

***ESTES VALLEY RECREATION
AND PARK DISTRICT***

FINANCIAL STATEMENTS

December 31, 2017 and 2016

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Independent Auditors' Report

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Board of Directors
Estes Valley Recreation and Park District
Estes Park, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the Estes Valley Recreation and Park District (the District), as of and for the years ended December 31, 2017 and 2016, 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.

Auditors' 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 auditors' 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 financial position of the District as of December 31, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matters

As discussed in Note 1, the District adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, effective for the year ended December 31, 2016. Our opinions were 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 on pages i - viii be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, which 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.

Supplementary 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 budgetary comparison schedules and reconciliation and Conservation Trust Fund - schedule of revenues, expenditures and changes in fund balances - budget to actual are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and reconciliation and Conservation Trust Fund - schedule of revenues, expenditures and changes in fund balances - budget to actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the budgetary comparison schedules and reconciliation and Conservation Trust Fund - schedule of revenues, expenditures and changes in fund balances - budget to actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RubinBrown LLP

May 18, 2018

**MANAGEMENT’S DISCUSSION AND ANALYSIS
(Unaudited)**

This discussion and analysis of the financial performance of the Estes Valley Recreation and Park District (the District) provides an overview of the District’s financial activities for the fiscal year ended December 31, 2017. Please read in conjunction with the financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

The District’s net position increased by \$2,886,034 or 19%. During the year, the District’s operating revenues decreased by \$87,942 or 3%. The decrease is attributed primarily to weather – a late May snowstorm that closed the campgrounds for several days, and a very rainy July and August which had an impact on golf and marina activities. Operating expenses for 2017 increased by \$374,107 (12% over the previous year), as the District ramped up staffing and supplies for a new operation.

In November 2015, District voters approved ballot issues 4C and 4D for construction and operation of a Community Center. Ballot issue 4D authorized issuance of \$19,830,000 in General Obligation Bonds to finance construction. These funds were combined with 1A sales tax revenue from the Town of Estes Park, and supplemental (grant) funds, to construct and equip the \$27 million dollar, 70,000 square foot facility. The building site for the new facility was conveyed to the District in 2016 by the Estes Park R-3 School District. The conveyance also included the existing aquatics facility. (See Financial Statement Note 3.)

Construction of the new Community Center was approximately 90% complete as of 12/31/17. The grand opening was held March 3, 2018. As of the end of the first month in operation, 619 annual memberships totaling approximately \$320,000 were sold. In addition to 5 full-time positions, approximately 50 year-round part-time positions were added to operate the Center, and an estimated 25-30 seasonal positions will be added for the June to September period.

In 2017, the District and its intergovernmental partners substantially completed work on the rebuild of the Fish Creek Trail, the final recovery project from the September 2013 flooding disaster. Close-out documentation and processing will continue into 2018.

Following is a Capital Summary for 2017 and looking ahead to 2018:

Facility	2017 Capital Additions / Work in Progress	2018 Budgeted Capital Additions
Campgrounds (Mary’s Lake ML; East Portal EP)	<ul style="list-style-type: none"> ▪ EP new ADA restroom/shower house ▪ ML secondary sewer line repairs and dump station improvement ▪ Replacement golf/utility carts 	<ul style="list-style-type: none"> ▪ Small truck replacement ▪ Firewood sheds at both campgrounds
Community Ctr/Aquatics	<ul style="list-style-type: none"> ▪ Construction to 90% completion ▪ New ADA pool lift 	<ul style="list-style-type: none"> ▪ Completion of construction, begin operations
Golf courses	<ul style="list-style-type: none"> ▪ Replace 18H clubhouse back deck stairs 	<ul style="list-style-type: none"> ▪ Fairway mower, spray rig and misc. turf equipment ▪ Remodel 18H lower level restroom ▪ Upgrade kitchen equipment ▪ Replace monument signs ▪ Add cart path section (18H)
Marina	<ul style="list-style-type: none"> ▪ Pontoon boat replacement ▪ New utility vehicle 	<ul style="list-style-type: none"> ▪ 10-passenger pontoon boat ▪ Small truck replacement

Parks and Trails	<ul style="list-style-type: none"> ▪ Substantial completion of Fish Creek Trail re-build ▪ New roofs on picnic shelters ▪ New playground equipment ▪ Begin construction of bike trail in Stanley Park ▪ Lead sedimentation trap at Common Point ▪ Preliminary design for Devils Gulch Trail section 	<ul style="list-style-type: none"> ▪ Picnic shelter and restroom improvements ▪ Add roofs to dugouts on ballfields ▪ Resurface upper tennis courts ▪ Mobile concessions trailer ▪ New picnic tables ▪ Continue bike trail/park development ▪ Cost share with Town on Fall River Trail ▪ LE Trail fishing pier repairs ▪ Blade for trail maintenance ▪ Pistol range shelter at Common Point
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- Financial Statement Note 7 describes Capital Lease obligations of the District. In 2017, the District negotiated a Capital Lease Purchase agreement with Bank of Colorado for \$3,000,000 to leverage the future collection of Town 1A sales tax earmarked for construction of the Community Center.
- In 2008 Ballot question 4C was approved by voters to increase tax revenue by 1.200 mills for District operations. The new revenue was to make funds available for Community Center operations, the Aquatics Center, Stanley Park, trails, fleet equipment and pine beetle abatement/tree maintenance. The mill levy in 2009-2014 was increased by .973 mills to support expenses in those areas, excluding Community Center operations. Funds for the Aquatic Center were utilized to offset operating costs which are no longer cost-shared by the School District. Funds for trail development have been utilized to leverage GOCO trails funding, complete a trails master plan, set aside for future trails, and for ongoing maintenance of trails within the District. Trees were treated for pine beetle, and new trees were planted. A portion was used to purchase/lease a variety of fleet equipment. Starting in 2015, in anticipation of moving forward with development of the Community Center, the District levied the remaining .227 mills for Community Center operating funds, and set aside \$75,890 in 2015 property tax receipts for this purpose. The District began incurring operating expenses (staff and program planning services) for the Community Center in 2016, and set aside an additional \$62,816 for future years' operating costs. These funds were utilized in 2017 to continue ramping up staff and operational programming.
- The District continued its Assistance Agreement with the Bureau of Reclamation for implementing physical changes to existing facilities to meet requirements of the Americans with Disabilities Act and maintaining Bureau of Reclamation properties the District manages. The 2017 projects under this agreement include an ADA Bathhouse at the East Portal campground and replacing sewer lines at the Mary's Lake Campground.
- In addition to federal funding from the Bureau of Reclamation and FEMA flood recovery grants, the District received the following grants, contributions and donations during 2017:
 - Contributions totaling \$5,500 from the Estes Park Cycling Coalition to help fund planning and construction of a bike park/trail in Stanley Park.
 - A memorial contribution of \$4,167 from an individual was used to purchase new playground equipment.
 - Cost sharing of \$2,680 by the Estes Park Gun and Archery Club for construction of a lead sedimentation trap at Common Point Shooting Range.

