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**ARAPAHOE PARK AND RECREATION DISTRICT**  
**FINANCIAL STATEMENTS**  
DECEMBER 31, 2016



**RECEIVED**

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**ARAPAHOE PARK AND RECREATION DISTRICT**  
Management's Discussion and Analysis  
(Required Supplemental Information)  
For the year ended December 31, 2016

Our discussion and analysis of the Arapahoe Park and Recreation District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2016. Please review it in conjunction with the District's basis financial statements, which begin on Page 7.

**Financial Highlights**

The District's Governmental Activities Total Assets at December 31, 2016, on Page 7, were \$17,202,671 compared to \$16,927,270 at December 31, 2015, resulting in an increase of \$275,401. The increase is principally due to park additions, partially offset by depreciation expense of \$232,347.

The District's total Governmental Activities Net Position at December 31, 2016, on Page 7, was \$4,247,741 compared to \$3,079,646 for 2015. The difference is principally due to the general bond obligation payments of \$1,110,000 made during the year which reduced total debt.

The Unassigned net position in the Governmental Activities Fund on page 7 of a negative \$10,960,236 is related to general bond obligations which were used to fund the building of the recreation center and the net pension liability of \$3,528,551.

The Statement of Activities, Total Governmental Activities, on Page 8, reflects a change in net assets of \$1,168,095 for the year ended December 31, 2016, compared to \$1,343,990 for the year ended December 31, 2015. The difference is principally due to an increase in park maintenance expenses.

Total Governmental Land and Improvements at December 31, 2016, on Page 10, was \$15,649,346 compared to \$15,139,746 at December 31, 2015. The increase in 2016 is primarily due to work on Tallgrass Park and Mesa Park for a cost of \$292,328 and \$109,373 respectively.

The total net assets of the Recreation Center on the Statement of Net Position, on Page 13, were \$10,016,812 at December 31, 2016 compared to \$10,600,845 at December 31, 2015. This decrease of \$584,033 is due to depreciation.

The Net Position of the Recreation Center decreased by \$472,257, at the end of 2016, when compared to 2015. This decrease is primarily due to depreciation of the Recreation Center.

The District has spent the following amounts on the construction of the Recreation Center including furnishings, etc. and subsequent improvements to the facilities:

<u>Year</u>	<u>Total Expenditures</u>
2004	\$ 17,094,662
2005	187,510
2006	1,375
2007	-
2008	85,839
2009	-
2010	71,486
2011	42,857
2012	46,750
2013	180,426
2014	-
2015	124,497
2016	-
<b>Total</b>	<u><u>\$ 17,835,402</u></u>

The Recreation Center has incurred operating expenses in excess of operating income in each of the prior years as follows:

Year	Amount	Amount
	(Expenses over Revenues)	Expenses (over) under Revenues (Before Depreciation)
2006	\$ (780,405)	\$ (120,095)
2007	(879,320)	(218,987)
2008	(853,436)	(184,519)
2009	(900,502)	(236,567)
2010	(791,351)	(133,461)
2011	(490,035)	97,041
2012	(494,481)	101,317
2013	(644,924)	(50,957)
2014	(438,786)	143,483
2015	(378,203)	208,125
2016	(472,257)	111,776

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of six components: 1) Statement of Net Position and Statement of Activities, 2) Governmental Fund Type Financial Statements, 3) Proprietary Fund Type Financial Statements, 4) Notes to the Financial Statements, 5) Required Supplemental Information and 6) Other Supplemental Information.

The Statement of Net Position reflects all governmental activities in one statement. The Statement of Activities reflects expenses and revenues that are directly related to expenses and general revenues.

The Governmental Fund financial statements consist of the Balance Sheet and the Statement of Revenue, Expenditures and Changes in Fund Balances. The Governmental Fund financial statements contain three separate funds. The separate funds are the General Fund, the Special Revenue Fund and the Capital Projects Fund. The General Fund is the general operations fund of the District and accounts for all financial resources that are not accounted for in other funds. The Special Revenue Fund is used to account for proceeds of the Conservation Trust Fund receipts, Arapahoe County receipts and other grants received. The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major park facilities.

The Proprietary Fund Type financial statements consist of the Statement of Net Position, Statement of Revenues, Expenditures and Changes in Net Position and the Statement of Cash Flows. The Proprietary Fund financial statements contain two Enterprise Funds, one to account for the Recreation Center and one to account for the Lookout Pool. Proprietary Fund statements offer financial information about the activities the government entity operates like a business.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The Required Supplemental Information provides a comparison of actual results to budget for the Required Governmental Funds. The Other Supplemental Information includes a statement of budget to actual for the Capital Projects Fund and the Proprietary Funds and further explains and supports the information in the financial statements.

#### Financial Analysis of the District as a Whole

The District's total General Fund Balance, on Page 9, decreased by \$523,376 when 2016 is compared to 2015. This change was principally due to increased interfund liabilities. The District has a fund balance (deficit) of (\$3,560,236) at December 31, 2016.

The Special Revenue Fund Balance, on Page 9, increased by \$304,218 in 2016 as compared to 2015. The District has cash and cash equivalents that total \$386,533 in the Special Revenue Fund at December 31, 2016 which are scheduled to be spent on park development in 2017 or beyond. Special Revenue funds must be spent for designated purposes.

The Capital Projects Fund Balance remained the same in 2016 compared to 2015.

Capital Assets

The District's total General Fixed Assets increased by \$509,600 in 2016. Expenditures made for capital outlay on parks during the last fifteen years are as follows:

<u>Year</u>	<u>Amount</u>
2002	\$ 171,163
2003	358,574
2004	1,380,295
2005	2,193,419
2006	464,650
2007	2,651,347
2008	922,932
2009	362,142
2010	729,465
2011	539,816
2012	1,063,317
2013	1,007,772
2014	463,699

Debt

The District issued bonds in December 2002 in the amount of \$17,500,000. The net proceeds from the bonds were used to build the recreation center and the Skateboard Park. The bonds were paid off with the proceeds of the 2012 and 2011 refunding bonds.

The District issued refunding bonds in August 2011 in the amount of \$9,500,000. The net proceeds from these bonds were used to partially pay off the 2002 bonds. These bonds mature as disclosed on Page 33 of the supplemental information and carry interest rates of 2.00% to 4.50%. The District expects to save approximately \$924,000 in total interest charges because the 2011 bonds carry lower interest rates than the 2002 bonds.

The District issued refunding bonds in October 2012 in the amount of \$2,275,000. The net proceeds from these bonds were also used to pay off the 2002 bonds. These bonds were fully paid on December 1, 2015.

Budget Highlights for 2016

The General Fund actual revenues, on Page 35, were greater than budgeted revenues by \$32,597. The General Fund actual expenditures were greater than budgeted expenditures by \$261,957 with a net budget versus actual of a negative \$229,360.

The Special Revenue Fund, on Page 35, reflects actual revenues greater than budgeted revenues by \$48,818. The money remaining in the Special Revenue Fund represents unexpended grant funds expected to be spent on park development in 2017 or beyond.

The Capital Projects Fund actual revenues, on Page 38, were less than the budgeted revenues by \$104,000. The Capital Projects Fund actual expenditures were less than the budgeted expenditures by \$561,400.

The Recreation Center had actual revenues that were greater than budgeted revenues by \$115,981, on Page 39. The Recreation Center had actual operating expenditures that were lower than budgeted expenditures by \$223,607. These savings relate principally to lower than expected payroll burden and less repairs and maintenance than budgeted amounts, partially offset by higher operating expense.

