

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

**FINANCIAL STATEMENTS**

**December 31, 2016 and 2015**

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## Independent Auditors' Report

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Board of Directors  
Estes Valley Recreation and Park District  
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### Report On The Financial Statements

We have audited the accompanying financial statements of the Estes Valley Recreation and Park District (the District), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility For The Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis Of Matters***

As discussed in Note 1, the District adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, effective for the year ended December 31, 2016. Our opinions were not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedules and reconciliation and Conservation Trust Fund - schedule of revenues, expenditures and changes in fund balances - budget to actual are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

*RubinBrown LLP*  
May 17, 2017

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

This discussion and analysis of the financial performance of the Estes Valley Recreation and Park District (the District) provides an overview of the District’s financial activities for the fiscal year ended December 31, 2016. Please read in conjunction with the financial statements and accompanying notes.

**FINANCIAL HIGHLIGHTS**

The District’s net position increased by \$8,084,727 or 111%. During the year, the District’s operating revenues increased by \$151,588 or 6%, while operating expenses increased by \$341,810, or 12%.

In November 2015, District voters approved ballot issues 4C and 4D for construction and operation of a Community Recreation Center. Ballot issue 4D authorized issuance of \$19,830,000 in General Obligation Bonds to finance construction. These funds will be combined with 1A sales tax revenue from the Town of Estes Park, and supplemental (grant) funds as available, to complete the \$27 million dollar, 70,000 square foot facility. \$9 million in bonds were sold in 2015, and the remaining \$10.83 million were sold in early 2016. See Note 8 in the accompanying Financial Statements.

Following the sale of bonds, the District began work to finalize the Community Center design, select a general contractor and secure other agreements required for funding and operation of the facility. This included acquisition from the School district of the 6.49 acre building site, along with the existing Aquatic Center building (see Financial Statement Notes 3 and 6); and entering into an Intergovernmental Agreement with the Town of Estes Park to apply the Town’s 1A Sales Tax proceeds to the project (see Note 6).

In 2016, the District continued work on recovery projects from the September, 2013 flooding disaster. Common Point Shooting Range Repairs were completed in June, leaving the Fish Creek Trail Rebuild as the only remaining open flood recovery project. The Fish Creek Trail rebuild is scheduled to be complete in September, 2017. Close-out documentation and processing will continue into 2018.

Following is a Capital Summary for 2016 and looking ahead to 2017:

<b>Facility</b>	<b>2016 Capital Additions and Work in Progress (WIP)</b>	<b>2017 Budgeted Capital Additions</b>
Administration	<ul style="list-style-type: none"> <li>▪ Recreation management software</li> </ul>	<ul style="list-style-type: none"> <li>▪ Relocation of admin office to Community Center</li> </ul>
Campgrounds (Mary’s Lake ML; East Portal EP)	<ul style="list-style-type: none"> <li>▪ Completion of EP water connection</li> <li>▪ Truck, tractor and additional bear cans/lockers purchased</li> <li>▪ ML pool replaster</li> <li>▪ Maintenance shed purchased/installed</li> </ul>	<ul style="list-style-type: none"> <li>▪ New ADA restroom/shower house at EP</li> <li>▪ Maintenance shed at EP</li> <li>▪ ML secondary sewer line repairs and dump station improvement</li> <li>▪ Replacement golf/utility carts</li> </ul>
Community Ctr/Aquatics	<ul style="list-style-type: none"> <li>▪ Design finalization</li> <li>▪ Begin construction</li> </ul>	<ul style="list-style-type: none"> <li>▪ Essential completion of construction</li> <li>▪ Improvement/renovation of Aquatic Center</li> </ul>
Golf courses	<ul style="list-style-type: none"> <li>▪ Greensmower and bunker rake purchased</li> <li>▪ Replace clubhouse roof and carpet</li> <li>▪ Prelim. design - 18H irrig. system replace</li> </ul>	<ul style="list-style-type: none"> <li>▪ Replace 18H clubhouse back deck stairs</li> <li>▪ Expand cart paths at 9H</li> </ul>
Marina	<ul style="list-style-type: none"> <li>▪ Truck, pontoon and patrol boat replacements purchased</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pontoon boat replacement</li> <li>▪ New utility vehicle</li> </ul>
Parks and Trails	<ul style="list-style-type: none"> <li>▪ Completion of shooting range repairs</li> <li>▪ Completion of ADA restroom</li> <li>▪ Surface/stripe pickleball courts</li> <li>▪ Engineering/design - SP parking lot improvements</li> <li>▪ Truck replacement, mower for SP</li> </ul>	<ul style="list-style-type: none"> <li>▪ Completion of Fish Creek Trail rebuild</li> <li>▪ Begin construction of bike trail in Stanley Park</li> <li>▪ Add water station to dog park</li> </ul>

