

**Columbine Knolls-Grove Metropolitan Recreation District  
Jefferson County, Colorado**

**FINANCIAL STATEMENTS**

**With Independent Auditor's Report**

**December 31, 2017 and 2016**



**RECEIVED**

Office of the State Auditor

September 26, 2018

**Columbine Knolls-Grove Metropolitan Recreation District**

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**December 31, 2017 and 2016**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Columbine Knolls-Grove Metropolitan Recreation District  
Jefferson County, Colorado

We have audited the accompanying financial statements of Columbine Knolls-Grove Metropolitan Recreation District, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

We believe 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 Columbine Knolls-Grove Metropolitan Recreation District, as of December 31, 2017 and 2016, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the pension information on page 23 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 supplementary information on page 23 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.

### *Other Information*

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

*Fiscal Focus Partners, LLC*

Lakewood, Colorado  
September 19, 2018

## **BASIC FINANCIAL STATEMENTS**

**Columbine Knolls-Grove Metropolitan Recreation District**  
**STATEMENTS OF NET POSITION**  
December, 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 258,793	\$ 550,191
Cash and cash equivalents - restricted	51,340	37,542
Prepaid insurance	13,478	-
Property taxes receivable	363,978	332,215
<b>Total current assets</b>	687,589	919,948
<b>Capital Assets</b>		
Capital assets, not being depreciated	105,578	105,578
Capital assets, net	1,379,618	544,520
<b>Total capital assets, net</b>	1,485,196	650,098
<b>Total assets</b>	2,172,785	1,570,046
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related deferred outflow	99,377	87,138
<b>Total deferred outflows of resources</b>	99,377	87,138
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued payroll taxes	200,156	7,119
<b>Total current liabilities</b>	200,156	7,119
<b>Noncurrent liabilities</b>		
Net pension liability	369,628	326,775
<b>Total noncurrent liabilities</b>	369,628	326,775
<b>Total liabilities</b>	569,784	333,894
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related deferred inflow	12,072	5,996
Deferred property tax revenue	363,978	332,215
<b>Total deferred inflows of resources</b>	376,050	338,211
<b>NET POSITION</b>		
Net investment in capital assets	1,485,196	650,098
Restricted		
Emergency reserves	11,500	11,000
Conservation trust funds	39,840	26,542
Unrestricted	(210,208)	297,439
<b>Total net position</b>	\$ 1,326,328	\$ 985,079

*The accompanying Notes to the Financial Statements are an integral part of these statements.*

**Columbine Knolls-Grove Metropolitan Recreation District**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION**  
**For the Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>OPERATING REVENUES</b>		
Pool membership and related activity fee	\$ 143,914	\$ 144,175
Tennis membership and related activity fee	27,089	27,952
Other income	30,794	28,689
<b>Total operating revenues</b>	<u>201,797</u>	<u>200,816</u>
<b>OPERATING EXPENSES</b>		
Pool operations and activities	134,579	134,276
Tennis operations and activities	20,179	23,918
Park operations and maintenance	84,263	79,649
Building operations and maintenance	26,079	23,569
Administration	153,898	139,437
Depreciation	75,699	74,001
<b>Total operating expenses</b>	<u>494,697</u>	<u>474,850</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(292,900)</u>	<u>(274,034)</u>
<b>NONOPERATING REVENUES</b>		
Property taxes	332,650	333,666
Specific ownership taxes	32,233	24,936
Jefferson County open space grant	300,000	-
Conservation trust fund entitlements	13,297	14,892
Net investment earnings	3,116	1,145
<b>Total nonoperating revenues</b>	<u>681,296</u>	<u>374,639</u>
<b>NONOPERATING EXPENSES</b>		
Loss on disposition of assets	5,800	-
County treasurer's collection fees	4,657	4,977
Pension expense related adjustment	36,690	21,217
<b>Total nonoperating expenses</b>	<u>47,147</u>	<u>26,194</u>
<b>CHANGE IN NET POSITION</b>	341,249	74,411
<b>NET POSITION - beginning of the year</b>	<u>985,079</u>	<u>910,668</u>
<b>NET POSITION - end of the year</b>	<u>\$ 1,326,328</u>	<u>\$ 985,079</u>

*The accompanying Notes to the Financial Statements are an integral part of these financial statements.*