The Lookout Pool had actual revenues of \$92,480 compared to budgeted revenues of \$79,650, on Page 39. The Lookout Pool had actual operating expenditures of \$144,909 compared to budgeted expenditures of \$126,400 for an unfavorable variance of \$5,679.

#### Contacting the District's Financial Management

The financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's financial managers at (303) 269-8412.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Arapahoe Park and Recreation District  
Arapahoe County, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Arapahoe Park and Recreation 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 opinions 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Arapahoe Park and Recreation District as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison on pages 1 through 4 and pages 35-37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United State of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Arapahoe Park and Recreation District's basic financial statements. The other supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*McNurlin & Associates P.C.*  
McNurlin & Associates, P.C.  
Lakewood, Colorado  
June 16, 2017

**ARAPAHOE PARK AND RECREATION DISTRICT**

Statement of Net Position

Primary Government

December 31, 2016

	Primary Government		
	Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents - unrestricted	\$ 252,425	\$ 114,037	\$ 366,462
Cash and cash equivalents - restricted	386,533	-	386,533
Accounts receivable	89,403	133,604	223,007
Prepaid expenses	35,917	40,210	76,127
Property tax receivable	3,400,512	-	3,400,512
Total current assets	<u>4,164,790</u>	<u>287,851</u>	<u>4,452,641</u>
<b>Capital Assets</b>			
Land, buildings, etc., net of accumulated depreciation	<u>13,037,881</u>	<u>11,189,982</u>	<u>24,227,863</u>
<b>TOTAL ASSETS</b>	<u>17,202,671</u>	<u>11,477,833</u>	<u>28,680,504</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension related amounts	<u>904,086</u>	-	<u>904,086</u>
Total deferred outflows of resources	<u>904,086</u>	-	<u>904,086</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts and retainage payable	167,141	124,839	291,980
Accrued liabilities	-	-	-
Due to (from) other funds	(1,172,776)	1,172,776	-
Accrued interest payable	22,531	-	22,531
General bond obligations-current	<u>1,150,000</u>	-	<u>1,150,000</u>
Total current liabilities	<u>166,896</u>	<u>1,297,615</u>	<u>1,464,511</u>
<b>Non Current Liabilities</b>			
Bond premium, net	351,991	-	351,991
General bond obligations-long term	6,250,000	-	6,250,000
Net pension liability	<u>3,528,551</u>	-	<u>3,528,551</u>
Total non current liabilities	<u>10,130,542</u>	-	<u>10,130,542</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property tax revenue	3,400,512	-	3,400,512
Deferred pension related amounts	161,066	-	161,066
Deferred pass revenue	-	371,156	371,156
Total deferred inflows of resources	<u>3,561,578</u>	<u>371,156</u>	<u>3,932,734</u>
<b>NET POSITION</b>			
Net investment in capital assets	13,037,881	11,189,982	24,227,863
Restricted	2,173,396	-	2,173,396
Assigned	(3,300)	-	(3,300)
Unassigned	(10,960,236)	(1,380,920)	(12,341,156)
Total net position	<u>\$ 4,247,741</u>	<u>\$ 9,809,062</u>	<u>\$ 14,056,803</u>

See accompanying notes to the financial statements and independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**

Statement of Activities

Primary Government

For the year ended December 31, 2016

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>		
			<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary Government:					
Governmental Activities:					
Park expenses	\$ 1,225,186	\$ 58,640	\$ (1,166,546)	\$ -	\$ (1,166,546)
Other expense	1,619,492	-	(1,619,492)	-	(1,619,492)
Total governmental activities	<u>2,844,678</u>	<u>58,640</u>	<u>(2,786,038)</u>	<u>-</u>	<u>(2,786,038)</u>
Business-Type Activities:					
Recreation center	3,107,937	2,635,680	-	(472,257)	(472,257)
Lookout pool	237,277	92,480	-	(144,797)	(144,797)
Total business-type activities	<u>3,345,214</u>	<u>2,728,160</u>	<u>-</u>	<u>(617,054)</u>	<u>(617,054)</u>
Total Primary Government	<u>\$ 6,189,892</u>	<u>\$ 2,786,800</u>	<u>(2,786,038)</u>	<u>(617,054)</u>	<u>(3,403,092)</u>
General Revenues:					
Property taxes, levied for general purposes			1,669,362	-	1,669,362
Property taxes, levied for debt service			1,669,362	-	1,669,362
Specific ownership tax			251,168	-	251,168
Interest income			13,561	-	13,561
Bond premium amortization			24,888	-	24,888
Intergovernmental revenue			325,792	-	325,792
Total general revenues			<u>3,954,133</u>	<u>-</u>	<u>3,954,133</u>
Change in net position			1,168,095	(617,054)	551,041
Net position-Beginning of the year			<u>3,079,646</u>	<u>10,426,116</u>	<u>13,505,762</u>
Net position-End of the year			<u>\$ 4,247,741</u>	<u>\$ 9,809,062</u>	<u>\$ 14,056,803</u>

See accompanying notes to the financial statements and independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**

Balance Sheet  
Governmental Funds  
December 31, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents - unrestricted	\$ 252,425	\$ -	\$ -	\$ 252,425
Cash and cash equivalents - restricted	-	386,533	-	386,533
Investments	-	-	-	-
Other receivables	89,403	-	-	89,403
Prepaid Expenses	35,917	-	-	35,917
Property tax receivable	3,400,512	-	-	3,400,512
<b>Total Current Assets</b>	<u>3,778,257</u>	<u>386,533</u>	<u>-</u>	<u>4,164,790</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension related amounts	904,086	-	-	904,086
<b>Total Deferred Outflows of Resources</b>	<u>904,086</u>	<u>-</u>	<u>-</u>	<u>904,086</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,682,343</u>	<u>\$ 386,533</u>	<u>\$ -</u>	<u>\$ 5,068,876</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Current Liabilities</b>				
Accounts and retainage payable	\$ 167,141	\$ -	\$ -	\$ 167,141
Accrued liabilities	-	-	-	-
Due to (from) other funds	610,787	(1,786,863)	3,300	(1,172,776)
Accrued interest payable	22,531	-	-	22,531
Bond premium, net	351,991	-	-	351,991
<b>Total Current Liabilities</b>	<u>1,152,450</u>	<u>(1,786,863)</u>	<u>3,300</u>	<u>(631,113)</u>
<b>Non Current Liabilities</b>				
Net pension liability	3,528,551	-	-	3,528,551
<b>Total Non Current Liabilities</b>	<u>3,528,551</u>	<u>-</u>	<u>-</u>	<u>3,528,551</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property tax revenue	3,400,512	-	-	3,400,512
Deferred pension related amounts	161,066	-	-	161,066
<b>Total Deferred Inflows of Resources</b>	<u>3,561,578</u>	<u>-</u>	<u>-</u>	<u>3,561,578</u>
<b>Fund balances</b>				
Restricted for emergencies	60,000	-	-	60,000
Nonspendable	35,917	-	-	35,917
Restricted	-	2,173,396	-	2,173,396
Assigned	-	-	(3,300)	(3,300)
Unassigned	(3,656,153)	-	-	(3,656,153)
<b>Total Fund Balances</b>	<u>(3,560,236)</u>	<u>2,173,396</u>	<u>(3,300)</u>	<u>(1,390,140)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 4,682,343</u>	<u>\$ 386,533</u>	<u>\$ -</u>	<u>\$ 5,068,876</u>

See accompanying notes to the financial statements and independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position - Governmental Funds  
December 31, 2016

