



# HYLAND HILLS

## *Park & Recreation District*

ADAMS COUNTY, COLORADO



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June 8, 2018

Hyland Hills Park and Recreation District  
Adams County, Colorado

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEARS ENDED DECEMBER 31, 2017 AND 2016

Prepared by: Finance Department  
Michael Tilger  
Director of Finance  
[www.hylandhills.org](http://www.hylandhills.org)

**HYLAND HILLS PARK AND RECREATION DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the fiscal years ended December 31, 2017 and 2016**

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## Introductory Section

May 15, 2018

To the Citizens, and the Board  
of Directors of the Hyland Hills  
Park and Recreation District

We are pleased to submit this Comprehensive Annual Financial Report of the Hyland Hills Park and Recreation District, for the fiscal years ended December 31, 2017 and 2016. This report was prepared by the District's Finance Department. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the data presented is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations and cash flows of the various functions of the District. Additionally, the disclosures necessary to enable the reader to gain an understanding of the District's financial activities are included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the District's organizational chart, a list of principal officials and Government Finance Officers Association (GFOA) Certificate. The financial section includes the Management's Discussion and Analysis, the basic financial statements and the auditor's report of the financial statements. Governmental accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The statistical section includes select financial and demographic information generally presented on a multi-year basis.

This report includes all departments of the District. The District provides a full range of recreational services and facilities. These include: the Greg Mastriona Golf Courses at Hyland Hills and the related practice and concession facilities; Adventure Golf and Raceway, a 54-hole miniature golf and go-kart facility; the Donald E. VanArsdale Gymnastics Center; three outdoor public swimming pools; various recreational programs including athletics, youth programs and adult programs; an outdoor skate park; and Water World, the largest publicly owned waterpark in the United States. The District is also a partner with the City of Westminster in the operation of the MAC (Mature Adult Center), a recreational facility designed primarily for the use and enjoyment of our mature community members; the Carroll Butts Athletic Park which features an indoor sports arena; and the Ice Centre at the Promenade, a state-of-the-art triple surface ice skating facility. Additionally, the District maintains over 750 acres of public park facilities and supports each separate department with general administrative services.

## GENERAL INFORMATION

Hyland Hills Park and Recreation District was created in 1955 by legislation, which made Hyland Hills the first park and recreation district in the State of Colorado. Today, Hyland Hills encompasses approximately 23.5 square miles in southwest Adams County and serves a population of approximately 125,000 residents.

A Board of Directors, comprised of five elected officials, governs the District. These officials appoint an Executive Director, who is responsible for managing and operating the District.

## ECONOMIC CONDITION AND OUTLOOK

The Denver metro area has seen continued growth for several years now, and the District has been no exception. Our assessed valuation increased by \$5,325,060 for new construction comparable to last year, still a good sign that the economy is stable across the area. For a fifth consecutive year, the Colorado foreclosure rate declined. According to the Colorado Division of Housing, the 2017 foreclosure rate was down 7.8% from 2016, with the foreclosure sales number being the lowest it has been since 2007. Colorado unemployment in 2017 was 2.8%, lower than the national average of 4.4%, a trend that has been evident in Colorado over the past several years, which in turn leads us to believe once again the economy in Colorado, and more importantly in the Denver metro area, is robust.

## MAJOR INITIATIVES

During 2017, the District continued work on phase II of a major park development at the south end of our District: Clear Creek Valley Park. The park includes pavilions, a destination playground, a large turf area for outdoor sporting events, and a community garden. The District will continue to expand the park amenities over the upcoming years. Also in 2017, additional cabanas were constructed at Water World to accommodate the high demand from guests.

The Special District Association of Colorado awarded Hyland Hills with the SDA Collaboration Award for excellence in collaboration with other special districts, municipalities, and business and community partners at Clear Creek Valley Park. Water World was a winner of one of the top 10 outdoor water parks by USA Today's 10 best section, as well as #10 on Trip Advisor Travelers Choice Awards. Additionally, Water World won a TEA Award (Themed Entertainment Association) for the Warp Speed attraction. As well, Colorado Community Media, representing multiple local newspapers, awarded Hyland Hills its Best of the Best Awards in various categories: Best Swimming Pool for Water World; Best Family Entertainment Center for Adventure Golf and Raceway; Best Place to Play Golf for The Greg Mastriona Golf Courses at Hyland Hills; Best Nursery/DayCare for Hyland Hills Preschool. Additional awards were presented to Hyland Hills Water World by: World Waterpark Association (Al Turner Award for Excellence, Hyland Hills Communications Director Joann Cortez; and two Wave Review Awards).

## FINANCIAL INFORMATION

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

Per State Budget Law, the Board of Directors appoints staff to prepare the budget then subsequently reviews the budget and holds public hearings in the fall each year to approve the budget and appropriate funds. The District then monitors the budgetary process through the accounting system that includes built-in checks and balances for purchasing, timely recording of transactions, and routine reconciliation procedures and reporting across the District accounts. Included in the District control procedures are: segregation of authorization, collection and reconciliation functions at the Department level; limited access to all systems (i.e. accounting system, POS systems, IT systems, and others); and routine checks by staff to ensure the integrity of these systems.

As with any system, the inherent limitations of these systems require the District to review and monitor the weaknesses and errors, and react accordingly through revisions or change in structure of the controls. Management and employees are reminded of these controls and constant diligence on their part help in preventing and correcting weaknesses when reviewed.

Long Term Financial Plan. The District's principal investment objectives and long-term planning include, but are not limited to; preservation of capital and protection of investment principal, maintenance of sufficient liquidity to meet anticipated cash flows, and diversification to avoid incurring unreasonable market risks. The District policy states that certain investments cannot exceed a three year term, which helps maintain the overall liquidity of District assets. While keeping these objectives in mind, the District concentrates on conformance with all applicable District policies, and State and Federal regulations. The District continues to see low yields available for investments, but the top priority for the District continues to be security of the funds. Therefore, the District continues to hold various investments in multiple institutions to maximize the security and liquidity of these investments, along with searching for the best yields. Conversely, over the past several years, the District has taken advantage of the lower interest rates and made major capital improvements through lease purchases, and has continued to find new ways to refund or pay off debt to improve the overall position of District financials. In 2017, the District did not enter into any major long term debt, but continued to improve and replace capital items by paying cash. As a whole, the District continues to be fiscally responsible by finding ways to reduce expenses, while maximizing our revenue through great customer experiences.

## OTHER INFORMATION

Independent Audit. State statutes require an annual audit by independent certified public accountants. The Board of Directors has retained the accounting firm of *RubinBrown LLP*, for this purpose. The auditors' opinion is included in this report.

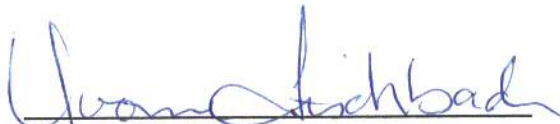
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Hyland Hills Park and Recreation District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2016. This was the 23<sup>rd</sup> consecutive year that Hyland Hills Park and Recreation District has received this award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

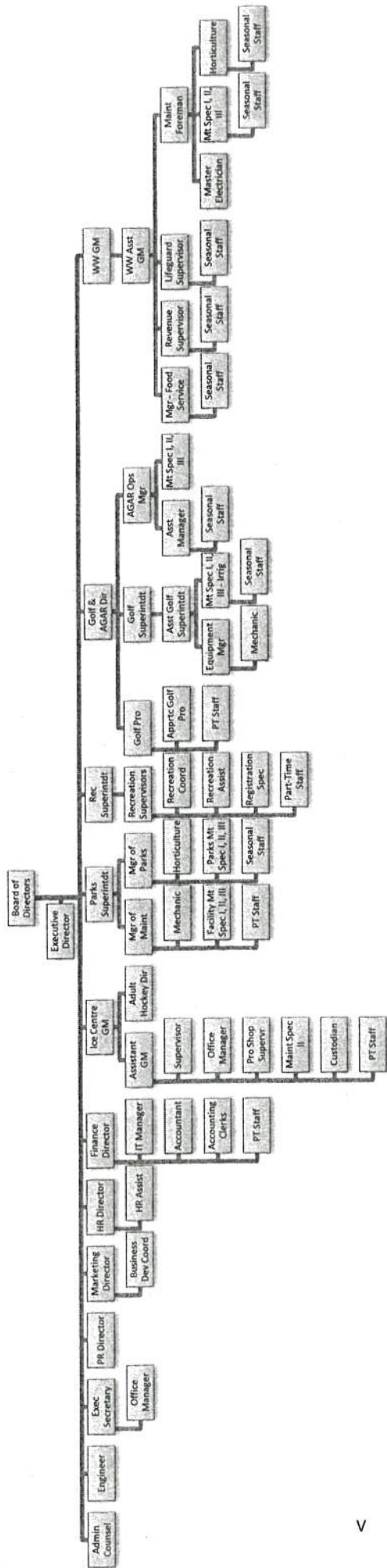
Acknowledgments. We wish to express appreciation to the entire staff of the Hyland Hills Finance Department for their dedication and support in the preparation of the Comprehensive Annual Financial Report. Sincere appreciation also goes out to the staff of *RubinBrown LLP*, whose assistance in the preparation of the financial statements and performance of the audit continue to be both knowledgeable and professional. Finally, we wish to thank the Board of Directors for their interest, support and direction in the financial affairs of the District. Their continuing involvement has enabled Hyland Hills to remain one of the most progressive and successful park and recreation districts in the country.

Sincerely,

  
Yvonne Fischbach  
Executive Director

  
Michael Tilger  
Director of Finance

# Hyland Hills Park & Recreation District Organizational Chart December 2017



**HYLAND HILLS PARK and RECREATION DISTRICT  
PRINCIPAL OFFICIALS  
December 31, 2017**

**Board of Directors**

President.....	Thomas Lynch
Vice President.....	Lori Mirelez
Treasurer.....	Robert Landgraf, Jr.
Secretary.....	Nicholas McCoy
Assistant Secretary.....	Christopher Dittman

**Administrative Staff**

Executive Director.....	Yvonne Fischbach
Administrative Counsel.....	Richard Fuller
Director of Communications.....	Joann Cortez
Director of Finance.....	Michael Tilger
Director of Golf/Adventure Golf Managing Director.....	Allen Brown
Director of Human Resources.....	Lisa Zaragoza
Director of Marketing.....	Justin Schuvie
District Engineer.....	Harlan Bryant
Ice Centre/Water World Managing Director.....	Mike Shelton
Parks Superintendent.....	Doug Bishard
Recreation Superintendent.....	Joe Demers



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Hyland Hills Park  
and Recreation District  
Colorado**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO

## Financial Section



RubinBrown LLP  
Certified Public Accountants  
& Business Consultants

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## Independent Auditors' Report

Board of Directors  
Hyland Hills Park and Recreation District  
Federal Heights, Colorado

### Report On The Financial Statements

We have audited the accompanying financial statements of the Hyland Hills Park and Recreation District (the District) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis Of Matter***

As discussed in Note 18 to the financial statements, the 2016 District financial statements have been restated to correct a misstatement with grant revenues. Our opinion is not modified with respect to these matters.

***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 3 - 7 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, 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.

***Other Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the budgetary comparison schedule and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule is the responsibility of management and was derived from and relates 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 schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*RubinBrown LLP*

May 11, 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the financial performance of the Hyland Hills Park and Recreation District (the District) provides an overview of the District's financial activities for the fiscal year ended December 31, 2017. Please read in conjunction with the transmittal letter at the beginning of this Comprehensive Annual Financial Report, and the financial statements and accompanying notes.

### FINANCIAL HIGHLIGHTS

- The District's net fund position increased by \$5,520,945 or 11.7 %.
- During the year, the District's operating revenues decreased by \$664,863 or 2.8% and operating expenses decreased by \$433,731, or 2.1%.
- Water World revenues decreased by \$804,851, mainly due to a drop in attendance, while expenditures decreased by \$317,707 in 2017.
- Adventure Golf had an average attendance year and revenues increased by \$146,892, while expenses increased by \$5,961.
- Revenues at the Greg Mastriona Golf Courses at Hyland Hills increased by \$190,373, while expenses increased by \$122,991. These figures are inclusive of the golf concessions operations.

### USING THIS FINANCIAL REPORT

This annual financial report consists of three parts:

- Management's Discussion and Analysis
- Financial Statements
- Statistical Information

The financial statements also include notes that provide additional information to some of the information in the financial statements.

### REQUIRED FINANCIAL STATEMENTS

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

#### Balance Sheet

The Balance Sheet provides information about the nature and amounts of investments in resources (assets) and obligations to District creditors (liabilities). The Balance Sheet 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 its 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 Balance Sheet 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 fund position and annual changes in net fund position. Over time, increases or decreases in the District's net fund position are one indicator 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.

## BALANCE SHEET

As part of our analysis, we provide a summary of the District's Balance Sheet as presented below.