- A memorial contribution of \$1,000 to help fund the District's start up of Senior Services programming.
 - Other miscellaneous donations for youth sports scholarships.
- In 2013, the Board adopted a continuing goal of increasing reserves by \$50,000 per year. During 2017, the Board amended the annual budget to authorize the use of reserves to accelerate the completion of the sewer line replacements at Mary's Lake Campground (the project had originally been phased over a 3-year period.) The reserve amount at 12/31/2017 was \$2,443,356, a \$151,583 decrease from the 12/31/2016 balance of \$2,594,939. Approximately \$700,000 of these reserves is designated for trail development and maintenance; \$385,000 is set aside as improvement or program funds; \$248,576 is Conservation Trust Fund designated; \$48,534 TABOR reserve; and the remaining \$1,062,000 available for operations.
 - In 2017, the District implemented additional systems and controls, performance measures, and compliance with laws and regulations systems via policies and procedures including comprehensive documentation of financial policies and procedures.

USING THIS FINANCIAL REPORT

This annual financial report consists of three parts:

- Management's Discussion and Analysis
- Financial Statements
- Supplementary notes that provide additional information to some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District reflect accounting methods similar to those used by private sector companies. These statements offer important, transparent financial information about the District and its activities.

Statement of Net Position

The Statement of Net Position provides information about the nature and amounts of investments in resources (assets) and obligations to District creditors (liabilities). The Statement of Net Position is one way to measure the District's financial position.

Statement of Revenues, Expenses, and Changes in Fund Net Position

This statement measures the results of the District's operations during the past year. The statement presents the income and expenses of the District and enables the reader to determine whether the District has successfully recovered its costs through user fees and other revenues.

Statement of Cash Flows

The final required financial statement is the Statement of Cash Flows. This statement provides the reader with information about the sources and uses of the District's cash during the year. The statement includes cash activity for operations, non-capital financing activities, capital and related financing activities and investing activities. The statement provides a comprehensive summary to the changes in cash and cash equivalents for the District during the fiscal year.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position report information about the District's activities in a way that can help answer that question. These two statements report the District's net position and changes in it. Over time, increases or decreases in the District's net position are indicators of whether its financial health is improving. However, other non-financial factors, such as changes in economic conditions, population changes and, specifically for the District, severe weather changes, must also be considered.

NET POSITION

As part of our analysis, we provide a summary of the District's Statement of Net Position as presented below.

	2017	2016	\$ Change	2016	2015	\$ Change
Current Assets	\$ 12,781,399	\$ 27,300,828	\$ (14,519,429)	\$ 27,300,828	\$ 14,823,801	\$ 12,477,027
Capital Assets	35,319,991	13,473,811	21,846,180	13,473,811	5,126,499	8,347,312
Total Assets	48,101,390	40,774,639	7,326,751	40,774,639	19,950,300	20,824,339
Current Liabilities	4,509,990	1,815,556	2,694,434	1,815,556	303,247	1,512,309
Long-term Liabilities	22,661,585	21,179,745	1,481,840	21,179,745	10,075,121	11,104,624
Total Liabilities	27,171,575	22,995,301	4,176,274	22,995,301	10,378,368	12,616,933
Deferred Inflows of Resources	2,692,986	2,428,543	264,443	2,428,543	2,305,864	122,679
Net Position						
Net Investment in Capital Assets	15,779,818	12,818,775	2,961,043	12,818,775	4,908,510	7,910,265
Restricted:						
Tabor Reserve	48,534	48,162	372	48,162	42,559	5,603
Unrestricted	2,408,477	2,483,858	(75,381)	2,483,858	2,314,999	168,859
Total Net Position	18,236,829	15,350,795	2,886,034	15,350,795	7,266,068	8,084,727
Total Liabilities, Deferred Inflows and Net Position	\$ 48,101,390	\$ 40,769,439	\$ 7,326,751	\$ 40,769,439	\$ 19,950,300	\$ 20,824,339

As seen in the summary, the District's total net position increased by \$2,886,034 in 2017.

While the Statement of Net Position shows the change in financial position of the District, the Statement of Revenues, Expenses, and Changes in Fund Net Position provides the information as the source of this overall change.

ACTIVITIES

A summary of the District's Statement of Revenues, Expenses, and Changes in Fund Net Position is presented below:

Summarized Statement of Revenues, Expenses, and Changes in Fund Net Position						
	2017	2016	\$ Change	2016	2015	\$ Change
Operating Revenues	\$ 2,810,812	\$ 2,898,754	\$ (87,942)	\$ 2,898,754	\$ 2,747,166	\$ 151,588
Nonoperating Revenues	4,692,241	5,561,000	(868,759)	5,561,000	1,671,203	3,889,797
Total Revenues	7,503,053	8,459,754	(956,701)	8,459,754	4,418,369	4,041,385
Operating Expenses	3,612,322	3,238,215	374,107	3,238,215	2,896,405	341,810
Depreciation	430,760	366,919	63,841	366,919	299,735	67,184
Non-Operating Expenses	573,937	733,147	(159,210)	733,147	325,654	407,493
Total Expenses	4,617,019	4,338,281	278,738	4,338,281	3,521,794	816,487
Increase (Decrease) in Net Position before Contributions	2,886,034	4,121,473	(1,235,439)	4,121,473	896,575	3,224,898
Contributed Capital	-	3,963,254	(3,963,254)	3,963,254	6,136	3,957,118
Change in Net Position	2,886,034	8,084,727	(5,198,693)	8,084,727	902,711	7,182,016
Beginning Net Position	15,350,795	7,266,068	8,084,727	7,266,068	6,363,357	902,711
Ending Net Position	\$ 18,236,829	\$ 15,350,795	\$ 2,886,034	\$ 15,350,795	\$ 7,266,068	\$ 8,084,727

As displayed above, the District's net position increased by \$2,886,034. Although 2017 operating revenues were down and expenses up, realization of intergovernmental revenue for capital projects (Community Center construction and for the Fish Creek Trail flood recovery) resulted in the net increase.

BUDGETARY HIGHLIGHTS

The Colorado State Law requires that the District adopt a budget and appropriate funds for the following year by December 15th of each year. If an amendment is necessary, the Board of Directors will approve a supplemental appropriation at a public hearing and file it with the State of Colorado. The Board of Directors approved such an appropriation at the December 14, 2017 meeting.

CAPITAL ASSETS

At December 31, 2017, the District had \$35.3 million invested in a broad range of property and equipment, net of accumulated depreciation. The following schedule summarizes the District’s property and equipment, and changes from 2016 to 2017, and 2015 to 2016:

	2017	2016	\$ Change	2016	2015	\$ Change
Non-Depreciable Assets	\$ 28,242,810	\$ 6,108,509	\$ 22,134,301	\$ 6,108,509	\$ 904,014	\$ 5,204,495
Depreciable Assets	10,744,596	10,909,719	(165,123)	10,909,719	7,598,224	3,311,495
Accumulated Depreciation	(3,667,415)	(3,544,417)	(122,998)	(3,544,417)	(3,375,739)	(168,678)
Total Depreciable Assets, Net	7,077,181	7,365,302	(288,121)	7,365,302	4,222,485	3,142,817
Total Capital Assets, Net	\$ 35,319,991	\$ 13,473,811	\$ 21,846,180	\$ 13,473,811	\$ 5,126,499	\$ 8,347,312

The \$21.8 million increase in capital assets in 2017 includes \$20.7 million Community Center construction in progress.

LONG-TERM DEBT

CAPITAL LEASE OBLIGATIONS

The District entered into two lease-purchase agreements during each of the years 2010, 2014 and 2015, and one agreement in each of the years 2016 and 2017. The \$3,000,000 capital lease agreement added in 2017 is for the Community Center project as described in Note 7. Appropriation for lease payments are made annually and do not extend beyond the current year. The related capital assets have been recorded in the statement of net assets as capital assets. The following summary outlines change in capital lease obligations from 2016 to 2017 and from 2015 to 2016.