Total fund balances - all governmental funds	\$ (1,390,140)
Land and improvements of \$15,649,346 net of accumulated depreciation of \$2,611,465 are not financial resources and, therefore, are not reported in the funds	13,037,881
General bond obligations of \$7,400,000, are not due and payable in the current period and are not reported in the funds	<u>(7,400,000)</u>
Net position of governmental activities	<u>\$ 4,247,741</u>

See accompanying notes to the financial statements and independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**  
Statement of Revenue, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the year ended December 31, 2016

	Governmental Funds			Total
	General Fund	Special Revenue Fund	Capital Projects Fund	
<b>REVENUE</b>				
Property taxes	\$ 3,338,724	\$ -	\$ -	\$ 3,338,724
Specific ownership taxes	251,168	-	-	251,168
Interest income	11,135	2,426	-	13,561
Other revenue	58,640	-	-	58,640
Bond premium amortization	24,888	-	-	24,888
Intergovernmental revenue	-	301,792	24,000	325,792
<b>Total Revenue</b>	<u>3,684,555</u>	<u>304,218</u>	<u>24,000</u>	<u>4,012,773</u>
<b>EXPENDITURES</b>				
Park maintenance	940,067	-	-	940,067
Director's fees	9,000	-	-	9,000
Payroll tax expense	12,389	-	-	12,389
Park planning, management and administration	1,048,795	-	-	1,048,795
Office expenses	148,105	-	-	148,105
Insurance	25,811	-	-	25,811
Accounting & audit	13,719	-	-	13,719
Legal	18,294	-	-	18,294
County collection fees	50,111	-	-	50,111
Utilities	52,772	-	-	52,772
Interest expense & fees	293,268	-	-	293,268
Capital outlays	-	-	509,600	509,600
<b>Total Expenditures</b>	<u>2,612,331</u>	<u>-</u>	<u>509,600</u>	<u>3,121,931</u>
<b>EXCESS REVENUE OVER (UNDER) EXPENDITURES</b>	1,072,224	304,218	(485,600)	890,842
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	485,600	485,600
Operating transfers (out)	(485,600)	-	-	(485,600)
Transfer to general long-term obligations	(1,110,000)	-	-	(1,110,000)
	<u>(1,595,600)</u>	<u>-</u>	<u>485,600</u>	<u>(1,110,000)</u>
<b>EXCESS REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(523,376)	304,218	-	(219,158)
<b>FUND BALANCES - BEGINNING OF THE YEAR</b>	<u>(3,036,860)</u>	<u>1,869,178</u>	<u>(3,300)</u>	<u>(1,170,982)</u>
<b>FUND BALANCES - END OF THE YEAR</b>	<u>\$ (3,560,236)</u>	<u>\$ 2,173,396</u>	<u>\$ (3,300)</u>	<u>\$ (1,390,140)</u>

See accompanying notes to the financial statements and independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**  
 Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances -  
 Governmental Funds to the Statement of Activities - Governmental Funds  
 For the year ended December 31, 2016

Net change in fund balances - total governmental funds	\$	890,842
<p>Governmental funds report capital outlay as expenditures.          However, in the statement of activities, the cost of those          assets are allocated over their estimated useful lives and          reported as depreciation.</p>		
The total capital outlay for the year is		509,600
The total depreciation for the year is		<u>(232,347)</u>
Changes in net position of governmental activities	\$	<u>1,168,095</u>

See accompanying notes to the financial statements and independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**

Statement of Net Position

Proprietary Funds

December 31, 2016

	Business-Type Activities-Enterprise Funds		
	Recreation Center	Lookout Pool	Total
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 90,269	\$ 23,768	\$ 114,037
Accounts receivable	133,604	-	133,604
Prepaid expenses	40,210	-	40,210
Total Current Assets	264,083	23,768	287,851
Property at cost, net of accumulated depreciation	10,016,812	1,173,170	11,189,982
<b>TOTAL ASSETS</b>	<b>10,280,895</b>	<b>1,196,938</b>	<b>11,477,833</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts and retainage payable	124,839	-	124,839
Due to other funds	548,054	624,722	1,172,776
Total Current Liabilities	672,893	624,722	1,297,615
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pass revenue	371,156	-	371,156
Total Deferred Inflows of Resources	371,156	-	371,156
<b>NET POSITION</b>			
Unassigned net position	9,236,846	572,216	9,809,062
Total Net Position	\$ 9,236,846	\$ 572,216	\$ 9,809,062

See accompanying notes to the financial statements and independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**  
Statement of Revenue, Expenditures and Changes in Net Position  
Proprietary Funds  
For the year ended December 31, 2016

	Business-Type Activities-Enterprise Funds		
	(Recreation Center)	(Lookout Pool)	Total
<b>OPERATING INCOME</b>			
Revenues	\$ 2,635,680	\$ 92,480	\$ 2,728,160
Total Operating Income	<u>2,635,680</u>	<u>92,480</u>	<u>2,728,160</u>
<b>OPERATING EXPENSES</b>			
Salaries, taxes & benefits	1,347,605	65,303	1,412,908
Operating expense	339,958	5,626	345,584
Utilities	403,965	52,758	456,723
Insurance	48,781	-	48,781
Repairs & maintenance	383,595	21,222	404,817
Depreciation	584,033	92,368	676,401
Total Operating Expenses	<u>3,107,937</u>	<u>237,277</u>	<u>3,345,214</u>
<b>EXCESS OPERATING INCOME OVER (UNDER) OPERATING EXPENSES</b>	(472,257)	(144,797)	(617,054)
<b>NON OPERATING INCOME (EXPENSE)</b>			
Interest income	-	-	-
Net Non Operating	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	-	-
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	(472,257)	(144,797)	(617,054)
<b>TOTAL NET POSITION - BEGINNING OF THE YEAR</b>	<u>9,709,103</u>	<u>717,013</u>	<u>10,426,116</u>
<b>TOTAL NET POSITION - END OF THE YEAR</b>	<u>\$ 9,236,846</u>	<u>\$ 572,216</u>	<u>\$ 9,809,062</u>

See accompanying notes to the financial statements and independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**

Statement of Cash Flows

Proprietary Funds

For the year ended December 31, 2016

	Business-Type Activities-Enterprise Funds		
	(Recreation Center)	(Lookout Pool)	Total
Cash Flows from Operating Activities			
Cash received from guests, etc.	\$ 2,638,850	\$ 92,480	\$ 2,731,330
Cash payments for employees, etc.	(1,388,904)	(47,059)	(1,435,963)
Cash payments for supplies, etc.	(745,830)	(19,352)	(765,182)
Cash payments for utilities & insurance	(466,697)	(38,025)	(504,722)
Net cash provided (used) by operating activities	37,419	(11,956)	25,463
Cash Flows from Financing Activities			
Property and equipment additions	-	-	-
Transfers to other funds	-	-	-
Net cash provided (used) by financing activities	-	-	-
Cash Flows from Investing Activities			
Interest income	-	-	-
Net cash provided (used) by investing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	37,419	(11,956)	25,463
Cash and cash equivalents at the beginning of the year	52,850	35,724	88,574
Cash and cash equivalents at the end of the year	<u>\$ 90,269</u>	<u>\$ 23,768</u>	<u>\$ 114,037</u>

See accompanying notes to the financial statements and independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**

Statement of Cash Flows (continued)