### Summarized Balance Sheet

	<u>2017</u>	<u>Change From 2016</u>	<u>2016</u>	<u>Change From 2015</u>	<u>2015</u>
Current Assets	\$ 24,962,038	\$ 3,491,506	\$ 21,470,532	\$ 3,694,932	\$ 17,775,600
Capital Assets	57,586,128	(369,003)	57,955,131	6,155,957	51,799,174
Other Assets	4,380,394	279,391	4,101,003	(1,368,674)	5,469,677
Total Assets	<u>86,928,560</u>	<u>3,401,894</u>	<u>83,526,666</u>	<u>8,482,215</u>	<u>75,044,451</u>
Deferred Outflows of Resources	1,439,345	(354,657)	1,794,002	1,275,516	518,486
Total Assets and Deferred Outflows of Resources	<u>88,367,905</u>	<u>3,047,237</u>	<u>85,320,668</u>	<u>9,757,731</u>	<u>75,562,937</u>
Current Liabilities	5,167,979	192,227	4,975,752	200,136	4,775,616
Long-term Liabilities	24,894,470	(3,422,547)	28,317,017	1,656,300	26,660,717
Total Liabilities	<u>30,062,449</u>	<u>(3,230,320)</u>	<u>33,292,769</u>	<u>1,856,436</u>	<u>31,436,333</u>
Deferred Inflows of Resources	5,709,289	756,612	4,952,677	2,437	4,950,240
Total Liabilities and Deferred Inflows of Resources	<u>35,771,738</u>	<u>(2,473,708)</u>	<u>38,245,446</u>	<u>1,858,873</u>	<u>36,386,573</u>
Net Investment in Capital Assets	30,708,462	2,720,530	27,987,932	5,281,489	22,706,443
Restricted	1,874,275	-	1,874,275	(1,695,900)	3,570,175
Unrestricted	20,013,430	2,800,415	17,213,015	4,313,269	12,899,746
Total Fund Net Position, Restated	<u>\$ 52,596,167</u>	<u>\$ 5,520,945</u>	<u>\$ 47,075,222</u>	<u>\$ 7,898,858</u>	<u>\$ 39,176,364</u>

As seen in the Balance Sheet summary, the District's net fund position increased by \$5,520,945 in 2017, which followed an increase of \$7,898,858 in 2016. Current assets increased \$3,491,506 from 2016, mainly due to an increase in investments, property tax receivables, and District year-end receivables. This followed an increase of current assets from 2015 to 2016 in the amount of \$3,694,932 a reflection of increased cash and investments, and an increase in year-end receivables. Liabilities and deferred inflows decreased by \$2,473,708 in 2017, which was a two-fold scenario: we decreased our long term liabilities with a full year of the 2016 bond refunding realized, and we decreased long term leases through a few leases being paid off. This compared to an increase of \$1,858,873 in 2016 due to a two-fold scenario: we increased our liabilities with the addition of a \$4.5 million lease, but reduced our bond debt through a major refunding.

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

## ACTIVITIES

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

	<u>2017</u>	<u>Change From 2016</u>	<u>2016</u>	<u>Change From 2015</u>	<u>2015</u>
Operating Revenues					
Fees and Charges	\$ 22,730,219	\$ (585,181)	\$ 23,315,400	\$ 419,171	\$ 22,896,229
Conservation Trust Fund	614,479	(65,133)	679,612	105,101	574,511
Other	63,022	(14,549)	77,571	17,630	59,941
Non-operating Revenues					
Taxes	5,435,297	81,982	5,353,315	372,813	4,980,502
Interest Income	122,508	66,809	55,699	27,899	27,800
Gain(Loss) on Sale of Capital Assets	30,000	(126,152)	156,152	154,652	1,500
Capital Grants and Contributions	1,232,889	(2,031,643)	3,264,532	1,793,118	1,471,414
Income from Joint Venture	319,045	(53,885)	372,930	58,824	314,106
	<u>30,547,459</u>	<u>(2,727,752)</u>	<u>33,275,211</u>	<u>2,949,208</u>	<u>30,326,003</u>
Total Revenues					
Operating Expense	19,954,437	(433,731)	20,388,168	(125,837)	20,514,005
Depreciation	3,781,113	32,590	3,748,523	235,564	3,512,959
Interest Expense	1,290,964	51,302	1,239,662	(236,496)	1,476,158
	<u>25,026,514</u>	<u>(349,839)</u>	<u>25,376,353</u>	<u>(126,769)</u>	<u>25,503,122</u>
Total Expenses					
Change in Net Fund Position	5,520,945	(2,377,913)	7,898,858	3,075,977	4,822,881
Beginning Net Fund Position	<u>47,075,222</u>	<u>7,898,858</u>	<u>39,176,364</u>	<u>4,822,881</u>	<u>34,353,483</u>
Ending Net Fund Position, Restated	<u>\$ 52,596,167</u>	<u>\$ 5,520,945</u>	<u>\$ 47,075,222</u>	<u>\$ 7,898,858</u>	<u>\$ 39,176,364</u>

As displayed above, in 2017, the District's ending net fund position increased by \$5,520,945 from 2016 to 2017, an increase of 11.7% primarily due to District's goal to continue reducing debt and controlling expenses. This percentage was less than the increase of \$7,898,858 between 2016 and 2015, an increase of 20.1%, a result of consistent operations and controlling expenses over the past few years, and also due to a restatement of grants in 2016.

The Greg Mastriona Golf Courses at Hyland Hills had slight increase in revenues in 2017 compared to 2016, due to stronger golf concessions sales, a better than average winter weather season, and continued strategic marketing of open tee time sales. These factors were evident in the increase shown in revenues from 2015 to 2016 as well.

Adventure Golf had a very solid operating revenue year in 2017 due to increased revenue, but controlled expenses to approximately the same amount as 2016. This followed an increase in revenues from 2015 to 2016 as well, attributed to a new attraction and strategic ticket marketing in 2016.

Total District operating expenses decreased slightly in 2017 compared to 2016 as the District continues to repair aging facilities, but still continuing to be expense conscious. This followed the same trend as 2015 to 2016 as the District continues each year to tackle the task of repairing and maintaining the District facilities in the most cost efficient manner.

## CAPITAL ASSETS

At December 31, 2017, the District had over \$57.5 million invested in a broad range of capital assets, net of accumulated depreciation. This figure remained constant as the District completed various construction in progress and with depreciation virtually remaining the same. The following schedule summarizes the District's capital assets, and changes from 2015 to 2016, and 2016 to 2017:

Summary of Capital Assets	Change		Change		2015
	2017	From 2016	2016	From 2015	
Buildings	\$ 20,559,377	\$ 34,498	\$ 20,524,879	\$ 949,676	\$ 19,575,203
Improvements and Land/Water Shares	84,552,990	2,090,735	82,462,255	11,501,470	70,960,785
Equipment and Furnishings	22,387,917	453,640	21,934,277	264,710	21,669,567
Construction in Progress	571,540	361,661	209,879	(3,240,491)	3,450,370
Total Capital Assets	128,071,824	2,940,534	125,131,290	9,475,365	115,655,925
Less Accumulated Depreciation	(70,485,696)	(3,309,537)	(67,176,159)	(3,319,408)	(63,856,751)
Net Capital Assets	\$ 57,586,128	\$ (369,003)	\$ 57,955,131	\$ 6,155,957	\$ 51,799,174

The District had a few minor construction projects still in progress at the end of 2017: a refurbish project to remove and replace the slides at Thrill Hill at Water World, and finishing a small section of Clear Creek Valley Park. Additional information for the District's Capital Assets is contained in note 4 on pages 18-19.

## DEBT ADMINISTRATION

At year-end, the District had \$6,551,752 in outstanding Lease Obligations, which reflects a decrease from the previous year, as the District leases continue to be paid off. In addition, the District had \$20,505,000 in Bonds Payable at the end of 2017, which was comprised of \$14,280,000 in Revenue Bonds and \$6,225,000 in General Obligation Bonds. Additional information for both the bonds and leases are contained in notes 7 and 8 on pages 22 - 29 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

The Board of Directors considers many factors when setting the District's 2018 budget, including user fees and charges. The Board of Directors has appropriated funds for 2018 compared to 2017 and 2016 appropriations as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>			
Fees and Charges	\$ 26,417,100	\$ 26,675,640	\$ 31,755,030
Conservation Trust Fund	500,000	500,000	500,000
Taxes	6,126,289	5,324,677	5,314,240
Interest Income	89,000	40,500	22,000
Bond/Lease Proceeds			
Other	<u>93,000</u>	<u>92,000</u>	<u>82,000</u>
<b>Total Revenues</b>	<u><u>33,225,389</u></u>	<u><u>32,632,817</u></u>	<u><u>37,673,270</u></u>
<b>Expenses</b>			
Operating Expenses	25,460,321	25,399,828	25,524,421
Conservation Trust Fund	500,000	500,000	500,000
Capital Outlay	477,000	1,247,272	7,737,800
Debt Service	3,097,368	3,092,238	3,224,643
Reserves and Contingencies	17,483,459	16,895,282	14,261,608
Other			
<b>Total Expenses</b>	<u><u>\$ 47,018,148</u></u>	<u><u>\$ 47,134,620</u></u>	<u><u>\$ 51,248,472</u></u>

In setting the District's 2018 budget, the economy continues to be the major concern.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Michael Tilger, Director of Finance, at the following:

Hyland Hills Park and Recreation District  
 8801 N. Pecos St.  
 Federal Heights, CO 80260  
 303-428-7488  
[mtilger@hylandhills.org](mailto:mtilger@hylandhills.org)

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**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

**BALANCE SHEET  
DECEMBER 31, 2017 AND 2016**

As Restated

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
	2017	2016
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents (Note 3)	\$ 6,848,688	\$ 7,025,114
Investments (Note 3)	10,270,475	6,556,693
Accounts Receivable (Note 18)	174,654	70,699
Grant Receivable (Note 18)	1,027,892	1,991,302
Due from Ice Centre (Note 6)	294,515	261,678
Prepaid Expense	307,432	309,476
Property Taxes Receivable	5,749,291	4,982,625
Inventories	289,091	272,945
Total Current Assets	24,962,038	21,470,532
<b>NONCURRENT ASSETS</b>		
Capital Assets - Net of Accumulated Depreciation (Note 4)	57,586,128	57,955,131
Investments - Restricted (Notes 3 & 5)	1,874,275	1,874,275
Investment in Joint Venture	2,506,119	2,226,728
Total Noncurrent Assets	61,966,522	62,056,134
Total Assets	86,928,560	83,526,666
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding	1,439,345	1,794,002
Total Assets and Deferred Outflows of Resources	88,367,905	85,320,668
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	1,305,192	1,347,208
Accrued Interest Payable	42,051	47,240
Leases Payable - Current Portion (Note 7)	945,967	1,052,611
Bonds Payable - Current Portion (Note 8)	2,476,580	2,391,580
Unearned Revenue-Other	398,189	137,113
Total Current Liabilities	5,167,979	4,975,752
<b>LONG-TERM LIABILITIES</b>		
Leases Payable (Note 7)	5,605,785	6,551,752
Bonds Payable (Note 8)	19,288,685	21,765,265
Total Long-Term Liabilities	24,894,470	28,317,017
Total Liabilities	30,062,449	33,292,769
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unearned Revenue-Property Taxes	5,709,289	4,952,677
Total Liabilities and Deferred Inflows of Resources	35,771,738	38,245,446
<b>FUND NET POSITION</b>		
Net Investment in Capital Assets	30,708,462	27,987,932
Restricted for:		
Debt Service (Note 5) (expendable)	1,874,275	1,874,275
Unrestricted	20,013,430	17,213,015
Total Fund Net Position, Restated	52,596,167	47,075,222
Total Liabilities, Deferred Inflows of Resources, and Fund Net Position, Restated	\$ 88,367,905	\$ 85,320,668

The accompanying notes are an integral  
part of the financial statements

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

		As Restated
OPERATING REVENUES	2017	2016
Fees and Charges Pledged as Security for Revenue Bonds	\$ 22,687,442	\$ 23,269,480
Fees and Charges	42,777	45,920
Conservation Trust Fund	614,479	679,612
Other	63,022	77,571
	<u>23,407,720</u>	<u>24,072,583</u>
Total Operating Revenues		
OPERATING EXPENSES		
General and Administrative	3,611,350	3,768,060
Parks	1,678,869	1,722,694
Golf Course and Pro Shop	1,945,417	1,808,811
Recreation	2,049,101	2,061,081
Swimming Pools and Aquatics	191,678	197,322
Carroll Butts Athletic Park	292,411	299,611
Golf Course Concessions	233,678	247,293
Water World	8,582,478	8,900,185
Adventure Golf	1,312,829	1,306,868
Conservation Trust Fund	56,626	76,243
	<u>19,954,437</u>	<u>20,388,168</u>
Total Operating Expenses		
INCOME FROM OPERATIONS BEFORE DEPRECIATION	3,453,283	3,684,415
Depreciation (Note 4)	<u>(3,781,113)</u>	<u>(3,748,523)</u>
NET LOSS FROM OPERATIONS	<u>(327,830)</u>	<u>(64,108)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Expense	(1,290,964)	(1,239,662)
Taxes	5,435,297	5,353,315
Interest Income	122,508	55,699
Income from Joint Venture (Note 6)	319,045	372,930
Gain(Loss) on Sale of Capital Assets	30,000	156,152
Total Non-Operating Revenues (Expenses)	<u>4,615,886</u>	<u>4,698,434</u>
Income Before Capital Grants and Contributions	<u>4,288,056</u>	<u>4,634,326</u>
Capital Grants and Contributions (Note 18)	<u>1,232,889</u>	<u>3,264,532</u>
CHANGE IN FUND NET POSITION	5,520,945	7,898,858
FUND NET POSITION, Beginning of Year	<u>47,075,222</u>	<u>39,176,364</u>
FUND NET POSITION, End of Year, Restated	<u>\$ 52,596,167</u>	<u>\$ 47,075,222</u>