**Columbine Knolls-Grove Metropolitan Recreation District**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 201,797	\$ 200,816
Payments to suppliers for goods and services	(208,599)	(223,692)
Payments to and on behalf of employees	<u>(185,500)</u>	<u>(176,058)</u>
<b>Net cash provided (used) by operating activities</b>	<u>(192,302)</u>	<u>(198,934)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Property taxes	332,650	333,666
Specific ownership taxes	32,233	24,936
County Treasurer's fees	<u>(4,657)</u>	<u>(4,977)</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>360,226</u>	<u>353,625</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
County Open Space Grant funds received	300,000	-
Conservation Trust Fund entitlements received	13,297	14,892
Acquisition of property and equipment	<u>(761,937)</u>	<u>(15,914)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(448,640)</u>	<u>(1,022)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earnings received	<u>3,116</u>	<u>1,145</u>
<b>Net cash provided (used) by investing activities</b>	<u>3,116</u>	<u>1,145</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(277,600)	154,814
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<u>587,733</u>	<u>432,919</u>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<u>\$ 310,133</u>	<u>\$ 587,733</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (292,900)	\$ (274,034)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	75,699	74,001
Changes in assets and liabilities:		
(Increase) decrease in:		
Prepaid expenses	(13,478)	-
Increase (decrease) in:		
Accounts payable for operating activities	<u>38,377</u>	<u>1,099</u>
Total adjustments	<u>100,598</u>	<u>75,100</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (192,302)</u>	<u>\$ (198,934)</u>

*The accompanying Notes to the Financial Statements are an integral part of these financial statements.*

## **Columbine Knolls-Grove Metropolitan Recreation District**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017 and 2016**

#### **Note 1 – Definition of reporting entity**

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was established to provide park and recreation facilities and programs for a community located in Jefferson County, Colorado.

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

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

#### **Note 2 – Summary of significant accounting policies**

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

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private business where net income and capital maintenance are appropriate determinations of accountability.

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

#### **Basis of Accounting**

The District's financial statements are reported using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets.

Grant proceeds for capital construction or acquisition are recognized as income when payment is received; except for matching entitlements from Jefferson County under

**Columbine Knolls-Grove Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS**

**(continued)**

**December 31, 2017 and 2016**

the Conservation Trust Fund/Open Space Grant Award, which are recognized in the year of entitlement.

**Operating revenues and expenses**

The District distinguishes between operating revenues and expenses from nonoperating items in the Statements of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from pool admission and membership fees and services in connection with the District's principal ongoing business of providing park and recreational facilities. The primary operating revenues are for charges to customers for pool admission, user fees, and membership fees. Operating expenses include the cost of pool, park and recreational facilities maintenance and operations, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Cash equivalents**

For purposes of the Statement of Cash Flows, the District considers cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition, to be cash equivalents.

**Property Taxes**

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

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

**Columbine Knolls-Grove Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS**

(continued)

December 31, 2017 and 2016

**Capital assets**

Capital assets include land, building, swimming pool, tennis courts, and recreation and other equipment. Capital assets are defined by the District as those assets with an initial, individual cost of \$1,000 or greater and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation or at the donor's cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Land improvements	5 to 40 years
Building, swimming pool and tennis courts	5 to 40 years
Recreation and other equipment	3 to 20 years

**Compensated absences**

Compensated absences are recorded as current salary when paid. It is the District's policy that compensated absences do not accumulate, therefore, no accrual is required.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires District management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**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 total appropriation can only be modified upon completion of notification and publication requirements.

**Columbine Knolls-Grove Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS**

(continued)

**December 31, 2017 and 2016**

**Note 3 – Cash and investments**

Cash and investments are reflected on the December 31, 2017 and 2016 Statements of Net Position as follows:

	2017	2016
Cash and cash equivalents	<u>\$ 258,793</u>	<u>\$ 550,191</u>
Cash and cash equivalents - restricted	<u>51,340</u>	<u>37,542</u>
Total cash and investments	<u><u>\$ 310,133</u></u>	<u><u>\$ 587,733</u></u>

Cash and investments as of December 31, 2017 and 2016, consist of the following:

Cash on hand	\$ 275	\$ 275
Deposits with financial institutions	282,763	108,479
Investments	<u>27,095</u>	<u>478,979</u>
Total cash and investments	<u><u>\$ 310,133</u></u>	<u><u>\$ 587,733</u></u>

At December 31, 2017 and 2016, the District's cash deposits had bank balances of \$287,056 and \$114,711, respectively, and carrying balances of \$282,763 and \$108,479, respectively.