	2017	2016	\$ Change	2016	2015	\$ Change
Total Long-term Lease Obligations	\$ 3,206,256	\$ 274,535	\$ 2,931,721	\$ 274,535	\$ 217,989	\$ 56,546

GENERAL OBLIGATION BONDS

As described in the Financial Highlights above, and in Note 8 in the Financial Statements, on November 3, 2015, District voters approved Ballot Issues 4C and 4D regarding the construction and operation of a Community Recreation Center. Ballot Issue 4D authorized the District to issue \$19,830,000 in General Obligation Bonds to finance construction of the Community Center. The District issued \$9,000,000 in bonds for this project during 2015, and \$10,830,000 in 2016. Both bond issues were sold at a premium, and have interest rates ranging from 3.00 to 5.00%, with maturity dates ranging from 2016 to 2035. The following summary outlines the change in bonds payable from 2016 to 2017 and 2015 to 2016.

	2017	2016	\$ Change	2016	2015	\$ Change
Total Bonds Payable	\$ 18,490,000	\$ 19,175,000	\$ (685,000)	\$ 19,175,000	\$ 9,000,000	\$ 10,175,000

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET RATES

The 2018 budget reflects the remaining capital outlay for construction of the Estes Valley Community Center, and revenues and expenses for the first year of operation. The District commissioned an independent operational study, and District staff visited/interviewed and analyzed other recreation centers’ operations to develop the 2018 estimated revenues and expenses.

Flood recovery project expenses were essentially completed in 2017. The corresponding decrease in intergovernmental revenue is reflected in “Other” revenues.

The Board of Directors considers many factors when setting the District’s budget, including user fees and charges. During the 2018 budget process, a modest increase in camping fees was enacted; other fees were not materially changed from the prior year. Operating revenue for 2017 was slightly lower than in 2016, partly due to a late spring snowstorm and a rainy July/August. Operating revenues for 2018 have been budgeted conservatively to recognize the unknowns of weather, road construction and general economic conditions.

The 2018 budgeted revenues exceed expenditures. The Board has appropriated funds for 2018 compared to 2017 appropriations as follows:

	2018	2017	\$ Change	2017	2016	\$ Change
Fees and Charges	\$ 4,157,527	\$ 2,768,442	\$ 1,389,085	\$ 2,768,442	\$ 2,872,048	\$ (103,606)
Conservation Trust/Lottery	53,000	53,000	-	\$ 53,000	60,226	(7,226)
Taxes	2,854,566	2,593,476	261,090	\$ 2,593,476	2,468,349	125,127
Interest Income	42,000	173,866	(131,866)	\$ 173,866	130,702	43,164
Transfer from (to) Reserves	2,922,727	18,050,641	(15,127,914)	\$18,050,641	(205,002)	18,255,643
Bond/Lease Proceeds	-	3,000,000	(3,000,000)	\$ 3,000,000	12,400,138	
Other	624,825	1,676,318	(1,051,493)	\$ 1,676,318	2,742,110	(1,065,792)
Total Revenues	10,654,645	28,315,743	(17,661,098)	28,315,743	20,468,571	7,847,172
Operating Expenses	4,897,026	3,584,865	1,312,161	3,584,865	3,280,104	304,761
Conservation Trust/Lottery	-	-	-	-	-	-
Interest Expense	88,067	7,542	80,525	7,542	5,907	1,635
Bond Issue Costs	-	36,901	(36,901)	36,901	239,700	(202,799)
Capital Lease Payments	581,739	68,280	513,459	68,280	100,102	(31,822)
Bond Debt Service	1,492,600	1,493,150	(550)	1,493,150	1,391,743	101,407
Capital Outlay	3,455,650	23,006,626	(19,550,976)	23,006,626	5,832,378	17,174,248
Reserves & Contingencies	101,127	113,975	(12,848)	113,975	149,741	(35,766)
Total Expenses	\$10,616,209	\$28,311,339	\$ (17,695,130)	\$28,311,339	\$10,999,675	\$17,311,664

DISTRICT ASSESSED VALUATIONS, MILL LEVIES AND PROPERTY TAX COLLECTIONS

The following summaries provide historical analysis of assessed valuations, mill levies and actual property tax collections for the District.

History of District's Assessed Valuation				
Levy / Collection Year	Boulder County	Larimer County	Total	Percent Change
2010/2011	\$ 7,153,060	\$ 338,609,280	\$ 345,762,340	
2011/2012	6,777,763	331,482,300	338,260,063	(2.17%)
2012/2013	6,826,660	330,589,160	337,415,820	(0.25%)
2013/2014	6,404,578	314,576,380	320,980,958	(4.87%)
2014/2015	6,352,917	303,171,420	309,524,337	(3.57%)
2015/2016	7,020,065	337,864,366	344,884,431	11.42%
2016/2017	6,963,622	339,602,502	346,566,124	0.49%
2017/2018	7,295,538	362,165,198	369,460,736	6.61%

History of District's Mill Levy						
Levy / Collection Year	General Fund	Temporary Tax Credit	Bond Fund	Capital / Special	Abatements	Total Mill Levy
2010/2011	1.781	(0.427)	-	0.973	0.012	2.339
2011/2012	1.781	(0.359)	-	0.973	0.030	2.425
2012/2013	1.781	(0.328)	-	0.973	0.012	2.438
2013/2014	1.781	(0.205)	-	0.973	0.008	2.557
2014/2015	1.781	(0.095)	-	1.200	0.006	2.892
2015/2016	1.781	(0.203)	3.900	1.200	0.008	6.686
2016/2017	1.781	(0.162)	4.167	1.200	0.021	7.007
2017/2018	1.781	(0.207)	3.777	1.724	0.215	7.290

Historical Property Tax Collections			
Levy / Collection Year	Total Taxes Levied	Total Taxes Collected	Percent of Levy Collected
2009/2010	\$ 801,079	\$ 792,716	98.96%
2010/2011	808,738	806,183	99.68%
2011/2012	820,281	815,186	99.38%
2012/2013	822,619	819,743	99.65%
2013/2014	820,749	815,235	99.33%
2014/2015	895,145	889,497	99.37%
2015/2016	2,305,864	2,290,197	99.32%
2016/2017	2,428,543	2,419,333	99.62%

For further information regarding these reports, please contact Tom Carosello, Executive Director, Estes Valley Recreation & Park District, P.O. Box 1379, Estes Park, Colorado 80517, (970)586-8191.

