

ARAPAHOE LAKE PUBLIC PARK DISTRICT

Arapahoe County, Colorado

**FINANCIAL STATEMENTS
DECEMBER 31, 2016**



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Table of Contents

| | <u>Page</u> |
|---|-------------|
| INDEPENDENT AUDITOR’S REPORT | I |
| BASIC FINANCIAL STATEMENTS | |
| Government-wide financial statements | |
| Statement of Net Position | 1 |
| Statement of Activities | 2 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 3 |
| Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds | 4 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Government Funds to the Statement of Activities | 5 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund | 6 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund | 7 |
| Notes to the Financial Statements | 8 |
| SUPPLEMENTAL INFORMATION | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund | 18 |
| Schedule of Debt Service Requirements to Maturity | 19 |
| Summary of Assessed Valuation, Mill Levy and Property Taxes Collected | 20 |

Independent Auditor's Report

Board of Directors
Arapahoe Lake Public Park District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Arapahoe Lake Public Park District as of and for the year ended December 31, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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 governmental activities and each major fund of the Arapahoe Lake Public Park District as of December 31, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund and the special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements are not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

L. Paul Goedecke P.C.

L. Paul Goedecke, P.C.
September 15, 2017

BASIC FINANCIAL STATEMENTS

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
STATEMENT OF NET POSITION
December 31, 2016**

| | <u>Governmental Activities</u> |
|---|---|
| ASSETS | |
| Cash and investments - unrestricted | \$ 103,376 |
| Cash and investments - restricted | 66,425 |
| Receivable - County treasurer | 1,182 |
| Property taxes receivable | 211,171 |
| Prepaid expenses | 5,004 |
| Capital assets, net of accumulated depreciation | 509,005 |
| Total assets | <u>896,163</u> |
| LIABILITIES | |
| Accounts payable | 1,624 |
| Retainage payable | 3,500 |
| Accrued interest payable | 3,026 |
| Bonds payable | |
| Due within one year | 30,000 |
| Due in more than one year | 520,000 |
| Total liabilities | <u>558,150</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred tax revenue | <u>211,171</u> |
| NET POSITION | |
| Net investment in capital assets | (40,995) |
| Restricted | |
| Emergency reserves | 4,955 |
| Debt Service | 63,399 |
| Capital projects | 506 |
| Unrestricted | 98,977 |
| Total net position | <u>\$ 126,842</u> |

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

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016**

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|-------------------------------|-------------------|---------------------------------|---|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> |
| Governmental Activities: | | | | | |
| General government | \$ 147,230 | \$ 28,570 | \$ - | \$ 3,568 | \$ (115,092) |
| Interest and fiscal charges | 37,567 | - | - | - | (37,567) |
| Total governmental activities | <u>\$ 184,797</u> | <u>\$ 28,570</u> | <u>\$ -</u> | <u>\$ 3,568</u> | <u>(152,659)</u> |

| | |
|----------------------------------|-------------------|
| General revenues: | |
| Taxes: | |
| Property taxes | 210,719 |
| Specific ownership taxes | 16,184 |
| Net investment income | 1,548 |
| Total general revenues | <u>228,542</u> |
| Change in net position | 75,883 |
| Net position - Beginning of year | 50,959 |
| Net position - End of year | <u>\$ 126,842</u> |

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

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016**

| | General | Conservation Trust | Debt Service | Total Governmental Funds |
|---|-------------------|-------------------------------|-------------------------|---|
| ASSETS | | | | |
| Cash and investments - unrestricted | \$ 102,870 | \$ 506 | \$ - | \$ 103,376 |
| Cash and investments - restricted | - | - | 66,425 | 66,425 |
| Cash with County Treasurer | 1,182 | - | - | 1,182 |
| Property tax receivable | 119,531 | - | 91,640 | 211,171 |
| Prepaid expenses | 5,004 | - | - | 5,004 |
| TOTAL ASSETS | \$ 228,587 | \$ 506 | \$ 158,065 | \$ 387,158 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,624 | \$ - | \$ - | \$ 1,624 |
| Retainage payable | 3,500 | - | - | 3,500 |
| TOTAL LIABILITIES | 5,124 | - | - | 5,124 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred tax revenues | 119,531 | - | 91,640 | 211,171 |
| Total deferred inflows of resources | 119,531 | - | 91,640 | 211,171 |
| FUND BALANCES | | | | |
| Fund Balances: | | | | |
| Nonspendable for prepaid expenses | 5,004 | - | - | 5,004 |
| Restricted for emergencies | 4,955 | - | - | 4,955 |
| Restricted for debt service | - | - | 66,425 | 66,425 |
| Restricted for capital projects | - | 506 | - | 506 |
| Unassigned, reported in: | | | | |
| General fund | 93,973 | - | - | 93,973 |
| TOTAL FUND BALANCES | 103,932 | 506 | 66,425 | 170,863 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 228,587 | \$ 506 | \$ 158,065 | |