**Deposits with financial institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2017 and 2016, the federal insurance limits were \$250,000. 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 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial credit risk - 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. The District has not adopted a deposit policy for custodial credit risk. As of December 31, 2017 and 2016, none of the District's bank balance was exposed to custodial credit risk, as amounts were either insured or collateralized.

**Columbine Knolls-Grove Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS**

(continued)

**December 31, 2017 and 2016**

**Investments**

The District's investment policy restricts investments to only those permitted by state statutes. Additionally, the District's policy is to hold investments until maturity.

The District primarily limits its investments to local government investments pools, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to custodial credit risk for investments that are in the possession of another party.

Colorado Revised Statutes limit investment maturities to three to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest including the following:

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

As of December 31, 2017 and 2016, the District had the following investments, recorded at fair value:

<u>Investment</u>	<u>Maturity</u>	<u>2017</u>	<u>2016</u>
Colorado Liquid Asset Trust (Colotrust)	Weighted average under 60 days	<u>\$ 27,095</u>	<u>\$ 478,979</u>

**Colotrust**

During 2017 and 2016, the District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities

**Columbine Knolls-Grove Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS**

(continued)

**December 31, 2017 and 2016**

Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**Note 4 – Capital assets**

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance at December 31, 2016	Increases	Decreases	Balance at December 31, 2017
Capital assets, not being depreciated				
Land	\$ 105,578	\$ -	\$ -	\$ 105,578
Capital assets being depreciated				
Land improvements	720,170	-	-	720,170
Building, swimming pool, tennis courts	1,074,710	916,597	72,517	1,918,790
Recreation and other equipment	187,138	-	-	187,138
Total capital assets being depreciated	<u>1,982,018</u>	<u>916,597</u>	<u>72,517</u>	<u>2,826,098</u>
Less accumulated depreciation for				
Land improvements	514,494	26,759		541,253
Building, swimming pool, tennis courts	798,864	36,115	66,717	768,262
Recreation and other equipment	124,140	12,825	-	136,965
Total accumulated depreciation	<u>1,437,498</u>	<u>75,699</u>	<u>66,717</u>	<u>1,446,480</u>
Total capital assets being depreciated, net	<u>544,520</u>	<u>840,898</u>	<u>5,800</u>	<u>1,379,618</u>
Total capital assets, net	<u>\$ 650,098</u>	<u>\$840,898</u>	<u>\$ 5,800</u>	<u>\$ 1,485,196</u>

**Columbine Knolls-Grove Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS**

(continued)

**December 31, 2017 and 2016**

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance at December 31, 2015	Increases	Decreases	Balance at December 31, 2016
Capital assets, not being depreciated				
Land	\$ 105,578	\$ -	\$ -	\$ 105,578
Capital assets being depreciated				
Land improvements	720,170	-	-	720,170
Building, swimming pool, tennis courts	1,065,618	9,092	-	1,074,710
Recreation and other equipment	180,261	6,877	-	187,138
Total capital assets being depreciated	<u>1,966,049</u>	<u>15,969</u>	<u>-</u>	<u>1,982,018</u>
Less accumulated depreciation for				
Land improvements	493,845	20,649		514,494
Building, swimming pool, tennis courts	760,278	38,586	-	798,864
Recreation and other equipment	109,374	14,766	-	124,140
Total accumulated depreciation	<u>1,363,497</u>	<u>74,001</u>	<u>-</u>	<u>1,437,498</u>
Total capital assets being depreciated, net	<u>602,552</u>	<u>(58,032)</u>	<u>-</u>	<u>544,520</u>
Total capital assets, net	<u>\$ 708,130</u>	<u>\$ (58,032)</u>	<u>\$ -</u>	<u>\$ 650,098</u>

Depreciation expense of \$75,699 and \$74,001 for the years ended December 31, 2017 and 2016, respectively, was charged to operations.

The District leases certain land from Jefferson County upon which landscaping and other improvements have been constructed. The lease agreement was dated October 26, 2004. The District spent \$10 for an initial 50-year term with a 50-year option for renewal.