The accompanying notes are an integral  
part of the financial statements

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	As Restated	
	2017	2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash Received From Customers	\$ 22,917,525	\$ 23,988,264
Cash Payments for Operations and Supplies for Goods and Services	(10,234,184)	(10,662,525)
Cash Payments to Employees	(9,719,745)	(9,986,813)
Conservation Trust Fund Income	614,479	679,612
Conservation Trust Fund Expense	(56,626)	(76,243)
Net Cash Provided by Operating Activities	3,521,449	3,942,295
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Property Taxes	5,425,243	5,352,685
Net Cash Provided by Non-Capital Financing Activities	5,425,243	5,352,685
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest Paid on Bonds and Leases	(1,073,076)	(1,035,427)
Acquisition of Capital Assets	(3,412,110)	(9,942,558)
Proceeds From Sale of Capital Assets	30,000	194,230
Lease Proceeds Received		4,500,000
Bond Proceeds Received		15,030,000
Capital Grants and Contributions	2,196,299	1,273,230
Lease Principal Payments Made During the Year	(1,052,611)	(1,208,364)
Bond Principal Payments Made During the Year	(2,260,000)	(17,200,000)
Net Cash Used for Capital and Related Financing Activities	(5,571,498)	(8,388,889)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	3,186,000	7,244,000
Purchase of Investments	(6,899,783)	(8,118,422)
Interest on Investments	122,508	55,699
Distribution from/to Ice Centre	39,655	45,704
Net Cash Used for Investing Activities	(3,551,620)	(773,019)
Net Increase (Decrease) in Cash and Cash Equivalents	(176,426)	133,072
Cash and Cash Equivalents, Beginning of Year	7,025,114	6,892,042
Cash and Cash Equivalents, End of Year	\$ 6,848,688	\$ 7,025,114

The accompanying notes are an integral  
part of the financial statements

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2017	As Restated 2016
Operating (Loss)	\$ (327,830)	\$ (64,108)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	3,781,113	3,748,523
Changes in Assets and Liabilities		
Receivables	(103,955)	622,985
Due to/from Ice Centre	(32,837)	(43,834)
Inventories	(16,146)	(28,705)
Prepaid Expense	2,044	(7,694)
Accounts Payable	(42,016)	(301,014)
Unearned Revenue	261,076	16,142
Net Cash Provided by Operating Activities	3,521,449	3,942,295
 NON-CASH TRANSACTIONS		
Income from Joint Venture	\$ 319,045	\$ 372,930

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The accompanying notes are an integral  
part of the financial statements

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Hyland Hills Park and Recreation District's (the District) mission is to provide the finest recreational services and park facilities for the residents of its district.

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 physical plant facilities required to provide these services are financed from existing cash resources, the issuance of bonds, and other District funds.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION**

The District's funds are accounted for using the economic resources measurement focus and the accrual basis of accounting; accordingly, revenues are recognized when earned and measurable, and expenses are recognized in the period incurred.

Operating revenues are those revenues generated directly from the primary activities of the District. Operating expenses are necessary costs to provide these goods or services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Merchandise inventory held for resale is recorded at cost using the FIFO (first-in, first-out) method of valuation.

Investments are recorded at fair value.

For purposes of the statement of cash flows, the District considers all highly liquid investments with an original maturity of 90 days or less (including restricted assets) when purchased to be cash equivalents.

The preparation of the Financial Statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The District believes that the techniques and assumptions used in establishing these estimates are appropriate.

**COMPENSATED ABSENCES**

The District provides annual paid vacation leave for all eligible employees. Vacation leave accrued during the first year of District employment may not be taken until the completion of one year's continuous service.

Regular full-time employees accrue sick leave at a rate of one day per month with an unlimited accumulation. Sick leave accumulated in excess of fifty days may be exchanged for special vacation leave at the rate of two days sick leave for one day special vacation leave only after meeting certain criteria.

The District provides that a regular full-time employee may be granted a personal leave of absence with pay up to four days within one calendar year. Per District policy, there are no accrued compensated absences and no time carried forward to subsequent years, therefore, no liability is recorded.

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY TAXES

Adams County Treasurer's Office collects property taxes and remits to the District, on a monthly basis, the District's portion of the property taxes based on the District's mill levy.

Annual property taxes are levied by the Adams County Assessor's office on assessed valuation as of January 1, and attached as an enforceable lien on the property at that time. Taxpayers may pay property taxes in two equal installments. One-half of the taxes due will become delinquent March 1, after which date interest will be added as provided by law. The remaining half will become delinquent June 16. If the entire annual tax is paid on or before April 30, no interest will be added.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources are recorded at December 31. As the tax is collected in the succeeding year, the unearned revenue is recognized as revenue, and the receivable is reduced.

CAPITAL ASSETS

Purchased capital assets are recorded at cost. Donated capital assets are recorded at acquisition value at date of transfer. Interest on constructed assets is expensed, not capitalized. Assets with a value of greater than \$5,000 are capitalized and depreciated over the estimated useful life using the straight line method.

Buildings	20 - 50 years
Improvements Other than Buildings	10 - 30 years
Furniture and Equipment	5 - 10 years

LIABILITIES

Long-term liabilities of the District consisting of capitalized leases, revenue obligations, and general obligations are recorded in the enterprise fund. Principal and accrued interests are recorded as liabilities and are reduced as payments are made. Amounts recorded as "current portion" represent principal payable within one year and are reclassified into current portion each year.

BUDGET PROCESS

The District adopts an annual budget at the end of each year for the following calendar year. All appropriations are adopted by the District at the department level.

Unused appropriations expire (lapse) at year-end. Amendment to the budget through supplemental appropriations requires approval of the board of directors, publication of the public hearing dates and proposed supplemental appropriations, the holding of a public hearing, and the filing of the approved supplemental appropriations with the Colorado Division of Local Governments.

The District budgets on a non-GAAP basis. For budget purposes, bond and lease proceeds are considered revenues. Purchase of capital assets and principal payments of debt are shown as expenditures. Depreciation is not budgeted.

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of fund net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one item that qualifies for reporting in this category. It is the deferred charge on refunding reported on the balance sheet. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Property tax revenues that relate to a future period have been recorded as deferred inflows.

NOTE 2: THE REPORTING ENTITY

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

The District does not exercise such authority over any other entity, and therefore no other entities are included in the District's financial statements.

NOTE 3: CASH DEPOSITS AND INVESTMENTS

The cash deposits and investments consist of the following:

	2017	2016
Cash and Cash Equivalents	\$ 6,848,688	\$ 7,025,114
Certificates of Deposit	3,042,972	3,025,980
Colorado Government Liquid Asset Trust (ColoTrust)	9,101,778	5,404,988
Total Cash Deposits and Investments	\$ 18,993,438	\$ 15,456,082

The cash deposits and investment classifications as shown on the balance sheet are as follows:

	2017	2016
Cash and Cash Equivalents - Unrestricted	\$ 6,848,688	\$ 7,025,114
Investments - Unrestricted	10,270,475	6,556,693
Cash and Cash Equivalents - Restricted	1,874,275	1,874,275
Investments - Restricted	1,874,275	1,874,275
Total Cash Deposits and Investments	\$ 18,993,438	\$ 15,456,082

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

NOTE 3: CASH DEPOSITS AND INVESTMENTS (CONTINUED)

CASH DEPOSITS

The District's deposit and investment policy is to follow the Colorado Public Deposit Protection Act (PDPA) and state statute. 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 regulations. At December 31, 2017 and December 31, 2016, State Regulatory Commissioners have indicated that all financial institutions holding deposits for Hyland Hills Park and Recreation District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The institution is allowed 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 fair value of the collateral must be at least equal to 102% of the uninsured deposits.

	2017	
	BOOK	BANK
	BALANCE	BALANCE
Insured	\$ 1,250,000	\$ 1,250,000
Collateralized Deposits	8,605,621	8,606,420
Total Deposits	9,855,621	\$ 9,856,420
Cash on Hand	36,040	
Total Cash and Deposits	\$ 9,891,661	
	2016	
	BOOK	BANK
	BALANCE	BALANCE
Insured	\$ 1,250,000	\$ 1,250,000
Collateralized Deposits	8,776,598	8,820,875
Total Deposits	10,026,598	\$ 10,070,875
Cash on Hand	24,496	
Total Cash and Deposits	\$ 10,051,094	

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

NOTE 3: CASH DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS

The Board of Directors of the District requires that all investments of the District be made in accordance with its investment policy.

Colorado Statutes specify in which instruments the units of local governments may invest which include:

- Obligations of the United States and certain U.S. government agency's securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Investments in local government investment pools or in money market funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

The District's investments are categorized below to give an indication of the level of credit risk assumed. The District limits CD maturities to three years or less to reduce credit risk.

		2017		
		Carrying Amount	Maturities Up to 1 Year	Maturities More Than 1 Year
S&P				
Certificates of Deposit ColoTrust	No Rating	\$ 3,042,972	\$ 331,085	\$ 2,711,887
	AAAm	9,101,778	9,101,778	
		<u>\$ 12,144,750</u>	<u>\$ 9,432,863</u>	<u>\$ 2,711,887</u>
		2016		
		Carrying Amount	Maturities Up to 1 Year	Maturities More Than 1 Year
S&P				
Certificates of Deposit ColoTrust	No Rating	\$ 3,025,980	\$ 2,697,039	\$ 328,941
	AAAm	5,404,988	5,404,988	
		<u>\$ 8,430,968</u>	<u>\$ 8,102,027</u>	<u>\$ 328,941</u>

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

NOTE 3: CASH DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

The District has investments in 2017 and 2016 of \$9,101,778 and \$5,404,988, respectively, in Colorado Government Liquid Asset Trust (the Trust); an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. This trust operates similarly to a money market fund, and each share is equal in value to one dollar. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME is rated AAAM by Standard and Poor's. COLOTRUST PLUS+ is rated AAAM by Standard and Poor's and Fitch and Moody's. Both portfolios may invest in U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Financial statements are available at [www.colotrust.com](http://www.colotrust.com).

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 external investment pool (COLOTRUST) is valued using the NAV per share (or its equivalent) of the investments, which approximates fair value. COLOTRUST investments do not have any unfunded commitments, redemption restrictions or redemptions notice period.

NOTE 4: SUMMARY OF CHANGES IN CAPITAL ASSETS

The changes in capital assets for 2017 are as follows:

	Balance 1/1/2017	Additions	Retirements	Completed Construction	Balance 12/31/2017
<b>Capital Assets, Not Being Depreciated:</b>					
Land/Water Shares	\$ 4,551,193	\$ 218,792	\$	\$	\$ 4,769,985
Construction in Progress	209,879	432,550		(70,889)	571,540
<b>Capital Assets, Being Depreciated:</b>					
Buildings	20,524,879	34,498			20,559,377
Improvements Other than Buildings	77,911,062	1,808,738		63,205	79,783,005
Equipment and Furnishings	21,934,277	917,532	(471,576)	7,684	22,387,917
Total Capital Assets	<u>125,131,290</u>	<u>3,412,110</u>	<u>(471,576)</u>		<u>128,071,824</u>
<b>Accumulated Depreciation:</b>					
Buildings	(10,195,336)	(516,178)			(10,711,514)
Improvements Other than Buildings	(43,238,345)	(2,258,407)			(45,496,752)
Equipment and Furnishings	(13,742,478)	(1,006,528)	471,576		(14,277,430)
Total Accumulated Depreciation	<u>(67,176,159)</u>	<u>(3,781,113)</u>	<u>471,576</u>		<u>(70,485,696)</u>
Net Capital Assets	<u>\$ 57,955,131</u>	<u>\$ (369,003)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 57,586,128</u>

Depreciation expense for the year ended December 31, 2017 was \$3,781,113.

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

NOTE 4: SUMMARY OF CHANGES IN CAPITAL ASSETS (CONTINUED)

The changes in capital assets for 2016 are as follows:

	Balance 1/1/2016	Additions	Retirements	Completed Construction	Balance 12/31/2016
Capital Assets, Not Being Depreciated:					
Land/Water Shares	\$ 4,472,853	\$ 78,340	\$	\$	\$ 4,551,193
Construction in Progress	3,450,370	172,536		(3,413,027)	209,879
Capital Assets, Being Depreciated:					
Buildings	19,575,203	949,676			20,524,879
Improvements Other than Buildings	66,487,932	8,080,390	(70,287)	3,413,027	77,911,062
Equipment and Furnishings	21,669,567	661,616	(396,906)		21,934,277
Total Capital Assets	<u>115,655,925</u>	<u>9,942,558</u>	<u>(467,193)</u>		<u>125,131,290</u>
Accumulated Depreciation:					
Buildings	(9,690,286)	(505,050)			(10,195,336)
Improvements Other than Buildings	(41,109,898)	(2,196,734)	68,287		(43,238,345)
Equipment and Furnishings	(13,056,567)	(1,046,739)	360,828		(13,742,478)
Total Accumulated Depreciation	<u>(63,856,751)</u>	<u>(3,748,523)</u>	<u>429,115</u>		<u>(67,176,159)</u>
Net Capital Assets	<u>\$ 51,799,174</u>	<u>\$ 6,194,035</u>	<u>\$ (38,078)</u>	<u>\$</u>	<u>\$ 57,955,131</u>

Depreciation expense for the year ended December 31, 2016 was \$3,748,523.