Proprietary Funds

For the year ended December 31, 2016

	<u>Business-Type Activities-Enterprise Funds</u>		
	<u>(Recreation Center)</u>	<u>(Lookout Pool)</u>	<u>Total</u>
Cash Flows from Operating Activities			
Excess operating income over (under) operating expenses	\$ (472,257)	\$ (144,797)	\$ (617,054)
Adjustments to reconcile excess operating income over (under) operating expenses to net cash provided by (used in) operating activities:			
Non operating income (expense)			
Interest income	-	-	-
Depreciation	584,033	92,368	676,401
Change in:			
Accounts receivable	15,019	-	15,019
Due to/from other funds	(93,746)	40,473	(53,273)
Prepaid expenses	(676)	-	(676)
Deferred pass revenue	(11,849)	-	(11,849)
Accounts and retainage payable	16,895	-	16,895
Net cash flows from (used in) operating activities	<u>37,419</u>	<u>(11,956)</u>	<u>25,463</u>
Cash Flows from Financing Activities			
Property and equipment additions	-	-	-
Total cash flows used in financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities			
Bond activity	-	-	-
Total cash flows from investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	37,419	(11,956)	25,463
Cash at the beginning of the year	<u>52,850</u>	<u>35,724</u>	<u>88,574</u>
Cash at the end of the year	<u>\$ 90,269</u>	<u>\$ 23,768</u>	<u>\$ 114,037</u>

See accompanying notes to the financial statements and independent auditors' report

## ARAPAHOE PARK AND RECREATION DISTRICT

Notes to the Financial Statements

December 31, 2016

### NOTE 1 DEFINITION OF REPORTING ENTITY

The District, a quasi-municipal corporation is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Arapahoe County, Colorado. The District was established to acquire open space, to provide park development, provide recreational facilities and operations.

The District is governed by a Board of Directors elected by registered voters of the District. The Board of Directors has the authority to make decisions, hire managers and influence operations. The directors are paid for monthly meeting attendance.

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

The District, based on the above definition, has included the operations of the Arapahoe Park and Recreation District Trails Recreation Center Enterprise, Inc., in its financial statements (see Note 14).

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### a) Primary government financial statements

The Statement of Net Position reports information on all governmental activities and all business-type activities of the primary government.

The Statement of Activities presents a comparison between direct expenses and charges for services. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Revenues that are not classified as program revenues, including all taxes and other items, are presented as general revenues.

The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

#### b) Measurement focus, basis of accounting, and financial statement presentation

The primary government 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

See accompanying independent auditors' report

## ARAPAHOE PARK AND RECREATION DISTRICT

Notes to the Financial Statements

December 31, 2016

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### c) Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. Funds used by the District are described below.

##### Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of the current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The difference between governmental fund assets and liabilities is reported as fund balance.

**General Fund** – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

**Special Revenue Fund** – The Special Revenue Fund is used to account for the proceeds of The Conservation Trust Fund receipts and Arapahoe County receipts that are legally restricted to expenditures for construction of parks and recreation facilities.

**Capital Projects Fund** – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

##### Proprietary Fund Types

**Enterprise Fund** - The Enterprise Fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

#### d) Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

The following material revenue sources are considered susceptible to accrual because they are both measurable and available to finance expenditures of the current period:

- Property Taxes
- Specific Ownership Taxes

Taxpayer-assessed local property and specific ownership taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for un-matured principal and interest on general long-term debt, which is recognized when due. Proceeds of general long-term liabilities are reported as other financing sources.

Non-exchange transactions, in which the District receives value without directly giving value in return includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

See accompanying independent auditors’ report

ARAPAHOE PARK AND RECREATION DISTRICT

Notes to the Financial Statements

December 31, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

f) Pooled Cash

The District follows the practice of pooling cash of all funds to maximize interest earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from two main bank accounts. Cash in excess of immediate operating requirements is invested in interest bearing accounts. Interest is allocated to the participating funds based upon each fund's average cash deposits and investments.

g) Property and Equipment

Property is stated at cost, which includes legal, planning, engineering, design and construction costs for park facilities. Land costs dedicated at no cost to the District for future development of parks are not recorded. Depreciation is provided on park assets over estimated lives of 40 years. Land related costs, estimated at 40% of the park assets, are not depreciated. These assets are reported on the government-wide Statement of Net Assets but are not reported on the fund financial statements.

Assets recorded in the enterprise fund, in relation to the recreation center and the Lookout pool, are being depreciated over estimated lives ranging from five to thirty years.

h) Property taxes

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1<sup>st</sup> of each year. The levy is normally set by December 15<sup>th</sup> by certification to the County Commissioners to put the tax lien on the individual properties as of December 31<sup>st</sup> of each year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by the end of April or if in equal installments, at the taxpayers' election in February and June. Delinquent taxpayers are notified in August and sales of the tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenue is recorded as revenue in the year it is available or collected.

i) Cash and Cash Equivalents

For presentation in the financial statements, investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an original maturity of more than three months are reported as investments.

j) Inter-fund Transactions

During the course of normal operations, the District has numerous transactions between funds. Inter-fund transactions are generally classified as follows:

Transfers are reported as "Other Financial Sources and Uses" in the governmental funds as "Transfers In" by the recipient fund, and "Transfers Out" by the disbursing fund.

See accompanying independent auditors' report

ARAPAHOE PARK AND RECREATION DISTRICT

Notes to the Financial Statements

December 31, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.

Restricted Net Position – This component of net position consists of constraints on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unassigned Net Position – This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

l) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

m) 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 resolution can only be amended upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting. There were no amended budgets during 2016.

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

n) Fund Balances

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. It is the District's policy to use restricted assets first when an expense is incurred for which both restricted and unrestricted assets are available.

Fund balance for governmental funds are reported in the five 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.

Nonspendable: Prepaid expenses represent fund balance amounts that are not in spendable form.

See accompanying independent auditors' report

ARAPAHOE PARK AND RECREATION DISTRICT

Notes to the Financial Statements

December 31, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Fund Balances (continued)

Restricted for Emergencies: The Colorado Constitution as amended by TABOR (see separate statutory compliance note) requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. It is the District's policy to use restricted fund balance first when an expense is incurred for which both restricted and unrestricted fund balance are available. This Restricted for Emergencies fund balance is based on 3% of budgeted expenditures for the next year.

Committed: Committed is that portion of fund balance that has been committed by the highest level of formal action of the District's Board of Directors and does not lapse at year end. The District does not have any committed fund balance at year end.

Assigned: Assignments of fund balance are designated by District management. Fund balance in the Capital Projects Fund is assigned for future capital improvements.

Unassigned: Fund balance that has not been reported in any other classification is reported as unassigned.

Restricted: The restricted fund balance in the Special Revenue Fund represents the unspent monies from the Conservation Trust Fund revenue from the District's share of the distribution from the Colorado lottery.

o) Bond Issue Costs and Original Issue Discount/Premium

In the Primary Government 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.

p) Deferred Resources

The District classifies assets, liabilities and net position based on the following financial statement definitions:

Assets – resources with present service capacity that the government presently controls.

Liabilities – present obligations to sacrifice resources that the government has little or no discretion to avoid.

Deferred outflow of resources – a consumption of net assets by the government that is applicable to a future reporting period.

Deferred inflow of resources – an acquisition of net assets by the government that is applicable to a future reporting period.

Net position – the residual of all other elements presented in a statement of net position.

See accompanying independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**

Notes to the Financial Statements

December 31, 2016

NOTE 3 DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through June 16, 2017, the date that the financial statements were available to be issued.

NOTE 4 CASH DEPOSITS AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool 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 the aggregate uninsured deposits.