**Note 5 – General Obligation Debt**

The District is not obligated in any manner for general obligation debt at December 31, 2017 and 2016, nor does it have any authorized, unissued debt.

**Note 6 – Grants and entitlements**

The District received \$300,000 for the year ended December 31, 2017 in a grant from Jefferson County Open Space Fund for the purpose of construction of a new building.

The District was entitled to \$13,297 and \$14,892 in Colorado State Lottery proceeds for the years ended December 31, 2017 and 2016, respectively, based upon a formula

**Columbine Knolls-Grove Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS**

(continued)

**December 31, 2017 and 2016**

considering population within the District. The funds are restricted, under the State Conservation Trust Fund (CTF) statutes, to acquisition, development and maintenance of parks and recreation facilities. The District did spend or plans to spend, all CTF proceeds for these purposes.

**Note 7 – Intergovernmental agreement**

The District entered into an Intergovernmental Tennis Agreement with Foothills Park and Recreation District (FPRD) on February 9, 2005. The initial agreement was to expire on December 31, 2005. The parties continued to honor the agreement without any formal written extension.

The District determines, charges and collects the fees for the tennis program and pays all of the expenses to administer the program. The parties split the net program profit with the District retaining 60 percent and FPRD receiving 40 percent. During 2014, the parties verbally agreed to adjust the percentages with the District retaining 80 percent of the net program profit and FPRD receiving 20 percent.

**Note 8 – Net position**

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2017 and 2016, the District had net investment in capital assets calculated as follows:

	2017	2016
Capital assets, not being depreciated	<u>\$ 105,578</u>	<u>\$ 105,578</u>
Capital assets, net	1,379,618	544,520
Net investment in capital assets	<u><u>\$1,485,196</u></u>	<u><u>\$ 650,098</u></u>

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2017 and 2016, the District had restricted net position as follows:

	2017	2016
Emergencies (Note 12)	<u>\$ 11,500</u>	<u>\$ 11,000</u>
Conservation trust funds	39,840	26,542
Total restricted net position	<u><u>\$ 51,340</u></u>	<u><u>\$ 37,542</u></u>

**Columbine Knolls-Grove Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS**

**(continued)**

**December 31, 2017 and 2016**

The District's unrestricted net position (deficit) as of December 31, 2017 and 2016 was (\$210,208) and \$297,439, respectively.

**Note 9 - Defined benefit pension plan - PERA**

The Columbine Knolls-Grove Metropolitan Recreation District (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. § 24-51-602, 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 then 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.

**Columbine Knolls-Grove Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS**

**(continued)**

**December 31, 2017 and 2016**

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.

Benefit recipients who elect to receive a lifetime retirement 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 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 1, 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 the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *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:

**Columbine Knolls-Grove Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS**

(continued)

**December 31, 2017 and 2016**

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017
	<hr/>	<hr/>
Employer Contribution Rate <sup>1</sup>	10.00%	10.00%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	(1.02%)	(1.02%)
Amount Apportioned to the LGDTF <sup>1</sup>	8.98%	8.98%
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411 <sup>1</sup>	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411 <sup>1</sup>	1.50%	1.50%
Total Employer Contribution Rate to the LGDTF <sup>1</sup>	<hr/> 12.68%	<hr/> 12.68%

<sup>1</sup> Rates are expressed as a percentage of salary as defined in C.R.S. § 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 the District were \$22,127 and \$20,386 for the years ended December 31, 2017 and December 31, 2016, respectively.

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

At December 31, 2017, the District reported a liability of \$369,628 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015.

Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District's proportion of the net pension liability was based on District contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2016, the District's proportion was 0.0274 percent, which was a decrease of 0.0023 percent from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the District recognized pension expense of \$58,843. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Columbine Knolls-Grove Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS**

(continued)

**December 31, 2017 and 2016**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 6,578	\$ -
Changes in assumptions or other inputs	26,218	1,069
Net difference between projected and actual earnings on pension plan investments	44,391	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	63	11,003
Contributions subsequent to the measurement date	22,127	-
<b>Total</b>	<b>\$ 99,377</b>	<b>\$ 12,072</b>

At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,452	\$ 11
Changes in assumptions or other inputs	-	5,985
Net difference between projected and actual earnings on pension plan investments	62,880	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,420	-
Contributions subsequent to the measurement date	20,386	-
<b>Total</b>	<b>\$ 87,138</b>	<b>\$ 5,996</b>