NOTE 5: RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments represents debt proceeds and funds set aside for payment of debt and specific purposes as outlined below:

	2017	2016
2010 Revenue Bond Reserve	\$ 371,275	\$ 371,275
2016-A Special Revenue Refunding Bond Reserve	1,013,500	1,013,500
2016-B Special Revenue Refunding Bond Reserve	<u>489,500</u>	<u>489,500</u>
Total Restricted Cash and Investments	<u>\$ 1,874,275</u>	<u>\$ 1,874,275</u>

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

NOTE 6: JOINT VENTURE

The District is a partner in an intergovernmental agreement with the City of Westminster to jointly operate a three sheet Ice Skating Facility, The Ice Centre at the Promenade. The facility serves more than 400,000 people each year for ice skating programs including figure skating and hockey.

The City of Westminster, through its building authority, financed and constructed the project in 1998. The District operates the facility pursuant to a sub-lease which calls for the District to make lease payments to the City equivalent to one-half of the rental obligation due to the City's building authority. The agreement entitles the District to an undivided fifty percent interest in the Ice Centre, which in the event of default, would be reduced by two percent for each year the lease obligation was not met. The District and the City each receive one-half of the net revenues received from the operation of the Ice Centre. See Note 14 for further discussion.

Complete joint venture financial statements are maintained at the District's Administrative offices, located at 8801 N. Pecos St., Federal Heights, CO 80260.

BALANCE SHEET

	2017	2016
<b>CURRENT ASSETS</b>		
Inventories	\$ 177,338	\$ 184,606
Prepaid Expense		133,392
Total Current Assets	177,338	317,998
<b>CAPITAL ASSETS</b>		
Capital Assets - Net of Accumulated Depreciation	8,981,935	9,026,068
Total Capital Assets	8,981,935	9,026,068
<b>OTHER ASSETS</b>		
Capital Replacement Reserve Fund	314,021	313,392
Reserve Fund - Certificates of Participation	995,000	995,000
Total Other Assets	1,309,021	1,308,392
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding	65,378	78,454
Total Deferred Outflows of Resources	65,378	78,454
Total Assets and Deferred Outflows of Resources	10,533,672	10,730,912
<b>LIABILITIES</b>		
Due to District	294,515	261,678
Due to City	53,673	85,881
Premium on Certificates of Participation	33,248	39,898
Certificates of Participation Payable	5,140,000	5,890,000
Total Liabilities	5,521,436	6,277,457
<b>FUND NET POSITION</b>		
Retained Earnings	7,291,378	6,653,288
Disbursement of equity to partners	(2,279,142)	(2,199,833)
Total Fund Net Position	5,012,236	4,453,455
Total Liabilities and Fund Net Position	\$ 10,533,672	\$ 10,730,912

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

NOTE 6: JOINT VENTURE (CONTINUED)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

REVENUES	2017	2016
Operating Revenues	\$ <u>3,540,283</u>	\$ <u>3,371,769</u>
Total Operating Revenues	<u>3,540,283</u>	<u>3,371,769</u>
EXPENSES		
Operating Expenses	2,352,620	2,063,061
Interest Expense - Certificates of Participation	213,738	235,017
Depreciation Expense	<u>335,834</u>	<u>327,832</u>
Total Operating Expenses	<u>2,902,192</u>	<u>2,625,910</u>
Operating Net Income	<u>638,091</u>	<u>745,859</u>
NET INCOME	<u>\$ 638,091</u>	<u>\$ 745,859</u>

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**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

NOTE 7: CAPITALIZED LEASES PAYABLE

The District is a lessee in several lease/purchase agreements.

A summary of future minimum lease payments follows:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
2009 Thunder Bay Lease	\$ 131,672	\$ 124,618	\$	\$
2011 Golf Clubhouse Lease	144,290	144,290	144,290	144,289
2013 Gen. Lease Equipment				
2013 Ent. Lease Equipment				
2013 Golf Irrigation Lease	119,938	119,938	119,938	119,938
2014 Golf Irrigation Lease	240,465	240,465	240,465	240,465
2016 WW Ride/GC Irrigation Lease	<u>520,108</u>	<u>520,108</u>	<u>520,108</u>	<u>520,108</u>
Totals	<u>\$ 1,156,473</u>	<u>\$ 1,149,419</u>	<u>\$ 1,024,801</u>	<u>\$ 1,024,800</u>

The rate of interest for each capital lease obligation follows:

2009 Thunder Bay Lease	[1]
2011 Golf Clubhouse Lease	3.50%
2013 Gen. Lease Equipment	2.15%
2013 Ent. Lease Equipment	2.15%
2013 Golf Irrigation Lease	3.45%
2014 Golf Irrigation Lease	3.49%
2016 WW Ride/GC Irrig. Lease	2.84%

[1] The interest rate on this lease is tied directly to the 10 year treasury note and adjusted every 2 years, but has a set minimum and maximum rate based on prime rate at the time of lease inception.

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

<u>2022</u>	<u>2023-2025</u>	<u>Total</u>	<u>Less Imputed Interest</u>	<u>12/31/2017 Net Present Value of Capitalized Leases</u>	<u>12/31/2016 Net Present Value of Capitalized Leases</u>
\$	\$	\$	\$	\$	\$
		256,290	(21,162)	235,128	352,692
		577,159	(47,171)	529,988	651,475
		-		-	24,385
		-		-	107,637
119,938	119,941	719,631	(79,482)	640,149	734,740
240,465	480,933	1,683,258	(212,537)	1,470,721	1,653,432
<u>520,108</u>	<u>1,560,324</u>	<u>4,160,864</u>	<u>(485,098)</u>	<u>3,675,766</u>	<u>4,080,002</u>
<u>\$ 880,511</u>	<u>\$ 2,161,198</u>	<u>\$ 7,397,202</u>	<u>\$ (845,450)</u>	<u>\$ 6,551,752</u>	<u>\$ 7,604,363</u>

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

NOTE 7: CAPITALIZED LEASES PAYABLE (CONTINUED)

The amount of capital assets recorded under current capital lease obligations and related accumulated depreciation is as follows:

	2017	2016
2009 Thunder Bay Lease	\$ 1,184,058	\$ 1,184,058
2010 Golf Cart Lease	425,128	425,128
2011 Golf Clubhouse Lease	4,334,455	4,334,455
2012 Gen. Lease Equipment	154,281	154,281
2012 Ent. Lease Equipment	581,232	581,232
2013 Gen. Lease Equipment	119,604	119,604
2013 Ent. Lease Equipment	462,242	462,242
2013 Golf Irrigation Lease	1,639,544	1,639,544
2014 Golf Irrigation Lease	2,377,174	2,377,174
2016 WW Ride/GC Irrigation Lease	4,645,974	4,645,974
 Total Capital Assets Under Capital Lease Obligations	 15,923,692	 15,923,692
 Accumulated Depreciation	 (3,375,267)	 (2,604,612)
 Net Capital Assets Under Capital Lease Obligations	 \$ 12,548,425	 \$ 13,319,080

SUMMARY OF CHANGES IN CAPITAL LEASE OBLIGATIONS:

	2017				
Capital Leases	BALANCE 1/1/2017	ADDITIONS	RETIREMENTS	BALANCE 12/31/2017	AMOUNTS DUE WITHIN ONE YEAR
	\$ 7,604,363	\$	\$ 1,052,611	\$ 6,551,752	\$ 945,967
	<u>7,604,363</u>	<u>          </u>	<u>1,052,611</u>	<u>6,551,752</u>	<u>945,967</u>

	2016				
Capital Leases	BALANCE 1/1/2016	ADDITIONS	RETIREMENTS	BALANCE 12/31/2016	AMOUNTS DUE WITHIN ONE YEAR
	\$ 4,312,727	\$ 4,500,000	\$ 1,208,364	\$ 7,604,363	\$ 1,052,611
	<u>4,312,727</u>	<u>4,500,000</u>	<u>1,208,364</u>	<u>7,604,363</u>	<u>1,052,611</u>

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

NOTE 8: BONDS PAYABLE

2007 SPECIAL REVENUE REFUNDING AND IMPROVEMENT BONDS

On March 8, 2007, the District issued \$17,090,000 Special Revenue Refunding and Improvement Bonds, series 2007. The bonds are payable solely from and secured by the net revenues derived by the District through the operation of certain revenue-producing facilities. The bonds earn interest between 4.00% and 5.00% per annum. Interest is payable semi-annually. Principal payments are made annually, and range from \$380,000 to \$1,670,000, with a maturity date of December 2026.

\$7,715,081 of the proceeds from the issue was used to defease \$7,515,000 of the series 1996 Special Revenue Refunding and Improvement Bonds with an interest rate of 6.75%. The proceeds net of accrued interest, underwriting fees, insurance, and other issuance costs were used to purchase securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the series 1996 bonds. The Bonds were called in April of 2007, and there is no longer any outstanding debt. The refunding provided an economic gain (the difference between the present values of the debt service payments on the refunded and refunding bonds) of \$422,204 and an increase in debt service payments of \$1,652,368.

In August 2016, the 2007 Special Revenue Refunding Bonds were refunded with the 2016-A and 2016-B Special Revenue Refunding Bonds.

2010 SPECIAL REVENUE BONDS

In December 2010, the District issued \$6,895,000 Special Revenue Bonds. The bonds are payable solely from and secured by the net revenues derived by the District through the operation of certain revenue-producing facilities. The bonds earn interest between 2.000% and 5.625% per annum. Interest is payable semi-annually. Principal payments range from \$100,000 to \$585,000, with a maturity date of December 2030. The bonds were issued to make improvements to various facilities throughout the District.

In August 2016, \$4,665,000 of the 2010 Special Revenue Bonds were refunded with the 2016-A Special Revenue Refunding Bonds.

2010 GENERAL OBLIGATION REFUNDING BONDS

In April 2010, the District issued \$11,780,000 General Obligation Refunding Bonds. The bonds are a General Obligation of the District and are payable from Ad Valorem property taxes. The bonds earn interest between 2.00% and 4.50% per annum. Interest is payable semi-annually. Bonds mature annually on December 15th. Principal payments range from \$80,000 to \$1,350,000, with a maturity date of December 2022. Bonds maturing on or after December 15, 2021 are subject to prior redemption at the option of the District.

The proceeds from the 2010 issue were placed in an irrevocable trust to be used to advance refund a portion of the 2002 General Obligation Bonds and pay for cost of issuance. At December 31, 2010, the outstanding principal balance of the defeased debt was \$10,995,000. The refunding provided an economic gain (the difference between the present values of the debt service payments on the refunded and refunding bonds) of \$405,214 and a reduction in debt service payments of \$492,638.

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

NOTE 8: BONDS PAYABLE (CONTINUED)

2016-A SPECIAL REVENUE REFUNDING BONDS

In August 2016, the District issued \$10,135,000 Special Revenue Refunding Bonds. The bonds are payable solely from and secured by the net revenues derived by the District through the operation of certain revenue-producing facilities. The bonds earn interest between 2.00% and 5.00% per annum. Interest is paid semi-annually. Principal payments are made annually, and range from \$450,000 to \$1,050,000, with a maturity of December 2030.

Proceeds from the issue were used to defease \$5,410,000 of the 2007 Special Revenue Refunding Bonds and \$4,965,000 of the 2010 Special Revenue Bonds. The refunding provided an economic gain (the difference between present values of the debt service payments on the refunded and refunding bonds) of \$787,617 and a decrease of debt service payments of \$1,041,352.

2016-B SPECIAL REVENUE REFUNDING BONDS

In August 2016, the District issued \$4,895,000 Special Revenue Refunding Bonds. The bonds are payable solely from and secured by the net revenues derived by the District through the operation of certain revenue-producing facilities. The bonds earn interest between 0.80% and 3.00% per annum. Interest is paid semi-annually. Principal payments are made annually, and range from \$410,000 to \$500,000, with a maturity of December 2026.

The proceeds from the issue were used to defease \$4,855,000 of the series 2007 Special Revenue Refunding Bonds. The refunding provided economic gain (the difference between present values of the debt service payments on the refunded and refunding bonds) of \$192,889 and a decrease of debt service payments of \$554,483.

PLEDGED REVENUES

The District has issued General Obligation Bonds and Revenue Bonds which are outstanding through year end. These bonds were issued to finance various projects within the District; the pledged revenue is supplied by the District.

The total pledged revenue is not estimable in comparison to pledged debt in that revenues are uncertain to future amounts. However, the debt coverage requirement for each issue must be met or the bonds will be in default. This provides sufficient coverage each year for the pledged debt which was met by the District. The debt service coverage, or comparison of pledged revenues net of specific operating expenses, for each pledged debt is outlined in the Pledged Revenue Table in the Statistical Section.