- Financial Statement Note 7 describes Capital Lease obligations of the District. A new capital lease-purchase agreement was added in 2016 for the purchase of turf equipment, a tractor and two trucks.
- In 2008 Ballot question 4C was approved by voters to increase tax revenue by 1.200 mills for District operations. The new revenue was to make funds available for Community Center operations, the Aquatics Center, Stanley Park, trails, fleet equipment and pine beetle abatement/tree maintenance. The mill levy in 2009-2014 was increased by .973 mills to support expenses in those areas, excluding Community Center operations. Additional funds for the Aquatic Center were utilized to offset the additional costs for the intergovernmental agreement with the School District. Funds for trail development were set aside as a match for the GOCO grant for the Fish Creek Trail addition, future trails, and for maintenance of trails within the District. Over 2,500 trees were treated for pine beetle at East Portal, Mary's Lake, Estes Park Golf Course, Stanley Park, Lake Estes Golf Course, and Lake Estes, and new trees were planted. A portion was used to purchase/lease a variety of fleet equipment. Starting in 2015, in anticipation of moving forward with development of the Community Center, the District levied the remaining .227 mills for Community Center operating funds, and set aside \$75,890 in 2015 property tax receipts for this purpose. The District began incurring operating expenses (staff and program planning services) for the Community Center in 2016, and set aside an additional \$62,816 for future years' operating costs.
- The District continued its Assistance Agreement with the Bureau of Reclamation for implementing physical changes to existing facilities to meet requirements of the Americans with Disabilities Act and maintaining Bureau of Reclamation properties the District manages. The 2016 projects under this agreement include completion of an ADA restroom at the Lake Estes Trail/9-Hole Golf Course, and planning for addition of an ADA Bathhouse at the East Portal campground.
- In addition to federal funding from the Bureau of Reclamation and FEMA flood recovery grants, the District received the following grants, contributions and donations during 2016:
  - Community Center building site and Aquatic Center facility from the Park School District, with an appraised total value of \$3,940,000. Restrictive covenants and ongoing school use of the facility use apply to this contribution.
  - Contribution by a private landowner of 23 trees ranging from 16-28' tall, (Ponderosa Pines and Douglas Fir), with an appraised value of \$23,254.
  - \$1,675 from the Estes Park Cycling Coalition for initial design of a bike park/trail in Stanley Park.
  - Other miscellaneous donations for youth sports, trails and Community Center scholarships.
- In 2010, the District Board of Directors instituted a goal of increasing District reserves by \$150,000 in a 3-year plan of \$50,000 per year, defining reserves as cash plus cash investments at year end less current payables (due within 2 months of the following year). This goal was accomplished with a net increase of reserves (excluding those set aside for trails) of \$160,000. In 2013, the Board adopted a continuing goal of increasing reserves by \$50,000 per year. The reserve amount at 12/31/2016 was \$2,594,939, an increase of \$557,934 over the 12/31/2015 balance of \$2,037,005. Approximately \$866,000 of these reserves is designated for trail development and maintenance; \$414,000 is set aside as improvement or program funds; \$238,000 is Conservation Trust Fund designated; \$138,706 for Community Center operations, \$48,162 TABOR reserve; and the remaining \$890,000 available for operations.
- In 2016, the District implemented additional systems and controls, performance measures, and compliance with laws and regulations systems via policies and procedures including: revised personnel policies, and an update to procurement policies to include specific federal requirements.

## **USING THIS FINANCIAL REPORT**

This annual financial report consists of three parts:

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

## **REQUIRED FINANCIAL STATEMENTS**

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

### **Statement of Net Position**

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

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

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

### **Statement of Cash Flows**

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

## **FINANCIAL ANALYSIS OF THE DISTRICT**

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

## NET POSITION

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

Summarized Statement of Net Position						
	2016	2015	\$ Change	2015	2014	\$ Change
Current Assets	\$ 27,300,828	\$ 14,823,801	\$ 12,477,027	\$ 14,823,801	\$ 3,103,015	\$ 11,720,786
Capital Assets	13,473,811	5,126,499	8,347,312	5,126,499	4,614,149	512,350
<b>Total Assets</b>	<b>40,774,639</b>	<b>19,950,300</b>	<b>20,824,339</b>	<b>19,950,300</b>	<b>7,717,164</b>	<b>12,233,136</b>
Current Liabilities	1,815,556	303,247	1,512,309	303,247	408,250	(105,003)
Long-term Liabilities	21,179,745	10,075,121	11,104,624	10,075,121	50,318	10,024,803
<b>Total Liabilities</b>	<b>22,995,301</b>	<b>10,378,368</b>	<b>12,616,933</b>	<b>10,378,368</b>	<b>458,568</b>	<b>9,919,800</b>
Deferred Inflows of Resources	2,428,543	2,305,864	122,679	2,305,864	895,239	1,410,625
<b>Net Position</b>						
Net Investment in Capital Assets	12,818,775	4,908,510	7,910,265	4,908,510	4,402,205	506,305
Restricted:						
Tabor Reserve	48,162	42,559	5,603	42,559	41,295	1,264
Unrestricted	2,483,858	2,314,999	168,859	2,314,999	1,919,857	395,142
<b>Total Net Position</b>	<b>15,350,795</b>	<b>7,266,068</b>	<b>8,084,727</b>	<b>7,266,068</b>	<b>6,363,357</b>	<b>902,711</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 40,774,639</b>	<b>\$ 19,950,300</b>	<b>\$ 20,824,339</b>	<b>\$ 19,950,300</b>	<b>\$ 7,717,164</b>	<b>\$ 12,233,136</b>

As seen in the summary, the District's total net position increased by \$8,084,727 in 2016.