ESTES VALLEY RECREATION AND PARK DISTRICT
STATEMENT OF NET POSITION
December 31, 2017 and 2016

	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 413,599	\$ 1,320,755
Investments	2,224,248	1,449,691
Restricted Purpose Investments	6,578,964	21,330,110
Accounts Receivable	534,005	564,926
Property Taxes Receivable	2,692,986	2,428,543
Inventories	111,030	97,788
Prepaid Expenses and Other Assets	226,567	109,015
Total Current Assets	12,781,399	27,300,828
CAPITAL ASSETS		
Non-depreciable	28,242,810	6,108,509
Depreciable, Net	7,077,181	7,365,302
Total Capital Assets, Net of Accumulated Depreciation	35,319,991	13,473,811
Total Assets	48,101,390	40,774,639
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts Payable	3,073,943	955,951
Accrued Payroll and Related Liabilities	32,861	34,932
Compensated Absences	74,259	71,393
Unearned Revenue	84,038	—
Current Portion Capital Lease Liabilities	539,889	68,280
Current Portion Bonds Payable	705,000	685,000
Total Current Liabilities	4,509,990	1,815,556
LONG-TERM LIABILITIES		
General Obligation Bonds	17,785,000	18,490,000
Bond Premium	2,210,218	2,483,490
Capital Lease Liabilities	2,666,367	206,255
Total Long Term Liabilities	22,661,585	21,179,745
Total Liabilities	27,171,575	22,995,301
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable Revenue - Property Taxes	2,692,986	2,428,543
<u>NET POSITION</u>		
Net Investment in Capital Assets	15,779,818	12,818,775
Restricted:		
Debt Service	94,671	544
Tabor Reserve	48,534	48,162
Unrestricted	2,313,806	2,483,314
Total Net Position	\$ 18,236,829	\$ 15,350,795

ESTES VALLEY RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
For the Years Ended December 31, 2017 and 2016

OPERATING REVENUES	2017	2016
Fees and Charges	\$ 2,778,660	\$ 2,887,771
Other	32,152	10,983
Total Operating Revenues	2,810,812	2,898,754
OPERATING EXPENSES		
General and Administrative	582,567	540,976
Parks	283,148	250,209
Campgrounds	521,803	528,291
Community Center	379,940	91,190
Golf Courses and Pro Shop	1,130,839	1,136,398
Recreation	223,792	191,321
Swimming Pools and Aquatics	230,046	225,663
Marina	260,187	274,167
Total Operating Expenses	3,612,322	3,238,215
LOSS FROM OPERATIONS BEFORE DEPRECIATION	(801,510)	(339,461)
Depreciation	(430,760)	(366,919)
NET LOSS FROM OPERATIONS	(1,232,270)	(706,380)
NON OPERATING REVENUES (EXPENSES)		
Interest Expense	(545,036)	(531,608)
Bond/Capital Lease Issue Costs	(28,901)	(200,857)
Taxes	2,625,677	2,473,109
Intergovernmental Revenues	1,766,543	2,872,001
Conservation Trust Funds	55,188	62,164
Gain (Loss) on Disposal of Assets	62,887	(682)
Interest Income	181,946	153,726
Total Non Operating Revenues (Expenses)	4,118,304	4,827,853
INCOME BEFORE CONTRIBUTIONS	2,886,034	4,121,473
Capital Contributions - Aquatic Center and Building Site	—	3,963,254
CHANGES IN NET POSITION	2,886,034	8,084,727
NET POSITION, Beginning of Year	15,350,795	7,266,068
NET POSITION, End of Year	\$ 18,236,829	\$ 15,350,795

ESTES VALLEY RECREATION AND PARK DISTRICT
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash Received From Customers	\$ 2,874,258	\$ 2,885,689
Cash Payments for Operation and Supplies, Goods and Services	(1,466,201)	(1,278,073)
Cash Payments to Employees	(2,218,825)	(2,037,434)
Net Cash Used in Operating Activities	(810,768)	(429,818)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Intergovernmental Receipts	1,754,161	2,674,722
Property Taxes Received	2,625,677	2,473,109
Net Cash Provided by Non-Capital Financing Activities	4,379,838	5,147,831
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest Paid on Leases and Bonds	(819,928)	(714,455)
Lottery Proceeds	55,188	62,164
Proceeds from Capital Leases		
Capital Lease Payments	(68,279)	(94,317)
Bond Principal Payments	(685,000)	(655,000)
Proceeds from Sale of Capital Assets	71,107	6,721
Bond/Capital Lease Proceeds	3,000,000	12,606,655
Bond/Capital Lease Issue Costs	(28,901)	(200,857)
Acquisition of Capital Assets	(20,158,948)	(3,773,354)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(18,634,761)	7,237,557
CASH FLOW FROM INVESTING ACTIVITIES:		
Investment Sales	21,162,704	4,050,360
Investment Purchases	(7,186,115)	(16,079,552)
Interest Received	181,946	153,726
Net Cash Provided by (Used in) Investing Activities	14,158,535	(11,875,466)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(907,156)	80,104
CASH AND CASH EQUIVALENTS, Beginning of Year	1,320,755	1,240,651
CASH AND CASH EQUIVALENTS, End of Year	\$ 413,599	\$ 1,320,755
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Net Loss From Operations	(1,232,270)	(706,380)
Adjustments to Reconcile Net Loss from Operations to Net Cash Provided by (Used in) Operating Activities		
Depreciation	430,760	366,919
Changes in Assets and Liabilities		
(Increase) Decrease in Property Tax Receivable	(264,443)	(122,679)
(Increase) Decrease in Accounts Receivable	30,921	(13,065)
(Increase) Decrease in Inventories	(13,242)	(6,903)
(Increase) Decrease in Prepaid Expenses	(27,852)	(26,535)
Increase (Decrease) in Accounts Payable	(83,918)	(85,262)
Increase (Decrease) in Unavailable and Unearned Revenue	348,481	122,679
Increase (Decrease) in Accrued Payroll and Related Liabilities	(2,071)	12,850
Increase (Decrease) in Compensated Absences Payable	2,866	28,558
Net Cash Used in Operating Activities	\$ (810,768)	\$ (429,818)
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Assets Acquired But Not Yet Paid For	2,117,992	842,086
Discount on Operating Lease From Trade-In	89,700	—
Capital Contributions	—	3,963,254
Assets Acquired Through Capital lease	—	150,863

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Estes Valley Recreation and Park District (District) have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant District accounting policies are described below.

The accounting system of the District is organized as a single enterprise fund. An enterprise fund accounts for operations that are financed and operated in a manner similar to a private business enterprise where the intent of the District is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition, maintenance, and improvement of the physical plant facilities required to provide these services are financed from existing cash resources, the issuance of bonds and other District funds.

A. Financial Reporting Entity

Estes Valley Recreation and Park District was organized in 1955 under provisions of Colorado statutes to provide recreation programs and facilities, including golf courses, a marina and an aquatic center, and to maintain parks and provide recreation and related services for the residents of - and visitors to - the Estes Valley. The District was originally created under the name of the Rocky Mountain Metropolitan Recreation District. In 1985, its title was changed to the District's current name. The District follows GASB accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

Enterprise-fund accounting is utilized in accordance with generally accepted accounting principles for governmental units. Revenues and expenses are recognized on the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when incurred.

Entitlements and shared revenues are recorded at the time of receipt. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

C. Assets, Liabilities, Deferred Inflows, and Net Position

Cash and Cash Equivalents and Investments

The District considers highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of these financial instruments. Investments are reported at fair value.

Receivables

Property taxes are levied and certified by the County Treasurer in December of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property.

The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or, if in equal installments, at the taxpayer's election, on February 28 and June 15.

Delinquent taxpayers are notified in August, and tax sales of the liens on delinquent properties are held in November. The County Treasurer remits the taxes collected monthly to the District.

Revenue from grants is recognized in the period which all eligibility requirements have been satisfied.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities, Deferred Inflows and Net Position (Continued)

Inventories

Inventories held at the golf courses are valued on an average cost basis and the remainder of the District inventory is valued on the FIFO (first-in, first-out) basis. Inventories consist of items held for resale and supplies.

Capital Assets

Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value (an entry price) at the date of donation. Capital assets are depreciated using the straight-line method over the estimated useful life of three to fifty years. The capitalization threshold for the District is \$5,000.

