

**FOOTHILLS PARK & RECREATION DISTRICT**  
**Jefferson County, Colorado**

**FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

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## Independent Auditor's Report

Board of Directors  
Foothills Park and Recreation District  
6612 S. Ward Street  
Littleton, CO 80127

### Report on the Financial Statements

We have audited the accompanying financial statements of the major fund of Foothills Park & Recreation District ("the District") as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the District, as of December 31, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Correction of an Error**

As discussed in Note 11 to the financial statements, the District recorded an adjustment to beginning of year capital assets in the financial statements, as land was improperly capitalized in prior periods. Accordingly, the January 1, 2017 beginning net position was adjusted to correct this error. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Non GAAP Budgetary Basis Schedule of Revenues, Expenditures and Changes in Funds Available, Reconciliation of Non GAAP Budgetary Basis (Actual) to the Statement of Revenues, Expenses and Changes in Fund Net Position-Enterprise Fund, History of District Assessed Valuation Schedule, Mill Levies and Property Tax Collections, the History of Revenues, Expenses and Changes in Net Position Schedule, and the Historical Net Position Schedule are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedules listed above have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them



Denver, Colorado  
April 12, 2019

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Foothills Park & Recreation District's ("the District") annual financial report provides an overview of the District's financial activities for the fiscal years ended December 31, 2018 and 2017. Comparative total data for the prior year has been presented in the accompanying management discussion and analysis and financial statements in order to provide an understanding of changes in the District's financial position and operations. Please read management's discussion and analysis in conjunction with the financial statements and notes to the financial statements.

### FINANCIAL HIGHLIGHTS

- ◆ In 2018, the District continued work on major capital improvements at Clement Park. During the year, much of the work was focused on the third phase of the overall improvement project, which will include: a rebuild of the central playground, installation of energy efficient ballfield lighting, a lake water quality improvement effort and redevelopment of the amphitheater and upper promenade area including new irrigation and sidewalk improvements. The third phase of the project is partially funded by a grant from Jefferson County Open Space and a grant from Great Outdoors Colorado and will continue throughout 2019.
- ◆ Also in 2018 the District received two intergovernmental capital asset contributions. First, Jefferson County transferred ownership of Clement Park and water rights for Johnson Reservoir to the District, which resulted in contributions recorded in 2018 of \$5,410,053. Second, Urban Drainage and Flood Control District, in partnership with Jefferson County and our District completed work on a jointly funded project to rebuild the dam and construct a bridge at Beers Sisters Reservoir, which is located within our District in Blue Heron Park. The completion of this project in 2018 resulted in contributions recorded of \$1,366,393.
- ◆ In 2017, The District was successful in passing a 2.75 mill levy increase with a nine-year sunset provision. As a result of this and increasing property values in the District, property tax revenues in 2018 increased by \$3.96 million. Of this increase, approximately \$3.3 million was associated with the additional 2.75 mills. The additional funding through the nine-year period will be used to: provide better park maintenance, improve conditions of parks and sports fields, improve neighborhood and community parks, improve outdated and failing equipment, repair and enhance trails for better connectivity, repair facilities and offset increasing operational and maintenance costs.
- ◆ The District ended the year in good financial position with assets exceeding liabilities at December 31, 2018 by \$70.99 million (net position), an increase from 2017 of \$12.54 million. Of this amount, \$12.93 million is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.

- ◆ The District's cash and cash equivalents and total investments increased \$5.4 million to \$15.0 million primarily due to higher property and specific ownership tax revenues and the timing of expenditures for mill levy park improvement projects and the Clement Park improvement project, which have been carried-forward to the 2019 budget year. Receivables decreased by \$1.88 million mainly due to the timing of payment from Jefferson County Open Space and Great Outdoors Colorado for grant funds receivable associated with progress on the Clement Park project.
- ◆ The District's total debt decreased \$3.1 million due to principal payments on outstanding debt.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Foothills Park & Recreation District's basic financial statements. The District's basic financial statements are comprised of two components: 1) the District-wide financial statements, 2) notes to the financial statements. This annual report also contains supplementary information in addition to the basic financial statements themselves.

## **REQUIRED FINANCIAL STATEMENTS**

The financial statements of the District use accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

### **Statement of Net Position**

The Statement of Net Position provides information about the District's investments in resources and obligations. It also provides the basis for evaluating the capital structure of the District and assessing the short and long-term debt of the District.

### **Statement of Revenues, Expenses, and Changes in Net Position**

This statement measures the results of the District's operation over the past year and can be used to determine the percentage of the District's costs that are recovered through its user fees as well as other expenditures and revenues.

### **Statement of Cash Flows**

The primary purpose of this statement is to provide information about the District's cash receipts and payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. It also provides answers to such questions regarding the source of cash, usage of cash, and the change in cash balance during the reporting period.

## FINANCIAL ANALYSIS OF THE DISTRICT

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's activities in a way that can help understand the District's finances. The District's Net Position is another source to determine the financial health or financial position of the District. Over time, increases in the District's net position are an indicator that the District's financial health is improving. However, one should also consider other non-financial factors such as changes in economic conditions, population growth, or changes in governmental legislation.

A summary of the District's Statements of Net Position as of December 31, 2018 and 2017 is presented below:

	<b>Net Position</b>		<b>2017 to 2018</b>	
	<b>2018</b>	<b>2017</b> <b>As Restated</b>	<b>\$ Change</b>	<b>% Change</b>
Current and Other Assets	\$ 28,649,594	\$ 25,070,593	\$ 3,579,001	14.28%
Capital Assets	78,016,949	71,419,792	6,597,157	9.24%
Total Assets	<u>106,666,543</u>	<u>96,490,385</u>	<u>10,176,158</u>	<u>10.55%</u>
Deferred Outflows of Resources	579,004	715,329	(136,325)	-19.06%
Current Liabilities	5,378,915	4,661,231	717,684	15.40%
Non-Current Liabilities	19,121,458	22,393,517	(3,272,059)	-14.61%
Total Liabilities	<u>24,500,373</u>	<u>27,054,748</u>	<u>(2,554,375)</u>	<u>-9.44%</u>
Deferred Inflows of Resources	11,753,902	11,699,843	54,059	0.46%
Net Invested in Capital Assets	57,257,305	47,926,572	9,330,732	19.47%
Restricted	800,000	779,000	21,000	2.70%
Unrestricted	<u>12,933,967</u>	<u>9,745,551</u>	<u>3,188,417</u>	<u>32.72%</u>
Total Net Position	<u>\$ 70,991,272</u>	<u>\$ 58,451,123</u>	<u>\$ 12,540,149</u>	<u>21.45%</u>

As can be seen from the chart above, Total Net Position increased \$12,540,149, or 21.45% in 2018. Emergency Reserves reflects amounts restricted for TABOR reserves. In addition, the Board of Directors of the District ("the Board") established a general reserve fund in an amount equal to 9.0% of the District's annual operating budget which includes the TABOR reserves. The Board has not restricted or committed any of these unrestricted funds for any specific purpose except for cash flow, emergency and other purposes as determined by the Board. As of December 31, 2018, the District had a general reserve fund of \$2,399,000, which includes the TABOR reserves of \$800,000.

A summary of the District’s Statements of Net Position as of December 31, 2017 and 2016 is presented below:

	<b>Net Position</b>		<b>2016 to 2017</b>	
	<b>2017</b>	<b>2016</b>	<b>\$ Change</b>	<b>% Change</b>
Current and Other Assets	\$ 25,070,593	\$ 22,044,485	\$ 3,026,108	13.73%
Capital Assets	<u>71,419,792</u>	<u>69,023,215</u>	<u>2,396,577</u>	<u>3.47%</u>
Total Assets	<u>96,490,385</u>	<u>91,067,700</u>	<u>5,422,685</u>	<u>5.95%</u>
Deferred Outflows of Resources	715,329	851,654	(136,325)	-16.01%
Current Liabilities	4,661,231	4,738,132	(76,901)	-1.62%
Non-Current Liabilities	<u>22,393,517</u>	<u>25,552,627</u>	<u>(3,159,110)</u>	<u>-12.36%</u>
Total Liabilities	<u>27,054,748</u>	<u>30,290,759</u>	<u>(3,236,011)</u>	<u>-10.68%</u>
Deferred Inflows of Resources	11,699,843	7,639,949	4,059,894	53.14%
Net Invested in Capital Assets	47,926,572	44,668,205	3,258,367	7.29%
Restricted	779,000	649,000	130,000	20.03%
Unrestricted	<u>9,745,551</u>	<u>8,671,441</u>	<u>1,074,110</u>	<u>12.39%</u>
Total Net Position, As Restated	<u>\$ 58,451,123</u>	<u>\$ 53,988,646</u>	<u>\$ 4,462,477</u>	<u>8.27%</u>

In 2017, Total Net Position increased \$4,462,477, or 8.27%. Emergency Reserves reflects amounts restricted for TABOR reserves. In addition, the Board of Directors of the District (“the Board”) established a general reserve fund in an amount equal to 9.0% of the District’s annual operating budget which includes the TABOR reserves. The Board has not restricted or committed any of these unrestricted funds for any specific purpose except for cash flow, emergency and other purposes as determined by the Board. As of December 31, 2017, the District had a general reserve fund of \$2,337,000, which includes the TABOR reserves of \$779,000.

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.



As part of our analysis, we provide a summary of the District's Statement of Revenues, Expenses and Changes in Net Position from 2017 to 2018 as presented below:

**Statement of Revenues, Expenses and Changes in Net Position, 2018 and 2017**

	2018	2017	2017 to 2018	
			\$ Change	% Change
Operating Revenues Fees and Charges	\$ 15,506,766	\$ 15,047,233	\$ 459,533	3.05%
Operating Expenditures	(22,024,192)	(20,320,814)	(1,703,378)	8.38%
Net Loss From Operations	(6,517,426)	(5,273,581)	(1,243,845)	23.59%
Non-Operating Revenues (Expenditures)				
Property and Specific Ownership Taxes	12,693,703	8,392,385	4,301,318	51.25%
Conservation Trust	484,258	469,489	14,769	3.15%
Grants and Contributions	7,615,185	2,755,744	4,859,441	176.34%
Grants Expenditures	(161,429)	(157,698)	(3,731)	2.37%
Facilities & Equipment Repair and Replacements	(660,605)	(806,239)	145,634	-18.06%
Interest Expense	(892,571)	(976,784)	84,213	-8.62%
Gain on Sale of Assets	(19,654)	30,492	(50,146)	-164.46%
Insurance Proceeds	6,173	-	6,173	100.00%
Other Income	178,960	153,437	25,523	16.63%
Other Expenditures	(186,445)	(124,768)	(61,677)	49.43%
Total Net Non-Operating Revenues	19,057,575	9,736,058	9,321,517	95.74%
<b>Change in Net Position</b>	12,540,149	4,462,477	8,077,672	181.01%
<b>Net Position, Beginning of Year, As Restated</b>	58,451,123	53,988,646	4,462,477	8.27%
<b>Net Position, End of Year</b>	\$ 70,991,272	\$ 58,451,123	\$ 12,540,149	21.45%

**Comparison of Revenue and Expenses – 2018 to 2017**

Operating Revenues derived from Fees and Charges for Services were \$15,506,766 in 2018 compared to \$15,047,233 in 2017, an increase of \$459,533, or 3.05%. The District experienced growth in numerous programming areas in 2018. Children's Programs, Recreation Programs and the Edge Ice Arena had the most significant increases of \$184,959, \$153,499 and \$96,617 respectively, resulting from increased participation in all day care and children's camp programs, fitness programs, District Athletics and increased participation in ice hockey programming.