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

**ACTIVITIES**

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

<b>Summarized Statement of Revenues, Expenses, and Changes in Fund Net Position</b>						
	2016	2015	\$ Change	2015	2014	\$ Change
Operating Revenues	\$ 2,898,754	\$ 2,747,166	\$ 151,588	\$ 2,747,166	\$ 1,900,150	\$ 847,016
Nonoperating Revenues	5,561,000	1,671,203	3,889,797	1,671,203	1,636,077	35,126
<b>Total Revenues</b>	<b>8,459,754</b>	<b>4,418,369</b>	<b>4,041,385</b>	<b>4,418,369</b>	<b>3,536,227</b>	<b>882,142</b>
Operating Expenses	3,238,215	2,896,405	341,810	2,896,405	2,740,364	156,041
Depreciation	366,919	299,735	67,184	299,735	269,813	29,922
Non-Operating Expenses	733,147	325,654	407,493	325,654	8,221	758,484
<b>Total Expenses</b>	<b>4,338,281</b>	<b>3,521,794</b>	<b>816,487</b>	<b>3,521,794</b>	<b>3,018,398</b>	<b>944,447</b>
Increase (Decrease) in Net Position before Contributions	4,121,473	896,575	3,224,898	896,575	517,829	378,746
Contributed Capital	3,963,254	6,136	3,957,118	6,136	54,269	(48,133)
Change in Net Position	8,084,727	902,711	7,182,016	902,711	572,098	330,613
Beginning Net Position	7,266,068	6,363,357	902,711	6,363,357	5,791,259	572,098
<b>Ending Net Position</b>	<b>\$ 15,350,795</b>	<b>\$ 7,266,068</b>	<b>\$ 8,084,727</b>	<b>\$ 7,266,068</b>	<b>\$ 6,363,357</b>	<b>\$ 902,711</b>

As displayed above, the District’s net position increased by \$8,084,727. Non-operating revenues include \$1.4 million in property tax revenue for bond debt service, and \$1.5 million in Town of Estes Park 1A Sales Tax revenue for Community Center construction.

**BUDGETARY HIGHLIGHTS**

The Colorado State Law requires that the District adopt a budget and appropriate funds for the following year by December 15<sup>th</sup> of each year. If an amendment is necessary, the Board of Directors will approve a supplemental appropriation at a public hearing and file it with the State of Colorado. The Board of Directors approved such an appropriation at the December 8, 2016, special meeting.

## CAPITAL ASSETS

At December 31, 2016, the District had \$13.47 million invested in a broad range of property and equipment, net of accumulated depreciation. The following schedule summarizes the District's property and equipment, and changes from 2015 to 2016, and 2014 to 2015:

Summary of Capital Assets						
	2016	2015	\$ Change	2015	2014	\$ Change
Non-Depreciable Assets	\$ 6,108,509	\$ 904,013	\$ 5,204,496	\$ 904,013	\$ 567,519	\$ 336,494
Depreciable Assets	10,909,719	7,598,224	3,311,495	7,598,224	7,229,765	368,459
Accumulated Depreciation	(3,544,417)	(3,375,738)	(168,679)	(3,375,738)	(3,183,135)	(192,603)
Total Depreciable Assets, Net	7,365,302	4,222,486	8,347,312	4,222,486	4,046,630	512,350
Total Capital Assets, Net	\$ 13,473,811	\$ 5,126,499	\$ 8,347,312	\$ 5,126,499	\$ 4,614,149	\$ 512,350

The \$8.3 million increase in capital assets in 2016 includes \$3.94 million in land and building – Community Center building site and existing Aquatic Center facility – conveyed to the District by the Park School District. Also included is \$3.25 million Community Center construction in progress.

## LONG-TERM DEBT

### CAPITAL LEASE OBLIGATIONS

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

Capital Lease Obligations						
	2016	2015	\$ Change	2015	2014	\$ Change
Total Long-term Lease Obligations	\$ 274,535	\$ 217,989	\$ 56,546	\$ 217,989	\$ 211,944	\$ 6,045

### GENERAL OBLIGATION BONDS

As described in the Financial Highlights above, and in Note 8 in the Financial Statements, on November 3, 2015, District voters approved Ballot Issues 4C and 4D regarding the construction and operation of a Community Recreation Center. Ballot Issue 4D authorized the District to issue \$19,830,000 in General Obligation Bonds to finance construction of the Community Center. The District issued \$9,000,000 in bonds for this project during 2015, and \$10,830,000 in 2016. Both bond issues were sold at a premium, and have interest rates ranging from 3.00 to 5.00%, with maturity dates ranging from 2016 to 2035. The following summary outlines the change in bonds payable from 2015 to 2016 and 2014 to 2015.

Bonds Payable						
	2016	2015	\$ Change	2015	2014	\$ Change
Total Bonds Payable	\$ 19,175,000	\$ 9,000,000	\$ 10,175,000	\$ 9,000,000	\$ -	\$ 9,000,000

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET RATES**

The 2017 budgeted expenses reflect the significant undertaking of achieving essential completion of construction of the Estes Valley Community Center, and preparing for beginning of its operation. The District will use the remaining bond proceeds (from bonds issued in 2015 and 2016), available Town of Estes 1A Sales Tax and a Capital Lease to be repaid with future collections of 1A Sales Tax, to fund construction. This is reflected in the change in Transfers from Reserves; Bond/Lease Proceeds and Capital Outlay from 2017 to 2016. Operating Expenses reflect an increase for addition of key Community Center staff and planning/outreach activities prior to opening.

“Other” revenues include an anticipated contribution of \$500,000 in Town of Estes Park 1A Sales Tax revenue for Community Center construction. In 2016, the Town remitted the accumulated collections from prior years, along with current year collections, totaling approximately \$1.5 million. The 2017 budgeted amount is a conservative estimate only for the current year, resulting in a decrease in revenue from this source as compared to 2016.

Flood recovery project expenses will be winding down in 2017 as compared to prior years. This change is also reflected in “Other” revenues.