Amounts reported for governmental activities in the Statement of Net Position are different because:

Some assets used in governmental activities are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds.

 Capital assets, net of accumulated depreciation

509,005

509,005

Some liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds.

 General obligation bonds payable

(550,000)

 Accrued interest payable

(3,026)

(553,026)

 Net position of governmental activities

\$ 126,842

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

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2016**

| | <u>General</u> | <u>Conservation Trust</u> | <u>Debt Service</u> | <u>Total Governmental Funds</u> |
|--|-------------------|-------------------------------|-------------------------|---|
| REVENUES | | | | |
| Property tax | \$ 119,275 | \$ - | \$ 91,444 | \$ 210,719 |
| Specific ownership tax | 16,184 | - | - | 16,184 |
| Conservation Trust proceeds | - | 3,568 | - | 3,568 |
| Net investment income | 1,056 | 31 | 461 | 1,548 |
| Pool revenue | 28,570 | - | - | 28,570 |
| Other | 91 | - | - | 91 |
| Total revenues | <u>165,176</u> | <u>3,599</u> | <u>91,905</u> | <u>260,680</u> |
| EXPENDITURES | | | | |
| General | | | | |
| Accounting and audit | 12,181 | - | - | 12,181 |
| Legal | 12,524 | - | - | 12,524 |
| Elections | 324 | - | - | 324 |
| Insurance | 6,445 | - | - | 6,445 |
| Office expenditures | 176 | - | - | 176 |
| Bank charges | 160 | - | - | 160 |
| Miscellaneous | - | - | - | - |
| Special events | 2,515 | - | - | 2,515 |
| Treasurer's fees | 1,791 | - | 1,373 | 3,164 |
| Paying agent fees | - | - | 200 | 200 |
| Pool | | | | |
| Salaries and taxes | 44,537 | - | - | 44,537 |
| Chemicals and utilities | 15,179 | - | - | 15,179 |
| Swim team expenditures | 4,000 | - | - | 4,000 |
| Other | 12,714 | - | - | 12,714 |
| Tennis | 4,767 | - | - | 4,767 |
| Capital outlay | 24,347 | 3,093 | - | 27,440 |
| Debt service | | | | |
| Principal | - | - | 25,000 | 25,000 |
| Interest and fiscal charges | - | - | 37,681 | 37,681 |
| Total expenditures | <u>141,660</u> | <u>3,093</u> | <u>64,254</u> | <u>209,007</u> |
| NET CHANGE IN FUND BALANCES | 23,516 | 506 | 27,651 | 51,673 |
| FUND BALANCES - BEGINNING OF YEAR | 80,416 | - | 38,774 | 119,190 |
| FUND BALANCES - END OF YEAR | <u>\$ 103,932</u> | <u>\$ 506</u> | <u>\$ 66,425</u> | <u>\$ 170,863</u> |

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

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net assets reported for governmental activities in the Statement of Activities as follows:

| | |
|--|-------------------------|
| Net change in fund balances - Total governmental funds | <u>\$ 51,673</u> |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> | |
| Capital outlay | 27,440 |
| Depreciation expense | <u>(28,344)</u> |
| | (904) |
| <p>Long-term debt (e.g. bonds, capital leases) provides current financial resources to the governmental fund, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental fund. Neither transaction, however, has any effect on net assets. This amount is the net effect of differences in the treatment of long-term debt and related items.</p> | |
| Bond principal | 25,000 |
| Change in accrued interest payable | <u>114</u> |
| | <u>25,114</u> |
| Change in net position - Governmental activities | <u><u>\$ 75,883</u></u> |