\$22,127 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 ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Columbine Knolls-Grove Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2017 and 2016**

<b>Year Ended December 31:</b>	
2018	\$ 33,930
2019	18,388
2020	12,439
2021	421
2022	-
Thereafter	-
<b>Total</b>	<b>\$ 65,178</b>

*Actuarial assumptions.* Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and were effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 - 10.45%
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	2.00%
PERA Benefit Structure Hired After December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

Mortality rates used in the December 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 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

**Columbine Knolls-Grove Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS**

**(continued)**

**December 31, 2017 and 2016**

economic assumption study, adopted by PERA's board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016 as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.

**Columbine Knolls-Grove Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2017 and 2016**

- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and 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 by the investment consultant 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 November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
<b>Total</b>	<b>100.00%</b>	

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 7.25 percent.

## **Columbine Knolls-Grove Metropolitan Recreation District**

### **NOTES TO FINANCIAL STATEMENTS**

**(continued)**

**December 31, 2017 and 2016**

*Discount Rate:* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

**Columbine Knolls-Grove Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2017 and 2016**

Based on the above assumptions and methods, 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 of 7.25 percent 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, and therefore, the discount rate is 7.25 percent. As of the prior measurement date, the GASB Statement No. 67 projection test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent.

*Sensitivity of the District's 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 7.25 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 one-percentage-point lower (6.25 percent) or one-percentage-point higher (8.25 percent) than the current rate for the years ended December 31, 2017 and December 31, 2016:

<b>December 31, 2017</b>	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	544,999	369,628	224,401

<b>December 31, 2016</b>	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	500,979	326,775	182,290

*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.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Note 10 - Postemployment 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 PERCare) 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

## Columbine Knolls-Grove Metropolitan Recreation District

### NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2017 and 2016

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 contribution to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2017, December 31, 2016, and December 31, 2015 the District's contributions to the HCTF was \$1,780, \$1,640 and \$1,718 respectively, equal to their required contributions for each year.

#### **Note 11 - Defined Contribution Pension Plan**

**Plan Description.** Employees of the District who are members of the LGDTF (see Note 9) may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available Annual Report for Colorado PERA's 401(k) and DC Plans. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

**Funding Policy.** The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$18,000 for the calendar year 2017 and 2016). In addition, catch-up contributions, up to \$6,000 for the calendar year 2017 and 2016, were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v). The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. For the year December 31, 2017 and 2016, the 401(k) Plan member contributions from the District were \$7,590 and \$7,345, respectively. The District did not match employee contributions during 2017 and 2016.

#### **Note 12 – Risk management**

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

The District was a member of the Colorado Special Districts Property and Liability Pool (POOL) as of December 31, 2017. The Pool is an organization created by intergovernmental agreement to provide property and general liability, public officials'

**Columbine Knolls-Grove Metropolitan Recreation District**

**NOTES TO FINANCIAL STATEMENTS**

**(continued)**

**December 31, 2017 and 2016**

liability, automobile, boiler and machinery, and workers compensation coverage to its members.

The District pays annual premiums to the Pool for liability, property, public officials, automobile, boiler and machinery, and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Settled claims have not exceeded coverage in any of the last three fiscal years.

**Note 13 – Tax, spending and debt limitations**

Article X, Section 20 of the Colorado constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which 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 District's management believes a significant portion of its operations qualifies for this exclusion.

Spending and revenue limits are determined based on the prior year's fiscal year spending as adjusted for allowable increases for inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless retention of such revenue has been approved by the voters.

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

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 and qualification as an Enterprise will require judicial interpretation.

In November 1995, the voters in the District approved an increase in the District's general operating mill levy, which was certified for collection in 1996. In May 1998, the voters in the District authorized the District to collect, retain and spend all revenue and other funds collected from ad valorem property taxes and any other revenue source, effective January 1, 1996, and continuing thereafter.