The Board of Directors considered many factors when setting the District’s 2016 budget, including user fees and charges. During the 2017 budget process, fees were not materially changed from the prior year. Operating revenue for 2016 was positively impacted by an increase in visitors during the year. Although the District anticipates another high visitor year in 2017, operating revenues have been budgeted conservatively to recognize the unknowns of weather, road construction and general economic conditions.

The 2017 budgeted revenues exceed expenditures. The Board has appropriated funds for 2017 compared to 2016 appropriations as follows:

	2017	2016	\$ Change	2016	2015	\$ Change
Fees and Charges	\$ 2,923,515	\$ 2,872,048	\$ 51,467	\$ 2,665,931	\$ 2,696,280	\$ (30,349)
Conservation Trust/Lottery	53,000	60,226	(7,226)	52,000	52,000	-
Taxes	2,574,473	2,468,349	106,124	2,458,567	966,964	1,491,603
Interest Income	81,700	130,702	(49,002)	37,522	3,336	34,186
Transfer from (to) Reserves	19,692,055	(205,002)	19,897,057	66,000	-	66,000
Bond/Lease Proceeds	3,000,000	12,400,138	(9,400,138)	11,730,000	9,785,000	
Other	1,464,192	2,742,110	(1,277,918)	3,006,721	599,628	2,407,093
<b>Total Revenues</b>	<b>29,788,935</b>	<b>20,468,571</b>	<b>9,320,364</b>	<b>20,016,741</b>	<b>14,103,208</b>	<b>5,913,533</b>
Operating Expenses	3,756,878	3,280,104	476,774	3,280,104	3,002,905	277,199
Conservation Trust/Lottery	-	-	-	-	-	-
Interest Expense	51,542	5,907	45,635	5,907	5,005	902
Bond Issue Costs		239,700	(239,700)	239,700		239,700
Capital Lease Payments	68,280	100,102	(31,822)	100,102	184,082	(83,980)
Bond Debt Service	1,493,150	1,391,743	101,407	1,391,743		1,391,743
Capital Outlay	24,326,302	5,832,378	18,493,924	5,832,378	729,111	5,103,267
Reserves & Contingencies	86,919	149,741	(62,822)	149,741	56,831	92,910
<b>Total Expenses</b>	<b>\$ 29,783,071</b>	<b>\$ 10,999,675</b>	<b>\$ 18,783,396</b>	<b>\$ 10,999,675</b>	<b>\$ 3,977,934</b>	<b>\$ 7,021,741</b>

**DISTRICT ASSESSED VALUATIONS, MILL LEVIES AND PROPERTY TAX COLLECTIONS**

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

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

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

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

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

ESTES VALLEY RECREATION AND PARK DISTRICT  
STATEMENT OF NET POSITION  
December 31, 2016 and 2015

	2016	2015
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents (Note 2)	\$ 1,320,755	\$ 1,240,651
Investments (Note 2)	1,449,691	1,012,970
Restricted Purpose Investments (Note 2)	21,330,110	9,737,641
Accounts Receivable	564,926	353,310
Property Taxes Receivable	2,428,543	2,305,864
Inventories	97,788	90,885
Prepaid Expenses	109,015	82,480
Total Current Assets	27,300,828	14,823,801
CAPITAL ASSETS (Note 3)		
Non-depreciable	6,108,509	904,013
Depreciable, Net	7,365,302	4,222,486
Total Capital Assets, Net of Accumulated Depreciation	13,473,811	5,126,499
Total Assets	40,774,639	19,950,300
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts Payable	955,951	151,525
Accrued Payroll and Related Liabilities	34,932	22,082
Compensated Absences	71,393	42,835
Current Portion Capital Lease Liabilities (Note 7)	68,280	86,805
Current Portion Bonds Payable (Note 8)	685,000	—
Total Current Liabilities	1,815,556	303,247
LONG-TERM LIABILITIES		
General Obligation Bonds (Note 8)	18,490,000	9,000,000
Bond Premium (Note 8)	2,483,490	943,937
Capital Lease Liabilities (Note 7)	206,255	131,184
Total Liabilities	22,995,301	10,378,368
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable Revenue - Property Taxes	2,428,543	2,305,864
<u>NET POSITION</u>		
Net Investment in Capital Assets	12,818,775	4,702,214
Restricted:		
Tabor Reserve (Note 4)	48,162	42,559
Unrestricted	2,483,858	2,521,295
Total Net Position	\$ 15,350,795	\$ 7,266,068

ESTES VALLEY RECREATION AND PARK DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
For the Years Ended December 31, 2016 and 2015

	2016	2015
<b>OPERATING REVENUES</b>		
Fees and Charges	\$ 2,887,771	\$ 2,721,454
Other	10,983	25,712
Total Operating Revenues	2,898,754	2,747,166
<b>OPERATING EXPENSES</b>		
General and Administrative	540,976	542,349
Parks	250,209	256,681
Campgrounds	528,291	413,613
Community Center	91,190	—
Golf Courses and Pro Shop	1,136,398	1,097,381
Recreation	191,321	188,629
Swimming Pools and Aquatics	225,663	188,326
Marina	274,167	209,426
Total Operating Expenses	3,238,215	2,896,405
<b>LOSS FROM OPERATIONS BEFORE DEPRECIATION</b>	(339,461)	(149,239)
Depreciation (Note 3)	(366,919)	(299,735)
<b>NET LOSS FROM OPERATIONS</b>	(706,380)	(448,974)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Expense	(732,465)	(205,414)
Taxes	2,473,109	967,646
Intergovernmental Revenues	2,872,001	622,729
Conservation Trust Funds	62,164	52,766
Loss on Disposal of Assets	(682)	(120,240)
Insurance Reimbursement	—	23,109
Interest Income	153,726	4,953
Total Non-Operating Revenues (Expenses)	4,827,853	1,345,549
<b>INCOME BEFORE CONTRIBUTIONS</b>	4,121,473	896,575
Capital Contributions - Aquatic Center and Building Site (Note 6)	3,963,254	6,136
<b>CHANGES IN NET POSITION</b>	8,084,727	902,711
<b>NET POSITION, Beginning of Year</b>	7,266,068	6,363,357
<b>NET POSITION, End of Year</b>	\$ 15,350,795	\$ 7,266,068