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

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2016**

| | Original and Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|---|--|-------------------|---|
| REVENUES | | | |
| Property tax | \$ 119,497 | \$ 119,275 | \$ (222) |
| Specific ownership taxes | 16,000 | 16,184 | 184 |
| Net investment income | 100 | 1,056 | 956 |
| Pool revenue | 30,000 | 28,570 | (1,430) |
| Tennis memberships | - | - | - |
| Other | - | 91 | 91 |
| Total revenues | <u>165,597</u> | <u>165,176</u> | <u>(421)</u> |
| EXPENDITURES | | | |
| General | | | |
| Accounting and audit | 14,250 | 12,181 | 2,069 |
| Legal | 10,000 | 12,524 | (2,524) |
| Elections | 15,000 | 324 | 14,676 |
| Insurance | 9,000 | 6,445 | 2,555 |
| Office expenditures | 300 | 176 | 124 |
| Bank charges | - | 160 | (160) |
| Miscellaneous | - | - | - |
| Special events | 4,000 | 2,515 | 1,485 |
| Treasurer's fees | 1,792 | 1,791 | 1 |
| Land replatting | 6,000 | - | 6,000 |
| Pool | | | |
| Salaries - lifeguards | 35,000 | 22,007 | 12,993 |
| Salaries - manager | - | 10,750 | (10,750) |
| Salaries - coaches | 10,000 | 8,500 | 1,500 |
| Payroll taxes | 3,700 | 3,280 | 420 |
| Chemicals | 4,000 | 2,208 | 1,792 |
| Gas/electric | 11,000 | 9,292 | 1,708 |
| Water | 5,500 | 3,679 | 1,821 |
| Inspections | 300 | 400 | (100) |
| Repairs and maintenance | 10,000 | 5,101 | 4,899 |
| Open-close service | 4,200 | 6,262 | (2,062) |
| Telephone | 700 | 724 | (24) |
| Swim team expenditures | 4,000 | 4,000 | - |
| Other | - | 227 | (227) |
| Tennis | | | |
| Operating | 750 | 1,292 | (542) |
| Repairs and maintenance | 5,000 | 3,158 | 1,842 |
| Electric | 500 | 317 | 183 |
| Hail damage repairs | - | - | - |
| Capital Outlay | - | 24,347 | (24,347) |
| Contingency | 2,000 | - | 2,000 |
| Total expenditures | <u>156,992</u> | <u>141,660</u> | <u>15,332</u> |
| NET CHANGE IN FUND BALANCE | 8,605 | 23,516 | 14,911 |
| FUND BALANCE - BEGINNING OF YEAR | <u>64,214</u> | <u>80,416</u> | <u>16,202</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 72,819</u> | <u>\$ 103,932</u> | <u>\$ 31,113</u> |

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

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - CONSERVATION TRUST FUND
For the Year Ended December 31, 2016**

| | <u>Original and Final Budgeted Amounts</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|--|---------------|---|
| REVENUES | | | |
| Conservation trust | \$ 3,000 | \$ 3,568 | \$ 568 |
| Net investment income | 5 | 31 | 26 |
| Total revenues | <u>3,005</u> | <u>3,599</u> | <u>594</u> |
| EXPENDITURES | | | |
| Tennis/pool - capital outlay and maintenance | <u>3,093</u> | <u>3,093</u> | - |
| Total expenditures | <u>3,093</u> | <u>3,093</u> | - |
| NET CHANGE IN FUND BALANCE | (88) | 506 | 594 |
| FUND BALANCE - BEGINNING OF YEAR | <u>88</u> | <u>-</u> | <u>(88)</u> |
| FUND BALANCE - END OF YEAR | <u>\$ -</u> | <u>\$ 506</u> | <u>\$ 506</u> |

These financial statements should be ready only in connection with
the accompanying notes to the financial statements.

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 – DEFINITION OF REPORTING ENTITY

Arapahoe Lake Public Park District (District), a quasi-municipal corporation was organized in 1981 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Arapahoe County, Colorado. The District was established to construct and maintain parks and recreation facilities.