**REQUIRED SUPPLEMENTAL INFORMATION**

**COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
District's Proportion of the Net Pension Liability	0.0274%	0.0297%	0.0296%	0.0285%
District's Proportionate Share of the Net Pension Liability	369,628	326,775	265,264	234,332
District's Covered-Employee Payroll	160,775	168,470	162,168	151,921
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	229.90%	193.97%	163.57%	154.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.60%	76.90%	80.72%	77.66%

\*The amounts presented for each fiscal year were determined as of 12/31

**COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
DISTRICT CONTRIBUTIONS					
Contractually Required Contribution	\$ 22,127	\$ 20,386	\$ 21,362	\$ 20,563	\$ 19,263
Contributions in Relation to the Contractually Required Contribution	22,127	20,386	21,362	20,563	19,263
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	174,503	160,775	168,470	162,168	151,921
Contributions as a Percentage of Covered-Employee Payroll	12.68%	12.68%	12.68%	12.68%	12.68%

These schedules are presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.

**SUPPLEMENTAL INFORMATION**

**Columbine Knolls-Grove Metropolitan Recreation District**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS**

**For the Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Pool membership & related activity fees	\$ 137,500	\$ 137,500	\$ 143,914	\$ 6,414
Tennis membership & related activity fees	27,075	27,075	27,089	14
Other income	28,000	28,000	30,794	2,794
Property taxes	332,212	331,815	332,650	835
Specific ownership taxes	22,000	22,000	32,233	10,233
Jefferson County Open Space Grant	300,000	300,000	300,000	-
Conservation Trust Fund entitlements	13,500	13,500	13,297	(203)
Interest income	500	500	3,116	2,616
<b>Total revenues</b>	<u>860,787</u>	<u>860,390</u>	<u>883,093</u>	<u>22,703</u>
<b>Expenditures</b>				
Pool operations and activities	169,200	142,125	134,579	7,546
Tennis operations and activities	24,550	20,080	20,179	(99)
Administration	149,603	167,210	153,898	13,312
Building operations and maintenance	28,500	25,139	26,079	(940)
Park operations and maintenances	101,000	86,223	84,263	1,960
County Treasurer fees	5,000	4,667	4,657	10
Other	200	688	-	688
Capital outlay	153,100	968,847	916,597	52,250
Contingency	4,500	4,500	-	4,500
<b>Total expenditures</b>	<u>635,653</u>	<u>1,419,479</u>	<u>1,340,252</u>	<u>79,227</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	225,134	(559,089)	(457,159)	101,930
<b>Funds available - beginning of year</b>	<u>530,443</u>	<u>580,614</u>	<u>580,614</u>	<u>-</u>
<b>Funds available - end of year</b>	<u>\$ 755,577</u>	<u>\$ 21,525</u>	<u>\$ 123,455</u>	<u>\$ 101,930</u>

Funds available is computed as follows:  
 Current assets, less property taxes receivable  
 Current liabilities

\$ 323,611
<u>(200,156)</u>
<u>\$ 123,455</u>

**Columbine Knolls-Grove Metropolitan Recreation District**

**RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN NET POSITION**

**For the Year Ended December 31, 2017**

Revenues (budgetary basis)	<u>\$ 883,093</u>
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>883,093</u>
Expenditures (budgetary basis)	1,340,252
Depreciation and amortization	75,699
Loss on disposition of assets	5,800
Capital outlay	<u>(916,597)</u>
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	<u>505,154</u>
Nonbudgeted nonoperating income (expense)	
Pension expense related adjustment	<u>(36,690)</u>
Total nonbudgeted nonoperating income (expense)	<u>(36,690)</u>
Change in net position per Statement of Revenues, Expenses and Changes in Net Position	<u>\$ 341,249</u>

**Columbine Knolls-Grove Metropolitan Recreation District**

**FIVE YEAR SUMMARY OF ASSESSED VALUATION,  
MILL LEVY AND PROPERTY TAXES COLLECTED**

**December 31, 2017**

<b>Year Ended December 31,</b>	<b>Prior Year Assessed Valuation for Current Year Property Tax Levy</b>	<b>Mills Levied</b>	<b>Total Property Taxes</b>		<b>Percentage Collected to Levied</b>
			<b>Levied</b>	<b>Collected</b>	
2013	32,759,181	9.048	296,399	296,083	99.89%
2014	32,237,948	9.048	291,714	289,304	99.17%
2015	32,093,453	9.048	290,382	289,686	99.76%
2016	37,047,341	9.048	335,204	333,666	99.54%
2017	36,717,046	9.048	332,215	332,650	100.13%
Estimate for the Year ending December 31, 2018	\$ 40,227,404	9.048	363,978		

**NOTE:**

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.