**ESTES VALLEY RECREATION AND PARK DISTRICT**  
**STATEMENT OF CASH FLOWS**  
For the Years Ended December 31, 2016 and 2015

	2016	2015
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Cash Received From Customers	\$ 2,885,689	\$ 2,771,260
Cash Payments for Operation and Supplies, Goods and Services	(1,278,073)	(1,088,402)
Cash Payments to Employees	(2,037,434)	(1,830,934)
Net Cash Used In Operating Activities	(429,818)	(148,076)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Intergovernmental Receipts	2,674,722	465,357
Property Taxes Received	2,473,109	967,646
Net Cash Provided By Non-Capital Financing Activities	5,147,831	1,433,003
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Interest Paid on Leases and Bonds	(915,312)	(205,414)
Lottery Proceeds	62,164	52,766
Capital Lease Payments	(94,317)	(174,176)
Bond Principal Payments	(655,000)	—
Proceeds from Insurance Reimbursement	—	23,109
Proceeds from Sale of Capital Assets	6,721	5,100
Bond Proceeds	12,600,003	9,943,937
Return of Bond Issue Costs	6,652	—
Acquisition of Capital Assets	(3,773,354)	(759,341)
Net Cash Provided By Capital and Related Financing Activities	7,237,557	8,885,981
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Investment Sales	4,050,360	—
Investment Purchases	(16,079,552)	(10,091,260)
Interest Received	153,726	4,953
Net Cash Used In Investing Activities	(11,875,466)	(10,086,307)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	80,104	84,601
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	1,240,651	1,156,050
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	\$ 1,320,755	\$ 1,240,651
<b>RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Net Loss From Operations	\$ (706,380)	\$ (448,974)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used In Operating Activities		
Depreciation	366,919	299,735
Donated Supplies	—	340
Changes in Assets and Liabilities		
(Increase) Decrease in Property Tax Receivable	(122,679)	(1,410,625)
(Increase) Decrease in Accounts Receivable	(13,065)	24,094
(Increase) Decrease in Inventories	(6,903)	(5,663)
(Increase) Decrease in Prepaid Expenses	(26,535)	12,574
Increase (Decrease) in Accounts Payable	(85,262)	(3,685)
Increase (Decrease) in Unavailable Revenue	122,679	1,410,625
Increase (Decrease) in Accrued Payroll and Related Liabilities	12,850	(32,008)
Increase (Decrease) in Compensated Absences Payable	28,558	5,511
Net Cash Used In Operating Activities	\$ (429,818)	\$ (148,076)
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>		
Capital Contributions	\$ 3,963,254	\$ 6,136
Assets Acquired Through Capital Lease	150,863	180,221
Assets Acquired But Not Yet Paid For	842,086	—

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Financial Reporting Entity

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

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

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

***Cash and Cash Equivalents and Investments***

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

***Receivables***

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

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

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

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

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

***Inventories***

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

***Capital Assets***

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

***Compensated Absences***

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

***Long-Term Obligations***

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

***Deferred Inflows of Resources***

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

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

*Net Position*

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

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

D. Estimates

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

E. Budgetary Information

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

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

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

## ESTES VALLEY RECREATION AND PARK DISTRICT

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### E. Budgetary Information (Continued)

Formal budgetary integration is employed as a management control device during the year. If the total appropriations must be revised, an official amended budget is approved, and a resolution making additional appropriations is passed. The Board approved a resolution to adopt a supplemental budget at the December 2016 meeting.

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

#### F. Operations

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

#### G. New Accounting Principle

In March 2015, GASB released Statement No. 72, *Fair Value Measurement and Application*, which would generally require state and local governments to measure assets and liabilities at fair value. GASB's goal is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosure to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. The District's investments consist of only 2a7-like external investment pools, which are measured at net asset value per share. In 2016, the District received donated capital assets, which are measured at acquisition value (an entry price).

#### H. Reclassification

Certain amounts in 2015 have been reclassified to conform to the presentation used in the financial statements for the year ended December 31, 2016. The reclassifications have not impacted the change in net position.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 2: CASH DEPOSITS AND INVESTMENTS

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

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2016 and 2015, the District's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation and collateralized in accordance with PDPA. The District's deposit policy is to deposit funds in banks or savings institutions at eligible PDPA depositories.