The State Regulatory Commissions 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 had cash balances on deposit as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Insured deposits (FDIC)	\$175,804	\$155,859

Investments

The District has not adopted a formal investment policy; however, the District invests public funds in a manner which will provide the highest investment return with the maximum security, meet daily cash flow demands, and conform to all federal, state and local statutes governing the investment of public funds. This applies to the investment of all financial assets of all funds of the District over which it exercises financial control.

Colorado statutes 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
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District's investments at December 31, 2016, were as follows:

	<u>Market Value</u>	<u>Carrying Balance</u>
Local government investment pool		
COLOTRUST	\$597,136	\$597,136

See accompanying independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**

Notes to the Financial Statements

December 31, 2016

NOTE 4 CASH DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District had invested \$597,136 as of December 31, 2016, in Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all U.S. government securities owned by COLOTRUST and repurchase agreement collateral 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 COLOTRUST.

At December 31, 2016, the District's investment in COLOTRUST Plus carried an AAAM rating from Standard and Poors, Fitch Ratings and Moody's Investors Service.

Cash by Fund:	
General Fund	\$ 252,425
Special Revenue Fund	386,533
Enterprise Fund - Recreation Center	90,269
Enterprise Fund - Lookout Pool	<u>23,768</u>
	<u>\$ 752,995</u>

NOTE 5 LEASE AGREEMENT

Effective January 1, 2007, the District entered into a joint use agreement with Cherry Creek School District No. 5 whereby the District pays the School District for the use of School District facilities. The agreement initially covers eight School District sites. The agreement allows the addition of sites subsequent to the agreement date.

NOTE 6 INTERGOVERNMENTAL AGREEMENTS

The District has agreements with Arapahoe County for the use of Arapahoe County Conservation Trust Fund and "cash in lieu funds" grants for the construction of various facilities. The District received \$301,792 from Conservation Trust Income in 2016. These funds were partially expended on park development in 2016, with the rest scheduled to be spent in 2017 or after.

NOTE 7 TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which added a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

The initial base for local government spending and revenue limit is the 1992 Fiscal Year Spending. Future 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 revenues.

See accompanying independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**

Notes to the Financial Statements

December 31, 2016

**NOTE 7 TAX, SPENDING AND DEBT LIMITATIONS (Continued)**

TABOR requires local governments to establish emergency reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, and salary or benefit increases.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

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.

In November 2000, the District voters approved a ballot question to remove the revenue and spending limitations of the TABOR Amendment.

**NOTE 8 DEFERRED REVENUES**

Deferred revenues consist of membership dues that have not been earned at December 31, 2016. Members have the option of buying daily, three-month, twelve-month and twenty-visit passes.

**NOTE 9 HEALTH, DENTAL AND VISION INSURANCE**

The District provides health, dental and vision insurance for its employees through the Colorado Public Employees' Retirement Association, "PERA". The District pays 70% of the cost of health insurance and 50% of the cost of dental and vision insurance for full-time employees enrolled in the District's plans. The District has 7 people covered by the medical and vision plans and 8 people covered by the dental plan at the end of the year.

See accompanying independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**

Notes to the Financial Statements

December 31, 2016

NOTE 10 PROPERTY

An analysis of the changes in land and improvements in the Governmental Fund for year ended December 31, 2016, follows:

<u>By Classification</u>	<u>Balance at 01/01/16</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 12/31/16</u>
Pioneer Park	\$ 371,696	\$ 28,180	\$ -	\$ 399,876
Toll Gate Park	337,140	-	-	337,140
Lookout Park	443,704	-	-	443,704
Piney Creek Park	355,357	-	-	355,357
Peakview Park South	308,595	-	-	308,595
Indian Ridge Park	162,820	-	-	162,820
Fox Hill Park	284,428	-	-	284,428
Highlands Park	211,379	-	-	211,379
Shared Park Improvements	118,795	5,269	-	124,064
Spring Creek Park	4,348,556	-	-	4,348,556
Peakview North Park	274,740	-	-	274,740
Dakota Valley	3,565	-	-	3,565
Ridge Park	295,444	-	-	295,444
Village Park	494,182	-	-	494,182
Saddle Rock Ridge Park	189,272	71,626	-	260,898
West Toll Gate Trail	85,219	-	-	85,219
Mesa Park	47,869	109,373	-	157,242
PC Hollow Park	3,150,396	-	-	3,150,396
Cherokee Trail Park	248,311	-	-	248,311
Peakview West Park	88,267	-	-	88,267
Willow Trace Park	345,704	-	-	345,704
APRD County Park	236,472	-	-	236,472
Copperleaf Park	11,414	-	-	11,414
Tallgrass Park	1,230,629	292,328	-	1,522,957
Skateboard Park	814,549	-	-	814,549
PC Regional Trail	681,243	2,824	-	684,067
	<u>\$ 15,139,746</u>	<u>\$ 509,600</u>	<u>\$ -</u>	<u>\$ 15,649,346</u>

See accompanying independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**

Notes to the Financial Statements  
December 31, 2016

NOTE 10 PROPERTY (Continued)

<u>By Source</u>	<u>Balance at 01/01/16</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 12/31/16</u>
General Fund	\$ 10,445,503	\$ 485,600	\$ -	\$ 10,931,103
Arapahoe County	2,830,647	-	-	2,830,647
Conservation Trust Fund	1,437,017	-	-	1,437,017
Other Governments	244,915	24,000	-	268,915
Other	181,664	-	-	181,664
	<u>\$ 15,139,746</u>	<u>\$ 509,600</u>	<u>\$ -</u>	<u>\$ 15,649,346</u>
Accumulated Depreciation	<u>\$ 2,379,118</u>	<u>\$ 232,347</u>	<u>\$ -</u>	<u>\$ 2,611,465</u>

The District took depreciation on the land and improvements in the amount of \$232,347 during the year ended December 31, 2016.

The following is a summary of proprietary fund type fixed assets at December 31, 2016:

	<u>Balance at 01/01/16</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 12/31/16</u>
<u>Recreation Center</u>				
Property at Cost	\$ 17,835,402	\$ -	\$ -	\$ 17,835,402
Accumulated depreciation	<u>(7,234,557)</u>	<u>(584,033)</u>	<u>-</u>	<u>(7,818,590)</u>
Property, net of accumulated depreciation	<u>\$ 11,062,676</u>	<u>\$ (584,033)</u>	<u>\$ -</u>	<u>\$ 10,016,812</u>
<u>Pool</u>				
Property at Cost	\$ 2,444,900	\$ -	\$ -	\$ 2,444,900
Accumulated depreciation	<u>(1,179,362)</u>	<u>(92,368)</u>	<u>-</u>	<u>(1,271,730)</u>
Property, net of accumulated depreciation	<u>\$ 1,265,538</u>	<u>\$ (92,368)</u>	<u>\$ -</u>	<u>\$ 1,173,170</u>

The District took depreciation on the recreation center, equipment, etc. in the amount of \$584,033 during the year ended December 31, 2016. The Balance Sheet reflects the recreation center net of accumulated depreciation of \$7,818,590.

The District took depreciation on the Lookout Pool, building, etc. in the amount of \$92,368 during the year ended December 31, 2016. The Balance Sheet reflects the Lookout Pool, building, etc. net of accumulated depreciation of \$1,271,730.

