



NORTH JEFFCO
PARK & RECREATION DISTRICT

13150 W. 72ND AVENUE • ARVADA, CO 80005 • 303/424-2739 (APEX)
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Comprehensive
Annual Financial Report
for fiscal year ended December 31, 2005

NORTH JEFFCO PARK AND RECREATION DISTRICT, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2005

Report Prepared and Issued By
Gary R. Higbee, Chief Finance Officer
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INTRODUCTORY SECTION

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Board of Directors
Carolyn Jacobs, President
Bob Loveridge, Vice President
Janice G. Eckhardt, Treasurer/Secretary
Lawrence R. McGinley, Director
John "Kibby" McKibbon, Director

Executive Director
Mike Miles



June 15, 2006

President, Board Members
and District Citizens
North Jeffco Park and Recreation District
13150 West 72nd Avenue
Arvada, Colorado 80005

Ladies and Gentlemen:

Section 29-1-6 of the Colorado Revised Statutes requires that all general-purpose local governments with revenues or expenditures exceeding \$100,000 publish and file with the State Auditor's office a complete set of financial statements, within six months of the close of each fiscal year. Said financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed, certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of North Jeffco Park and Recreation District for the fiscal year ended December 31, 2005.

This report consists of management's representations concerning the finances of North Jeffco Park and Recreation District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of North Jeffco Park and Recreation District has established a comprehensive internal control framework designed to both protect the government's assets from loss, theft, or misuses and compile sufficient reliable information for the preparation of North Jeffco Park and Recreation District's financial statements in conformity with GAAP. Given that the cost of internal controls should not outweigh their benefits, North Jeffco Park and Recreation District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

North Jeffco Park and Recreation District's financial statements have been audited by McMahan and Associates, LLC, a firm of licensed, certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of North Jeffco Park and Recreation District for the fiscal year ended

Home of the



President, Board Members
and District Citizens
North Jeffco Park and Recreation District
June 15, 2006

December 31, 2005 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that North Jeffco Park and Recreation District's financial statements for the fiscal year ended December 31, 2005 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

North Jeffco Park and Recreation District did not receive any Federal Grants during fiscal year 2005. The independent audit of the financial statements of the district was not part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. North Jeffco Park and Recreation District's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

North Jeffco Park and Recreation District was incorporated in 1956 and is located in the northwestern part of the greater Denver metropolitan area, of the State of Colorado. Specifically, the district's geographic boundaries encompass most of northern Jefferson County. The district currently occupies a land area of 60 square miles and services a population of 111,653. North Jeffco Park and Recreation District is empowered to levy a property tax on both real and personal properties located within its boundaries.

Per state statutes, North Jeffco Park and Recreation District operates under an elected, at-large, five member Board of Directors. Said board has the power for the management, control and supervision of all business and affairs of the district, among other things, for passing resolutions, adopting the budget, appointing committees, and hiring both the district's executive director and attorney. The district's executive director is responsible for carrying out the policies, resolutions and motions approved by the board, for overseeing the day-to-day operations of the district, and for appointing the heads of the various divisions. The board is elected on a non-partisan basis. Members of the board serve four-year staggered terms, with two or three board members elected every two years.

The district is made up of distinctly different fiscal and accounting entities, each with its own separate set of accounts and each functioning independently of the others. This report includes all funds and account groups of North Jeffco Park and Recreation District. The district consists of 13 full-time centers and facilities and a number of part-time or seasonal facilities. Staff and programs provide a variety of recreational services for the youth, adults, and seniors of the community. The services encompass a broad range of activities, including, youth services, adult and youth sports, senior programs, racquet sports, fitness/wellness, gymnastics, aquatics, outdoor recreation, art, ice-skating, and golf.