At December 31, 2016 and 2015, the District's cash deposits had the following book and bank balances:

	2016		2015	
	Book	Bank	Book	Bank
Cash on Hand	\$ 1,405	\$ —	\$ 1,569	\$ —
Cash Held in PayPal	1,000	—	1,232	—
Cash Held by				
County Treasurer	15,031	—	7,550	—
Collateralized Deposits	858,429	947,510	785,504	816,880
Insured Deposits	444,890	444,890	444,796	444,796
Total Deposits	<u>\$ 1,320,755</u>	<u>\$ 1,392,400</u>	<u>\$ 1,240,651</u>	<u>\$ 1,261,676</u>

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

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

## ESTES VALLEY RECREATION AND PARK DISTRICT

### NOTE 2: CASH DEPOSITS AND INVESTMENTS (Continued)

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

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

At December 31, 2016 and 2015, the District had invested \$22,617,823 and \$10,641,361, respectively, in COLOTRUST. At December 31, 2016 and 2015, the District had invested \$161,978 and \$109,250, respectively, in CSAFE. COLOTRUST’s financial statements are available at [www.colotruster.com](http://www.colotruster.com) and CSAFE’s financial statements are available at [www.csafe.org](http://www.csafe.org). The State Securities Commissioners administers and enforces all state statutes governing the trusts.

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

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

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

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 2: CASH DEPOSITS AND INVESTMENTS (Continued)

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

For consistency purposes, the 2015 Investments amount was reclassified to show restricted purpose funds as of December 31, 2015. The reclassification had no impact on changes in net position.

At December 31, 2016 and 2015, the District's investments are as follows:

	2016	2015	Maturity Date
COLOTRUST - General	\$ 1,339,834	\$ 903,720	N/A
COLOTRUST -Community Center Project Account	21,277,989	9,737,641	N/A
Total COLOTRUST	<u>22,617,823</u>	<u>10,641,361</u>	
CSAFE - General	109,857	109,250	N/A
CSAFE - Bond Debt Service Account	52,121	—	N/A
Total CSAFE	<u>161,978</u>	<u>109,250</u>	
Total Investments	<u>\$ 22,779,801</u>	<u>\$ 10,750,611</u>	

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 3: CAPITAL ASSETS

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

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

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

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

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

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 3: CAPITAL ASSETS (Continued)

A summary of changes in capital assets for the year ended December 31, 2015 is as follows:

	<u>12/31/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfer</u>	<u>12/31/2015</u>
Non-Depreciable					
Capital Assets					
Water Rights	\$ 118,435	\$ —	\$ —	\$ —	\$ 118,435
Easements	4,794	—	—	—	4,794
Land	115,572	—	—	—	115,572
Construction in Progress	328,718	473,893	(133,613)	(3,786)	665,212
Total Non-Depreciable	<u>567,519</u>	<u>473,893</u>	<u>(133,613)</u>	<u>(3,786)</u>	<u>904,013</u>
Depreciable Assets					
Buildings & Improvements	5,598,213	183,036	—	3,786	5,785,035
Vehicles	147,464	62,068	—	—	209,532
Equipment	1,484,088	226,701	(107,132)	—	1,603,657
Total Depreciable Assets	<u>7,229,765</u>	<u>471,805</u>	<u>(107,132)</u>	<u>3,786</u>	<u>7,598,224</u>
Accumulated Depreciation	<u>(3,183,135)</u>	<u>(299,735)</u>	<u>107,132</u>	<u>—</u>	<u>(3,375,738)</u>
Total Depreciable Capital Assets, Net	<u>4,046,630</u>	<u>172,070</u>	<u>—</u>	<u>—</u>	<u>4,222,486</u>
Total Net Capital Assets	<u>\$ 4,614,149</u>	<u>\$ 645,963</u>	<u>\$ (133,613)</u>	<u>\$ —</u>	<u>\$ 5,126,499</u>

Depreciation expense for the years ended December 31, 2016 and 2015 is \$366,919 and \$299,735, respectively.

NOTE 4: TAX, SPENDING AND DEBT LIMITATIONS

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

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 4: TAX, SPENDING AND DEBT LIMITATIONS (Continued)

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

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

For budgetary purposes, the District separates TABOR enterprise revenues from other revenues. TABOR requires local governments to establish emergency reserves that must be at least 3% of fiscal spending, excluding bonded debt service, to be used only for declared emergencies. "Emergency" does not include economic conditions, revenue shortfalls, or District salary or fringe benefit increases. Fiscal year spending does not include TABOR enterprise defined revenues. The District has restricted \$48,162 and \$42,559 as of December 31, 2016 and 2015, respectively, in accordance with the provisions of TABOR.

NOTE 5: RISK OF LOSS

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

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

The Pool Agreement also gives the Board of Directors of the Pool the power to establish that additional contributions, at such times and in such amounts as the Board determines, are needed for the purposes of the Pool. The Board may decide to distribute surplus funds among members; however, the District did not receive any such distribution for the years ended December 31, 2016 and 2015.

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

## ESTES VALLEY RECREATION AND PARK DISTRICT

### NOTE 6: OPERATING AGREEMENTS

#### ***Bureau of Reclamation***

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

The District entered into a management services agreement with Larimer County, Colorado, on December 29, 2009 wherein the County operated the campgrounds as a concession. The term of the agreement was from January 1, 2010 through December 31, 2014 with up to three additional five-year terms. The District chose not to renew the management services agreement with Larimer County and began management of the campgrounds on January 1, 2015.

#### ***Aquatic Center Use Agreement***

The District negotiated an agreement with the Park School District R-3 (School) for the use of the School's Aquatic Center that commenced on January 1, 2008 for one year. The agreement was renewed for a five-year period beginning December 31, 2008, and for an additional five-year period beginning January 1, 2014. The District served as the Manager of Operations for programs at the Aquatic Center. The District collects all revenue from the operation of the Aquatic Center. The School shares the net income or loss from the operation of the Aquatic Center. The District received from the School \$45,272 and \$35,064 for the years ended December 31, 2016 and 2015, respectively.