Compensated Absences

The District allows staff to accumulate up to 35 days of vacation benefits. The expenses for these benefits are accrued in the year earned. Upon termination of employment, an employee is paid for his or her accumulated, unused vacation. The District allows staff to accumulate up to 60 days of sick leave. Accumulated sick leave is not paid upon termination of employment, except for employees who have completed at least 20 years of full-time, year-round continuous service. Employees meeting this criteria are compensated for 50% of their accumulated sick leave hours (maximum of 240 hours paid) at their rate of pay at the time of retirement or end of employment.

Long-Term Obligations

The District reports long-term debt at face value in the financial statements. Long-term debt and other obligations are reported as liabilities.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the taxes are being leveled for.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities, Deferred Inflows and Net Position (Continued)

Net Position

Net position represents the difference between assets and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

D. Estimates

The preparation of financial statements, in accordance 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.

E. Budgetary Information

The District budgets on a non-GAAP basis. Purchases of capital assets are shown as expenses, and depreciation of capital assets is not budgeted. All annual appropriations lapse at fiscal year-end.

The operating budget includes proposed expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado State Statute. In September, the Executive Director submits a proposed operating budget to the Board of Directors for the fiscal year beginning the following January 1. The Board reviews the budget, and a public hearing is conducted at the regular October meeting to obtain taxpayer comments. The Board adopts the budget, which makes appropriations for the next fiscal year during the November meeting.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Information (Continued)

Formal budgetary integration is employed as a management control device during the year. If the total appropriations must be revised, an official amended budget is approved, and a resolution making additional appropriations is passed. The Board approved a resolution to adopt a supplemental budget at the December 2017 meeting.

Variances between budget and actual amounts result from the non-expenditure of reserves, non-occurrence of anticipated events, scheduling of capital projects, and normal operating variances.

F. Operations

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's ongoing operations. The District's principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

G. New Accounting Principle

In March 2015, GASB released Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which would generally require state and local governments to measure assets and liabilities at fair value. GASB's goal is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosure to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. The District's investments consist of only 2a7-like external investment pools, which are measured at net asset value per share.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 2: CASH DEPOSITS AND INVESTMENTS

Deposits - The Colorado Public Deposit Protection Act (PDPA) requires all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2017 and 2016, the District's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation and collateralized in accordance with PDPA. The District's deposit policy is to deposit funds in banks or savings institutions at eligible PDPA depositories.

At December 31, 2017 and 2016, the District's cash deposits had the following book and bank balances:

	2017		2016	
	Book	Bank	Book	Bank
Cash on Hand	\$ 1,506	\$ —	\$ 1,405	\$ —
Cash Held in PayPal	—	—	1,000	—
Cash Held by				
County Treasurer	17,209	—	15,031	—
Collateralized Deposits	—	431,705	858,429	947,510
Insured Deposits	394,884	403,958	444,890	444,890
Total Deposits	\$ 413,599	\$ 835,664	\$ 1,320,755	\$ 1,392,400

Investments - Colorado Revised Statutes and the District's investment policy specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include the following:

- United States Treasury obligations;
- Certain United States Agency obligations;
- Certificates of Deposit in Colorado banks or savings and loans institutions;
- Repurchase agreements collateralized by appropriate U.S. Treasury or Agency obligations;
- Colorado Investment Pools.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 2: CASH DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from prevailing market interest rates but generally limits investments to maturities of one year or less.

Credit Risk - The District does not have a formal investment policy that addresses the potential of variable cash flows and related credit risk. However, the District's investments in the Colorado Government Liquid Asset Trust (COLOTRUST) Plus fund is rated AAAM by Standard & Poor's, and investments in the Colorado Surplus Asset Fund Trust (CSAFE) are rated AAAM by Standard & Poor's.

At December 31, 2017 and 2016, the District had invested \$8,660,007 and \$22,617,823, respectively, in COLOTRUST. At December 31, 2017 and 2016, the District had invested \$143,205 and \$161,978, respectively, in CSAFE. COLOTRUST is valued using the net asset value per share (or its equivalent) of the investments. COLOTRUST does not have any unfunded commitments, redemption restrictions or redemption notice periods. CSAFE is valued at amortized cost. COLOTRUST's financial statements are available at www.colotruster.com and CSAFE's financial statements are available at www.csafe.org. The State Securities Commissioners administers and enforces all state statutes governing the trusts.

Custodial Credit Risk - The local government investment pools are investment vehicles established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. The Trusts operate similarly to a money market fund, and each share is equal in value to \$1.00. The designated custodial bank provides safekeeping and depository services to the pools in connection with the direct investment and withdrawal functions of the pools. All securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pools. Investments of the pools consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities and are exempt from concentration of credit risk disclosure.

Restricted Purpose Investments - As described in Note 8 - Bonds Payable, the District issued \$19,830,000 in general obligation bonds for the purpose of funding construction of a Community Center. As required in the Bond Resolution, the District established a "Project Account" to hold the bond proceeds until expended for construction. Town of Estes Park 1A Sales Tax funds designated for Community Center construction are also deposited and held in this account until expended for construction (see Note 6 - Operating Agreements). Interest earnings on this account are added to project funds. Monthly construction draws are withdrawn from the account via wire transfer. The Community Center Construction Project Account is held at COLOTRUST.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 2: CASH DEPOSITS AND INVESTMENTS (Continued)

The District also established a Bond Debt Service Account at CSAFE for the purpose of segregating and distributing property taxes collected for bond debt service.

Monthly property tax collections are deposited into this account and semi-annual bond interest and annual bond principal payments are distributed from this account via wire transfer. Interest earnings on this account are added to funds available for debt service. Any property taxes collected in excess of current-year debt service requirements are held in this account as a reserve for future-years' debt service.

At December 31, 2017 and 2016, the District's investments are as follows:

	2017	2016	Maturity Date
COLOTRUST - General	\$ 2,175,714	\$ 1,339,834	N/A
COLOTRUST -Community Center Project Account	6,484,293	21,277,989	N/A
Total COLOTRUST	<u>8,660,007</u>	<u>22,617,823</u>	
CSAFE - General	48,534	109,857	N/A
CSAFE - Bond Debt Service Account	94,671	52,121	N/A
Total CSAFE	<u>143,205</u>	<u>161,978</u>	
Total Investments	<u>\$ 8,803,212</u>	<u>\$ 22,779,801</u>	

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 3: CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2017 is as follows:

	12/31/2016	Additions	Deletions	Transfers	12/31/2017
Non-Depreciable					
Capital Assets					
Water Rights	\$ 118,435	\$ —	\$ —	\$ —	\$ 118,435
Easements	4,794	—	—	—	4,794
Land	2,115,572	—	—	—	2,115,572
Construction in Progress	3,869,705	22,194,535	—	(60,231)	26,004,009
Total Non-Depreciable	6,108,509	22,194,535	—	(60,231)	28,242,810
Depreciable Assets					
Buildings and Improvements	8,900,987	69,230	—	60,231	9,030,448
Vehicles	242,930	—	—	—	242,930
Equipment	1,765,802	53,791	(348,378)	—	1,471,215
Total Depreciable Assets	10,909,719	123,021	(348,378)	60,231	10,744,593
Accumulated Depreciation	(3,544,417)	(430,760)	307,765	—	(3,667,412)
Total Depreciable Capital Assets, Net	7,365,302	(307,739)	(40,613)	60,231	7,077,181
Total Net Capital Assets	\$ 13,473,811	\$ 21,886,796	\$ (40,613)	\$ —	\$ 35,319,991