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

NOTE 8: BONDS PAYABLE (CONTINUED)

PLEDGED REVENUES (CONTINUED)

	<u>Amount Pledged</u>	<u>Term of Commitment</u>
2010 Special Revenue Bonds	\$ 1,111,525	2020
2016-A Special Revenue Refunding Bonds	11,677,975	2030
2016-B Special Revenue Refunding Bonds	4,630,725	2026
Total Pledged Revenues	\$ 17,420,225	
	<u>2017</u>	<u>2016</u>
Pledged Revenue	\$ 22,687,442	\$ 23,269,480
Principal & Interest Paid	(1,687,663)	(1,777,772)
Coverage	\$ 20,999,779	\$ 21,491,708

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

NOTE 8: BONDS PAYABLE (CONTINUED)

A summary of changes in bonds payable follows:

<u>Issue</u>	2017				
	Balance 1/1/2017	<u>Additions</u>	Retirements	Balance 12/31/2017	Amounts Due Within One Year
2010 Special Revenue Bonds	\$ 1,330,000	\$	\$ 310,000	\$ 1,020,000	\$ 325,000
2010 G.O. Refunding Bonds	7,315,000		1,090,000	6,225,000	1,140,000
2016-A Refunding Bonds	9,635,000		450,000	9,185,000	460,000
2016-B Refunding Bonds	4,485,000		410,000	4,075,000	420,000
Premium On Bonds	1,409,514		135,499	1,274,015	135,499
Discount on 2010 Special Revenue Bonds	(14,345)		(3,587)	(10,758)	(3,587)
Discount on 2016-B Special Revenue Refunding Bonds	<u>(3,324)</u>		<u>(332)</u>	<u>(2,992)</u>	<u>(332)</u>
Total Liabilities	<u>\$ 24,156,845</u>	<u>\$</u>	<u>\$ 2,391,580</u>	<u>\$ 21,765,265</u>	<u>\$ 2,476,580</u>

<u>Issue</u>	2016				
	Balance 1/1/2016	<u>Additions</u>	Retirements	Balance 12/31/2016	Amounts Due Within One Year
2007 Special Revenue Refunding and Improvement Bonds	\$ 10,265,000	\$	\$ 10,265,000	\$	\$
2010 Special Revenue Bonds	6,295,000		4,965,000	1,330,000	310,000
2010 G.O. Refunding Bonds	8,375,000		1,060,000	7,315,000	1,090,000
2016-A Refunding Bonds		10,135,000	500,000	9,635,000	450,000
2016-B Refunding Bonds		4,895,000	410,000	4,485,000	410,000
Premium On Bonds	421,140	1,161,274	172,900	1,409,514	135,499
Discount on 2010 Special Revenue Bonds	(57,650)		(43,305)	(14,345)	(3,587)
Discount on 2016-B Special Revenue Refunding Bonds		<u>(3,324)</u>		<u>(3,324)</u>	<u>(332)</u>
Total Liabilities	<u>\$ 25,298,490</u>	<u>\$</u>	<u>\$ 16,187,950</u>	<u>\$ 24,156,845</u>	<u>\$ 2,391,580</u>

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

NOTE 8: BONDS PAYABLE (CONTINUED)

A summary of debt service on bonded indebtedness to maturity follows:

YEAR	2016-A SPECIAL REVENUE REFUNDING BONDS		2016-B SPECIAL REVENUE REFUNDING BONDS		2010 SPECIAL REVENUE BONDS		2010 GENERAL OBLIGATION REFUNDING BONDS		TOTAL BONDS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2018	\$ 460,000	\$ 345,575	\$ 420,000	\$ 96,992	\$ 325,000	\$ 44,275	\$ 1,140,000	\$ 265,525	\$ 2,345,000	\$ 752,367
2019	490,000	327,175	425,000	90,902	340,000	31,275	1,195,000	214,225	2,450,000	663,577
2020	500,000	307,575	430,000	83,678	355,000	15,975	1,245,000	162,213	2,530,000	569,441
2021	900,000	287,575	435,000	75,078			1,295,000	112,413	2,630,000	475,066
2022	900,000	269,575	450,000	65,725			1,350,000	57,375	2,700,000	392,675
2023	925,000	251,575	460,000	55,150					1,385,000	306,725
2024	950,000	223,825	470,000	43,650					1,420,000	267,475
2025	1,005,000	176,325	485,000	29,550					1,490,000	205,875
2026	1,050,000	126,075	500,000	15,000					1,550,000	141,075
2027	475,000	73,575							475,000	73,575
2028	490,000	54,575							490,000	54,575
2029	510,000	34,975							510,000	34,975
2030	530,000	14,575							530,000	14,575
TOTAL	\$ 9,185,000	\$ 2,492,975	\$ 4,075,000	\$ 555,725	\$ 1,020,000	\$ 91,525	\$ 6,225,000	\$ 811,751	\$ 20,505,000	\$ 3,951,976

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

NOTE 9: RECONCILIATION OF REVENUES AND EXPENSES GAAP BASIS TO BUDGETARY BASIS

For financial statement presentation purposes, the District is shown as an enterprise fund. This essentially requires the accounting treatment to be the same as a business whereby revenue is recognized as income when a sale occurs and is earned. Expenses are recognized when incurred. Depreciation is recorded on capitalized equipment and other costs. For budgetary purposes, all receipts are shown as revenue, regardless of whether they are earned revenue or liabilities. Budgetary expenditures are recorded for disbursements, including capital expenditures and debt service payments, regardless of the period those disbursements benefit. Below is a reconciliation of the two methods:

	<u>2017</u>	<u>2016</u>
Total Revenues on Budgetary Basis	\$ 35,759,999	\$ 38,782,748
Add - Joint Venture Income	319,045	372,930
Less - Lease Proceeds		(4,500,000)
Ice Centre at the Promenade Revenues	<u>(3,540,283)</u>	<u>(3,371,769)</u>
Total Revenues on Generally Accepted Accounting Principles Basis	<u>32,538,761</u>	<u>31,283,909</u>
Total Expenditures on Budgetary Basis	30,872,314	37,861,680
Add - Depreciation on Capital Assets	3,781,113	3,748,523
Less - Capital Outlay Expenditures	(3,412,110)	(9,942,558)
Bond Issuance Costs		(167,424)
Lease Issuance Costs		(19,594)
Ice Centre at the Promenade Expenditures	(2,902,192)	(2,625,910)
Debt Service		
Bond Principal Payments	(2,260,000)	(2,270,000)
Lease Principal Payments	<u>(1,052,611)</u>	<u>(1,208,364)</u>
Total Expenses on Generally Accepted Accounting Principles Basis	<u>\$ 25,026,514</u>	<u>\$ 25,376,353</u>

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016

NOTE 10: DEFINED CONTRIBUTION PLAN

Hyland Hills Park and Recreation District has a defined contribution plan established under IRS Code Section 401(k). Assets of the defined contribution plan are not recorded in the District's financial statements as the assets are not available to the District's general creditors. Principal Financial Group is the insurer of the plan.

Hyland Hills adopted, under board resolution, the defined contribution plan on January 1, 1986. Salaried employees are eligible to participate in the plan after they have completed one year of service. Hourly paid employees are eligible to participate in the plan on the first day of the calendar month following one year of service during which they worked 1,000 hours. The District matches the employee's contributions to the plan up to 6% of the employee's compensation for the pay period. Employee contributions are only limited by the IRS annual limitations. Employer's contributions become fully vested after three years of employment with the District. The District's Board of Directors authorizes District match and District management has the authority to amend or establish plan requirements.

The District, in conjunction with an asset custodian, administers the plan. The District and employees contributed \$246,437 and \$394,243 respectively to the plan in 2017 and \$247,554 and \$376,892 respectively to the plan in 2016. The contribution rate for employees is 8.45% of the covered payroll for 2017 and 7.46% of the covered payroll for 2016. Total payroll for 2017 was \$9,719,745 and payroll covered under the defined contribution plan was \$4,665,743. Total payroll for 2016 was \$9,986,813 and payroll covered under the defined contribution plan is \$5,049,575.

NOTE 11: CONTINGENT LIABILITIES

There are no pending lawsuits in which the District is involved.

NOTE 12: OPERATING LEASES

The District is the lessor in several operating leases with independent companies as detailed below. The leases are cancelable at either parties' discretion and obligate the District for the terms detailed below.

<u>Leased Property</u>	<u>District Facility</u>	<u>Expiration Date</u>	<u>Monthly Rent</u>	<u>Carrying Amount</u>	<u>Accumulated Depreciation</u>
Restaurant Space and Equipment	Golf Course	12/31/2022	\$ 3,150	\$ 3,048,528	\$ 549,432
Restaurant Space	Ice Centre	12/31/2022	5,750	541,931	207,013
Retail Space	Ice Centre	7/31/2020	5,400	311,611	119,032
Wireless Communications Site	Ice Centre	10/31/2018	1,711	40,645	15,526
Wireless Communications Site	Waddell Park	6/20/2020	2,790	1,439	

NOTE 13: RISK MANAGEMENT

The District is a member of the Colorado Special District Association (SDA) Property and Liability Pool, a separate and independent governmental and legal entity, which was established pursuant to an intergovernmental agreement authorized by state statutes. The purposes of the Pool are to provide property and liability and workers' compensation insurance coverage and risk management services to its municipal members at a reasonable cost.

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016**

**NOTE 13: RISK MANAGEMENT (CONTINUED)**

Members can participate actively in policy-making through the Board of Directors, which are nominated and elected by members; involvement on a number of board committees; and participation at annual general membership meetings. Operations are funded by individual membership contributions.

It is the intent of the members of the SDA Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the by-laws, any member of the Pool against stated liability or loss, to the limit of the financial resources of the Pool. It is also the intent of the members to have the SDA Pool provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of the SDA Pool shall be at all times dedicated to the exclusive benefit of its members. The by-laws shall constitute the substance of the intergovernmental contract among the members. The amount of settlements has not exceeded insurance coverage for any of the three previous years.

**NOTE 14: INTERGOVERNMENTAL AGREEMENTS**

The District entered into an Intergovernmental Agreement with the City of Westminster whereby Hyland Hills caused the existing structure of a community building acquired in 1992 to be divided into a two unit condominium with the existing parking lot being designated as common area. The City of Westminster purchased from Hyland Hills an undivided one-half interest in Condominium Unit One. Condominium Unit One consists of approximately two-thirds of the existing structure, where the City and the District jointly operate a Senior/Community Center.

During 1997, the District entered into an Intergovernmental Agreement with the City of Westminster whereby the City built a new Ice Arena, called The Ice Centre at the Promenade within the City of Westminster. The District leases and operates the facility. The 142,000 square foot facility is comprised of three full-size sheets of ice, with amenities including locker rooms, concession facilities, a full-line pro shop, restaurant space and retail space. The facility opened to the public during 1999, at which time the District moved all skating operations from its former ice rink to the Ice Centre at the Promenade.

Cash distributions for the Ice Centre are made quarterly to each partner based on cash receipts and disbursements. Certificates of Participation issued to construct the facility are in the City's name and are wholly owned by the City. Hyland Hills has agreed to pay annual rent to the City in an amount equal to one-half of the annual debt service for the Certificates of Participation.

**NOTE 15: SIGNIFICANT ECONOMIC DEPENDENCIES**

The District is a party in a sponsorship and exclusivity agreement with Pepsi-Cola Metropolitan Bottling Company, Inc. (Pepsi) which was executed in 1999 and expired in 2014. The original agreement provided the District with an annual sponsorship fee of \$240,000, of which \$100,000 was distributed to the Ice Centre at the Promenade. The District provides to Pepsi the exclusive sales and dispensing of only Pepsi's products at all District facilities and the Ice Centre at the Promenade. The District also agrees to designate Pepsi as the "Official Sponsor" of Hyland Hills and provides various advertising signage at its facilities at no additional charge to Pepsi. A new seven year agreement, with an expiration date of February 22, 2021, was signed with Pepsi on February 5, 2014, which allows for a reduced annual sponsorship of \$115,000, of which \$38,500 was distributed to the Ice Centre at the Promenade.

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016**

**NOTE 16: TAX SPENDING AND DEBT LIMITATIONS**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

**NOTE 17: CONSTRUCTION COMMITMENTS**

At December 31, the District had commitments for the completion of Phase II construction at Clear Creek Valley Park in the amount of \$330,000. In addition, the District had commitments for completion of a new ride attraction at Water World in the amount of \$478,500.

**NOTE 18: RESTATEMENT**

Hyland Hills financial statements for 2016 were restated as a result of a change in Capital Grants and Contributions due to revenues being recognized in 2017, and correlating expenses being recognized in 2016. The 2016 financial statements were restated to increase Grant Receivable and Unrestricted Fund Net Position at December 31, 2016 by \$1,991,302 and Capital Grants for the year ended December 31, 2016 in the amount of \$1,991,302 from \$1,273,230 to the restated amount of \$3,264,532. As a result, net change in fund position for 2016 also increased by \$1,991,302 from \$5,907,556 to 7,898,858. The restatement had no effect on net fund position as of January 1, 2016.