#### ***Community Center Facility Use and Development Agreement***

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

## ESTES VALLEY RECREATION AND PARK DISTRICT

### NOTE 6: OPERATING AGREEMENTS (Continued)

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

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

#### ***Golf Course Lease***

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

In November 2016, the Town of Estes Park informed the District of its intent to enter into a Lease-Purchase Agreement with First Security Finance, Inc., using the Estes Park Golf Course property as collateral. The purpose of the lease is to fund construction of a parking structure. Because the parking structure is on federal property (BOR), the Town could not use the structure itself as security for the lease. First Security Finance has been named as additional insured for the District's property and liability coverages for this property.

### NOTE 7: CAPITAL LEASES

The District utilizes capital lease agreements to finance a portion of capital assets. The District's obligation under all such agreements does not constitute a mandatory charge or requirement beyond the current fiscal year. Lease payments are subject to annual appropriation by the District Board.

Capital lease asset amortization is included in the District's depreciation expense for the related capital assets for the year.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 7: CAPITAL LEASES (Continued)

Capital Lease Summary for Years Ended 12/31/2016 and 2015							
Date of Lease	Lessor	Leased Assets/Collateral	Payment Terms	Year	Capitalized Cost	Book Value	Payments Made
9/8/2010 (pd in full 6/8/16)	Bank of Colorado	Lake Estes Golf Course Irrigation System, secured by CO-Big Thompson Water Units	Quarterly 12/8/10 to 9/8/16	2016	\$ 607,515	\$ 493,806	\$ 40,707
				2015	\$ 607,515	\$ 513,813	\$ 106,482
11/22/2010 (pd in full 9/17/15)	Bank of Colorado	Estes Park Golf Course Rental Cart Fleet (leased assets are the collateral)	Quarterly 7/1/11 to 10/1/15	2016	\$ 302,500	\$ 52,128	\$ —
				2015	\$ 302,500	\$ 95,342	\$ 53,724
3/13/2014 (pd in full 1/7/16)	Ross Stephen	Cat Skid Steer (leased asset is collateral)	Annual 3/13/14 to 1/20/16	2016	\$ 18,007	\$ 12,905	\$ 10,000
				2015	\$ 18,007	\$ 14,706	\$ 5,000
5/1/2015	Bank of Colorado	2 Toro Greensmowers, 1 Toro Fairway Mower, 1 Toro Utility Vehicle (leased assets are the collateral)	Quarterly 8/1/15 to 5/1/20	2016	\$ 137,588	\$ 104,829	\$ 27,989
				2015	\$ 137,588	\$ 124,484	\$ 13,995
4/17/2015	Ford Motor Company	F-250 Truck (leased asset is collateral)	Annual 4/17/15 to 4/17/19	2016	\$ 31,737	\$ 24,181	\$ 7,165
				2015	\$ 31,737	\$ 28,714	\$ 7,165
6/19/2015	Ford Motor Company	F-150 Truck (leased asset is collateral)	Annual 6/19/15 to 6/19/19	2016	\$ 30,331	\$ 23,831	\$ 6,847
				2015	\$ 30,331	\$ 28,164	\$ 6,847
2/29/2016	U.S. Bancorp	2 F-150 Ford Trucks, 1 Kubota Tractor, 1 Greensmower, 1 Bunker Rake (leased assets are collateral)	Semi-annual 8/29/16 to 2/28/21	2016	\$ 150,863	\$ 139,530	\$ 9,392
				2015	\$ —	\$ —	\$ —
<b>Totals</b>				<b>2016</b>	<b>\$ 1,278,541</b>	<b>\$ 851,210</b>	<b>\$ 102,100</b>
				<b>2015</b>	<b>\$ 1,127,678</b>	<b>\$ 805,223</b>	<b>\$ 193,213</b>

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

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

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 7: CAPITAL LEASES (Continued)

A summary of changes in capital leases for the year ended December 31, 2015 is as follows:

	12/31/2014	Additions	Deletions	12/31/2015	Current
Capital Leases	\$ 211,944	\$180,221	\$ (174,176)	\$ 217,989	\$ 86,805

The following are the minimum required capital lease payments as of December 31, 2016:

Capital Lease Agreements:	Principal	Interest	Total
2017	\$ 68,280	\$ 7,541	\$ 75,821
2018	70,354	5,467	75,821
2019	72,506	3,314	75,820
2020	46,688	1,118	47,806
2021	16,707	203	16,910
Total Capital Lease Agreements	\$ 274,535	\$ 17,643	\$ 292,178

NOTE 8: BONDS PAYABLE

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

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 8: BONDS PAYABLE (Continued)

A summary of bonds payable for the year ended December 31, 2016 is as follows:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balance
2015	\$ 9,000,000	2028-2035	4.00%	\$ 9,000,000
2016	\$ 10,830,000	2016-2028	3.00-5.00%	\$ 10,175,000

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

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

A summary of bond activity for the year ended December 31, 2015 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bond Premium	\$ —	\$ 943,937	\$ —	\$ 943,937	\$ —
General Obligation bonds	\$ —	\$ 9,000,000	\$ —	\$ 9,000,000	\$ —

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

Year	Principal	Interest	Total
2017	\$ 685,000	\$ 808,150	\$ 1,493,150
2018	705,000	787,600	1,492,600
2019	735,000	759,400	1,494,400
2020	765,000	730,000	1,495,000
2021	795,000	699,400	1,494,400
2022-2026	4,510,000	2,965,500	7,475,500
2027-2031	5,625,000	1,792,050	7,417,050
2032-2035	5,355,000	546,200	5,901,200
	\$ 19,175,000	\$ 9,088,300	\$ 28,263,300