Operating Expenses in 2018 were \$22,024,192 compared to \$20,320,814 in 2017, an increase of \$1,703,378, or 8.38%. Operating Expenses increased due to general inflationary trends the majority of major District operating centers. The most significant increases occurred in Parks and Regional Parks, Recreation Centers, Children's Programs and Golf. Parks and Regional Parks increased \$595,709 due to higher depreciation expense, annual pay increases, the increase in Colorado minimum wage increase and an increase in spending on irrigation water and professional services in an effort to provide improved services in the District's Parks as a result of the successful 2017

mill levy election. Recreation Centers increased \$320,641, or 10.35% mainly due to increased salaries and benefits related to annual pay increases and the increase in Colorado minimum wage, higher building repair and maintenance costs and higher depreciation expense. Children's Programs increased by \$236,429, or 10.88% primarily due to annual pay increases, higher salaries and wages to support increased participation in day care and camp programs and higher facility rentals and program supplies associated with continuing growth in the department. Golf increased \$285,440, or 7.48% due to increased salaries and benefits related to annual pay increases and the increase in Colorado minimum wage, higher water costs and higher expense for irrigation and equipment repairs.

Property and Specific Ownership Taxes were \$12,693,703 in 2018 versus \$8,392,385 in 2017. The increase of \$4,301,318 was primarily attributable to a 2.75 operating mill increase resulting from our successful 2017 mill levy ballot question and an increase in assessed values for the 2018 tax year. Conservation Trust revenues were \$484,258 and \$469,489 in 2018 and 2017, respectively, reflecting an increase in state lottery ticket sales for 2018.

Grants and Contributions increased \$4,859,441 primarily driven by two intergovernmental capital asset contributions that occurred during the year. First, Jefferson County transferred ownership of Clement Park and water rights for Johnson Reservoir to the District, which resulted in contributions recorded in 2018 of \$5,410,053. Second, Urban Drainage and Flood Control District, in partnership with Jefferson County and our District completed work on a jointly funded project to rebuild the dam and construct a bridge at Beers Sisters Reservoir, which is located within our District in Blue Heron Park. The completion of this project in 2018 resulted in an entry to record contributions of \$1,366,393. These favorable differences were partially offset by lower levels of Grants recorded for the Clement Park improvement project due to timing of the work being performed.

In 2018, 70.41% of the District's total operations were covered by fees and charges from programs and facilities and the remaining 29.59% came from property and specific ownership taxes and other sources. The District's parks, greenbelts and trails are costly to maintain and account for \$4,290,943 of the \$6,517,426 operating loss the District incurred in 2018. The District's pools and recreation centers are also costly to operate and were subsidized \$2,665,769 from other revenue sources besides the fees and charges paid by the users of these facilities in 2018. Of the \$12,693,703 of taxes collected, \$2,063,540 were designated to make principal and interest payments on General Obligation Debt and \$10,630,163 were designated to offset operating losses and other debt principle and interest payments owed as a result of financing the construction of the District's Peak Community Wellness Center, the Edge Ice Arena, and the Foothills Sports Arena.

The following table shows the amount and percent that operating costs were recovered through operating revenues including fees and charges for the years ended December 31, 2018 and 2017:

### Cost Recovery Through Fees and Charges

	2018	2017	2017 to 2018	
			\$ Change	% Change
Operating Revenues	\$ 15,506,766	\$ 15,047,233	\$ 459,533	3.05%
Operating Expenses	\$ 22,024,192	\$ 20,320,814	\$ 1,703,378	8.38%
% Cost Recovery Through Operating Fees and Charges	<u>70.41%</u>	<u>74.05%</u>		

As part of our analysis, we also provide a summary of the District's Statement of Revenues, Expenses and Changes in Net Position from 2016 to 2017 as presented below:

### Statement of Revenues, Expenses and Changes in Net Position, 2017 and 2016

	2017	2016	2016 to 2017	
			\$ Change	% Change
Operating Revenues Fees and Charges	\$ 15,047,233	\$ 14,760,341	\$ 286,892	1.94%
Operating Expenditures	(20,320,814)	(19,916,607)	(404,207)	2.03%
Net Loss From Operations	<u>(5,273,581)</u>	<u>(5,156,266)</u>	<u>(117,315)</u>	<u>2.28%</u>
Non-Operating Revenues (Expenditures)				
Property and Specific Ownership Taxes	8,392,385	8,241,228	151,157	1.83%
Conservation Trust	469,489	524,545	(55,056)	-10.50%
Grants and Contributions	2,755,744	1,003,809	1,751,935	174.53%
Grants Expenditures	(157,698)	(76,575)	(81,123)	105.94%
Facilities & Equipment Repair and Replacements	(806,239)	(1,004,001)	197,762	-19.70%
Interest Expense	(976,784)	(1,038,801)	62,017	-5.97%
Gain on Sale of Assets	30,492	773,479	(742,987)	-96.06%
Insurance Proceeds	-	102,421	(102,421)	-100.00%
Other Income	153,437	78,796	74,641	94.73%
Other Expenditures	(124,768)	(119,859)	(4,909)	4.10%
Total Net Non-Operating Revenues	<u>9,736,058</u>	<u>8,485,042</u>	<u>1,251,016</u>	<u>14.74%</u>
<b>Change in Net Position</b>	4,462,477	3,328,776	1,133,701	34.06%
<b>Net Position, Beginning of Year, As Restated</b>	53,988,646	50,659,870	3,328,776	6.57%
<b>Net Position, End of Year</b>	<u>\$ 58,451,123</u>	<u>\$ 53,988,646</u>	<u>\$ 4,462,477</u>	<u>8.27%</u>

### *Comparison of Revenue and Expenses – 2017 to 2016*

Operating Revenues derived from Fees and Charges for Services were \$15,047,233 in 2017 compared to \$14,760,341 in 2016, an increase of \$286,892. Several District programs experienced growth in 2017. Children's Programs, Golf and Recreation Centers had the most significant increases of \$160,865, \$100,730 and \$89,071 respectively, resulting from increased participation in a wide variety of programs. The increase for Recreation Centers was driven by the Foothills Fieldhouse, which contributed \$334,802 in total operating revenue in its first full year of operation. These increases were partially offset by a \$137,016 decrease in operating revenues at the Edge Ice Arena, which was driven by a decreased level of participation in hockey and figure skating programs.

Operating Expenses in 2017 were \$20,320,814 compared to \$19,916,607 in 2016, an increase of \$404,207, or 2.03%. Operating Expenses increased due to general inflationary trends the majority of major District operating centers. The most significant increases occurred in Recreation Centers, Aquatics, Children's Programs and General and Administrative. Recreation Centers increased \$193,651, or 6.67% due to increased salaries and benefits related to annual pay increases and the increase in Colorado minimum wage, higher utility costs and higher depreciation expense. Aquatics increased by \$138,146, or 8.56% primarily due to higher salary expense related to annual pay increases and the increase in Colorado minimum wage. Children's Programs increased by \$107,992, or 5.23% primarily due to higher salaries and wages to support increased participation in day care and camp programs and annual pay increases. General and Administrative expenses increased \$95,928, or 5.46%, primarily due to higher election, professional services, salary and benefit expenses.

Property and Specific Ownership Taxes were \$8,392,385 in 2017 versus \$8,241,228 in 2016. The increase of \$151,157 was primarily attributable to an increase in property taxes collected, resulting from an increase in assessed values for the 2017 tax year. Conservation Trust revenues were \$469,489 and \$524,545 in 2017 and 2016, respectively, reflecting a decrease in state lottery ticket sales for 2017. Grants increased \$1,751,935 driven primarily by Jefferson County Open Space and Great Outdoors Colorado Grant funds associated with the improvement projects in motion at Clement Park.

In 2017, 74.05% of the District's total operations were covered by fees and charges from programs and facilities and the remaining 25.95% came from property and specific ownership taxes and other sources. The District's parks, greenbelts and trails are costly to maintain and account for \$3,712,723 of the \$5,273,581 operating loss the District incurred in 2017. The District's pools and recreation centers are also costly to operate and were subsidized \$2,333,976 from other revenue sources besides the fees and charges paid by the users of these facilities in 2017. Of the \$8,392,385 of taxes collected, \$2,064,442 were designated to make principal and interest payments on General Obligation Debt and \$6,327,943 were designated to offset operating losses and other debt principle and interest payments owed as a result of financing the construction of the District's Peak Community Wellness Center, the Edge Ice Arena, and the Foothills Sports Arena.

The following table shows the amount and percent that operating costs were recovered through operating revenues including fees and charges for the years ended December 31, 2017 and 2016:

**Cost Recovery Through Fees and Charges**

	<u>2017</u>	<u>2016</u>	<u>2016 to 2017</u>	
			<u>\$ Change</u>	<u>% Change</u>
Operating Revenues	\$ 15,047,233	\$ 14,760,341	\$ 286,892	1.94%
Operating Expenses	\$ 20,320,814	\$ 19,916,607	\$ 404,207	2.03%
% Cost Recovery Through Operating Fees and Charges	<u>74.05%</u>	<u>74.11%</u>		

**Comparison of Revenue and Expenses – 2018 Actual to 2018 Budget**

Operating Revenues were \$15,506,766 compared to budget of \$15,158,080 or \$348,686 favorable to plan. Operating revenues exceeded plan most significantly as follows: Golf by \$148,329, or 3.17%; Recreation Programs by \$106,425, or 4.64%; Children’s Programs by \$87,762, or 2.96% and Parks by \$46,650 or 9.34% as a result of growth in patron visits and participation in the District’s various program offerings. These positive variances were partially offset by the Ice Arena and Recreation Centers, which were unfavorable to plan by \$7,275 and \$66,911, respectively. The Ice arena variance was related to lower than planned participation in hockey programming and the Recreation Center variance was related to lower than planned pass and admission revenues.

Operating Expenses were \$19,345,529 compared to budget of \$19,668,552, which was \$323,023 less than planned. The District has been very effective in creating an organization which encourages management and employees to control expenditures and to create efficiencies within their departments. Since 2008, Operating Expenditures have only increased \$3,733,026 or 23.91%, even with increasing program costs associated with increasing Operating Revenues which have grown \$3,201,495, or 26.05% over the same period.