The District contracts for all operations and administrative functions except for seasonal employees hired as lifeguards and coaches.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District, the difference between the assets and liabilities of the District being reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Special Revenue Fund – Conservation Trust* is used to account for the financial resources of conservation trust fund proceeds to be used for establishment and maintenance of open space.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Pooled Cash

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each funds' average equity balance in total cash.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 1 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Capital Assets

Capital assets, which include the pool and tennis courts are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

| | |
|------------------------|----------|
| Pool and Tennis courts | 25 years |
| Equipment | 10 years |

Bond Issue Costs and Original Issue Discount/Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances – Governmental Funds

Fund balance for governmental funds are reported in the categories listed below to make the nature and extent of the constraints placed on a government's fund balances more transparent. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

Unassigned fund balance—amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2016 are classified in the accompanying financial statements as follows:

Statement of Net Position:

| | |
|-------------------------------------|--------------------------|
| Cash and investments – unrestricted | \$ 103,376 |
| Cash and investments – restricted | <u>66,425</u> |
| Total cash and investments | <u><u>\$ 169,801</u></u> |

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Cash and investments as of December 31, 2016 consist of the following:

| | |
|--------------------------------------|-------------------|
| Deposits with financial institutions | \$ 2,654 |
| Investments | 167,147 |
| Total cash and investments | <u>\$ 169,801</u> |

Cash Deposits

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

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2016, the District's cash deposits had a bank balance of \$3,054 and carrying balance of \$2,654.

Investment Policy

The District follows state statutes regarding investments. The District follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

At December 31, 2016 the District had the following investments:

| <u>Investment</u> | <u>Maturity</u> | <u>Fair Value</u> |
|--|--------------------|-------------------|
| Colorado Local Government Liquid Asset Trust (COLOTRUST) | Less than one year | <u>\$ 167,147</u> |

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

COLOTRUST

At December 31, 2016, the District has invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreement collateralized by certain obligations of the U.S. government agencies. COLOTRUST is rated AAAM by Standard and Poor's.

The District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Investment Valuation

The District's has certain investments which are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: 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.

The District has the following recurring fair value measurements as of December 31, 2016:

| <u>Investments</u> | <u>Fair Value</u> | <u>Level 1 Inputs</u> | <u>Level 2 Inputs</u> | <u>Level 3 Inputs</u> |
|--------------------|-------------------|---------------------------|---------------------------|---------------------------|
| COLOTRUST | <u>\$167,147</u> | <u>\$ -</u> | <u>\$167,147</u> | <u>\$ -</u> |

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2016 follows:

| | Balance at December 31, 2015 | Increases | Decreases | Balance at December 31, 2016 |
|---|---|------------------|------------------|---|
| Capital assets, being depreciated: | | | | |
| Pool and tennis courts | \$ 685,841 | \$ 27,440 | \$ - | \$ 713,281 |
| Equipment | 6,817 | - | - | 6,817 |
| Total capital assets, being depreciated | <u>692,658</u> | <u>27,440</u> | <u>-</u> | <u>720,098</u> |
| Less accumulated depreciation for: | | | | |
| Pool and tennis courts | 178,316 | 27,663 | - | 205,979 |
| Equipment | 4,433 | 681 | - | 5,114 |
| Total accumulated depreciation | <u>182,749</u> | <u>28,344</u> | <u>-</u> | <u>211,093</u> |
| Total capital assets, being depreciated, net | <u>509,909</u> | <u>(904)</u> | <u>-</u> | <u>509,005</u> |
| Capital assets, net | <u>\$ 509,909</u> | <u>\$ (904)</u> | <u>\$ -</u> | <u>\$ 509,005</u> |

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2016.

| | Balance December 31, 2015 | Additions | Retirements | Balance December 31, 2016 | Current Portion |
|-----------------------------------|--|------------------|--------------------|--|----------------------------|
| General obligation bonds payable: | | | | | |
| 2008 Bonds | \$ 575,000 | \$ - | \$ 25,000 | \$ 550,000 | \$ 30,000 |
| | <u>\$ 575,000</u> | <u>\$ -</u> | <u>\$ 25,000</u> | <u>\$ 550,000</u> | <u>\$ 30,000</u> |

General Obligation Bonds

Following voter approval at a November 2007 debt election, on December 18, 2008, the District issued \$750,000 General Obligation Bonds to finance the costs of construction and improvement of park and recreation assets. The bonds bear interest at a rate of 3.50% - 6.75% and mature serially in annual installments on December 1 of each year beginning in 2011. Interest will be paid semiannually June 1 and December 1 of each year.