Construction in Progress transfers are projects uncompleted as of December 31, 2016 and completed in 2017. Construction in progress as of December 31, 2017 primarily includes the Community Center. The project was generally completed in March of 2018 and the correlating assets were placed into service at that time.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 3: CAPITAL ASSETS (Continued)

A summary of changes in capital assets for the year ended December 31, 2016 is as follows:

	12/31/2015	Additions	Deletions	Transfers	12/31/2016
Non-Depreciable					
Capital Assets					
Water Rights	\$ 118,435	\$ —	\$ —	\$ —	\$ 118,435
Easements	4,794	—	—	—	4,794
Land	115,572	2,000,000	—	—	2,115,572
Construction in Progress	665,212	3,398,158	—	(193,662)	3,869,708
Total Non-Depreciable	<u>904,013</u>	<u>5,398,158</u>	<u>—</u>	<u>(193,662)</u>	<u>6,108,509</u>
Depreciable Assets					
Buildings and Improvements	5,785,035	3,053,008	(118,270)	181,214	8,900,987
Vehicles	209,532	75,434	(42,036)	—	242,930
Equipment	1,603,657	202,957	(53,260)	12,448	1,765,802
Total Depreciable Assets	<u>7,598,224</u>	<u>3,331,399</u>	<u>(213,566)</u>	<u>193,662</u>	<u>10,909,719</u>
Accumulated Depreciation	<u>(3,375,738)</u>	<u>(366,919)</u>	<u>198,240</u>	<u>—</u>	<u>(3,544,417)</u>
Total Depreciable Capital Assets, Net	<u>4,222,486</u>	<u>2,964,480</u>	<u>(15,326)</u>	<u>—</u>	<u>7,365,302</u>
Total Net Capital Assets	<u>\$ 5,126,499</u>	<u>\$ 8,362,638</u>	<u>\$ (15,326)</u>	<u>\$ —</u>	<u>\$ 13,473,811</u>

Additions to Land and Buildings in 2016 include the Aquatic Center building valued at \$1,940,000 and 6.49 acres valued at \$2,000,000, on which the Community Center will be constructed. This property was conveyed to the District on November 30, 2016 by the Park School District via a Quit Claim Deed with an associated Restrictive Covenants and Facility Use Agreement. The acquisition value of the property was established and documented in a report prepared by a qualified appraiser (also see Note 6 - Operating Agreements).

Additions to Buildings and Improvements also include Ponderosa pine and Douglas fir trees (23 total) donated to the District by a private landowner, with an appraised value of \$23,254. The District incurred \$10,100 in tree-spade services to move and transplant the trees.

Construction in Progress transfers are projects uncompleted as of December 31, 2015 and completed in 2016.

Depreciation expense for the years ended December 31, 2017 and 2016 is \$430,760 and \$366,919, respectively.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 4: TAX, SPENDING AND DEBT LIMITATIONS

In 1992, Colorado voters approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new provision to Section 20, Article X, of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments. TABOR limits increases in revenues and expenditures to the rate of inflation and local growth. TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing taxes or spending above the limits prescribed above, increasing a mill levy, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Multiple fiscal year debt requires voter approval except for bond refinancing at lower interest rates.

In November 1999, District voters elected to lift restrictions with regard to fee collection for the District effective January 1, 2000. The Amendment is complex and subject to judicial interpretation. The District believes it is materially in compliance with the requirements of this Amendment.

For budgetary purposes, the District separates TABOR enterprise revenues from other revenues. TABOR requires local governments to establish emergency reserves that must be at least 3% of fiscal spending, excluding bonded debt service, to be used only for declared emergencies. "Emergency" does not include economic conditions, revenue shortfalls, or District salary or fringe benefit increases. Fiscal year spending does not include TABOR enterprise defined revenues. The District has restricted \$48,534 and \$48,162 as of December 31, 2017 and 2016, respectively, in accordance with the provisions of TABOR.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 5: RISK OF LOSS

The District is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District has joined a public entity risk pool.

In July 1991, the District joined the Colorado Special Districts Property and Liability Pool, a public entity risk pool currently operating as a common risk management and insurance program for member special districts in Colorado. The District pays annual premiums to the Pool for defined property and liability coverage.

The Pool Agreement also gives the Board of Directors of the Pool the power to establish that additional contributions, at such times and in such amounts as the Board determines, are needed for the purposes of the Pool. The Board may decide to distribute surplus funds among members; however, the District did not receive any such distribution for the years ended December 31, 2017 and 2016.

The Pool also covers liquor liability, employee bonding and workers' compensation. The District continues to carry commercial insurance for employee health, dental, and life insurance. Settled claims have not exceeded insurance coverage in any of the past three years.

NOTE 6: OPERATING AGREEMENTS

Bureau of Reclamation

The District administers the property on which the Mary's Lake and East Portal Campgrounds and Day Use areas, Wapiti Meadows (day-use area), the Lake Estes Marina, a portion of Stanley Park bordering Lake Estes, and the Lake Estes Golf Course are located under a Management Agreement with the Bureau of Reclamation (Bureau). The District entered into a new Management Agreement with the Bureau on March 20, 2007 to renew the previous agreement for an additional period of 25 years, and is subject to an additional term of 25 years if both parties agree.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 6: OPERATING AGREEMENTS (Continued)

Aquatic Center Use Agreement

The District negotiated an agreement with the Park School District R-3 (School) for the use of the School's Aquatic Center that commenced on January 1, 2008 for one year. The agreement was renewed for a five-year period beginning December 31, 2008, and for an additional five-year period beginning January 1, 2014. The District served as the Manager of Operations for programs at the Aquatic Center. Upon donation of the Aquatic Center in 2016, The District collects all revenue from the operation of the Aquatic Center and is responsible for cost and expense related with operations. The District agreed to waive all fees and charges for the School use of the facility for the period of 40 years after final completion and construction of the opening of the facility to the public. The District received from the School \$45,272 for the year ended December 31, 2016. There was no revenue collected from the School during 2017.

Community Center Facility Use and Development Agreement

As described in Note 3, the Aquatic Center facility and a building site for the Community Center were conveyed to the District by the Park School District on November 30, 2016. As a result, the Aquatic Center Use Agreement was terminated as of December 31, 2016, and replaced with the Restrictive Covenants and Facility Use and Development Agreement incorporated into the conveyance. The Facility Use and Development Agreement provides for School use of the competitive swimming and diving pool (Priority Use Facilities) and other portions of the Community Center - gym, weight and locker rooms, meeting/performance space and golf simulator (Scheduled Use Facilities) at no cost for a period of 40 years.

Intergovernmental Agreement with Town of Estes Park Regarding the Estes Valley Community Center

On April 1, 2014, the electors of the Town of Estes Park passed Ballot Issue 1A which provided for the collection and distribution by the Town of a portion of the Town's sales tax for the construction of a community center including facilities for the Senior Center. Following the District's successful November 2015 election for funding and operation of the Estes Valley Community Center, and required progress toward center construction, the District and Town negotiated an IGA for transfer of the 1A funds to the project. The IGA transfers responsibility for delivery of Senior programming, excluding meals programs, from the Town to the District. The agreement also specifies minimum requirements for facility design as it relates to senior programming, and for the method and timing of transferring monthly 1A sales tax collections from the Town to the District.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 6: OPERATING AGREEMENTS (Continued)

Golf Course Lease

The District entered into an operating agreement dated January 15, 1990 with the Town of Estes Park which provided that the Town make capital improvements to the existing eighteen-hole golf course and the District lease the course from the Town. The lease was renewed for two years in 2011 and automatically renews every other January 15 for two-year periods. Under the terms of the agreement, the District is entitled to all revenues generated from its operation of the golf course. In return, the District is responsible for operational expenses of the facility. There are no annual payments required with this agreement.