See accompanying independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**

Notes to the Financial Statements

December 31, 2016

**NOTE 11 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; error or omissions; injuries to employees, or acts of God. The District is one of the special districts that were members of the Colorado Special Districts Property and Liability Pool (Liability Pool) as of December 31, 2016. The Liability Pool is an organization created by an intergovernmental agreement to provide property, general and automobile liability, public official's coverage, boiler and machinery, inland marine, workers compensation and money securities coverage to its members. During 2016, the Liability Pool provided coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. The Liability Pool is self-insured for the first \$300,000 of all claims and reinsured 100% for claims in excess of \$300,000.

Additionally, the Liability Pool is self-insured for the first \$600,000 and has entered into reinsurance contracts that offer 100% reinsurance coverage for public officials' liability coverage up to the full limit of \$1,000,000.

The District pays annual premiums to the Liability Pool for general liability, workers' compensation and public officials' coverage. In the event aggregated losses incurred by the Liability Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Liability Pool, the Liability Pool may require additional contributions from the Liability Pool members. Any excess funds that the Liability Pool determines are not needed for purposes of the Liability Pool may be returned to the members pursuant to a distribution formula. During 2016, there have been no significant reductions in insurance coverage.

A summary of the audited statutory basis financial information for the Liability Pool as of and for the year ended December 31, 2016, is as follows:

Assets	<u>\$ 52,645,796</u>
Liabilities	\$ 28,757,242
Capital and surplus	<u>23,888,554</u>
	<u>\$ 52,645,796</u>
Revenue	\$ 18,932,979
Underwriting expenses	<u>(14,100,230)</u>
Underwriting gain (loss)	4,832,749
Other income	405,790
Net income (loss)	<u>\$ 5,238,539</u>

There is no current or long-term debt outstanding; the above liabilities represent incurred claims and an estimated liability for incurred but not reported claims at December 31, 2016.

The reserves for losses and loss adjustment expenses are determined using individual case evaluations and independent actuarial projections. These estimates are continually reviewed and as adjustments become necessary, such adjustments are reflected in current operations of the Liability Pool. Since reserves are based on estimates, the ultimate settlement of claims may vary from the amount included in the financial statements.

**NOTE 12 LONG TERM DEBT**

In 2002, the District issued a total of \$17,500,000 in voter approved General Obligation Bonds, Series 2002, dated December 1, 2002. The Bonds were issued for the purpose of financing the cost of constructing, acquiring, installing, landscaping and equipping a community recreation center and paying the costs of issuance of the Series 2002 Bonds. During the year ended December 31, 2012, the Bonds were paid in full out of the net proceeds of refunding bonds.

See accompanying independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**

Notes to the Financial Statements

December 31, 2016

NOTE 12 LONG TERM DEBT (Continued)

During 2011, the District issued a total of \$9,500,000 in General Obligation Refunding Bonds, Series 2011 dated August 4, 2011. The bonds carry interest rates from 2.00% to 4.50%, due semiannually. The bonds mature serially beginning in 2011. The bonds were issued for the purpose of refunding the Series 2002 bonds and paying the cost of issuance of the Series 2011 bonds. These bonds were issued at a premium in the total amount of \$497,763. This premium will be amortized over the life of the Series 2011 bonds. Premium amortization during 2016 was \$24,888.

	<u>Bonds Payable</u> <u>12/31/2015</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Bonds Payable</u> <u>12/31/2016</u>
General Obligation Refunding Bonds, Series 2011, Dated 08/04/11 Interest from 2.00% to 4.50% Maturing in 2022	<u>8,510,000</u>	<u>\$ -</u>	<u>1,110,000</u>	<u>\$ 7,400,000</u>

Total interest paid on the bonds during 2016 was \$293,268. The bond premium on the balance sheet is net of accumulated discount of \$145,772.

The debt service requirements of the General Obligation Refunding Bonds, Series 2011 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,150,000	\$ 270,375	\$ 1,420,375
2018	1,150,000	241,625	1,391,625
2019	1,200,000	210,000	1,410,000
2020	1,250,000	156,000	1,406,000
2021	1,300,000	106,000	1,406,000
2022	1,350,000	54,000	1,404,000
	<u>\$ 7,400,000</u>	<u>\$ 1,038,000</u>	<u>\$ 8,438,000</u>

NOTE 13 OPERATING ENTITY

During the year ended December 31, 2005, the Board of Directors approved a non-profit corporation called Arapahoe Park and Recreation District Trails Recreation Center Enterprise, Inc. This corporation is owned by the Arapahoe Park and Recreation District and controlled by the District. The corporation was formed to account for the operations of the Trails Recreation Center. The operations of this company are reflected in the Statement of Net Position – Proprietary Funds, Statement of Revenue, Expenditures and Changes in Net Position – Proprietary Funds and Statement of Cash Flows – Proprietary Funds.

NOTE 14 CONTINGENCIES

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives represent that no claims have been asserted against the District and they are not aware of any un-asserted possible claims or litigation as of December 31, 2016.

See accompanying independent auditors' report

## ARAPAHOE PARK AND RECREATION DISTRICT

Notes to the Financial Statements

December 31, 2016

### NOTE 15 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO

#### Defined Benefit Pension Plan

##### **Summary of Significant Accounting Policies**

Pension. The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### **General Information about the Pension Plan**

*Plan description.* Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund (LGDTF) – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. Section 24-51-5602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the :

- Highest average salary multiplied by 2.5 percent and multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

See accompanying independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**

Notes to the Financial Statements

December 31, 2016

NOTE 15 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (Continued)

Defined Benefit Pension Plan (Continued)

**General Information about the Pension Plan (Continued)**

Benefit recipients who elect to receive a lifetime benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 2, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

*Contributions.* Eligible employees and District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. Section 24-51-5401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	<u>Rate</u>
Employer Contribution Rate <sup>1</sup>	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S Section 24-51-208(1)(f) <sup>1</sup>	<u>-1.02%</u>
Amount apportioned to the LGDTF <sup>1</sup>	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411 <sup>1</sup>	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411 <sup>1</sup>	<u>1.50%</u>
Total Employer Contribution Rate of the LGDTF <sup>1</sup>	<u><u>12.68%</u></u>

<sup>1</sup>Rates are expressed as a percentage of salary as defined in C.R.S. Section 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from District were \$236,286 for the year ended December 31, 2016.

See accompanying independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**

Notes to the Financial Statements

December 31, 2016

NOTE 15 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (Continued)

Defined Benefit Pension Plan (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension**

At December 31, 2016, the District reported a liability of \$3,528,551 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District proportion of the net pension liability was based on District contributions to the LGDTF for the calendar year 2015 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2015, the District proportion was .3203170 percent, which was a decrease of .00177887 percent from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the District recognized pension expense of \$324,626. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,475	\$ 129
Net difference between projected and actual earnings on pension plan investments	638,185	-
Change in employer allocation percentage	-	96,794
Change in proportion and differences between contributions recognized and proportionate share of contributions	3,140	64,143
Contributions subsequent to the measurement date	236,286	-
Total	<u>\$ 904,086</u>	<u>\$ 161,066</u>

\$236,286 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2017	\$ 61,274
2018	146,911
2019	169,818
2020	128,731
	<u>\$ 506,734</u>

See accompanying independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**

Notes to the Financial Statements

December 31, 2016

NOTE 15 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (Continued)

Defined Benefit Pension Plan (Continued)

*Actuarial assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 - 10.85 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Tructure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

The LGDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

See accompanying independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**

Notes to the Financial Statements

December 31, 2016

NOTE 15 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (Continued)

Defined Benefit Pension Plan (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return*</u>
U.S. Equity - Large Cap	26.76%	5.00%
U.S. Equity - Small Cap	4.40%	5.19%
Non U.S. Equity - Developed	22.06%	5.29%
Non U.S. Equity - Emerging	6.24%	6.70%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration government/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	<u>100.00%</u>	

\*In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Proportionate share of the net pension liability	<u>\$ 5,409,629</u>	<u>\$ 3,528,551</u>	<u>\$ 1,968,383</u>

*Pension plan fiduciary net position.* Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at [www.coper.org/investments/pera-financial-reports](http://www.coper.org/investments/pera-financial-reports).