The annual budget along with a Five-Year Capital Plan serves as the foundation for North Jeffco Park and Recreation District's financial planning and control. The district's executive director is required by October 15 of each year to submit a proposed budget to the board for the ensuing year. Upon receiving the proposed budget for the year, the board is required to publish a "Notice of Budget". This notice identifies a budget hearing date for public input to the budget process. The deadline for the board to adopt the new budget is December 15. The appropriated budget is prepared by fund, function (e.g., Apex Center), and division (e.g., Ice). Division heads may make transfers of appropriations within a division, with the approval of the executive director. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page B-6 as part of the basic financial statements for the governmental funds. For governmental funds with appropriated annual budgets, other than the General Fund, this comparison is presented in the governmental fund subsection of this report, which starts on page D-3.

BUDGETARY HIGHLIGHTS

Conservation Trust

The difference between the original and the final amended budget is relatively minor and is summarized as follows:

- The original budget was amended to increase interest earned due to a higher than expected return.
- Conservation Trust revenues are derived from citizens participating in the Colorado State Lottery program. Lottery revenues realized were \$21,148 above the budget estimate.
- The Conservation Trust Fund expenditure budget was amended to reduce the appropriated budget by \$30,502 for District facility repairs and capital equipment replacement.

Capital Projects Fund

The difference between the original and the final amended budget is summarized as follows:

- Capital Projects revenues were amended to account for the following: Jefferson County Open Space grant proceeds totaling \$150,000, development fees-in-lieu of parkland of \$138,562, \$40,000 of 82nd Avenue and Simms Street property church rental income and a North Jeffco Foundation grant \$27,029.
- Capital Projects expenditures budget was amended to increase appropriations by \$245,792. The amended budget authorizes the purchase and installation of ball field lighting for the Long Lake Ranch Sports Complex \$315,650.
- Monies to be transferred from the General Fund to the Capital Projects Fund were reduced by \$100,000 due to increased revenues.

Debt Service Fund

The difference between the original and the final amended budget is relatively minor and is summarized as follows:

- For the purpose of accounting for all of the property tax revenues the Debt Fund revenue estimated was increased by \$70,607.
- The Board authorized a transfer of funds from the Debt Fund to the General Fund in the amount of \$56,383 to offset the Debt Fund's 2004 revenue shortfall due to a Jefferson County Assessors Office incorrect assessment certification.

Apex Fund

The difference between the original and the final amended budget is relatively minor and the details are summarized as follows:

- Revenue estimates were amended to increase income by \$290,531, which includes a reduction of charges for services by \$120,099 due to reduced Apex Center attendance, and an increase in miscellaneous revenue by \$335,630 to account for one-time money from the Apex Center's engineering and roof contractors in the amount of \$340,000 for inferior roof construction centered over the swimming pool area of the Apex Center. In addition, the budget was

amended to include a transfer of funds from the General Fund to the Apex Fund in the amount of \$75,000.

- Expenditures were amended to increase the budget \$222,385 for the purpose of paying for the Apex roof repair in the amount of \$360,000.

Golf Fund

The difference between the original and the final amended budget is relatively minor and the details are summarized as follows:

- Revenue estimates were increased by \$29,553 to account for better than expected charges for services of \$29,553 in golf play and restaurant income. In addition, the budget was amended to include a transfer of funds from the General Fund to the Golf Fund in the amount of \$70,000.
- Expenditures were amended to increase the budget \$74,619 for the purpose of covering the added cost of restaurant operations.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which North Jeffco Park and Recreation District operates.

Local Economy: North Jeffco Park and Recreation District continues to enjoy a favorable economic environment, and local indicators point to continued stability. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate. Major industries with headquarters or divisions located within the district boundaries, or in close proximity, include computer hardware, brewery, medical manufacturing, and shopping centers. The State of Colorado has a major presence within the greater Denver metropolitan area with defense and space agency manufacturing.

Long-Term Financial Planning: In 2004, the district's board and staff completed the 2005 - 2008 Operational Master Plan (Phase II). This Master Plan looks more at the facility capital requirements and the methods to finance the capital requirements.

During fiscal year 2005, the district replaced the roof, painted the building inside and outside and replaced the HVAC units on the Racquetball/Fitness Center. With the aid of a grant, ball field lights at the Long Lake Ranch athletic field were installed. Additionally

