copier supplies	2,200	3,645	(1,445)
Credit card and bank charges	3,700	4,689	(989)
Office supplies	2,500	5,904	(3,404)
PC supplies/Software/Payroll	4,750	1,895	2,855
Postage	2,800	2,078	722
Printing	3,700	2,385	1,315
Recreation programming	22,550	23,448	(898)
Uniform	1,500	791	709
Fuel	11,500	10,292	1,208
Insurance - liability	54,137	59,551	(5,414)
Maintenance - building	10,000	10,868	(868)
Maintenance - equipment	8,000	9,896	(1,896)
Maintenance - irrigation	15,000	14,408	592
Maintenance - lawn and grounds	35,000	81,022	(46,022)
Maintenance - other	30,500	28,150	2,350
Maintenance - vehicle	4,400	4,847	(447)
Safety supplies	1,500	1,279	221
Sand and gravel	2,000	3,231	(1,231)
Small tools	600	948	(348)
Turf & Weed products	40,000	55,584	(15,584)
Water	124,000	88,325	35,675
Sanitation	27,000	30,017	(3,017)
Audit	7,500	10,000	(2,500)
Election	50,000	13,470	36,530
Utilities	29,000	20,698	8,302
Legal	46,000	75,593	(29,593)
Meetings	1,500	2,172	(672)
Cellular communication	1,000	950	50
Professional dues	4,500	4,543	(43)
Public notices	500	-	500
Security	6,500	5,544	956
Telephone	5,600	4,832	768
Training and education	6,000	6,039	(39)
Water Lease payment Applewood Golf Course	94,563	72,223	22,340
Contingency	500	90	410
Total operating expenses	\$ 1,271,238	\$ 1,288,658	\$ (17,420)

PROSPECT RECREATION & PARK DISTRICT

**Schedule of Revenue and Expenditures Budget and Actual and Changes in Funds Available (Budgetary Basis)
Year Ended December 31, 2023**

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Non-operating revenue			
Property taxes	\$ 2,549,547	\$ 2,478,305	\$ (71,242)
Specific ownership taxes	165,000	183,538	18,538
Interest Income	70,000	422,331	352,331
County Treasurer fees	<u>(38,243)</u>	<u>(37,196)</u>	<u>1,047</u>
Total non-operating revenue	<u>2,746,304</u>	<u>3,046,978</u>	<u>300,674</u>
Non-operating expenditures			
Bond principal payment	375,000	375,000	-
Bond interest payment	329,062	330,063	(1,001)
Capital projects and equipment expense	<u>3,384,800</u>	<u>1,469,719</u>	<u>1,915,081</u>
Non-operating expenditures	<u>4,088,862</u>	<u>2,174,782</u>	<u>1,914,080</u>
Net Non-Operating income (loss)	<u>(1,342,558)</u>	<u>872,196</u>	<u>2,214,754</u>
Excess (deficiency) of revenue over expenditures (Budgetary Basis)	(1,383,596)	221,912	1,605,508
Beginning funds available	<u>6,883,505</u>	<u>6,960,669</u>	<u>77,164</u>
Ending funds available	<u>\$ 5,499,909</u>	<u>\$ 7,182,581</u>	<u>\$ 1,682,672</u>
Funds available are defined as follows:			
Current assets (net of current portion of lease receivable)		\$ 10,129,878	
Less: current liabilities (net of current portion of debt and change in lease receivable amortization)		<u>2,947,297</u>	
Ending funds available		<u>\$ 7,182,581</u>	
Reconciliation of Budgetary Basis (actual) to Statements of Revenue, Expenses and Changes in Net Position:			
Revenue (budgetary basis)		\$ 3,685,352	
Water lease expense		(72,223)	
County Treasurer fees		<u>37,196</u>	
Total revenue per Statements of Revenue, Expenses and Changes in Net Position		<u>3,650,325</u>	
Expenditures (budgetary basis)		3,463,440	
Depreciation		439,093	
Capital expenditures		(1,469,719)	
Principal paid		(375,000)	
Amortization of bond premium		(12,783)	
Water lease expense		(72,223)	
County Treasurer fees		<u>37,196</u>	
Total expenses per Statements of Revenue, Expenses and Changes in Net Position		<u>2,010,004</u>	
Change in net position per Statements of Revenue and Changes in Net Position		<u>\$ 1,640,321</u>	