Net Non-Operating Revenues were \$6,756,387 compared to budget of \$4,510,472 or \$2,245,915 favorable to plan mostly due to lower levels of net Grant expenditures and lower levels of expenditures on Facilities and Equipment Repairs and Replacements, resulting from a shift in the timing of work from 2018 to 2019 for the Clement Park Phase C project and the 2018 neighborhood park improvement mill levy projects.

### **Comparison of Revenue and Expenses – 2017 Actual to 2017 Budget**

Operating Revenues were \$15,047,233 compared to budget of \$14,932,392 or \$114,841 favorable to plan. Several District facilities and programs performed favorably to plan. Operating revenues exceeded plan most significantly as follows: Golf by \$194,968, or 4.18%; Children's Programs by \$88,879, or 3.20% and Parks by \$60,971 or 13.04% as a result of growth in patron visits and participation in the District's various program offerings. These positive variances were partially offset by the Ice Arena and Recreation Centers, which were unfavorable to plan by \$122,286 and \$79,997, respectively. The Ice arena variance was related to lower than planned participation in hockey and figure skating programming and the Recreation Center variance was related to lower than planned pass and admission revenues.

Operating Expenses were \$17,827,670 compared to budget of \$18,179,432, which was \$351,762 less than planned. Over the last nine years the District has been very effective in creating an organization which encourages management and employees to control expenditures and to create efficiencies within their departments. Operating Expenditures have only increased \$2,215,167 or 14.19% over the last eight years even with increasing program costs associated with increasing Operating Revenues which have grown \$2,757,949, or 22.44% over the same period.

Net Non-Operating Revenues were \$1,930,724 compared to budget of \$3,247,040 or \$1,316,316 unfavorable to plan mostly due to lower levels of net Grant expenditures, and cash reserves used to fund additional Facilities & Equipment Repair & Replacements in 2017.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

As of December 31, 2018, 2017 and 2016, the District had invested \$78,016,949, \$71,419,792 and \$69,023,215, respectively in net capital assets, which represents a broad range of infrastructure including parks, recreation centers, golf courses, maintenance and administration facilities, vehicles, and equipment. In 2018, The District's net capital assets increased by \$6,597,157 from net capital assets at the end of 2017 primarily due to the current year's additions, partially offset by current year depreciation of its capital assets. Similarly, in 2017, The District's net capital assets increased by \$2,396,577 from net capital assets at the end of 2016 primarily due to the current year's additions, partially offset by current year depreciation of its capital assets. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

The table below summarizes changes in capital assets for the year ended December 31, 2018:

### Change in Capital Assets (Net of Depreciation), 2018

	2018	2017	2017 to 2018	
			\$ Change	% Change
Land	\$ 23,728,375	\$ 18,826,875	\$ 4,901,500	26.03%
Water Rights	785,337	276,784	508,553	183.74%
Buildings	30,209,335	31,231,460	(1,022,125)	-3.27%
Improvements	19,376,750	18,002,421	1,374,329	7.63%
Furniture, Fixtures and Equipment	2,016,727	2,343,595	(326,868)	-13.95%
Vehicles	660,728	686,891	(26,163)	-3.81%
Construction in Progress	1,239,697	51,766	1,187,931	100.00%
Total Capital Assets, As Restated	<u>\$ 78,016,949</u>	<u>\$ 71,419,792</u>	<u>\$ 6,597,157</u>	<u>9.24%</u>

The table below summarizes changes in capital assets for the year ended December 31, 2017:

### Change in Capital Assets (Net of Depreciation), 2017

	2017	2016	2016 to 2017	
			\$ Change	% Change
Land	\$ 18,826,875	\$ 18,826,875	\$ -	0.00%
Water Rights	276,784	276,784	-	0.00%
Buildings	31,231,460	30,134,116	1,097,344	3.64%
Improvements	18,002,421	16,705,538	1,296,883	7.76%
Furniture, Fixtures and Equipment	2,343,595	2,158,726	184,869	8.56%
Vehicles	686,891	594,714	92,177	15.50%
Construction in Progress	51,766	326,462	(274,696)	100.00%
Total Capital Assets, As Restated	<u>\$ 71,419,792</u>	<u>\$ 69,023,215</u>	<u>\$ 2,396,577</u>	<u>3.47%</u>

### Long-Term Debt

The District paid \$3,053,900 in debt principal repayments during 2018 and at December 31, 2018 had \$21,157,523 in short and long-term debt.

Below is a summary of changes in long-term debt for the year ended December 31, 2018:

### Changes in Long-Term Debt

	2018	2017	2017 to 2018	
			\$ Change	% Change
General Obligation Bonds	\$ 3,992,900	\$ 5,796,800	\$ (1,803,900)	-31.12%
Certificates of Participation	16,240,000	17,300,000	(1,060,000)	-6.13%
Golf Course Revenue Bonds	410,000	600,000	(190,000)	-31.67%
Unamortized Deferred Charges	(579,004)	(715,329)	136,325	-19.06%
Unamortized Bond Premium (Discount)	1,093,627	1,235,457	(141,830)	-11.48%
Total Long Term Debt	<u>\$ 21,157,523</u>	<u>\$ 24,216,928</u>	<u>\$ (3,059,405)</u>	<u>-12.63%</u>

The District paid \$2,975,800 in debt principal repayments during 2017 and at December 31, 2017 had \$24,216,928 in short and long-term debt.

Below is a summary of changes in long-term debt for the year ended December 31, 2017:

### Changes in Long-Term Debt

	2017	2016	2016 to 2017	
			\$ Change	% Change
General Obligation Bonds	\$ 5,796,800	\$ 7,547,600	\$ (1,750,800)	-23.20%
Certificates of Participation	17,300,000	18,335,000	(1,035,000)	-5.64%
Golf Course Revenue Bonds	600,000	790,000	(190,000)	-24.05%
Unamortized Deferred Charges	(715,329)	(851,654)	136,325	-16.01%
Unamortized Bond Premium (Discount)	1,235,457	1,370,833	(135,376)	-9.88%
Total Long Term Debt	<u>\$ 24,216,928</u>	<u>\$ 27,191,779</u>	<u>\$ (2,974,851)</u>	<u>-10.94%</u>

More detailed information about the District's long-term debt is presented in Note 5 to the financial statements.



The District was able to maintain an adequate debt coverage ratio on the Golf Course Revenue Bonds outstanding for the years ended December 31, 2018 and 2017 as shown below:

**Debt Coverage Ratio-Golf Revenue Bonds**

	<u>2018</u>	<u>2017</u>	<u>2017 to 2018</u>	
			<u>\$ Change</u>	<u>% Change</u>
Golf Operating Revenue	\$ 4,826,919	\$ 4,854,299	\$ (27,380)	-0.56%
Golf Operating Expenses (Excluding Depreciation and Debt Payments)	<u>3,771,310</u>	<u>3,495,399</u>	<u>275,911</u>	<u>7.89%</u>
Golf Net Earning Before Depreciation, and Debt Payments	<u>\$ 1,055,609</u>	<u>\$ 1,358,900</u>	<u>\$ (303,291)</u>	<u>-22.32%</u>
Golf Revenue Bonds Annual Debt Service Requirements for the Respective Fiscal year	<u>\$ 210,252</u>	<u>\$ 217,808</u>	<u>\$ (7,556)</u>	<u>-3.47%</u>
Debt Coverage Ratio	<u>5.02</u>	<u>6.24</u>		

The District was able to maintain an adequate debt coverage ratio on the Golf Course Revenue Bonds outstanding for the years ended December 31, 2017 and 2016 as shown below:

**Debt Coverage Ratio-Golf Revenue Bonds**

	<u>2017</u>	<u>2016</u>	<u>2016 to 2017</u>	
			<u>\$ Change</u>	<u>% Change</u>
Golf Operating Revenue	\$ 4,854,299	\$ 4,753,569	\$ 100,730	2.12%
Golf Operating Expenses (Excluding Depreciation and Debt Payments)	<u>3,495,399</u>	<u>3,417,540</u>	<u>77,859</u>	<u>2.28%</u>
Golf Net Earning Before Depreciation, and Debt Payments	<u>\$ 1,358,900</u>	<u>\$ 1,336,029</u>	<u>\$ 22,871</u>	<u>1.71%</u>
Golf Revenue Bonds Annual Debt Service Requirements for the Respective Fiscal year	<u>\$ 217,808</u>	<u>\$ 219,320</u>	<u>\$ (1,512)</u>	<u>-0.69%</u>
Debt Coverage Ratio	<u>6.24</u>	<u>6.09</u>		

The required ratio is 1.50 of the debt service requirements on the golf course revenue bonds for the respective fiscal year.

## **ECONOMIC FACTORS**

The District has continued to experience an increase in the number of patron visits to our facilities and to our various programs. Many of our facilities and programs are at or near capacity. The District anticipates fee revenue and other operational revenue sources to remain relatively flat for the foreseeable future. Any increase in revenue is anticipated to be from fee increases or new programs. The need for fee increases will continue to be evaluated on an annual basis and be based on competitive rates for the markets we serve. The District's golf rounds and related revenues are expected to remain relatively flat for the near future, primarily due to the number of golf courses in our area competing for the same customers.

Property valuations within the District saw a significant increase in 2017, however the assessment rate for the calculation of residential assessed values was reduced by law. As a result of these two factors, property tax revenues increased moderately in 2018. In addition, the District was successful in the 2017 election in securing a mill levy increase of 2.75 mills. The mill increase has a nine-year sunset provision and it resulted in a significant increase in property tax revenues for 2018 and will continue to do so throughout the duration of the nine-year increase. Property tax revenue increases resulting from valuation changes beyond 2018 are not expected to be significant. Little new development is expected to take place in the District resulting in minimal potential for increases in assessed valuations due to growth related to new construction.

Costs for facility and program operations are expected to increase at historical inflation rates of 2.5% per year. We also expect utility and fuel costs to rise at rates much higher than inflation, more in the range of 5% per year.

The District has made every effort to find new revenue streams and to be more efficient with available funds. Little more can be done to cut costs without impacting the services we provide to our constituents.

Budgets will continue to be strained with the District's expectations that revenue streams will remain relatively flat and all major operating costs are expected to increase due to general inflationary trends in the foreseeable future.

## **REQUEST FOR INFORMATION**

This financial report provides a general overview of Foothills Park & Recreation District's finances. Questions concerning any of the information provided in this report or to request additional financial information should be addressed to the attention of Director of Finance and Administrative Services at Foothills Park & Recreation District, 6612 S Ward Street, Littleton, Colorado 80127.