**HYLAND HILLS PARK AND  
RECREATION DISTRICT**

SCHEDULE OF REVENUES AND EXPENDITURES  
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

REVENUES	2017		VARIANCE FAVORABLE (UNFAVORABLE)
	ACTUAL	ORIGINAL/ FINAL BUDGET	
Taxes	\$ 5,435,297	5,324,677	\$ 110,620
Conservation Trust Fund	614,479	500,000	114,479
Adventure Golf	2,109,589	1,904,200	205,389
Golf Course	2,681,775	2,538,315	143,460
Golf Course Concessions	346,554	313,000	33,554
Carroll Butts Athletic Park (Former Ice Arena)	276,225	359,500	(83,275)
Ice Centre at the Promenade	3,540,283	3,116,800	423,483
Recreation	1,355,519	1,464,450	(108,931)
Swimming Pools and Aquatics	48,227	50,450	(2,223)
Water World	15,893,645	16,914,925	(1,021,280)
Interest	122,508	40,500	82,008
Lease Proceeds			
Other	3,335,898	106,000	3,229,898
<b>Total Revenues (Note 9)</b>	<b><u>35,759,999</u></b>	<b><u>32,632,817</u></b>	<b><u>3,127,182</u></b>
EXPENDITURES			
General and Administrative	3,611,350	3,974,338	362,988
Adventure Golf	1,312,829	1,148,686	(164,143)
Golf Course and Pro Shop	1,945,417	1,927,923	(17,494)
Golf Course Concessions	233,678	254,463	20,785
Carroll Butts Athletic Park (Former Ice Arena)	292,411	359,500	67,089
Ice Centre at the Promenade	2,902,192	3,116,800	214,608
Parks	1,678,869	1,838,846	159,977
Recreation	2,049,101	2,114,843	65,742
Swimming Pools and Aquatics	191,678	184,369	(7,309)
Water World	8,582,478	9,181,671	599,193
Reserves and Contingency		16,895,282	16,895,282
Capital Outlay	3,412,110	1,247,272	(2,164,838)
Conservation Trust Fund	56,626	500,000	443,374
Debt Service			
Bond Interest	1,051,626	832,238	(219,388)
Bond Principal Payments	2,260,000	2,260,000	
Bond Issue Costs			
Lease Interest	239,338	245,778	6,440
Lease Principal Payments	1,052,611	1,052,611	
Lease Issue Costs			
<b>Total Expenditures (Note 9)</b>	<b><u>\$ 30,872,314</u></b>	<b><u>\$ 47,134,620</u></b>	<b><u>\$ 16,262,306</u></b>

See Independent Auditors' Report

2016		
ACTUAL	ORIGINAL/ FINAL BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 5,353,315	\$ 5,314,240	\$ 39,075
679,612	500,000	179,612
1,962,697	1,693,100	269,597
2,504,770	2,401,400	103,370
333,186	292,500	40,686
342,036	348,800	(6,764)
3,371,769	2,973,880	397,889
1,401,014	1,457,500	(56,486)
53,881	44,550	9,331
16,698,496	16,520,300	178,196
55,699	22,000	33,699
4,500,000	2,000,000	2,500,000
1,526,273	4,105,000	(2,578,727)
<u>38,782,748</u>	<u>37,673,270</u>	<u>1,109,478</u>
3,768,060	3,799,348	31,288
1,306,868	1,027,160	(279,708)
1,808,811	1,932,049	123,238
247,293	238,115	(9,178)
299,611	348,800	49,189
2,625,910	2,973,880	347,970
1,722,694	1,806,689	83,995
2,061,081	2,080,333	19,252
197,322	207,923	10,601
8,900,185	9,677,300	777,115
	14,261,608	14,261,608
9,942,558	7,737,800	(2,204,758)
76,243	500,000	423,757
989,571	1,119,643	130,072
2,270,000	2,105,000	(165,000)
167,424		
250,091	224,460	(25,631)
1,208,364	1,208,364	
19,594		(19,594)
<u>\$ 37,861,680</u>	<u>\$ 51,248,472</u>	<u>\$ 13,554,216</u>

## Statistical Section

## STATISTICAL SECTION

Table

### **Financial Trends Information**

*These tables contain trend information to help the reader understand how the District's financial performance and stability are changed over time.*

Fund Net Position by Component	1
Changes in Fund Net Position	2
Operating Revenues by Source	3
Operating Expenses by Source	4
Non-operating Revenues/(Expenses)	5

### **Revenue Capacity Information**

*These tables contain information to help the reader understand the District's tax revenue stream, although not a major part of the District's total revenue.*

Property Tax Levies and Collections	6
Assessed and Estimated Actual Value of Taxable Property	7

### **Debt Capacity Information**

*These tables contain the financial information related to the District's debt, its ability to meet covenants of existing debt and the ability to issue additional debt in the future.*

Ratios of Outstanding Debt by Type	8
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Computation of Direct and Overlapping Bonded Debt	10
Computation of Pledged Revenue Coverage	11

### **Demographic and Economic Information**

*These tables offer demographic and economic information to help the reader understand the environment in which the District operates.*

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### **Operating Information**

*These tables contain information which enables the reader to understand the scope of what the District has to offer as well as the historical information for its major revenue producers.*

Attendance for Recreational Facilities	15
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### **Additional Information-Continuing Disclosure**

*These tables contain information required for the Districts' continuing disclosure and are to be read in conjunction with other tables to understand the environment in which the District operates.*

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District Mill Levies	18
Largest District Taxpayers	19

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**Hyland Hills Park and Recreation District  
Fund Net Position by Component  
Last Ten Fiscal Years  
(Unaudited)**

Table 1

	As Restated				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Enterprise Fund					
Net investment in capital assets	\$ 30,708,462	\$ 27,987,932	\$ 22,706,443	\$ 17,714,026	\$ 16,429,122
Restricted	1,874,275	1,874,275	3,570,175	3,125,591	2,484,029
Unrestricted	<u>20,013,430</u>	<u>17,213,015</u>	<u>12,899,746</u>	<u>13,513,866</u>	<u>12,258,224</u>
Total Fund Net Position	<u>\$ 52,596,167</u>	<u>\$ 47,075,222</u>	<u>\$ 39,176,364</u>	<u>\$ 34,353,483</u>	<u>\$ 31,171,375</u>
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Enterprise Fund					
Net investment in capital assets	\$ 12,861,839	\$ 10,409,550	\$ 9,349,834	\$ 8,070,043	\$ 8,922,611
Restricted	2,322,383	6,847,512	9,061,329	5,644,525	2,596,843
Unrestricted	<u>13,220,369</u>	<u>9,444,415</u>	<u>6,195,606</u>	<u>7,714,889</u>	<u>8,912,422</u>
Total Fund Net Position	<u>\$ 28,404,591</u>	<u>\$ 26,701,477</u>	<u>\$ 24,606,769</u>	<u>\$ 21,429,457</u>	<u>\$ 20,431,876</u>

**Hyland Hills Park and Recreation District**  
**Changes in Fund Net Position**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Table 2

	As Restated				
	2017	2016	2015	2014	2013
<b>OPERATING REVENUES</b>					
Fees and Charges Pledged as Security for Revenue Bonds	\$ 22,687,442	\$ 23,269,480	\$ 22,837,628	\$ 21,518,449	\$ 21,304,021
Fees and Charges	42,777	45,920	58,601	46,676	40,058
Conservation Trust Fund	614,479	679,612	574,511	570,893	588,567
Other	63,022	77,571	59,941	160,225	66,971
<b>Total Operating Revenues</b>	<b>23,407,720</b>	<b>24,072,583</b>	<b>23,530,681</b>	<b>22,296,243</b>	<b>21,999,617</b>
<b>OPERATING EXPENSES</b>					
General and Administrative	3,611,350	3,768,060	3,673,816	3,409,976	3,336,733
Parks	1,678,869	1,722,694	1,813,127	1,684,987	1,697,490
Golf Course and Pro Shop	1,945,417	1,808,811	1,851,776	1,900,408	1,880,084
Recreation	2,049,101	2,061,081	2,045,331	1,865,134	1,842,573
Swimming Pools and Aquatics	191,678	197,322	171,412	183,109	181,740
Carroll Butts Athletic Park	292,411	299,611	302,920	286,423	298,853
Golf Course Concessions	233,678	247,293	228,549	213,290	166,050
Water World	8,582,478	8,900,185	9,251,727	8,955,567	8,977,781
Racquetball Courts					
Adventure Golf	1,312,829	1,306,868	1,087,253	1,038,324	874,539
Conservation Trust Fund	56,626	76,243	88,094	150,500	70,680
<b>Total Operating Expenses</b>	<b>19,954,437</b>	<b>20,388,168</b>	<b>20,514,005</b>	<b>19,687,718</b>	<b>19,326,523</b>
<b>INCOME FROM OPERATIONS BEFORE DEPRECIATION</b>	<b>3,453,283</b>	<b>3,684,415</b>	<b>3,016,676</b>	<b>2,608,525</b>	<b>2,673,094</b>
Depreciation (Note 4)	(3,781,113)	(3,748,523)	(3,512,959)	(3,384,199)	(3,360,002)
<b>NET LOSS FROM OPERATIONS</b>	<b>(327,830)</b>	<b>(64,108)</b>	<b>(496,283)</b>	<b>(775,674)</b>	<b>(686,908)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest Expense	(1,290,964)	(1,239,662)	(1,476,158)	(1,533,109)	(1,737,992)
Taxes	5,435,297	5,353,315	4,980,502	4,918,716	4,872,292
Interest Income	122,508	55,699	27,800	24,594	33,196
Income from Joint Venture	319,045	372,930	314,106	219,924	287,123
Gain(Loss) on Sale of Capital Assets	30,000	156,152	1,500	(27,343)	(927)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>4,615,886</b>	<b>4,698,434</b>	<b>3,847,750</b>	<b>3,602,782</b>	<b>3,453,692</b>
<b>Income Before Capital Grants and Contributions</b>	<b>4,288,056</b>	<b>4,634,326</b>	<b>3,351,467</b>	<b>2,827,108</b>	<b>2,766,784</b>
Capital Grants and Contributions	1,232,889	3,264,532	1,471,414	355,000	
<b>CHANGE IN FUND NET POSITION</b>	<b>5,520,945</b>	<b>7,898,858</b>	<b>4,822,881</b>	<b>3,182,108</b>	<b>2,766,784</b>
<b>FUND NET POSITION, Beginning of Year (Restated)(1)</b>	<b>47,075,222</b>	<b>39,176,364</b>	<b>34,353,483</b>	<b>31,171,375</b>	<b>28,404,591</b>
<b>FUND NET POSITION, End of Year, (Restated)(2)</b>	<b>\$ 52,596,167</b>	<b>\$ 47,075,222</b>	<b>\$ 39,176,364</b>	<b>\$ 34,353,483</b>	<b>\$ 31,171,375</b>

(1) GASB 65 was implemented retroactive to January 1, 2012

(2) Restatement of Fund Position, 2016

Table 2

2012	2011	2010	2009	2008
\$ 22,319,895	\$ 20,639,326	\$ 20,167,045	\$ 18,062,205	\$ 19,122,343
35,690	47,426	37,890	36,389	38,786
535,594	516,776	511,797	539,108	574,649
64,976	61,066	73,703	67,052	88,716
<u>22,956,155</u>	<u>21,264,594</u>	<u>20,790,435</u>	<u>18,704,754</u>	<u>19,824,494</u>
3,501,842	3,261,170	2,981,985	2,975,048	2,778,379
1,753,913	1,636,805	1,591,808	1,526,522	1,655,318
2,068,417	1,942,005	1,918,867	2,040,080	2,208,900
1,789,034	1,806,856	1,834,208	1,640,587	1,661,042
179,933	175,856	169,521	187,137	183,461
250,320	259,086	317,179	310,935	252,497
153,625	98,157	117,075	114,900	133,039
9,152,907	8,613,436	8,000,180	7,921,926	7,858,533
	25,531	55,079	50,737	63,148
980,184	956,218	864,124	743,098	826,646
67,824	244,682	81,958	67,828	65,725
<u>19,897,999</u>	<u>19,019,802</u>	<u>17,931,984</u>	<u>17,578,798</u>	<u>17,686,688</u>
3,058,156	2,244,792	2,858,451	1,125,956	2,137,806
<u>(3,331,536)</u>	<u>(3,378,205)</u>	<u>(3,313,494)</u>	<u>(3,394,084)</u>	<u>(3,246,802)</u>
<u>(273,380)</u>	<u>(1,133,413)</u>	<u>(455,043)</u>	<u>(2,268,128)</u>	<u>(1,108,996)</u>
(1,876,697)	(1,940,441)	(1,541,514)	(1,928,148)	(2,119,846)
4,723,401	4,786,405	4,837,548	4,996,212	5,033,871
65,398	102,371	119,494	87,973	279,211
194,041	197,412	102,158	109,672	207,574
21,200	79,374	4,867		6,000
<u>3,127,343</u>	<u>3,225,121</u>	<u>3,522,553</u>	<u>3,265,709</u>	<u>3,406,810</u>
<u>2,853,963</u>	<u>2,091,708</u>	<u>3,067,510</u>	<u>997,581</u>	<u>2,297,814</u>
	3,000	109,802		110,000
2,853,963	2,094,708	3,177,312	997,581	2,407,814
<u>25,550,628</u>	<u>24,606,769</u>	<u>21,429,457</u>	<u>20,431,876</u>	<u>18,024,062</u>
<u>\$ 28,404,591</u>	<u>\$ 26,701,477</u>	<u>\$ 24,606,769</u>	<u>\$ 21,429,457</u>	<u>\$ 20,431,876</u>