See accompanying independent auditors' report

ARAPAHOE PARK AND RECREATION DISTRICT

Notes to the Financial Statements

December 31, 2016

NOTE 15 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (Continued)

Defined Benefit Pension Plan (Continued)

**Defined Contribution Pension Plans**

*Plan Description* – Employees of the District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the District does not match employee contributions. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2016, program members contributed \$40,922 to the Voluntary Investment Program.

NOTE 16 POST RETIREMENT HEALTHCARE BENEFITS

*Plan Description* – The District contributes to the Health Care Trust Fund (“HCTF”), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(a)(f) of the C.R.S., as amended. For the years ending December 31, 2016, 2015, 2014 and 2013, the District contribution to the HCTF was \$19,007, \$18,555, \$18,897 and \$19,139, respectively, equal to their required contributions for the year.

See accompanying independent auditors' report

REQUIRED SUPPLEMENTAL INFORMATION

**ARAPAHOE PARK AND RECREATION DISTRICT**  
Statement of Revenue, Expenditures and Changes in Fund Balances  
Actual and Budget-All Required Governmental Funds (Original and Final Budget)  
For the year ended December 31, 2016

REVENUE	General Fund			Special Revenue Fund		
	Actual	Budget	Variance	Actual	Budget	Variance
Property taxes	\$ 3,338,724	\$ 3,342,943	\$ (4,219)	\$ -	\$ -	\$ -
Specific ownership taxes	251,168	260,000	(8,832)	-	-	-
Interest income	11,135	5,015	6,120	2,426	400	2,026
Other income	58,640	44,000	14,640	-	-	-
Bond premium amortization	24,888	-	24,888	-	-	-
Intergovernmental revenue	-	-	-	301,792	255,000	46,792
<b>Total Revenue</b>	<b>3,684,555</b>	<b>3,651,958</b>	<b>32,597</b>	<b>304,218</b>	<b>255,400</b>	<b>48,818</b>
<b>EXPENDITURES</b>						
Park maintenance	940,067	755,502	(184,565)	-	-	-
Director's fees	9,000	11,200	2,200	-	-	-
Payroll tax expense	12,389	12,500	111	-	-	-
Park planning, management and administration	1,048,795	1,064,500	15,705	-	-	-
Office expenses	148,105	89,872	(58,233)	-	-	-
Insurance	25,811	38,000	12,189	-	-	-
Accounting & audit	13,719	12,500	(1,219)	-	-	-
Legal	18,294	25,000	6,706	-	-	-
County collection fees	50,111	25,500	(24,611)	-	-	-
Utilities	52,772	33,700	(19,072)	-	-	-
Interest expense & fees	293,268	317,100	23,832	-	-	-
Bond principal payment	1,110,000	1,075,000	(35,000)	-	-	-
Capital outlays	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>3,722,331</b>	<b>3,460,374</b>	<b>(261,957)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(37,776)</b>	<b>191,584</b>	<b>(229,360)</b>	<b>304,218</b>	<b>255,400</b>	<b>48,818</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	(485,600)	-	(485,600)	-	-	-
Transfer to general long term obligations	-	-	-	-	-	-
	<b>(485,600)</b>	<b>-</b>	<b>(485,600)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURE AND OTHER FINANCING USES</b>	<b>(523,376)</b>	<b>191,584</b>	<b>(714,960)</b>	<b>304,218</b>	<b>255,400</b>	<b>48,818</b>
<b>FUND BALANCE- BEGINNING OF THE YEAR</b>	<b>(3,036,860)</b>	<b>9,905,142</b>	<b>(12,942,002)</b>	<b>1,869,178</b>	<b>1,250,734</b>	<b>618,444</b>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - END OF THE YEAR</b>	<b>\$ (3,560,236)</b>	<b>\$ 10,096,726</b>	<b>\$ (13,656,962)</b>	<b>\$ 2,173,396</b>	<b>\$ 1,506,134</b>	<b>\$ 667,262</b>

THE BUDGET PRESENTED REPRESENTS THE ORIGINAL AND FINAL ADOPTED BUDGET.

**ARAPAHOE PARK AND RECREATION DISTRICT**  
Schedule of The Proportionate Share of The Net Pension Liability  
PERA Pension Plan - Local Government Division Trust Fund  
Last three Fiscal Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.003203170%	0.003381057%	0.003516946%
District's Proportionate share of the Net Pension Liability (Asset)	\$ 3,528,551	\$ 3,030,472	\$ 2,894,169
District's Covered Employee Payroll	\$ 1,819,148	\$ 1,852,666	\$ 1,876,325
Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	193.97%	163.57%	154.25%
Calculation of Collective Net Pension Liability:			
Total Pension Liability	\$ 4,762,090,000	\$ 4,647,777,000	\$ 4,331,233,000
Plan Fiduciary net Position	<u>(3,660,509,000)</u>	<u>(3,751,468,000)</u>	<u>(3,508,312,000)</u>
Net Pension Liability	<u>\$ 1,101,581,000</u>	<u>\$ 896,309,000</u>	<u>\$ 822,921,000</u>
Plan Fiduciary net Position as a Percentage of the Total Pension Liability	76.87%	80.72%	81.00%

(1) - the amounts presented for each fiscal year were determined as of 12/31.

(2) - December 31, 2013 amount reduced by the \$186,006,000 specific liability adjustment resulting from the termination of the affiliation of Memorial Health Systems. This specific liability was paid in October 2014 by the City of Colorado Springs.

Note: Information for the prior seven years was not available to report.

See accompanying notes to the financial statements and independent auditors' report.

**ARAPAHOE PARK AND RECREATION DISTRICT**  
Schedule of District Contributions  
PERA Pension Plan - Local government Division Trust fund  
Last Four Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 236,286	\$ 230,668	\$ 234,918	\$ 237,918
Contributions in Relation to the Contractually Required Contribution	<u>(236,286)</u>	<u>(230,668)</u>	<u>(234,918)</u>	<u>(237,918)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 1,863,454	\$ 1,819,148	\$ 1,852,666	\$ 1,876,325
Contributions as a Percentage of Covered Employee Payroll	12.68%	12.68%	12.68%	12.68%

Note: Information for the prior six years was not available to report.

See accompanying notes to the financial statements and independent auditors' report.