The Town of Estes Park entered into a Lease-Purchase Agreement with First Security Finance, Inc., using the Estes Park Golf Course property as collateral. The purpose of the lease is to fund construction of a parking structure. Because the parking structure is on federal property (BOR), the Town could not use the structure itself as security for the lease. First Security Finance has been named as additional insured for the District's property and liability coverages for this property.

Golf Cart Lease

The District entered into an operating lease dated February 26, 2017 with Yamaha Motor Finance Corporation for the use of 76 DR2A EFI golf carts. The lease term commenced on May 1, 2017 and shall last 54 months. The District traded in its old fleet of carts for a reduction of the total lease amount. The lease will be amortized to lease expense ratably over the life of the contract.

Future noncancellable lease payments are as follows:

Year Ended	Amount
2018	\$ 30,303
2019	30,303
2020	30,303
2021	30,303

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 7: CAPITAL LEASES

The District utilizes capital lease agreements to finance a portion of capital assets. Lease payments are subject to annual appropriation by the District Board.

Capital lease asset amortization is included in the District's depreciation expense for the related capital assets. A summary of the capital lease assets in place as of December 31, 2017 and 2016 are as follows:

Estes Valley Recreation and Park District Capital Lease Summary for Years Ended 12/31/2017 and 2016								
Date of Lease	Lessor	Leased Assets/Collateral	Payment Terms	Year	Capitalized Cost	Accumulated Depreciation	Book Value	Payments Made
9/8/2010 (pd in full 6/8/16)	Bank of Colorado	Lake Estes Golf Course Irrigation System, secured by CO-Big Thompson Water Units	Quarterly 12/8/10 to 9/8/16	2017	\$ 607,515	\$ 133,715	\$ 473,800	\$ —
				2016	\$ 607,515	\$ 113,709	\$ 493,806	\$ 40,707
3/13/2014 (pd in full 1/7/16)	Ross Stephen	Cat Skid Steer (leased asset is collateral)	Annual 3/13/14 to 1/20/16	2017	\$ 18,007	\$ 6,903	\$ 11,104	\$ —
				2016	\$ 18,007	\$ 5,102	\$ 12,905	\$ 10,000
5/1/2015	Bank of Colorado	2 Toro Greensmowers, 1 Toro Fairway Mower, 1 Toro Utility Vehicle (leased assets are the collateral)	Quarterly 8/1/15 to 5/1/20	2017	\$ 137,588	\$ 52,414	\$ 85,174	\$ 27,989
				2016	\$ 137,588	\$ 32,759	\$ 104,829	\$ 27,989
4/17/2015	Ford Motor Company	F-250 Truck (leased asset is collateral)	Annual 4/17/15 to 4/17/19	2017	\$ 31,737	\$ 12,090	\$ 19,647	\$ 7,165
				2016	\$ 31,737	\$ 7,556	\$ 24,181	\$ 7,165
6/19/2015	Ford Motor Company	F-150 Truck (leased asset is collateral)	Annual 6/19/15 to 6/19/19	2017	\$ 30,331	\$ 10,833	\$ 19,498	\$ 6,847
				2016	\$ 30,331	\$ 6,500	\$ 23,831	\$ 6,847
2/29/2016	U.S. Bancorp	2 F-150 Ford Trucks, 1 Kubota Tractor, 1 Greensmower, 1 Bunker Rake (leased assets are collateral)	Semi-annual 8/29/16 to 2/28/21	2017	\$ 150,863	\$ 32,885	\$ 117,978	\$ 33,820
				2016	\$ 150,863	\$ 11,333	\$ 139,530	\$ 9,392
1/17/17 (1st draw 12/15/17)	Bank of Colorado	Community Center Land & Aquatics Facility (Center under construction at 12/31/17)	Quarterly 3/1/18 to 12/1/2023	2017	\$ 3,000,000	\$ 49,744	\$ 1,890,256	\$ —
				2016	\$ —	\$ —	\$ —	\$ —
Totals				2017	\$ 3,976,041	\$ 298,583	\$ 2,617,458	\$ 75,821
				2016	\$ 976,041	\$ 176,959	\$ 799,082	\$ 102,100

A summary of changes in capital leases for the year ended December 31, 2017 is as follows:

	12/31/2016	Additions	Deletions	12/31/2017	Current
Capital Leases	\$ 274,535	\$ 3,000,000	\$ (68,279)	\$ 3,206,256	\$ 539,889

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 7: CAPITAL LEASES (Continued)

A summary of changes in capital leases for the year ended December 31, 2016 is as follows:

	12/31/2015	Additions	Deletions	12/31/2016	Current
Capital Leases	\$ 217,989	\$ 150,863	\$ (94,317)	\$ 274,535	\$ 68,280

The following are the minimum required capital lease payments as of December 31, 2017:

Year Ended	Principal	Interest	Total
2018	\$ 539,889	\$ 83,279	\$ 623,168
2019	548,537	74,631	623,168
2020	537,141	58,013	595,154
2021	522,372	41,886	564,257
2022	521,169	26,179	—
Thereafter	537,148	10,199	—
Total	\$ 3,206,256	\$ 294,187	\$ 2,405,747

NOTE 8: BONDS PAYABLE

As described in *Note 4, Tax, Spending and Debt Limitations*, multiple fiscal year debt requires voter approval except for bond refinancing at lower interest rates. On November 3, 2015, District voters approved Ballot Issues 4C and 4D regarding the construction and operation of a Community Center. Ballot Issue 4D authorized the District to issue \$19,830,000 in General Obligation Bonds to finance construction of the Community Center. The District issued \$9,000,000 in bonds for this project during 2015. The bonds were sold at a premium of \$943,937, with an interest rate of 4.00%, and have maturity dates ranging from 2028 to 2035. The District issued \$10,830,000 in bonds for this project during 2016. The bonds were sold at a premium of \$1,770,003, with interest rates ranging from 3.00 to 5.00%, and maturity dates ranging from 2016 to 2028. Interest payments are due on June 1 and December 1 each year. Principal payments are due annually on December 1, beginning in 2016.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 8: BONDS PAYABLE (Continued)

A summary of bonds payable for the year ended December 31, 2017 is as follows:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balance
2015	\$ 9,000,000	2028-2035	4%	\$ 9,000,000
2016	\$ 10,830,000	2016-2028	3.00% - 5.00%	\$ 9,490,000

A summary of bond activity for the year ended December 31, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bond Premium	\$ 2,483,490	\$ —	\$ (273,271)	\$ 2,210,219	\$ —
General Obligation bonds	\$ 19,175,000	\$ —	\$ (685,000)	\$ 18,490,000	\$ 705,000

A summary of bond activity for the year ended December 31, 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bond Premium	\$ 943,937	\$ 1,770,003	\$ (230,450)	\$ 2,483,490	\$ —
General Obligation bonds	\$ 9,000,000	\$ 10,830,000	\$ (655,000)	\$ 19,175,000	\$ 685,000

A summary of bond principal and interest payments in subsequent years is as follows:

Year	Principal	Interest	Total
2018	\$ 705,000	\$ 787,600	\$ 1,492,600
2019	735,000	759,400	1,494,400
2020	765,000	730,000	1,495,000
2021	795,000	699,400	1,494,400
2022	830,000	667,600	1,497,600
2023-2027	4,715,000	2,576,900	7,291,900
2028-2032	5,850,000	1,140,000	6,990,000
2033-2035	4,095,000	332,000	4,427,000
	\$ 18,490,000	\$ 7,692,900	\$ 26,182,900

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 9: DEFERRED COMPENSATION PLAN

The District provides a 457 deferred compensation plan for employees, administered by IMCA Retirement Corporation. Full-time employees are eligible to participate in a deferred compensation program. The District will match an eligible employee's contribution up to 4% of the employee's salary. The District contributed \$22,269 and \$19,288 in matching contributions for the years ended December 31, 2017 and 2016, respectively. Employees who are participating members contributed \$32,231 and \$27,359 for the years ended December 31, 2017 and 2016, respectively.