**FOOTHILLS PARK & RECREATION DISTRICT**  
**STATEMENTS OF NET POSITION**  
**December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
		<b>As Restated</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 13,797,925	\$ 8,620,159
Nonrestricted Short-Term Investments	487,415	250,269
Receivables	1,040,791	2,908,778
Property Taxes Receivables	11,753,902	11,699,843
Inventories	212,841	267,690
Prepaid Expenses	593,008	524,786
Total Current Assets	27,885,882	24,271,525
Non-Current Assets		
Nonrestricted Long-Term Investments	734,353	735,615
Land, Water Rights and Construction in Progress	25,753,409	19,155,425
Other Capital Assets, Net of Accumulated Depreciation	52,263,540	52,264,367
Deposits	2,878	2,935
Investment in Bergen Ditch and Reservoir Co. and Bergen Land Co.	26,481	60,518
Total Non-Current Assets	78,780,661	72,218,860
Total Assets	106,666,543	96,490,385
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges	579,004	715,329
Total Assets and Deferred Outflows of Resources	\$ 107,245,547	\$ 97,205,714
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payables	1,221,663	746,683
Interest Payable	80,742	89,317
Accrued Payroll Payable	376,904	316,662
Long-Term Debt Payable (Current Portion)	3,131,300	3,053,900
Unearned Revenue	568,306	454,669
Total Current Liabilities	5,378,915	4,661,231
Non-Current Liabilities		
Compensated Absences Payable	516,231	515,160
Long-Term Debt Payable	18,605,227	21,878,357
Total Non-Current Liabilities	19,121,458	22,393,517
Total Liabilities	24,500,373	27,054,748
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Property Taxes	11,753,902	11,699,843
Total Liabilities and Deferred Inflows of Resources	36,254,275	38,754,591
<b>NET POSITION</b>		
Net Investment in Capital Assets	57,257,305	47,926,572
Restricted	800,000	779,000
Unrestricted	12,933,967	9,745,551
Total Net Position	70,991,272	58,451,123
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 107,245,547	\$ 97,205,714

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

**FOOTHILLS PARK & RECREATION DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>% Change</u>
<b>OPERATING REVENUES</b>				
Fees and Charges:				
Aquatics	\$ 976,617	\$ 964,871	\$ 11,746	1.22%
Children's Programs	3,053,550	2,868,591	184,959	6.45%
Golf (Pledged for Payment of Revenue Bonds)	4,826,919	4,854,299	(27,380)	-0.56%
Ice Arena	2,106,628	2,010,011	96,617	4.81%
Recreation Centers	1,552,120	1,551,410	710	0.05%
Recreation Programs	2,399,642	2,246,143	153,499	6.83%
Parks and Regional Parks	545,914	528,425	17,489	3.31%
General and Administrative	45,376	23,483	21,893	93.23%
Total Operating Revenues	<u>15,506,766</u>	<u>15,047,233</u>	<u>459,533</u>	<u>3.05%</u>
<b>OPERATING EXPENSES</b>				
Aquatics	1,776,473	1,752,865	23,608	1.35%
Children's Programs	2,409,005	2,172,576	236,429	10.88%
Golf	4,101,694	3,816,254	285,440	7.48%
Ice Arena	1,776,388	1,658,113	118,275	7.13%
Recreation Centers	3,418,033	3,097,392	320,641	10.35%
Recreation Programs	1,828,212	1,729,309	98,903	5.72%
Parks and Regional Parks	4,836,857	4,241,148	595,709	14.05%
General and Administrative	1,877,530	1,853,157	24,373	1.32%
Total Operating Expenses	<u>22,024,192</u>	<u>20,320,814</u>	<u>1,703,378</u>	<u>8.38%</u>
<b>NET LOSS FROM OPERATIONS</b>	<u>(6,517,426)</u>	<u>(5,273,581)</u>		
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Property and Specific Ownership Taxes	12,693,703	8,392,385	4,301,318	51.25%
Conservation Trust	484,258	469,489	14,769	3.15%
Grants and Contributions	7,615,185	2,755,744	4,859,441	176.34%
Grants Expenditures	(161,429)	(157,698)	(3,731)	2.37%
Facilities & Equipment Repairs and Replacements	(660,605)	(806,239)	145,634	-18.06%
Investment Income	177,709	103,788	73,921	71.22%
Interest Expense	(892,571)	(976,784)	84,213	-8.62%
Interest Expense Subsidy	33,441	33,302	139	0.42%
Loss on Investment in Bergen Ditch and Reservoir Co. and Bergen Land Co.	(39,273)	(59,238)	19,965	-33.70%
(Loss) Gain on the Sale of Assets	(19,654)	30,492	(50,146)	-164.46%
Proceeds from Insurance	6,173	-	6,173	100.00%
Other Income	7,083	75,585	(68,502)	-90.63%
Other Expense	(186,445)	(124,768)	(61,677)	49.43%
Total Net Non-Operating Revenues (Expenses)	<u>19,057,575</u>	<u>9,736,058</u>	<u>9,321,517</u>	<u>95.74%</u>
<b>CHANGE IN NET POSITION</b>	12,540,149	4,462,477	8,077,672	181.01%
<b>NET POSITION, Beginning of Year, As Restated</b>	58,451,123	53,988,646	4,462,477	8.27%
<b>NET POSITION, End of Year</b>	<u>\$ 70,991,272</u>	<u>\$ 58,451,123</u>	<u>\$ 12,540,149</u>	<u>21.45%</u>

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

**FOOTHILLS PARK & RECREATION DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 17,488,447	\$ 13,622,970
Payments to Suppliers	(6,735,967)	(6,625,819)
Payments to Employees	(12,086,642)	(11,363,292)
Net Cash Used by Operating Activities	(1,334,162)	(4,366,141)
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Property and Specific Ownership Taxes	12,693,703	8,392,385
Receipts from Conservation Trust Fund	484,258	469,489
Grants and Contributions Received, Net of Expenditures	677,310	2,598,046
Facilities & Equipment Repairs and Replacements	(660,605)	(806,239)
Other Expenditures	(179,362)	(49,183)
Net Cash Provided by Non-Capital Financing Activities	13,015,304	10,604,498
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest Expense Paid on Bonds and Leases	(873,210)	(950,489)
Acquisition of Capital Assets	(2,537,961)	(4,920,290)
Proceeds from the Sale of Assets	18,932	61,061
Proceeds from Insurance	6,173	-
Principal Payments on Long-Term Debt	(3,053,900)	(2,975,800)
Net Cash Used by Capital and Related Financing Activities	(6,439,966)	(8,785,518)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Maturity (Purchase) of Investments	(235,884)	6,927
Investment in Bergen Ditch and Reservoir Co. and Bergen Land Co.	(5,235)	-
Interest on Investments	177,709	103,788
Net Cash (Used by) Provided by Investing Activities	(63,410)	110,715
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	5,177,766	(2,436,446)
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	8,620,159	11,056,605
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b>\$ 13,797,925</b>	<b>\$ 8,620,159</b>

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

(Continued)

**FOOTHILLS PARK & RECREATION DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2018 and 2017**  
(Continued)

	<b>2018</b>	<b>2017</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH</b>		
<b>USED BY OPERATING ACTIVITIES:</b>		
Operating Loss	\$ (6,517,426)	\$ (5,273,581)
Adjustments to Reconcile Operating Loss to Net Cash Used by		
Operating Activities:		
Depreciation	2,678,663	2,493,144
Effect of changes in operating assets and liabilities:		
Receivables	1,867,987	(1,391,629)
Inventories	54,849	7,578
Prepaid Expense	(68,222)	(85,009)
Deposits	57	235
Accounts Payable	474,980	(159,078)
Accrued Payroll Payable	60,242	44,902
Compensated Absences Payable	1,071	30,166
Unearned Revenue	113,637	(32,869)
Total Adjustments	5,183,264	907,440
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>\$ (1,334,162)</b>	<b>\$ (4,366,141)</b>

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

**FOOTHILLS PARK & RECREATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 1: DEFINITION OF REPORTING ENTITY**

*Financial Reporting Entity*

Foothills Park & Recreation District is a governmental unit (special district) operating in accordance with Colorado Statute. The District is governed by a five-member elected Board of Directors. The District was established to provide park and recreation facilities and programs in southern Jefferson County.

In accordance with Governmental Accounting Standards, the District has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for the organizations that make up its legal entity. It is also financially responsible for legally separate organizations if the District officials appoint a voting majority of the organization's governing body and, either it is able to impose its will on that organization or there is a potential for the organization to provide benefits to or, to impose specific financial burdens on the District. The District may also be financially accountable for governmental organizations that are fiscally dependent upon it.

*Component Unit*

The Foothills Park & Recreation District Building Authority (the Building Authority) is governed by a board that consists of a voting majority appointed by the governing board of the District. In addition, the District is financially accountable for the Building Authority, and the Building Authority is financially dependent upon the District. The Building Authority is consolidated into the financial statements of the District. The Building Authority does not issue separate financial statements. In 2015, the District refunded the 2006 Certificates of Participation which were held by the Building Authority. Coincident with the refunding transaction, the Building Authority transferred the deed of all properties owned to the District. As a result, the Building Authority had no financial activity in 2018 and 2017.

*Joint Venture*

The Bergen Ditch and Reservoir Company (Bergen Ditch) and Bergen Ditch Land Company (Bergen Land) are corporations owned and controlled by various governmental entities and private individuals. The purpose of Bergen Ditch is to own and operate a water ditch system known as the Bergen Ditch. The District has a 23.8% ownership interest in Bergen Ditch and a 26.3% ownership interest in Bergen Land. In addition, the District leases another 60.5% of shares with voting interests in Bergen Ditch from Jefferson County. The District's Executive Director and Director of Parks, Planning and Construction served on the Board of Directors of Bergen Ditch in 2018. The District's share in this joint venture is included as an investment on the financial statements. The financial statements for Bergen Ditch and Bergen Land are available at 9329 Lark Sparrow Trail, Highlands Ranch, CO 80126.

**FOOTHILLS PARK & RECREATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Foothills Park & Recreation District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial principles. The following is a summary of the significant policies.

*Measurement Focus*

The District is accounted for as a single enterprise fund. Enterprise funds are a type of proprietary fund and as such, are reported in accordance with generally accepted accounting principles for proprietary funds as defined by GASB. The proprietary fund type is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the Statement of Net Position.

*Basis of Accounting*

The District uses the accrual basis of accounting, where revenues are recognized when they are earned and measurable, and expenses are recognized in the period incurred.

**Proprietary Fund**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal ongoing operations of the District result in revenue from charges to patrons for admissions to recreation facilities, rental of recreation facilities, fees paid for participation in recreation programs, and green fees for usage of the District's golf courses. All activities not associated with the principal ongoing operations of the District are reported as non-operating revenues or expenses.

*Cash, Cash Equivalents and Investments*

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value. Local government investment pools are recorded at net asset value. Money market funds are valued at amortized cost.

*Inventory and Prepaid Expenses*

Merchandise inventory held for resale is valued at the lower of cost or market. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.



**FOOTHILLS PARK & RECREATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

*Restricted Assets*

It is the District's policy to first use restricted, if any, and then unrestricted resources when an expense is incurred for purposes for which restricted and unrestricted amounts are available.

*Property Taxes*

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the Jefferson County Assessor, generally as of November 30th of each year.

The levy is normally set by December 15<sup>th</sup> by certification to the Jefferson County Commissioners to put the tax lien on the individual properties as of January 1<sup>st</sup> of the following year.

The Jefferson County Treasurer (Treasurer) collects the determined taxes during the ensuing calendar year. The taxes are payable by April, or in equal installments in February and June at the taxpayer's election. Delinquent taxpayers are notified in August, and tax lien sales are in November.