## ESTES VALLEY RECREATION AND PARK DISTRICT

### NOTE 9: SUBSEQUENT EVENT

As described in Note 6 – Operating Agreements, the IGA with Town of Estes Park regarding the Estes Valley Community Center specifies the method and timing of transferring 1A Sales Tax collections from the Town to the District. The 1A Sales Tax has a 10-year term, beginning July, 2014. Construction of the Estes Valley Community Center is expected to be complete by January 2018. In order to maximize the impact of the 1A funding for construction of the Center, the District negotiated a Capital Lease Purchase Agreement for the facility with Bank of Colorado for an amount up to \$3,000,000. The source of repayment of the lease will be future 1A taxes received by the District following collection and transfer by the Town. This lease was executed with an effective date of January 17, 2017. The funds will be drawn when required for the project. No interest will be incurred until funds are drawn. Quarterly payments of \$136,837 will begin in March 2018.

### NOTE 10: DEFERRED COMPENSATION PLAN

The District provides a 457 deferred compensation plan for employees, administered by IMCA Retirement Corporation. Full-time employees are eligible to participate in a deferred compensation program. The District will match an eligible employee's contribution up to 4% of the employee's salary. The District contributed \$19,288 and \$22,082 in matching contributions for the years ended December 31, 2016 and 2015, respectively. Employees who are participating members contributed \$27,359 and \$28,634 for the years ended December 31, 2016 and 2015, respectively.

*Supplementary Information*

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

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

ESTES VALLEY RECREATION AND PARK DISTRICT  
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)  
 For the Year Ended December 31, 2015

REVENUES	Amended Budget	Actual	Variance Favorable (Unfavorable)
Taxes	\$ 966,964	\$ 967,646	\$ 682
Conservation Trust Funds	52,000	52,766	766
Intergovernmental Revenues	561,631	622,729	61,098
Parks	53,500	57,481	3,981
Golf Courses and Pro Shop	1,342,524	1,339,557	(2,967)
Recreation	73,131	86,605	13,474
Swimming Pools and Aquatics	83,165	85,191	2,026
Marina	363,960	364,669	709
Campgrounds	780,000	787,951	7,951
Interest Income	3,336	4,953	1,617
Bond Proceeds	9,785,000	9,943,937	158,937
Other	37,997	54,957	16,960
Total Revenues	<u>14,103,208</u>	<u>14,368,442</u>	<u>265,234</u>
EXPENDITURES			
General and Administrative	583,257	542,349	40,908
Parks	196,933	256,681	(59,748)
Golf Courses and Pro Shop	1,100,367	1,097,381	2,986
Recreation	204,083	188,629	15,454
Swimming Pools and Aquatics	199,399	188,326	11,073
Marina	208,889	209,426	(537)
Campgrounds	509,977	413,613	96,364
Interest Expense	5,005	4,841	164
Capital Lease Payments	184,082	174,176	9,906
Reserve and Contingencies	56,831	—	56,831
Bond Issue Costs	—	200,573	(200,573)
Capital Outlay	729,111	759,341	(30,230)
Total Expenditures	<u>3,977,934</u>	<u>4,035,336</u>	<u>(57,402)</u>
Excess of Revenues Over Expenditures	<u>\$ 10,125,274</u>	<u>\$ 10,333,106</u>	<u>\$ 207,832</u>

ESTES VALLEY RECREATION AND PARK DISTRICT  
RECONCILIATION SCHEDULE OF  
REVENUES AND EXPENDITURES - NON-GAAP BUDGET  
For the Years Ended December 31, 2016 and 2015

	2016	2015
<b>Reconciliation</b>		
Changes in Net Position per Statement of Revenues Expenses and Changes in Fund Net Position	\$ 8,084,727	\$ 902,711
 Add:		
Items Which are Revenues for Budgetary Purposes		
Bond Proceeds	12,600,003	9,943,937
Expenses Which are Not Expenditures for Budgetary Purposes		
Depreciation	366,919	299,735
Accrued Interest Expense	49,055	—
(Gain) Loss on Disposal of Assets	682	120,240
Total Additions	13,016,659	10,363,912
 Deduct:		
Items Which are Expenses for Budgetary Purposes		
Capital Lease Payments	94,317	174,176
Bond Principal Payments	655,000	—
Amortization of Bond Premium	230,450	—
Capital Outlay	3,773,354	759,341
Total Deductions	4,753,121	933,517
 Excess (Deficit) of Revenues Over (Under) Expenditures - Budgetary Basis	\$ 16,348,265	\$ 10,333,106

ESTES VALLEY RECREATION AND PARK DISTRICT  
 CONSERVATION TRUST FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCE - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenue				
State Lottery	\$ 52,000	\$ 60,226	\$ 62,164	\$ 1,938
Interest Revenue	300	1,200	1,483	283
Total Revenue	<u>52,300</u>	<u>61,426</u>	<u>63,647</u>	<u>2,221</u>
Expenditures				
Stanley Park Parking Lot Design	20,000	20,000	15,895	4,105
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>15,895</u>	<u>4,105</u>
Revenues Over (Under) Expenditures	32,300	41,426	47,752	6,326
Fund Balance, Beginning	<u>190,009</u>	<u>190,009</u>	<u>190,009</u>	
Fund Balance, Ending	<u>\$ 222,309</u>	<u>\$ 231,435</u>	<u>\$ 237,761</u>	