**Hyland Hills Park and Recreation District**  
**Operating Revenues by Source**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Table 3

<u>Revenue Source [1]</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Adventure Golf	\$ 1,211,461	\$ 1,145,271	\$ 1,204,291	\$ 1,335,029	\$ 1,416,414
Golf Course	2,243,679	1,894,936	1,956,959	1,839,233	2,042,613
Golf Course Concessions	145,129	130,549	138,791	115,862	169,986
Carroll Butts Athletic Park (Former Ice Arena)	278,652	368,303	376,531	363,409	371,210
Racquetball	23,242	25,287	23,490	10,479	
Recreation	1,181,441	1,132,379	1,291,729	1,254,322	1,240,565
Swimming Pools	50,254	48,069	48,170	52,476	54,020
Water World	13,995,123	13,332,521	15,143,817	15,694,655	17,036,872
Conservation Trust Fund	574,649	539,108	511,797	516,776	535,594
Other	120,864	88,331	94,860	82,353	88,881
<b>Total Operating Revenues</b>	<b>\$ <u>19,824,494</u></b>	<b>\$ <u>18,704,754</u></b>	<b>\$ <u>20,790,435</u></b>	<b>\$ <u>21,264,594</u></b>	<b>\$ <u>22,956,155</u></b>

[1] Revenues are made up entirely of fees and charges for all areas except Conservation Trust Fund and Other

Table 3

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$	1,384,910	\$ 1,628,393	\$ 1,736,217	\$ 1,962,697	\$ 2,109,589
	2,190,967	2,267,916	2,434,926	2,504,770	2,681,775
	228,882	269,229	303,279	333,186	346,554
	343,570	329,917	347,957	342,036	276,225
	1,216,172	1,332,375	1,374,961	1,401,014	1,355,519
	48,981	48,426	45,826	53,881	48,227
	15,908,101	15,667,534	16,632,751	16,698,496	15,893,645
	588,567	570,893	574,511	679,612	614,479
	89,467	181,560	80,253	96,891	81,707
\$	<u>21,999,617</u>	<u>\$ 22,296,243</u>	<u>\$ 23,530,681</u>	<u>\$ 24,072,583</u>	<u>\$ 23,407,720</u>

**Hyland Hills Park and Recreation District**  
**Operating Expenses by Source**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Table 4

<u>Expense Source</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General and Administrative	\$ 2,778,379	\$ 2,975,048	\$ 2,981,985	\$ 3,261,170	\$ 3,501,842
Adventure Golf	826,646	743,098	864,124	956,218	980,184
Golf Course and Pro Shop	2,208,900	2,040,080	1,918,867	1,942,005	2,068,417
Golf Course Concessions	133,039	114,900	117,075	98,157	153,625
Carroll Butts Athletic Park (Former Ice Arena)	252,497	310,935	317,179	259,086	250,320
Parks	1,655,318	1,526,522	1,591,808	1,636,805	1,753,913
Racquetball	63,148	50,737	55,079	25,531	
Recreation	1,661,042	1,640,587	1,834,208	1,806,856	1,789,034
Swimming Pools	183,461	187,137	169,521	175,856	179,933
Water World	7,858,534	7,921,926	8,000,180	8,613,436	9,152,907
Conservation Trust Fund	65,724	67,828	81,958	244,682	67,824
<b>Total Operating Expenses Before Depreciation</b>	<b>17,686,688</b>	<b>17,578,798</b>	<b>17,931,984</b>	<b>19,019,802</b>	<b>19,897,999</b>
<b>Depreciation (1)</b>	<b>3,246,802</b>	<b>3,394,084</b>	<b>3,313,494</b>	<b>3,378,205</b>	<b>3,331,536</b>
<b>Total Operating Expenses</b>	<b>\$ 20,933,490</b>	<b>\$ 20,972,882</b>	<b>\$ 21,245,478</b>	<b>\$ 22,398,007</b>	<b>\$ 23,229,535</b>

(1) GASB 65 was implemented retroactive to January 1, 2012, which removed amortization expense in years 2012 and forward.

Table 4

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$	3,336,733	\$ 3,409,976	\$ 3,673,816	\$ 3,768,060	\$ 3,611,350
	874,539	1,038,324	1,087,253	1,306,868	1,312,829
	1,880,084	1,900,408	1,851,776	1,808,811	1,945,417
	166,050	213,290	228,549	247,293	233,678
	298,853	286,423	302,920	299,611	292,411
	1,697,490	1,684,987	1,813,127	1,722,694	1,678,869
	1,842,573	1,865,134	2,045,331	2,061,081	2,049,101
	181,740	183,109	171,412	197,322	191,678
	8,977,781	8,955,567	9,251,727	8,900,185	8,582,478
	<u>70,680</u>	<u>150,500</u>	<u>88,094</u>	<u>76,243</u>	<u>56,626</u>
	19,326,523	19,687,718	20,514,005	20,388,168	19,954,437
	<u>3,360,002</u>	<u>3,384,199</u>	<u>3,512,959</u>	<u>3,748,523</u>	<u>3,781,113</u>
\$	<u><u>22,686,525</u></u>	<u><u>23,071,917</u></u>	<u><u>24,026,964</u></u>	<u><u>24,136,691</u></u>	<u><u>23,735,550</u></u>

**Hyland Hills Park and Recreation District  
Non-operating Revenues and Expenses  
Last Ten Fiscal Years  
(Unaudited)**

Table 5

<u>Fiscal Year</u>	<u>Interest (Expense)</u>	<u>Tax Revenues</u>	<u>Interest Income</u>	<u>Gain/(Loss) on Sale of Capital Assets</u>	<u>Grants/Contributions</u>	<u>Income From Joint Venture</u>	<u>Total Non-operating Revenues (Expenses)</u>
2008	\$ (2,119,846)	\$ 5,033,871	\$ 279,211	\$ 6,000	\$ 110,000	\$ 207,574	\$ 3,516,810
2009	(1,928,148)	4,996,212	87,973			109,672	3,265,709
2010	(1,541,514)	4,837,548	119,494	4,867	109,802	102,158	3,632,355
2011	(1,940,441)	4,786,405	102,371	79,374	3,000	197,412	3,228,121
2012	(1,876,697)	4,723,401	65,398	21,200		194,041	3,127,343
2013	(1,737,992)	4,872,292	33,196	(927)		287,123	3,453,692
2014	(1,533,109)	4,918,716	24,594	(27,343)	355,000	219,924	3,957,782
2015	(1,476,158)	4,980,502	27,800	1,500	1,471,414	314,106	5,319,164
2016	(1,239,662)	5,353,315	55,699	156,152 [1]	3,264,532	372,930	7,962,966
2017	(1,290,964)	5,435,297	122,508	30,000	1,232,889	319,045	5,848,775

[1] Restatement of Capital Grants and Contributions, 2016

**Hyland Hills Park and Recreation District  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
(Unaudited)**

Table 6

Levy Year	Collection Year	Total Tax Levy	Current Tax Collections	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	[1] Outstanding Delinquent Taxes
2007	2008	\$ 4,633,794	\$ 4,622,997	99.77 %	\$ 5,409	\$ 4,628,406	99.88 %	
2008	2009	4,660,253	4,639,168	99.55	3,066	4,642,234	99.61	
2009	2010	4,531,120	4,515,667	99.66	8,307	4,523,974	99.84	
2010	2011	4,500,965	4,470,503	99.32	10,856	4,481,359	99.56	
2011	2012	4,452,964	4,389,933	98.58	13,909	4,403,842	98.90	
2012	2013	4,557,309	4,525,436	99.30	1,601	4,527,037	99.34	
2013	2014	4,575,251	4,536,366	99.15	13,851	4,550,217	99.45	
2014	2015	4,581,558	4,561,156	99.55	7,528	4,568,684	99.72	
2015	2016	4,950,240	4,929,024	99.57	1,166	4,930,190	99.59	
2016	2017	4,952,677	4,938,165	99.71	2,709	4,940,874	99.76	

[1] Total outstanding delinquent taxes are unknown by the District and are recorded only upon receipt of payment.

**Hyland Hills Park and Recreation District  
Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(Unaudited)**

Table 7

<u>Levy Year</u>	<u>Collection Year</u>	<u>Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Total Estimated Actual Value</u>	<u>Ratio of Total Assessed Value To Total Estimated Actual Value</u>
2008	2009	\$ 841,213,460	5.540	\$ 7,831,245,786	10.74
2009	2010	806,614,150	5.617	7,358,558,372	10.96
2010	2011	809,978,230	5.557	7,843,623,223	10.33
2011	2012	796,846,600	5.588	7,182,165,646	11.09
2012	2013	815,655,900	5.587	7,732,262,660	10.55
2013	2014	829,649,190	5.515	7,779,133,029	10.67
2014	2015	823,236,670	5.565	7,782,058,727	10.58
2015	2016	921,422,330	5.372	8,900,309,836	10.35
2016	2017	924,179,930	5.359	8,952,062,246	10.32
2017	2018	1,124,087,030	5.079	12,242,951,010	9.18

Source: Adams County Assessor's Office

**Hyland Hills Park and Recreation District  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years  
 (Unaudited)**

Table 8

Fiscal Year	Revenue Bonds	General Obligation Bonds	Capital Leases	Total		As a Percent of Personal Income
				Total Amount	Per Capita	
2008	\$ 20,940,000	\$ 14,190,000	\$ 4,023,152	\$ 39,153,152	\$ 340.93	2.89%
2009	23,133,047	13,440,000	4,384,058	40,957,105	348.78	3.08%
2010	24,933,061	12,947,460	4,241,375	42,121,896	355.51	3.13%
2011	23,519,511	12,048,222	6,165,456	41,733,189	389.97	2.87%
2012	21,763,800	11,836,092	5,683,380	39,283,272	360.91	2.54%
2013	20,109,217	10,823,541	3,921,152	34,853,910	295.21	2.19%
2014	18,394,633	9,780,991	5,126,842	33,302,466	278.87	1.93%
2015	16,595,050	8,703,440	4,312,727	29,611,217	242.90	1.62%
2016	16,565,956	7,590,890	7,604,363	31,761,209	256.11	1.66%
2017	15,316,926	6,448,339	6,551,752	28,317,017	226.43	[1]

[1] Amounts of personal income unavailable at time of print.

**Hyland Hills Park and Recreation District  
 Ratios of Outstanding General Obligation Debt  
 Last Ten Fiscal Years  
 (Unaudited)**

Table 9

Fiscal Year	2002 General Obligation		2010 General Obligation		Total		Ratio of General Obligation Debt To Total Estimated Actual Property Value	
		<u>Bonds</u>		<u>Refunding Bonds</u>	<u>Amount</u>	<u>Per Capita</u>		
2008	\$	14,190,000	\$		14,190,000	\$	123.56	0.18%
2009		13,440,000			13,440,000		114.45	0.18%
2010		1,660,000		11,515,000	13,175,000		111.20	0.17%
2011		845,000		11,435,000	12,280,000		114.75	0.17%
2012				11,350,000	11,350,000		104.28	0.15%
2013				10,390,000	10,390,000		88.00	0.13%
2014				9,400,000	9,400,000		78.71	0.12%
2015				8,375,000	8,375,000		68.70	0.09%
2016				7,315,000	7,315,000		58.99	0.08%
2017				6,225,000	6,225,000		49.78	0.05%

**Hyland Hills Park and Recreation District  
 Computation of Direct and Overlapping Debt  
 December 31, 2017  
 (Unaudited)**

Table 10

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable to District</u>	<u>Estimated Amount Applicable to District</u>
Overlapping:			
Adams County School District 12	\$ 485,570,000	19.69%	\$ 95,608,733
Westminster Public Schools	64,515,000	98.57%	63,592,436
Adams County Fire Rescue	2,619,537	13.32%	348,922
Subtotal, overlapping debt			<u>\$ 159,550,091</u>
District direct debt			<u>28,317,017</u>
Total direct and overlapping debt			<u><u>\$ 187,867,108</u></u>

The following entities overlap the District but have no general obligation debt outstanding: Adams County, City of Arvada, Berkeley Water and Sanitation District, Crestview Water and Sanitation District, City of Federal Heights, City of Thornton, North Lincoln Water and Sanitation District, Regional Transportation District, Urban Drainage and Flood Control District, West Adams County Fire District No. 1, North Pecos Water and Sanitation District, and City of Westminster.

Note: Overlapping governments are those that coincide, at least in part, within the District boundaries. When estimating the governments outstanding debt, it is taken into consideration that not all businesses or residents bear the full debt, only the portion applicable to the District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire burden borne by the residents and businesses should be taken into account, and that not all taxpayers are residents and therefore responsible for repaying debt of each overlapping government.

Sources: Adams County Assessor's Office and the respective entities. The District's direct debt detail can be found in Note 7 and 8.