NOTE 10: SUBSEQUENT EVENT

On March 3, 2018, the Community Center project was completed, and all related construction in progress assets were placed into service. At December 31, 2017 there was approximately \$24,000,000 in construction in progress related to the Community Center construction and development. Upon the opening in March, the cost of the 70,000 square foot center amounted to approximately \$26,000,000. In addition, over 50 additional year-round part-time employees were on boarded to serve the needs of the Community Center, as well as 5 full-time positions.

Supplementary Information

ESTES VALLEY RECREATION AND PARK DISTRICT
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 For the Year Ended December 31, 2017

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 2,593,476	\$ 2,625,677	32,201
Conservation Trust Funds	53,000	55,188	2,188
Intergovernmental Revenues	1,657,100	1,766,543	109,443
Parks	85,494	89,086	3,592
Golf Courses and Pro Shop	1,323,342	1,324,813	1,471
Recreation	57,525	60,323	2,798
Swimming Pools and Aquatics	30,869	29,054	(1,815)
Marina	408,907	409,054	147
Campgrounds	862,305	866,330	4,025
Interest Income	173,866	181,946	8,080
Transfer (to) from Reserves	18,050,641	15,017,344	(3,033,297)
Bond/Lease Proceeds	3,000,000	3,000,000	—
Other	19,218	32,152	12,934
	<hr/>		
Total Revenues	28,315,743	25,457,510	(2,858,233)
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EXPENDITURES			
General and Administrative	605,004	582,567	22,437
Parks	290,023	283,148	6,875
Golf Courses and Pro Shop	1,150,601	1,130,839	19,762
Recreation	245,266	223,792	21,474
Swimming Pools and Aquatics	232,737	230,046	2,691
Marina	269,512	260,187	9,325
Campgrounds	542,969	521,803	21,166
Community Center	277,063	379,940	(102,877)
Interest Expense	815,692	819,928	(4,236)
Capital Lease Payments	68,280	68,279	1
Bond Principal Payments	685,000	685,000	—
Reserve and Contingencies	85,666	—	85,666
Bond/Lease Issue Costs	36,901	28,901	8,000
Capital Outlay	23,006,626	20,158,948	2,847,678
	<hr/>		
Total Expenditures	28,311,340	25,373,378	2,937,962
<hr/>			
Excess of Revenues over Expenditures	\$ 4,403	\$ 84,132	\$ 79,729

See the accompanying independent auditors' report.

ESTES VALLEY RECREATION AND PARK DISTRICT
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 For the Year Ended December 31, 2016

	Amended		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Taxes	\$ 2,468,350	\$ 2,473,109	\$ 4,759
Conservation Trust Funds	60,226	62,164	1,938
Intergovernmental Revenues	2,732,661	6,812,001	4,079,340
Parks	77,200	74,276	(2,924)
Golf Courses and Pro Shop	1,322,663	1,332,078	9,415
Recreation	65,314	62,715	(2,599)
Swimming Pools and Aquatics	91,763	101,252	9,489
Marina	422,199	423,327	1,128
Campgrounds	892,444	894,123	1,679
Interest Income	130,702	153,726	23,024
Transfer from Reserves	106,000	—	(106,000)
Bond Proceeds	12,400,138	12,600,003	199,865
Other	9,915	40,889	30,974
Total Revenues	20,779,575	25,029,663	4,250,088
EXPENDITURES			
General and Administrative	562,335	540,976	21,359
Parks	255,881	250,209	5,672
Golf Courses and Pro Shop	1,138,735	1,136,398	2,337
Recreation	188,788	191,321	(2,533)
Swimming Pools and Aquatics	228,168	225,663	2,505
Marina	265,332	274,167	(8,835)
Campgrounds	537,877	528,291	9,586
Community Center	103,012	96,390	6,622
Interest Expense	952,350	915,312	37,038
Capital Lease Payments	130,102	94,317	35,785
Bond Principal Payments	655,000	655,000	—
Reserve and Contingencies	108,316	—	108,316
Capital Outlay	5,793,678	3,773,354	2,020,324
Total Expenditures	10,919,574	8,681,398	2,238,176
Excess of Revenues over Expenditures	\$ 9,860,001	\$ 16,348,265	\$ 6,488,264

ESTES VALLEY RECREATION AND PARK DISTRICT
RECONCILIATION SCHEDULE OF
REVENUES AND EXPENDITURES - NON-GAAP BUDGET
For the Years Ended December 31, 2017 and 2016

	2017	2016
Reconciliation		
Changes in Net Position Per Statement of Revenues Expenses and Changes in Fund Net Position	\$ 2,886,034	\$ 8,084,727
 Add:		
Items Which are Revenues for Budgetary Purposes		
Bond/Capital Lease Proceeds	3,000,000	12,600,003
Transfers from Reserves	15,017,344	—
Expenses Which are Not Expenditures for Budgetary Purposes		
Depreciation	430,760	366,919
Accrued Interest Expense	(1,621)	49,055
(Gain) Loss on Disposal of Assets	(62,887)	682
Total Additions	18,383,596	13,016,659
 Deduct:		
Items Which are Expenses for Budgetary Purposes		
Capital Lease Payments	68,279	94,317
Bond Principal Payments	685,000	655,000
Amortization of Bond Premium	273,271	230,450
Capital Outlay	20,158,948	3,773,354
Total Deductions	21,185,498	4,753,121
 Excess (Deficit) of Revenues Over (Under) Expenditures - Budgetary Basis	\$ 84,132	\$ 16,348,265

ESTES VALLEY RECREATION AND PARK DISTRICT
 CONSERVATION TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2017

	Budgeted Amounts			Variance - Favorable (Unfavorable)
	Original	Final	Actual	
Revenue				
State Lottery	\$ 53,000	\$ 53,000	\$ 55,188	\$ 2,188
Interest Revenue	1,200	2,779	2,927	148
Total Revenue	<u>54,200</u>	<u>55,779</u>	<u>58,116</u>	<u>2,337</u>
Expenditures				
Stanley Park Improvements	25,000	47,300	47,300	—
Total Expenditures	<u>25,000</u>	<u>47,300</u>	<u>47,300</u>	<u>—</u>
Revenues Over (Under) Expenditures	29,200	8,479	10,816	2,337
Fund Balance, Beginning	<u>237,761</u>	<u>237,761</u>	<u>237,761</u>	
Fund Balance, Ending	<u>\$ 266,961</u>	<u>\$ 246,240</u>	<u>\$ 248,577</u>	