The Treasurer remits the taxes collected monthly to the District. Property taxes receivable not collected within 30 days of year-end have been recorded as deferred revenue. Since property taxes are levied in December for the next calendar year's operations, the total levy is reported as property taxes receivable and a deferred inflow of resources for property taxes.

*Capital Assets*

Capital Assets include property, improvements to property, buildings, equipment, and water rights with an initial individual value of \$5,000 or greater. All capital assets are valued at historical cost or at an estimated historical cost if actual historical cost was not available. Donated assets are valued at their acquisition value.

**FOOTHILLS PARK & RECREATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Depreciation begins in the year of the completion for assets under construction. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over estimated useful lives ranging from 5 to 50 years.

*Compensated Absences*

Accumulated unpaid vacation amounts are accrued. District employees with 1-4 years of full-time service can accumulate up to 120 vacation hours, 5-9 years of full time service can accumulate up to 180 vacation hours, and 10 or more years of full-time service can accumulate up to 240 vacation hours. Accrued vacation is paid to employees upon termination of employment.

*Amortization*

**Bond and Certificate of Participation Original Issue Premium and/or Discount**

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. The amortization amount related to the bond premiums and/or discounts is a component of interest expense and the unamortized balances are reflected as an addition or reduction of bonds payable, respectively.

**Deferred Cost on Bond and Certificate of Participation Refunding**

The deferred costs on the bond and certificate of participation refundings are being amortized using the straight-line method, which approximates the interest method, over the shorter of the life of the new or life of the defeased bonds or certificates of participation. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as deferred charges in deferred outflows of resources on the statement of financial position.

*Budgets*

In accordance with State Budget Law, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate funds for the ensuing year. The District's Board of Directors can modify the budget and appropriation resolutions upon completion of notification and publication requirements. The appropriation is at the total fund level and lapses at year-end. The Building Authority's had no budget for 2018 or 2017.

**FOOTHILLS PARK & RECREATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Reclassifications*

Certain prior year amounts have been reclassified to conform to the current year presentation. The reclassifications had no effect on net position or changes in net position and were made to provide further detail of financial statement amounts.

**NOTE 3: CASH AND INVESTMENTS**

*Cash Deposits*

Colorado statutes require that the District use eligible public depositories, as defined by the Public Deposit Protection Act (PDPA) of 1975. Under the Act, the depository is required to pledge collateral having a market value at all times equal to at least 102% of the aggregate public deposits held by the depository not insured by federal deposit insurance. Eligible collateral, as defined by the Act, primarily includes obligations or guarantees by the U.S. Government, the State of Colorado, or any political subdivision thereof, and obligations evidenced by notes secured first by lien mortgages or deeds of trust on real property. 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.

At December 31, 2018 and 2017, the District's cash deposits had a carrying balance of \$5,956,002 and \$918,052, respectively. The District's cash deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with PDPA. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned.

**FOOTHILLS PARK & RECREATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

*Investments*

At December 31, 2018, the District had the following investments and remaining maturities:

<u>Investment Type</u>	<u>2018</u>		
	<u>Value</u>	<u>Measurement</u>	<u>Maturities</u>
Money Market Funds	\$ 1,218,756	Amortized Cost	Less than 12 Months
Local Government Investment Pools	6,614,672	Net Asset Value	Less than 12 Months
Bank Certificate of Deposits	734,353	Fair Value	More than 12 Months
Bank Certificate of Deposits	487,415	Fair Value	Less than 12 Months
Total	<u>\$ 9,055,196</u>		

At December 31, 2017, the District had the following investments and remaining maturities:

<u>Investment Type</u>	<u>2017</u>		
	<u>Value</u>	<u>Measurement</u>	<u>Maturities</u>
Money Market Funds	\$ 1,214,981	Amortized Cost	Less than 12 Months
Local Government Investment Pools	6,478,602	Net Asset Value	Less than 12 Months
Bank Certificate of Deposits	735,615	Fair Value	More than 12 Months
Federal Agency Bonds	250,269	Fair Value	Less than 12 Months
Total	<u>\$ 8,679,467</u>		

At December 31, 2018 and 2017, the District had \$1,217,714 and \$1,204,635, respectively, invested with Firstbank Colorado and \$1,042 and \$10,346, respectively, in money market investment accounts other financial institutions.

In addition, as of December 31, 2018 and 2017, the District had invested \$6,614,672 and \$6,478,602, respectively, in the Colorado Liquid Asset Trust Fund (COLOTRUST) which has a credit rating of AAAM by Standard and Poor's. COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodians' internal records identify the investments owned by the entities.

**FOOTHILLS PARK & RECREATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

*Fair Value*

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.

As of December 31, 2018 and 2017, the District had \$1,221,768 and \$985,884, respectively invested in U.S. Treasury Agency Securities and bank market indexed and market linked certificates of deposit. These investments are valued with Level 1 inputs.

*Investments and Credit Risk*

Colorado statutes specify in which instruments the District may invest. These instruments are:

- Certain money market funds
- Certain marketable repurchase agreements
- Certain marketable reverse repurchase agreements
- Certain guaranteed investment contracts
- Bankers' acceptances of certain banks
- Certain corporate bonds
- General obligation and revenue bonds of U.S. local government entities
- Obligations of the United States and certain U.S. government agency securities
- Local government investment pools

In order to minimize credit risk the District follows the State Statutes by investing only in the instruments noted above.

*Interest Rate Risk*

As a means of limiting its exposure to fair value losses arising from prevailing market interest rates, the District primarily invests in Local Government Investment Pools which have a weighted average maturity of not more than 90 days. The District's investment policy states that investments with maturities longer than three or five years depending on the investment require approval from the Board of Directors.

**FOOTHILLS PARK & RECREATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

*Concentration of Credit Risk*

The District had no investment in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total District investments at December 31, 2018.

*Summary of District Cash, Cash Equivalents and Investments*

Cash deposits and investments at December 31, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Petty Cash	\$ 8,495	\$ 8,524
Cash Deposits	5,956,002	918,052
Investments	<u>9,055,196</u>	<u>8,679,467</u>
Total Cash Deposits and Investments	<u>\$ 15,019,693</u>	<u>\$ 9,606,043</u>

Cash deposits and investments as of December 31, 2018 and 2017 were reflected on the statement of net position as follows:

	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 13,797,925	\$ 8,620,159
Non-Restricted Investments	<u>1,221,768</u>	<u>985,884</u>
Total Cash Deposits and Investments	<u>\$ 15,019,693</u>	<u>\$ 9,606,043</u>

**FOOTHILLS PARK & RECREATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 4: CAPITAL ASSETS AND DEPRECIATION**

In 2018, we received two intergovernmental capital asset contributions. First, Jefferson County transferred ownership of Clement Park and water rights for Johnson Reservoir to the District, which resulted in increases in Land and Water rights of \$4,901,500 and \$508,553, respectively. Second, Urban Drainage and Flood Control District, in partnership with Jefferson County and our District completed work on a jointly funded project to rebuild the dam and construct a bridge at Beers Sisters Reservoir, which is located within our District in Blue Heron Park. The completion of this project in 2018 resulted in an increase in Improvements of \$1,566,393, which includes intergovernmental contributions of \$1,366,393 and District contributions of \$200,000.

A summary of changes in Capital Assets for 2018 is as follows:

	<b>JANUARY 1, 2018</b>			<b>DECEMBER 31, 2018</b>
	<b>BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>BALANCE</b>
	<b>As Restated</b>			
<b>Capital Assets, Not Being Depreciated</b>				
Land	\$ 18,826,875	\$ 4,901,500	\$ -	\$ 23,728,375
Water Rights	276,784	508,553	-	785,337
Construction in Progress	51,766	1,187,931	-	1,239,697
<b>Total Capital Assets, Not Being Depreciated</b>	<b>19,155,425</b>	<b>6,597,984</b>	<b>-</b>	<b>25,753,409</b>
<b>Capital Assets, Being Depreciated</b>				
Buildings	46,706,900	-	-	46,706,900
Improvements	38,871,637	2,439,265	-	41,310,902
Furniture, Fixtures and Equipment	8,847,206	162,804	(290,208)	8,719,802
Vehicles	1,928,570	114,354	(80,700)	1,962,224
<b>Total Capital Assets, Being Depreciated</b>	<b>96,354,313</b>	<b>2,716,423</b>	<b>(370,908)</b>	<b>98,699,828</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings	(15,475,440)	(1,022,125)	-	(16,497,565)
Improvements	(20,869,215)	(1,064,937)	-	(21,934,152)
Furniture, Fixtures and Equipment	(6,503,611)	(489,572)	290,108	(6,703,075)
Vehicles	(1,241,680)	(102,029)	42,213	(1,301,496)
<b>Total Accumulated Depreciation</b>	<b>(44,089,946)</b>	<b>(2,678,663)</b>	<b>332,321</b>	<b>(46,436,288)</b>
<b>Capital Assets, Being Depreciated, Net</b>	<b>52,264,367</b>	<b>37,760</b>	<b>(38,587)</b>	<b>52,263,540</b>
<b>Net Capital Assets</b>	<b>\$ 71,419,792</b>	<b>\$ 6,635,744</b>	<b>\$ (38,587)</b>	<b>\$ 78,016,949</b>

**FOOTHILLS PARK & RECREATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 4: CAPITAL ASSETS AND DEPRECIATION (CONTINUED)**

A summary of changes in Capital Assets for 2017 is as follows:

	<b>JANUARY 1, 2017 BALANCE As Restated</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>DECEMBER 31, 2017 BALANCE As Restated</b>
<b>Capital Assets, Not Being Depreciated</b>				
Land	\$ 18,826,875	\$ -	\$ -	\$ 18,826,875
Water Rights	276,784	-	-	276,784
Construction in Progress	326,462	51,766	(326,462)	51,766
<b>Total Capital Assets, Not Being Depreciated</b>	<b>19,430,121</b>	<b>51,766</b>	<b>(326,462)</b>	<b>19,155,425</b>
<b>Capital Assets, Being Depreciated</b>				
Buildings	44,617,220	2,089,680	-	46,706,900
Improvements	36,634,310	2,248,177	(10,850)	38,871,637
Furniture, Fixtures and Equipment	8,308,222	636,712	(97,728)	8,847,206
Vehicles	1,824,372	220,417	(116,219)	1,928,570
<b>Total Capital Assets, Being Depreciated</b>	<b>91,384,124</b>	<b>5,194,986</b>	<b>(224,797)</b>	<b>96,354,313</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings	(14,483,103)	(992,337)	-	(15,475,440)
Improvements	(19,928,772)	(951,293)	10,850	(20,869,215)
Furniture, Fixtures and Equipment	(6,149,497)	(451,742)	97,628	(6,503,611)
Vehicles	(1,229,658)	(97,772)	85,750	(1,241,680)
<b>Total Accumulated Depreciation</b>	<b>(41,791,030)</b>	<b>(2,493,144)</b>	<b>194,228</b>	<b>(44,089,946)</b>
<b>Capital Assets, Being Depreciated, Net</b>	<b>49,593,094</b>	<b>2,701,842</b>	<b>(30,569)</b>	<b>52,264,367</b>
<b>Net Capital Assets</b>	<b>\$ 69,023,215</b>	<b>\$ 2,753,608</b>	<b>\$ (357,031)</b>	<b>\$ 71,419,792</b>