**Hyland Hills Park and Recreation District  
Computation of Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(Unaudited)**

Table 11

Fiscal Year	Operating Revenues	Less Non-Pledged Revenues [1]	Plus Ice Centre Revenues [2]	Plus Interest Revenue [3]	Total Pledged Revenues	Operating Expenses [4]	Less Non-Pledged Expenses [5]
2008	\$ 19,824,494	\$ 613,435	\$ 1,705,036	\$ 217,174	\$ 21,133,269	\$ 17,686,688	\$ 4,766,700
2009	18,704,754	575,497	1,615,154	77,939	19,822,350	17,578,798	4,824,907
2010	20,790,435	549,687	1,607,632	104,768	21,953,148	17,931,984	4,933,561
2011	21,264,594	564,202	1,556,915	75,505	22,332,812	19,019,802	5,404,914
2012	22,956,155	571,284	1,519,461	46,331	23,950,663	19,897,999	5,627,693
2013	21,999,617	628,625	1,552,880	31,249	22,955,121	19,326,523	5,426,633
2014	22,296,243	617,569	1,585,136	22,727	23,286,537	19,687,718	5,538,475
2015	23,530,681	633,112	1,628,815	25,546	24,551,930	20,514,005	5,946,764
2016	24,072,583	725,532	1,685,885	45,047	25,077,983	20,388,168	5,883,803
2017	23,407,720	657,256	1,770,142	96,230	24,616,836	19,954,437	5,749,135

[1] Non-pledged revenues include revenues from senior programs, the Carl Park facility and the Baker facility as well as revenues from the Conservation Trust Fund (Lottery).

[2] Ice Centre revenues reported at District's share of 50% after first year of joint operation in 1999.

[3] Interest revenue exclusive of interest from bond reserve funds.

[4] Total Operating expenses exclusive of depreciation.

[5] Non-pledged expenses include general and administrative, parks, senior programs, the Carl Park facility and the Baker facility, as well as expenses from the Conservation Trust Fund (Lottery).

[6] Ice Centre expenses are reflected at the District's share of 50%, including the District's lease payment obligation to the City of Westminster.

[7] Lease payments expenses exclude the payments on any equipment leases for the General Government Fund.

[8] Principal reflects only scheduled revenue bond debt service payments, not amounts refunded in 2007.

[9] Principal reflects only scheduled revenue bond debt service payments, not amounts refunded in 2016.

Table 11

	Plus Ice Centre Expenses [6]	Plus Lease Payments [7]	Total Pledged Expenses	Net Available Revenues	Revenue Bond Debt Service			Coverage Ratio
					Principal	Interest	Total	
\$	1,506,213	\$ 1,175,966	\$ 15,602,167	\$ 5,531,102	\$ 885,000 [8]	\$ 1,054,985	\$ 1,939,985	2.85
	1,505,483	970,305	15,229,679	4,592,671	1,190,000	1,008,710	2,198,710	2.09
	1,505,474	1,270,603	15,774,500	6,178,648	2,045,000	1,046,880	3,091,880	2.00
	1,359,505	1,287,682	16,262,075	6,070,737	1,535,000	1,127,531	2,662,531	2.28
	1,323,376	1,380,281	16,973,963	6,976,700	1,890,000	1,075,229	2,965,229	2.35
	1,265,757	3,488,446	18,654,093	4,301,028	1,650,000	1,010,175	2,660,175	1.62
	1,365,212	816,095	16,330,550	6,955,987	1,710,000	943,831	2,653,831	2.62
	1,314,708	935,787	16,817,736	7,734,194	1,795,000	860,831	2,655,831	2.91
	1,312,955	1,400,075	17,217,395	7,860,588	1,210,000 [9]	567,772	1,777,772	4.42
	1,451,096	1,268,541	16,924,939	7,691,897	1,170,000	517,663	1,687,663	4.56

**Hyland Hills Park and Recreation District  
Demographic Information  
Last Ten Fiscal Years  
(Unaudited)**

Table 12

Adams County Colorado						
Fiscal Year	[1] Population	[2] Personal Income <i>(Thousands of dollars)</i>	[2] Per Capita Income	[3] Labor Force	[4] School Enrollment	[3] Unemployment Rate
2008	114,842	13,549,290	31,887	227,649	79,253	7.10%
2009	117,428	13,314,446	30,559	221,488	81,645	8.80%
2010	118,483	13,442,881	30,299	224,884	84,428	10.20%
2011	107,017	14,517,920	32,116	229,309	85,951	9.50%
2012	108,846	15,461,243	33,577	234,673	87,096	8.90%
2013	118,066	15,929,281	33,884	232,981	87,120	6.50%
2014	119,419	17,211,314	35,824	239,789	84,340	4.40%
2015	121,909	18,287,783	37,271	245,247	84,284	3.80%
2016	124,013	19,119,527	38,378	253,515	83,921	3.60%
2017	125,056	[5]	[5]	261,302	84,676	3.10%

[1] Division of Local Government - Conservation Trust Fund Administrator. 2011 figure reflects a decrease due to 2010 being a census year.

[2] Bureau of Economic Analysis: revised estimates (2010-2015) updated November, 2017

[3] State Department of Labor

[4] State Department of Education

[5] Information unavailable at time of print

Hyland Hills Park and Recreation District  
Principal Employers of Adams County  
2017 and 2008  
(Unaudited)

Table 13

Employer	2017			2008		
	Employees	Rank	Percent of Total County Government	Employees	Rank	Percent of Total County Government
UC Health: University of Colorado Hospital	7,110	1	3.4300%	700	7	0.4600%
Children's Hospital Colorado	5,670	2	2.7400%			
United Parcel Service	2,630	3	1.2700%	3,300	1	2.1700%
FedEx	1,230	4	0.5900%			
Sturgeon Electric	1,060	5	0.5100%			
ADS Alliance Data Systems	900	6	0.4300%			
SROriginals	870	7	0.4200%			
Health One: North Suburban Medical Center	840	8	0.4100%	630	9	0.4100%
Shamrock Foods	810	9	0.3900%	590	10	0.3900%
Centura: St. Anthony's Hospital North	750	10	0.3600%	625	6	0.4100%
Echo Star Communications				1,800	2	1.1800%
University of Colorado Health Sciences Center				1,520	3	1.0000%
Avaya				1,000	4	0.6600%
Wagner Equipment				810	5	0.5300%
T-Mobile				650	8	0.4300%
Total	21,870		10.5500%	11,625		7.6400%
Total County Employment	207,057			152,409		

Source: Adams County Economic Development, Adams County Finance Department

Does not include governmental entities.

**Hyland Hills Park and Recreation District  
 Number of Full Time Employees by Department  
 Last Ten Fiscal Years  
 (Unaudited)**

Table 14

Fiscal Year	Water World And Pools	Adventure Golf	Golf Course	Recreation	Parks	General and Administrative	Ice Centre	Total
2008	17	4	13	13	19	13	11	90
2009	17	4	12	12	18	13	11	87
2010	17	3	12	14	17	14	10	87
2011	19	3	12	13	18	15	9	89
2012	19	3	11	14	18	15	8	88
2013	18	4	10	14	17	14	8	85
2014	20	4	10	12	18	16	8	88
2015	20	4	12	13	17	14	8	88
2016	18	4	11	14	15	14	7	83
2017	16	4	12	11	12	14	8	77

Information obtained through District Human Resources Department

**Hyland Hills Park and Recreation District  
Attendance for Recreational Facilities  
Last Ten Fiscal Years  
(Unaudited)**

Table 15

Fiscal Year	Water World	Adventure Golf	[1] Golf Course	Ice Centre
2008	533,695	185,940	116,644	273,582
2009	515,245	170,606	103,844	275,438
2010	545,244	181,040	111,058	263,407
2011	559,377	187,058	106,373	256,229
2012	537,824	187,216	118,806	238,423
2013	494,458	174,303	123,273	235,597
2014	459,691	186,852	135,492	245,360
2015	443,816	200,067	131,933	378,122
2016	434,024	241,408	137,603	436,533
2017	388,843	240,558	139,486	481,035

[1] Number of nine hole equivalents

Information obtained through various District internal reporting and point-of-sale systems

**Hyland Hills Park and Recreation District  
Miscellaneous Statistics  
December 31, 2017  
(Unaudited)**

Table 16

Date of Incorporation	October 14, 1955
Type of Government	Special District
Area in square miles	23.5
Acres of Parks	457
Acres of Golf Course	300
Acres of Water World	70
Full-time employees	77
Part-time/Seasonal employees	1,587

**Hyland Hills Facilities:**

Acres of Open Space	136	Indoor Sports Arena	1
Ball Fields	29	Miniature Golf Courses (18 hole)	3
Batting Cage Complex	1	Outdoor Swimming Pools	3
Community Centers	3	Parks	27
Disc Golf Course	1	Pickleball Courts	4
Go-Kart/Bumper Car Facility	1	Racquetball Courts	1
Golf Courses (9 and 18 hole)	4	MAC	1
Golf Practice Facility	1	Skate Park	1
Gymnastics Center	1	Tennis Courts	2
Indoor Ice Arena (sheets of ice)	3	Water Theme Park	1

**Program Participants and Facility Visits:**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Batting Cages	7,241	8,229	10,148	8,620	8,650	8,950	8,800	8,900	9,000	9,800
Community Center Rentals	27,840	24,550	21,090	19,844	22,160	28,360	19,200	16,500	15,160	15,180
Recreation Club	13,548	12,005	8,489	7,772	7,852	6,481	6,501	6,444	6,649	
Gymnastics	12,153	10,849	10,695	6,203	9,658	8,000	8,181	7,439	7,527	5,629
Junior Golf	295	210	209	230	240	288	270	224	241	288
Preschool	960	1,035	2,500	2,500	1,700	1,500	1,273	1,278	1,500	1,572
Racquetball							1,582	3,507	3,753	3,492
Recreation	8,488	8,568	5,340	4,814	5,000	5,200	4,850	4,500	4,000	3,749
MAC	99,976	99,972	92,016	101,137	98,656	94,482	87,815	81,711	92,176	95,525
Special Events	2,330	1,700	2,000	1,994	1,785	1,800	2,000	3,900	3,800	4,189
Sports - Adult	10,144	10,106	10,303	10,953	11,689	11,673	11,281	11,237	10,855	9,713
Sports - Youth	3,856	2,504	2,316	2,140	1,978	2,025	1,810	1,634	1,417	1,372
Sports Camps	316	348	366	2,010	365	390	403	375	380	452
Summer Camp	145	180	166	172	142	147	133	141	125	188
Teen Programs								80	120	108
Youth Care										411

Information obtained through District internal reporting and point-of-sale systems

**Hyland Hills Park and Recreation District  
Assessed Valuation of Taxable Property  
Last Ten Fiscal Years  
(Unaudited)**

Table 17

Levy Year	Collection Year	Residential Property Assessment Ratio	Certified Assessed Valuation	
			Amount	% Change
2008	2009	7.96	% \$ 841,213,460	0.7 %
2009	2010	7.96	806,614,150	(4.1)
2010	2011	7.96	809,978,230	0.4
2011	2012	7.96	796,846,600	(0.2)
2012	2013	7.96	815,655,900	2.4
2013	2014	7.96	829,649,190	1.7
2014	2015	7.96	823,236,670	(0.1)
2015	2016	7.96	921,422,330	12.0
2016	2017	7.96	924,179,930	0.3
2017	2018	7.20	1,124,087,030	17.8

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, and Adams County Assessor's Office

**Hyland Hills Park and Recreation District  
District Mill Levies  
Last Ten Fiscal Years  
(Unaudited)**

Levy Year	Collection Year	Mill Levies				Total
		General	Temporary Tax Credit	Bond Redemption	Refunds and Abatements	
2008	2009	3.817	--	1.717	0.007	5.541
2009	2010	3.817	--	1.792	0.008	5.617
2010	2011	3.817	--	1.733	0.007	5.557
2011	2012	3.817	--	1.765	0.006	5.588
2012	2013	3.817	--	1.717	0.053	5.587
2013	2014	3.817	--	1.696	0.002	5.515
2014	2015	3.817	--	1.703	0.045	5.565
2015	2016	3.817	--	1.526	0.029	5.372
2016	2017	3.817	--	1.520	0.022	5.359
2017	2018	3.817	--	1.250	0.012	5.079

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, District Annual Reports and District 2018 Budget

**Hyland Hills Park and Recreation District  
Largest District Taxpayers  
December 31, 2017  
(Unaudited)**

Table 19

<u>Property Owner</u>	<u>2017 Assessed Valuation</u>	
	<u>Amount [1]</u>	<u>Percent of Total District [2]</u>
Qwest Corp FKA US West	\$ 32,764,000	3.50 %
Public Service CO of Colorado(Xcel)	30,306,040	3.20
Cellco Partnership FKA Verizon	12,870,060	1.40
Centro GA Westminster LLC	9,031,100	0.90
Vintage at Hyland Hills Investors LLC	6,624,000	0.70
Bradburn Apartments LLC	5,963,000	0.63
Lockheed Martin Corporation	5,141,450	0.54
MAR Legacy Heights LLC	5,109,860	0.54
Seagate Environs Associates LLC	4,837,950	0.51
TKG Sheridan Crossing Development	4,819,520	0.50

[1] The figures in this table are based on the District's gross assessed valuation, including the incremental assessed valuation attributable to tax increment districts that overlap portions of the District and from which the District derives no property tax revenue.

[2] Percentages based on the District's gross 2017 assessed valuation of \$945,995,790

Source: Adams County Assessor's Office



**HYLAND HILLS**  
*Park & Recreation District*

ADAMS COUNTY, COLORADO  
1800 West 89th Avenue  
Federal Heights, Colorado