Bonds maturing on or after December 1, 2018 are subject to optional redemption prior to maturity on December 1, 2018 upon payment of par plus accrued interest.

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|-------------------|-------------------|-------------------|
| 2017 | \$ 30,000 | \$ 36,306 | \$ 66,306 |
| 2018 | 30,000 | 34,581 | 64,581 |
| 2019 | 20,000 | 32,781 | 52,781 |
| 2020 | 25,000 | 31,456 | 56,456 |
| 2021 | 25,000 | 29,800 | 54,800 |
| 2022-2026 | 135,000 | 123,826 | 258,826 |
| 2027-2031 | 190,000 | 72,862 | 262,862 |
| 2032-2033 | 95,000 | 9,787 | 104,787 |
| | <u>\$ 550,000</u> | <u>\$ 371,399</u> | <u>\$ 921,399</u> |

As of December 31, 2016, the District had no authorized but unissued debt.

NOTE 6- FUND EQUITY

At December 31, 2016, the District reported the following classifications of fund equity.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$4,955 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

The restricted fund balance in the Debt Service Fund in the amount of \$66,425 is to be used exclusively for debt service requirements (see Note 5).

The restricted fund balance in the Conservation Fund in the amount of \$506 is unspent funding from the State of Colorado – Conservation Trust Fund and is to be used for allowable capital projects.

NOTE 7 - NET POSITION

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

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

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

As of December 31, 2016, the District had net investment in capital assets calculated as follows:

| | Governmental Activities |
|---|------------------------------------|
| Net investment in capital assets: | |
| Capital assets, net | \$ 509,005 |
| Noncurrent portion of long-term obligations | (520,000) |
| Current portion of long-term obligations | (30,000) |
| Net investment in capital assets | \$ (40,995) |

Restricted net position include amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

The District had restricted net position as of December 31, 2016 as follows:

| | |
|------------------|-----------|
| Restricted: | |
| Emergencies | \$ 4,955 |
| Debt Service | 63,399 |
| Capital projects | 506 |
| | \$ 68,860 |

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2016. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and fund 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.

NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS

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

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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

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

On November 7, 1995, a majority of the District's voters approved the District to increase taxes \$9,622 annually by increasing the mill levy from 8.879 mills to 9.61 mills to pay the District's operations, maintenance and other expenses in fiscal year 1995 and subsequent years.

Additionally, the District's electors authorized the District to retain and spend the full amount of all revenues and receipts available to the District during 1995 and thereafter, without limitation by Article X, Section 20 of the Colorado Constitution.

On May 11, 2012, a majority of the District's voters approved the District to increase taxes from the current maximum mill levy of 9.61 mills to a mill levy not to exceed 12.0 mills or by such lesser amount as may be necessary for the purpose of paying the District's operations, maintenance, reserves for pool and tennis court replacements and other expenses; and shall the proceeds of such taxes and any investment income thereon be collected and spent by the District as a voter-approved revenue change in 2014 and in each year thereafter, without regard to any spending, revenue-raising, or other limitation by Article X, Section 20 of the Colorado Constitution or any other law.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

NOTE 10 – LEASE AGREEMENT

The District entered into the Amended and Restated Lease Agreement (Lease Agreement) on December 18, 2008 with Arapahoe Lake No. 1 Association (Association). The Association is the owner of certain land underlying the tennis courts and swimming pool which are District-owned improvements. The Lease Agreement provides for the District to pay annual rent on the land in the amount of \$100. The term of the agreement is 25 years ending on December 18, 2033.

NOTE 11 – SUBSEQUENT EVENT

On August 22, 2017, the District refunded the General Obligation Bonds, Series 2007 with the issuance of a General Obligation Refunding Loan in the principal amount of \$555,500. The proceeds of the loan along with the District's contribution of \$30,000 were deposited into an escrow fund to call the bonds on December 1, 2018. The Loan bears interest of 2.25% which is paid on each June 1 and December 1 with principal payments due on each December 1. The loan matures on December 1, 2028.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2016**