For the years ended December 31, 2018 and 2017 depreciation expense was charged to programs as follows:

	<b>2018</b>	<b>2017</b>
Aquatics	\$ 142,349	\$ 142,349
Children's Programs	16,130	13,979
Golf Courses	330,384	320,855
Ice Arena	272,476	272,476
Recreation Centers	858,368	835,303
Recreation Programs	3,757	3,757
Parks and Regional Parks	999,604	848,155
General and Administration	55,595	56,270
<b>Total</b>	<b>\$ 2,678,663</b>	<b>\$ 2,493,144</b>



**FOOTHILLS PARK & RECREATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 5: LONG TERM DEBT**

The following is an analysis of the changes in long-term debt for the year ended December 31, 2018:

	<b>January 1, 2018 Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>December 31, 2018 Balance</b>	<b>Current Portion</b>
2010 General Obligation Bonds	\$ 5,295,000	\$ -	\$ (1,710,000)	\$ 3,585,000	\$ 1,755,000
2012 General Obligation Bonds	501,800	-	(93,900)	407,900	96,300
2011 Revenue Bonds	600,000	-	(190,000)	410,000	200,000
2010 Certificates of Participation, Series 2010A	305,000	-	(250,000)	55,000	55,000
2010 Certificates of Participation, Taxable QECB Series 2010B	1,000,000	-	-	1,000,000	200,000
2013 Certificates of Participation	5,740,000	-	(405,000)	5,335,000	410,000
2015 Certificates of Participation	10,255,000	-	(405,000)	9,850,000	415,000
Compensated Absences	515,160	33,656	(32,585)	516,231	-
	<u>24,211,960</u>	<u>33,656</u>	<u>(3,086,485)</u>	<u>21,159,131</u>	<u>3,131,300</u>
Less deferred charges	(715,329)	-	136,325	(579,004)	-
Plus net unamortized original issue premium (discount)	1,235,457	-	(141,830)	1,093,627	-
	<u>\$ 24,732,088</u>	<u>\$ 33,656</u>	<u>\$ (3,091,990)</u>	<u>\$ 21,673,754</u>	<u>\$ 3,131,300</u>

The following is an analysis of the changes in long-term debt for the year ended December 31, 2017:

	<b>January 1, 2017 Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>December 31, 2017 Balance</b>	<b>Current Portion</b>
2010 General Obligation Bonds	\$ 6,955,000	\$ -	\$ (1,660,000)	\$ 5,295,000	\$ 1,710,000
2012 General Obligation Bonds	592,600	-	(90,800)	501,800	93,900
2011 Revenue Bonds	790,000	-	(190,000)	600,000	190,000
2010 Certificates of Participation, Series 2010A	550,000	-	(245,000)	305,000	250,000
2010 Certificates of Participation, Taxable QECB Series 2010B	1,000,000	-	-	1,000,000	-
2013 Certificates of Participation	6,130,000	-	(390,000)	5,740,000	405,000
2015 Certificates of Participation	10,655,000	-	(400,000)	10,255,000	405,000
Compensated Absences	484,994	65,608	(35,442)	515,160	-
	<u>27,157,594</u>	<u>65,608</u>	<u>(3,011,242)</u>	<u>24,211,960</u>	<u>3,053,900</u>
Less deferred charges	(851,654)	-	136,325	(715,329)	-
Plus net unamortized original issue premium (discount)	1,370,833	-	(135,376)	1,235,457	-
	<u>\$ 27,676,773</u>	<u>\$ 65,608</u>	<u>\$ (3,010,293)</u>	<u>\$ 24,732,088</u>	<u>\$ 3,053,900</u>

*General Obligation Bonds*

The District issues general obligation bonds to provide funds for acquisition and construction of major capital facilities. General Obligation bonds require a vote by the District's residents and are direct obligations and pledge the full faith of the District.

**FOOTHILLS PARK & RECREATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

**NOTE 5: LONG TERM DEBT (CONTINUED)**

*GO Series 2010* - In 2010, the District issued a total of \$15,310,000 of General Obligation Refunding Bonds, Series 2010, dated February 23, 2010. Proceeds from the sale of the bonds were used to refund a portion of the District's General Obligation Bonds, Series 2001, and to pay the costs of issuance of the Bonds. The bonds carry interest rates from 2.0% to 5.0% due semi-annually and mature serially beginning in 2010 and continue through 2020. The bond refunding saved a majority of the District taxpayers approximately \$1,335,374 in gross tax dollars between 2010 and 2020 as a result of the lower interest on the refunded bonds.

*GO Series 2012* - In 2012, the District issued a total of \$974,700 of General Obligation Refunding Bond, Series 2012, dated March 20, 2012. Proceeds from the sale of the bond were used to refund a portion of the District's General Obligation Bonds, Series 2002, and to pay the costs of issuance of the Bonds. The Bond is subject to quarterly mandatory sinking fund redemption. The Bond matures on December 1, 2022 and bears interest at the rate of 2.73% per annum. The Bond refunding saved taxpayers in Subdistrict B (Kipling Villas) \$124,568 in gross tax dollars through December 1, 2022 as a result of the lower interest on the refunded bonds.

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 1,851,300	\$ 171,856	\$ 2,023,156
2020	1,928,600	99,003	2,027,603
2021	105,700	4,738	110,438
2022	107,300	1,837	109,137
Total	<u>\$ 3,992,900</u>	<u>\$ 277,434</u>	<u>\$ 4,270,334</u>

*Revenue Bonds*

The District issues revenue bonds where the District pledges income derived from golf course revenues to pay the debt service.

*Revenue Bond Series 2011* - In 2011, the District issued a total of \$1,815,000 of Revenue Refunding Bonds, Series 2011, dated June 28, 2011. Proceeds from the sale of the bonds along with \$219,034 of District funds were used to refund the District's Revenue Refunding Bonds, Series 2001, and to pay the costs of issuance of the bonds. The bonds carry interest rate of 3.52% due semi-annually and mature serially beginning in 2011 and continue through 2020. The bond refunding saved the District \$369,898 from 2011 through 2020 as a result of the lower interest on the refunded bonds and the pay-down of the principal balance. The Revenue Refunding Bonds, Series 2011, do not have a reserve requirement.

**FOOTHILLS PARK & RECREATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

**NOTE 5: LONG TERM DEBT (CONTINUED)**

The annual debt service requirement to maturity for the revenue bond is as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 200,000	\$ 14,432	\$ 214,432
2020	210,000	7,392	217,392
Total	<u>\$ 410,000</u>	<u>\$ 21,824</u>	<u>\$ 431,824</u>

*Certificates of Participation (COPs)*

The District and the Building Authority issue certificates of participation to finance needed recreation facilities.

*Foothills Park & Recreation COP Lease Purchase 2010* - In 2010, the District issued \$1,895,000 of Certificates of Participation Series 2010A and \$1,000,000 of Certificates of Participation Taxable QECB Series 2010B both dated August 19, 2010. The District applied and was awarded by the State Governor’s Energy Office \$1,000,000 of “qualified energy conservation bonds” which enabled a portion of the interest paid on the Taxable QECB 2010B certificates to be eligible for an annual cash subsidy payment from the United States Treasury.

The certificates were issued for the purpose of financing energy conservation projects as set forth in the Energy Performance Contracts the District entered into in 2010. The Series 2010A certificates mature between 2011 and 2019 and carry interest rates between 2.00% and 3.00% due semiannually. The Taxable QECB Series 2010B certificates due October 1, 2022 are subject to mandatory sinking fund redemptions between 2019 and 2022 and carry interest rate of 5.75% due semiannually. Net of the government interest subsidy payment the District receives from the Federal government, effective interest rate is reduced from 5.75% to 2.17%.

*Foothills Park & Recreation COP Lease Purchase 2013* - In 2013, the District issued \$9,300,000 of Certificates of Participation dated May 15, 2013. Proceeds from the sale of the bond were used to refund a portion of the District’s Certificates of Participation Bonds, Series 2002 and 2004, and to pay the costs of issuance of the Bonds. These certificates mature between 2013 and 2028 and carry interest rates between 2.00% to 3.25% due semiannually.

*Foothills Park & Recreation COP Lease Purchase 2015*- In 2015, the District issued \$11,055,000 of Certificates of Participation dated November 12, 2015. The certificates were issued to refund the outstanding balance of the 2006 COPs, to pay the costs of issuance of the Certificates, and to finance capital improvements at Clement Park. These certificates mature between 2016 and 2032 and carry interest rates between 2.0% and 5.0% due semiannually.

**FOOTHILLS PARK & RECREATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

**NOTE 5: LONG TERM DEBT (CONTINUED)**

The Ice Arena, Ridge Recreation Center, and the Peak administrative building are collateral for the 2006 and 2013 COPs, the Ice Arena and the Peak Community and Wellness Center are collateral for the 2015 COPs, and a portion of the Lilley Gulch Recreation Center is collateral for the 2010 COPs.

The annual debt service requirements to maturity for the certificates of participation are as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 1,080,000	\$ 636,713	\$ 1,716,713
2020	1,110,000	602,913	1,712,913
2021	1,130,000	569,588	1,699,588
2022	1,165,000	529,775	1,694,775
2023	915,000	487,263	1,402,263
2024 - 2028	5,835,000	1,877,862	7,712,862
2029 - 2032	5,005,000	618,937	5,623,937
Total	<u>\$ 16,240,000</u>	<u>\$ 5,323,051</u>	<u>\$ 21,563,051</u>

**NOTE 6: RISK MANAGEMENT AND RELATED INSURANCE ISSUES**

The District is subject to various risks of loss. These risks include theft of, damage to, or destruction of assets, errors or omissions by management or the Board of Directors, job-related illnesses or injuries to employees, torts, and injury to persons or damage to property resulting from a construction project, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public official's liability, boiler and machinery and workers compensation coverage to its members.

The District pays annual premiums to the Pool for liability, property, public official's liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceeded 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.

For 2018 and 2017 there were no significant reductions in insurance coverage from the prior year for any major category of risk. The amount of settlements did not exceed the insurance coverage for each of the past three fiscal years. The amount of risk retained by the District through deductibles on the insurance policies was not material to the District.