OTHER SUPPLEMENTAL INFORMATION

**ARAPAHOE PARK AND RECREATION DISTRICT**  
Statement of Revenue, Expenditures and Changes in Fund Balance  
Actual and Budget-Capital Projects Fund (Original and Final Budget)  
For the year ended December 31, 2016

REVENUE	Capital Projects Fund		
	Actual	Budget	Variance
Property taxes	\$ -	\$ -	\$ -
Specific ownership taxes	-	-	-
Interest income	-	-	-
Other income	-	-	-
Bond premium amortization	-	-	-
Intergovernmental revenue	24,000	128,000	(104,000)
Total Revenue	<u>24,000</u>	<u>128,000</u>	<u>(104,000)</u>
EXPENDITURES			
Park maintenance	-	-	-
Director's fees	-	-	-
Payroll tax expense	-	-	-
Park planning, management and administration	-	-	-
Office expenses	-	-	-
Insurance	-	-	-
Accounting & audit	-	-	-
Legal	-	-	-
County collection fees	-	-	-
Utilities	-	-	-
Interest expense & fees	-	-	-
Bond principal payment	-	-	-
Bond cost amortization	-	-	-
Capital outlays	509,600	1,071,000	561,400
Total Expenditures	<u>509,600</u>	<u>1,071,000</u>	<u>561,400</u>
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(485,600)	(943,000)	457,400
OTHER FINANCING SOURCES (USES)			
Operating transfers in	485,600	255,130	230,470
Operating transfers (out)	-	-	-
	<u>485,600</u>	<u>255,130</u>	<u>230,470</u>
EXCESS REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURE AND OTHER FINANCING USES	-	(687,870)	687,870
FUND BALANCE - BEGINNING OF THE YEAR	(3,300)	1,625,799	(1,629,099)
FUND BALANCE - END OF THE YEAR	<u>\$ (3,300)</u>	<u>\$ 937,929</u>	<u>\$ (941,229)</u>

THE BUDGET PRESENTED REPRESENTS THE ORIGINAL AND FINAL ADOPTED BUDGET.

**ARAPAHOE PARK AND RECREATION DISTRICT**  
Statement of Revenue, Expenditures and Changes in Net Position  
Actual and Budget-All Proprietary Funds  
For the year ended December 31, 2016

	Enterprise Fund (Recreation Center)			Enterprise Fund (Lookout Pool)		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>OPERATING INCOME</b>						
Revenues	\$ 2,635,680	\$ 2,519,699	\$ 115,981	\$ 92,480	\$ 79,650	\$ 12,830
Total Operating Income	<u>2,635,680</u>	<u>2,519,699</u>	<u>115,981</u>	<u>92,480</u>	<u>79,650</u>	<u>12,830</u>
<b>OPERATING EXPENSES</b>						
Salaries, taxes & benefits	1,347,605	1,431,475	83,870	65,303	55,400	(9,903)
Operating expense	339,958	284,950	(55,008)	5,626	6,300	674
Utilities	403,965	411,929	7,964	52,758	42,150	(10,608)
Insurance	48,781	45,500	(3,281)	-	0	-
Repairs & maintenance	383,595	573,657	190,062	21,222	22,550	1,328
Total Operating Expenditures	<u>2,523,904</u>	<u>2,747,511</u>	<u>223,607</u>	<u>144,909</u>	<u>126,400</u>	<u>(18,509)</u>
<b>EXCESS OPERATING INCOME</b>						
OVER (UNDER) OPERATING EXPENSES	111,776	(227,812)	339,588	(52,429)	(46,750)	(5,679)
<b>NON OPERATING INCOME (EXPENSE)</b>						
Interest income	-	-	-	-	-	-
Net Non Operating	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER</b>						
Non budgeted depreciation	(584,033)	-	(584,033)	(92,368)	-	(92,368)
	<u>(584,033)</u>	<u>-</u>	<u>(584,033)</u>	<u>(92,368)</u>	<u>-</u>	<u>(92,368)</u>
<b>CHANGE IN NET POSITION</b>	(472,257)	(227,812)	(244,445)	(144,797)	(46,750)	(98,047)
<b>NET POSITION-BEGINNING OF THE YEAR</b>	9,709,103	11,237,169	(1,528,066)	717,013	1,020,653	(303,640)
<b>NET POSITION-END OF THE YEAR</b>	<u>\$ 9,236,846</u>	<u>\$ 11,009,357</u>	<u>\$ (1,772,511)</u>	<u>\$ 572,216</u>	<u>\$ 973,903</u>	<u>\$ (401,687)</u>

THE BUDGET PRESENTED REPRESENTS THE ORIGINAL AND FINAL ADOPTED BUDGET.

**ARAPAHOE PARK AND RECREATION 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 General	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
1988	\$ 79,793,180	1.855	\$ 148,016	\$ 143,704	97.09%
1989	79,634,060	1.855	147,721	141,549	95.82%
1990	73,644,410	1.855	136,610	128,868	94.33%
1991	73,342,810	1.855	136,022	126,155	92.75%
1992	64,508,580	2.334	150,563	144,090	95.70%
1993	74,570,770	2.230	166,278	160,468	96.51%
1994	73,972,150	2.229	164,884	162,842	98.76%
1995	87,690,170	2.229	195,461	193,606	99.05%
1996	103,144,090	2.229	229,908	227,872	99.11%
1997	114,530,530	2.229	255,293	254,456	99.67%
1998	128,807,040	2.238	288,270	288,273	100.00%
1999	147,608,220	2.229	329,019	328,276	99.77%
2000	192,179,670	2.047	393,392	391,128	99.42%
2001	223,108,390	4.000	892,434	891,060	99.85%
2002	308,575,320	4.000	1,234,301	1,231,207	99.75%
2003	344,042,920	* 6.347	2,183,641	2,171,794	99.46%
2004	355,440,340	6.347	2,255,979	2,248,105	99.65%
2005	367,091,390	8.000	2,936,732	2,924,723	99.59%
2006	383,722,320	8.000	3,069,778	3,056,148	99.56%
2007	395,342,990	8.000	3,162,744	3,159,663	99.90%
2008	426,916,610	8.000	3,415,332	3,407,356	99.77%
2009	432,193,040	8.000	3,457,544	3,338,724	96.56%
2010	403,464,040	8.000	3,227,712	3,222,453	99.84%
2011	404,802,940	8.000	3,238,424	3,225,836	99.61%
2012	393,285,250	8.000	3,146,346	3,124,739	99.31%
2013	394,840,380	8.000	3,158,724	3,147,865	99.66%
2014	394,015,750	8.000	3,152,126	3,038,594	96.40%
2015	410,295,750	8.000	3,282,336	3,265,562	99.49%
2016	485,751,680	** 6.882	3,342,943	3,338,724	99.87%
Estimated for the year ending					
2017	\$ 494,116,750	6.882	\$ 3,400,512		

\* Voter approved mill levy increase.

\*\* Decrease in total mill levy as a result of final payment on the Series 2012 General Obligation Refunding Bonds on December 1, 2015.

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years.

See accompanying notes to the financial statements and independent auditors' report

**ARAPAHOE PARK AND RECREATION DISTRICT**  
 Schedule of Debt Service Requirements to Maturity on General Obligation Refunding Bonds, Series 2011  
 December 31, 2016

General Obligation Refunding Bonds  
 Series 2011  
 Dated August 4, 2011  
 Interest Rate 2.00% to 4.50%

Year ended <u>December 31</u>	Principal Due <u>Dec. 1</u>	Interest Due June 1 & <u>Dec. 1</u>	<u>Total</u>
2011	\$ 50,000	\$ 102,830	\$ 152,830
2012	75,000	314,900	389,900
2013	75,000	312,650	387,650
2014	75,000	311,150	386,150
2015	715,000	309,650	1,024,650
2016	1,110,000	295,350	1,405,350
2017	1,150,000	270,375	1,420,375
2018	1,150,000	241,625	1,391,625
2019	1,200,000	210,000	1,410,000
2020	1,250,000	156,000	1,406,000
2021	1,300,000	106,000	1,406,000
2022	1,350,000	54,000	1,404,000
	<u>\$ 9,500,000</u>	<u>\$ 2,684,530</u>	<u>\$ 12,184,530</u>

See accompanying notes to the financial statements and independent auditors' report