| | <u>Original and Final Budgeted Amounts</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|--|------------------|---|
| REVENUES | | | |
| Property tax | \$ 91,615 | \$ 91,444 | \$ (171) |
| Specific ownership tax | - | - | - |
| Net investment income | 100 | 461 | 361 |
| Total revenues | <u>91,715</u> | <u>91,905</u> | <u>190</u> |
| EXPENDITURES | | | |
| General | | | |
| County treasurer's fees | 1,374 | 1,373 | 1 |
| Paying agent fees | 400 | 200 | 200 |
| Contingency | 1,000 | - | 1,000 |
| Debt service | | | |
| Bond principal | 25,000 | 25,000 | - |
| Bond interest | 37,681 | 37,681 | - |
| Total expenditures | <u>65,455</u> | <u>64,254</u> | <u>1,201</u> |
| NET CHANGE IN FUND BALANCE | 26,260 | 27,651 | 1,391 |
| FUND BALANCE - BEGINNING OF YEAR | 36,923 | 38,774 | 1,851 |
| FUND BALANCE - END OF YEAR | <u>\$ 63,183</u> | <u>\$ 66,425</u> | <u>\$ 3,242</u> |

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
Year Ended December 31, 2016**

**\$750,000 General Obligation Bonds,
Series 2008
Dated December 18, 2008
Interest Rate 3.50% - 6.75%
Principal Due December 1
Interest Due June 1 and December 1**

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------------|-------------------|-------------------|-------------------|
| 2017 | \$ 30,000 | \$ 36,306 | \$ 66,306 |
| 2018 | 30,000 | 34,581 | 64,581 |
| 2019 | 20,000 | 32,781 | 52,781 |
| 2020 | 25,000 | 31,456 | 56,456 |
| 2021 | 25,000 | 29,800 | 54,800 |
| 2022 | 25,000 | 28,144 | 53,144 |
| 2023 | 25,000 | 26,488 | 51,488 |
| 2024 | 25,000 | 24,831 | 49,831 |
| 2025 | 30,000 | 23,175 | 53,175 |
| 2026 | 30,000 | 21,188 | 51,188 |
| 2027 | 30,000 | 19,200 | 49,200 |
| 2028 | 35,000 | 17,212 | 52,212 |
| 2029 | 40,000 | 14,850 | 54,850 |
| 2030 | 40,000 | 12,150 | 52,150 |
| 2031 | 45,000 | 9,450 | 54,450 |
| 2032 | 45,000 | 6,412 | 51,412 |
| 2033 | 50,000 | 3,375 | 53,375 |
| | <u>\$ 550,000</u> | <u>\$ 371,399</u> | <u>\$ 921,399</u> |

**ARAPAHOE LAKE PUBLIC PARK DISTRICT
SUMMARY OF ASSESSED VALUATION , MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2016**

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied | | Property Taxes | | Percentage Collected to Levied |
|--|--|--------------|-------|----------------|------------|--------------------------------------|
| | | Operations | Debt | Levied | Collected | |
| 2008 | \$ 7,832,390 | 9.520 | 6.156 | \$ 122,780 | \$ 122,774 | 100.0% |
| 2009 | \$ 7,834,200 | 9.520 | 8.700 | \$ 142,740 | \$ 142,713 | 100.0% |
| 2010 | \$ 7,779,330 | 9.610 | 8.700 | \$ 142,439 | \$ 142,439 | 100.0% |
| 2011 | \$ 7,781,320 | 9.610 | 8.700 | \$ 142,475 | \$ 142,455 | 100.0% |
| 2012 | \$ 7,335,060 | 9.610 | 8.700 | \$ 134,305 | \$ 134,259 | 100.0% |
| 2013 | \$ 7,320,120 | 12.000 | 8.700 | \$ 151,526 | \$ 151,526 | 100.0% |
| 2014 | \$ 7,411,350 | 12.000 | 9.200 | \$ 157,120 | \$ 157,104 | 100.0% |
| 2015 | \$ 7,481,466 | 12.000 | 9.200 | \$ 158,607 | \$ 158,607 | 100.0% |
| 2016 | \$ 9,958,118 | 12.000 | 9.200 | \$ 211,112 | \$ 210,719 | 99.8% |
| Estimated for year ending December 31, 2017 | \$ 9,960,894 | 12.000 | 9.200 | \$ 211,171 | | |

NOTE: Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurers do not permit identification of specific year of levy.