**FOOTHILLS PARK & RECREATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 7: SALARY DEFERRAL PLAN**

The District has a salary deferral plan (Plan) that was converted from a defined benefit plan to a defined contribution plan in 1982. Plan provisions and contribution requirements are established and may be amended by the District’s Board of Directors. Full and part-time employees are eligible to participate in the plan on the first day of the month following completion of 30 days of employment if they are at least 21 years of age. Each eligible employee is allowed to defer compensation in 1% increments of their pay, but their deferral may not exceed the specific annual dollar amount determined by the Internal Revenue Service. The District may make non-elective contributions to full-time employees’ account in the Plan in the amount determined by the District at its discretion. The District’s contributions plus earnings become vested at a rate of 20% after the first year of employment, 40% after the second year of employment and are 100% vested after the third year of employment. District contributions for plan participants who leave employment before they are fully vested are forfeited. Participant forfeitures will be used to reduce the Employer Discretionary Contributions to the Plan for the Plan Year in which the forfeitures occur. There is no liability for benefits under the Plan beyond the District’s discretionary contributions.

The District has the authority to determine the amount, if any, of discretionary contributions to the Plan. The District’s discretionary contributions made in 2018 and 2017 were \$234,940 and \$222,705, respectively.

**NOTE 8: NET POSITION**

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

*Net Investment in Capital Assets*

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

The District’s Net Investment in Capital Assets as of December 31, 2018 and 2017 was calculated as follows:

	<u>2018</u>	<u>2017</u>
		<b>As Restated</b>
Capital Assets	\$ 78,016,949	\$ 71,419,792
Outstanding Debt	(20,642,900)	(23,696,800)
Unamortized Bond Debt Premium	(1,093,627)	(1,235,457)
Unamortized Deferred Charges	579,004	715,329
Unspent Debt Proceeds	397,879	723,708
Net Investment in Capital Assets	<u>\$ 57,257,305</u>	<u>\$ 47,926,572</u>

**FOOTHILLS PARK & RECREATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 8: NET POSITION (CONTINUED)**

*Restricted Net Position*

**Tax, Spending and Debt Limitations**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue increases, taxation, spending abilities, and debt limitations of state and 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. In May 2002, the District voters approved a ballot question to remove the revenue and spending limitations of the TABOR Amendment from the entire District.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment based on the interpretations of the amendment's language. As of December 31, 2018 and 2017, the District had an emergency reserve of \$800,000 and \$779,000, respectively.

*Unrestricted Net Position*

Unrestricted Net Position represents assets that do not have any third party limitations on their use. While District management may have categorized and segmented portions for various purposes, the District Board of Directors has the unrestricted authority to revisit or alter these managerial decisions. At December 31, 2018 and 2017, the District had an Unrestricted Net Position of \$12,933,967 and \$9,745,551, respectively.

**NOTE 9: FOOTHILLS ARTS & EVENTS AGENCY**

The Foothills Park & Recreation District Cultural Arts Agency was created in 1993 to better serve the public in the arts. In April of 2014, the Cultural Arts Agency was rebranded as the Foothills Arts & Events Agency ("The Agency"). The Agency creates, establishes, puts on and provides classes and opportunities for district-wide cultural arts services for the benefit of the taxpayers of the District, said services to include fine and leisure arts, performing arts and culturally related special events. The Agency is subsidized by grants and contributions from a variety of sources. In 2018 and 2017, the Agency received funding from the Scientific and Cultural Facilities District in the amount of \$24,677 and \$27,000, respectively, to support its mission. The Agency is tracked as a separate department but is reported within the financial statements of the District. In 2018 and 2017, the Agency had total revenue of \$319,019 and \$287,707, respectively, and total expenses of \$325,793 and \$295,510, respectively.

**FOOTHILLS PARK & RECREATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

**NOTE 10: RELATED PARTY TRANSACTIONS**

The District's Executive Director and Director of Parks, Planning & Construction served on the Board of Directors of Bergen Ditch in 2018 and 2017. The District owns a 23.8% interest in Bergen Ditch and a 26.3% interest in Bergen Land, which are valued as of December 31, 2018 and 2017 at \$26,481 and \$60,518, respectively.

**NOTE 11: CORRECTION OF ERROR – PRIOR PERIOD ADJUSTMENT**

In 2018, the District recorded an adjustment to Land, Water Rights and Construction in Progress on the Statement of Net Position to remove \$1,400,000 from the value of Land for Clement Park which had been incorrectly recorded as a District asset in a prior period. Accordingly, the Net Position account balance for prior periods presented was updated to correct this error.

The following table shows the adjustments made to ending Net Position for prior periods presented:

	<u>2018</u>	<u>2017</u>
Beginning Net Position, as Previously Reported, January 1	\$ 59,851,123	\$ 55,388,646
Land - Correction of Error	(1,400,000)	(1,400,000)
Beginning Net Position, As Restated, January 1	<u>\$ 58,451,123</u>	<u>\$ 53,988,646</u>

**NOTE 12: RECONCILIATION OF REVENUES AND EXPENSES GAAP TO BUDGETARY BASIS**

For financial statement presentation purposes the District is shown as an enterprise fund. Enterprise funds recognize income when earned and expenses when incurred. Depreciation is recorded on capitalized equipment. For budgetary purposes, all receipts are shown as revenue when received regardless of whether they are earned revenue or liabilities, and expenditures are recorded for all disbursements, including capital expenditures and debt service payments, regardless of the period those disbursements benefit. See Supplementary Information for Schedule of Revenues and Expenditures prepared using Non-GAAP budgetary basis.

## SUPPLEMENTARY INFORMATION

(UNAUDITED)

### FOOTHILLS PARK & RECREATION DISTRICT SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE ACTUAL AND BUDGET (NON GAAP BUDGETARY BASIS)

#### ENTERPRISE FUND

For the Year Ended December 31, 2018

	Actual	Budget	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Aquatics	\$ 976,617	\$ 963,087	\$ 13,530
Children's Programs	3,053,550	2,965,788	87,762
Golf (Pledged for Payment of Revenue Bonds)	4,826,919	4,678,590	148,329
Ice Arena	2,106,628	2,113,903	(7,275)
Recreation Centers	1,552,120	1,619,031	(66,911)
Recreation Programs	2,399,642	2,293,217	106,425
Parks and Regional Parks	545,914	499,264	46,650
General and Administrative	45,376	25,200	20,176
Total Operating Revenues	15,506,766	15,158,080	348,686
<b>OPERATING EXPENSES</b>			
Aquatics	1,634,124	1,760,600	126,476
Children's Programs	2,392,874	2,380,303	(12,571)
Golf	3,771,311	3,728,584	(42,727)
Ice Arena	1,503,913	1,434,526	(69,387)
Recreation Centers	2,559,664	2,520,295	(39,369)
Recreation Programs	1,824,455	1,897,270	72,815
Parks and Regional Parks	3,837,253	3,980,877	143,624
General and Administrative	1,821,935	1,966,097	144,162
Total Operating Expenses	19,345,529	19,668,552	323,023
<b>NET LOSS FROM OPERATIONS</b>	(3,838,763)	(4,510,472)	671,709
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Funds Available	-	2,160,783	(2,160,783)
Property and Specific Ownership Taxes	12,693,703	12,271,700	422,003
Conservation Trust	484,258	474,350	9,908
Grants	838,739	971,391	(132,652)
Grants Expenditures	(1,099,143)	(3,050,601)	1,951,458
Facilities & Equipment Repairs and Replacements	(2,260,852)	(4,265,410)	2,004,558
Investment in Bergen Ditch and Reservoir Co. and Bergen Land Co.	(5,235)	-	(5,235)
Investment Income	177,709	54,587	123,122
Debt Service:			
Long-term Debt Principal and Interest	(3,951,976)	(3,960,551)	8,575
Interest Expense Subsidy	33,441	35,770	(2,329)
Proceeds from the Sale of Capital Assets	17,000	-	17,000
Proceeds from the Sale of Assets, Net of Expense	1,932	-	1,932
Proceeds from Insurance	6,173	-	6,173
Other Income	7,083	-	7,083
Other Expense	(186,445)	(181,547)	(4,898)
Total Net Non-Operating Revenues (Expenses)	6,756,387	4,510,472	2,245,915
<b>NET CHANGE IN FUNDS AVAILABLE</b>	2,917,624	\$ -	\$ 2,917,624
<b>FUNDS AVAILABLE - Beginning of year</b>	11,187,741		
<b>FUNDS AVAILABLE - End of year</b>	\$ 14,105,365		
<b>Funds available is computed as follows:</b>			
Current Assets	\$ 27,885,882		
Deposits	2,878		
Non-restricted Long-term investments	734,353		
Current Liabilities	(5,378,915)		
Compensated Absences Payable	(516,231)		
Current Portion of Long-term Debt	3,131,300		
Deferred Property Taxes	(11,753,902)		
	\$ 14,105,365		



**FOOTHILLS PARK & RECREATION DISTRICT  
RECONCILIATION OF NON GAAP BUDGETARY BASIS (ACTUAL) TO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (UNAUDITED)  
ENTERPRISE FUND  
For the Year Ended December 31, 2018**

<b>Operating Revenues (Both Budgetary Basis and GAAP)</b>	\$	15,506,766
<b>Operating Expenditures (Budgetary Basis)</b>		19,345,529
Depreciation		2,678,663
<b>Operating Expenditures (GAAP)</b>		22,024,192
<b>Non-operating Revenues (Expenditures) (Budgetary Basis)</b>		6,756,387
Long-Term Debt Principal Payments		3,053,900
Amortization of Bond Premiums on Long-term Debt Refundings		141,830
Amortization of Losses on Long-term Debt Refundings		(136,325)
Loss on Investment in Bergen Ditch LLC and Bergen Land LLC		(39,273)
Loss on Sale of Capital Assets		(38,586)
Contributions-Capital Assets		6,776,446
Capital Outlay		2,543,196
<b>Non-operating Revenues (Expenditures) (GAAP)</b>		19,057,575
<b>Change in Net Position per Statement of Revenue, Expenses and Changes in Fund Net Position</b>	<b>\$</b>	<b>12,540,149</b>

**FOOTHILLS PARK & RECREATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE**  
**ACTUAL AND BUDGET (NON GAAP BUDGETARY BASIS)**  
**ENTERPRISE FUND**  
**For the Year Ended December 31, 2017**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>OPERATING REVENUES</b>			
Aquatics	\$ 964,871	\$ 1,013,417	\$ (48,546)
Children's Programs	2,868,591	2,779,712	88,879
Golf (Pledged for Payment of Revenue Bonds)	4,854,299	4,659,331	194,968
Ice Arena	2,010,011	2,132,297	(122,286)
Recreation Centers	1,551,410	1,631,407	(79,997)
Recreation Programs	2,246,143	2,223,774	22,369
Parks and Regional Parks	528,425	467,454	60,971
General and Administrative	23,483	25,000	(1,517)
Total Operating Revenues	<u>15,047,233</u>	<u>14,932,392</u>	<u>114,841</u>
<b>OPERATING EXPENSES</b>			
Aquatics	1,610,517	1,561,154	(49,363)
Children's Programs	2,158,597	2,244,485	85,888
Golf	3,495,399	3,467,153	(28,246)
Ice Arena	1,385,637	1,402,198	16,561
Recreation Centers	2,262,089	2,296,222	34,133
Recreation Programs	1,725,552	1,776,234	50,682
Parks and Regional Parks	3,392,993	3,518,908	125,915
General and Administrative	1,796,886	1,913,078	116,192
Total Operating Expenses	<u>17,827,670</u>	<u>18,179,432</u>	<u>351,762</u>
<b>NET LOSS FROM OPERATIONS</b>	<u>(2,780,437)</u>	<u>(3,247,040)</u>	<u>466,603</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Funds Available	-	3,475,880	(3,475,880)
Property and Specific Ownership Taxes	8,392,385	8,178,093	214,292
Conservation Trust	469,489	464,480	5,009
Grants	2,755,744	3,252,194	(496,450)
Grants Expenditures	(4,535,559)	(6,414,931)	1,879,372
Facilities & Equipment Repairs and Replacements	(1,348,668)	(1,697,202)	348,534
Building Acquisition	-	-	-
Investment Income	103,788	33,001	70,787
Debt Service:			
Long-term Debt Principal and Interest	(3,951,635)	(3,959,591)	7,956
Interest Expense Subsidy	33,302	35,770	(2,468)
Proceeds from the Sale of Capital Assets	36,650	-	36,650
Proceeds from the Sale of Assets, Net of Expense	24,411	-	24,411
Proceeds from Insurance	-	-	-
Other Income	75,585	-	75,585
Other Expense	(124,768)	(120,654)	(4,114)
Total Net Non-Operating Revenues (Expenses)	<u>1,930,724</u>	<u>3,247,040</u>	<u>(1,316,316)</u>
<b>NET CHANGE IN FUNDS AVAILABLE</b>	<u>(849,713)</u>	<u>\$ -</u>	<u>\$ (849,713)</u>
<b>FUNDS AVAILABLE - Beginning of year</b>	<u>12,037,454</u>		
<b>FUNDS AVAILABLE - End of year</b>	<u>\$ 11,187,741</u>		
<b>Funds available is computed as follows:</b>			
Current Assets	\$ 24,021,256		
Deposits	2,935		
Non-restricted Long-term investments	985,884		
Current Liabilities	(4,661,231)		
Compensated Absences Payable	(515,160)		
Current Portion of Long-term Debt	3,053,900		
Deferred Property Taxes	(11,699,843)		
	<u>\$ 11,187,741</u>		

**FOOTHILLS PARK & RECREATION DISTRICT  
RECONCILIATION OF NON GAAP BUDGETARY BASIS (ACTUAL) TO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (UNAUDITED)  
ENTERPRISE FUND**

**For the Year Ended December 31, 2017**

<b>Operating Revenues (Both Budgetary Basis and GAAP)</b>	\$ 15,047,233
<b>Operating Expenditures (Budgetary Basis)</b>	17,827,670
Depreciation	2,493,144
<b>Operating Expenditures (GAAP)</b>	<u>20,320,814</u>
<b>Non-operating Revenues (Expenditures) (Budgetary Basis)</b>	1,930,724
Long-Term Debt Principal Payments	2,975,800
Amortization of Bond Premiums on Long-term Debt Refundings	135,376
Amortization of Losses on Long-term Debt Refundings	(136,325)
Loss on Investment in Bergen Ditch LLC and Bergen Land LLC	(59,238)
Loss on Sale of Capital Assets	(30,569)
Capital Outlay	4,920,290
<b>Non-operating Revenues (Expenditures) (GAAP)</b>	<u>9,736,058</u>
<b>Change in Net Position per Statement of Revenue, Expenses and Changes in Fund Net Position</b>	<u>\$ 4,462,477</u>

**FOOTHILLS PARK & RECREATION DISTRICT**  
**HISTORY OF DISTRICT ASSESSED VALUATION, MILL LEVIES AND PROPERTY TAX COLLECTIONS**  
**(UNAUDITED)**

The following tables set forth assessed valuation, mill levy and property tax information for the District, including information regarding Subdistrict A and Subdistrict B.

History of District Assessed Valuation

Levy/Collection Year	Regular District			Entire District Total (2)	Percent Change
	Property (1)	Subdistrict A	Subdistrict B		
2013/2014	\$ 97,435,372	\$ 833,567,974	\$ 14,442,015	\$ 931,003,346	0.02%
2014/2015	97,518,919	833,516,391	14,448,217	931,035,310	0.00%
2015/2016	105,317,577	969,963,337	17,666,714	1,075,280,914	15.49%
2016/2017	103,974,440	977,906,463	17,665,319	1,081,880,903	0.61%
2017/2018	91,922,131	1,124,392,053	20,904,712	1,216,314,184	12.43%

(1) Represents property within the District that is not within Subdistrict A or Subdistrict B.

(2) As Subdistrict B is located entirely with Subdistrict A, the assessed valuation attributable to Subdistrict B has been included in the District total as a component of Subdistrict A.

History of Mill Levies

Levy/Collection Year	District		Subdistrict A		Subdistrict B	
	General	Bond	General (1) (2)	Bond	General (1) (2)	Bond
2013/2014	4.080	0.000	1.140	2.339	4.300	7.634
2014/2015	4.085	0.000	1.119	2.347	4.300	7.717
2015/2016	4.079	0.000	1.136	2.022	4.300	6.352
2016/2017	4.080	0.000	1.110	2.001	4.300	6.094
2017/2018	6.829	0.000	1.103	1.739	4.300	5.177

(1) In addition to mills levied for the payment of tax credits, refunds, and abatements pursuant to state law which are included in these numbers, Subdistrict A and Subdistrict B also impose a general mill levy as shown in the above table, for payment of property taxes for expenses in connection with improvements that benefit the respective subdistrict.

(2) In addition to their respective total mills presented above, taxpayers within Subdistrict A are also responsible for the payment of property taxes attributable to the District's mill levy and taxpayers in Subdistrict B are also responsible for the payment of property taxes attributable to both the District's and Subdistrict's A mill levies.

History of Property Tax Collections

Levy/Collection Year	Total Taxes Levied	Current Tax Collections (1)	Percent of Levy Collected
2013/2014	\$ 6,870,828	\$ 6,830,117	99.4%
2014/2015	6,865,867	6,837,702	99.6%
2015/2016	7,637,397	7,629,505	99.9%
2016/2017	7,639,949	7,646,056	100.1%
2017/2018	11,699,843	11,608,085	99.2%

(1) Figures include current and delinquent tax collections, as well as interest and/or penalties thereon. The Jefferson County Treasurer's collection fee has not been deducted.

**FOOTHILLS PARK AND RECREATION DISTRICT**  
**History of Revenues, Expenses and Changes in Net Position (Unaudited)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Operating Revenues</b>					
Fees and Charges:					
Aquatics	\$ 1,020,960	\$ 999,782	\$ 978,308	\$ 964,871	\$ 976,617
Children's Programs	2,369,324	2,494,329	2,707,726	2,868,591	3,053,550
Golf (Pledged for Payment of Revenue Bonds)	4,639,679	4,590,898	4,753,569	4,854,299	4,826,919
Ice Arena	2,050,242	2,113,098	2,147,027	2,010,011	2,106,628
Recreation Centers	1,295,362	1,315,775	1,462,339	1,551,410	1,552,120
Recreation Programs	2,164,498	2,256,982	2,201,465	2,246,143	2,399,642
Parks and Regional Parks	542,649	512,301	472,062	528,425	545,914
General and Administrative	35,653	45,783	37,845	23,483	45,376
Total	<u>14,118,367</u>	<u>14,328,948</u>	<u>14,760,341</u>	<u>15,047,233</u>	<u>15,506,766</u>
<b>Operating Expenses</b>					
Aquatics	1,604,340	1,602,792	1,614,719	1,752,865	1,776,473
Children's Programs	1,729,857	1,865,848	2,064,584	2,172,576	2,409,005
Golf	3,476,536	3,693,687	3,734,611	3,816,254	4,101,694
Ice Arena	1,586,235	1,603,469	1,658,983	1,658,113	1,776,388
Recreation Centers	2,728,358	2,808,548	2,903,741	3,097,392	3,418,033
Recreation Programs	1,566,254	1,597,552	1,661,167	1,729,309	1,828,212
Parks and Regional Parks	3,801,791	3,912,308	4,521,573	4,241,148	4,836,857
General and Administrative	1,717,200	1,617,860	1,757,229	1,853,157	1,877,530
Total	<u>18,210,571</u>	<u>18,702,064</u>	<u>19,916,607</u>	<u>20,320,814</u>	<u>22,024,192</u>
Net Loss from Operations	(4,092,204)	(4,373,116)	(5,156,266)	(5,273,581)	(6,517,426)
<b>Non-Operating Revenues (Expenses)</b>					
Property and Specific Ownership Taxes	7,372,506	7,414,990	8,241,228	8,392,385	12,693,703
Conservation Trust	448,217	450,289	524,545	469,489	484,258
Grants and Contributions	330,882	613,385	1,003,809	2,755,744	7,615,185
Grants Expenditures	(115,122)	(68,675)	(76,575)	(157,698)	(161,429)
Facilities & Equipment Repairs and Replacements	(680,947)	(626,017)	(1,004,001)	(806,239)	(660,605)
Investment Income	29,514	36,030	69,752	103,788	177,709
Interest Expense	(1,171,894)	(1,055,460)	(1,038,801)	(976,784)	(892,571)
Interest Expense Subsidy	33,195	33,159	33,338	33,302	33,441
Bond Issuance Cost	-	(257,670)	-	-	-
Gain (Loss) on Investment	6,416	13,389	(24,294)	(59,238)	(39,273)
Gain on Sale of Assets	1,140,074	97,747	773,479	30,492	(19,654)
Proceeds from Insurance	17,325	14,238	102,421	-	6,173
Other Income	-	-	-	75,585	7,083
Other Expense	(105,680)	(110,697)	(119,859)	(124,768)	(186,445)
Total	<u>7,304,486</u>	<u>6,554,708</u>	<u>8,485,042</u>	<u>9,736,058</u>	<u>19,057,575</u>
Change in Net Position	3,212,282	2,181,592	3,328,776	4,462,477	12,540,149
Beginning Net Position, As Restated	45,265,996	48,478,278	50,659,870	53,988,646	58,451,123
Ending Net Position	<u>\$ 48,478,278</u>	<u>\$ 50,659,870</u>	<u>\$ 53,988,646</u>	<u>\$ 58,451,123</u>	<u>\$ 70,991,272</u>

**FOOTHILLS PARK AND RECREATION DISTRICT**  
**Historical Net Position (Unaudited)**

	<b>As Restated</b>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net Investment in Capital Assets	\$ 38,385,709	\$ 40,602,357	\$ 44,668,205	\$ 47,926,572	\$ 57,257,305
Restricted	589,000	629,000	649,000	779,000	800,000
Unrestricted	9,503,569	9,428,513	8,671,441	9,745,551	12,933,967
Total Net Position	<u>\$ 48,478,278</u>	<u>\$ 50,659,870</u>	<u>\$ 53,988,646</u>	<u>\$ 58,451,123</u>	<u>\$ 70,991,272</u>