CARBON VALLEY PARKS AND RECREATION DISTRICT

Financial Statements

December 31, 2018

CARBON VALLEY PARKS AND RECREATION DISTRICT

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Carbon Valley Parks and Recreation District
Weld County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Carbon Valley Parks and Recreation District as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Carbon Valley Parks and Recreation District, as of December 31, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund and the Special Revenue Fund – Conservation Trust Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 4 - 15 and the Schedules of the Proportionate Share of the Net Pension Liability and Other Postemployment Benefits (OPEB) Liability and the Schedules of Employer Contributions on pages 66 through 70, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carbon Valley Parks and Recreation District's basic financial statements. The Debt Service and Capital Improvement Projects Fund Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (the Supplementary Information) and the Schedule of Debt Service Requirements to Maturity and the Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected (the Other Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information has 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.

Dazzio & Associates, P.C.

May 8, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the report for the Carbon Valley Parks & Recreation District (the District), the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the calendar year ended December 31, 2018. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

2018 FINANCIAL HIGHLIGHTS

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $8,354,806 (total net position) for the calendar year reported.

Total net position is comprised of the following:

(1) Net investment in capital assets, of $5,190,674 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.

(2) Net position of $3,411,606 are restricted by constraints imposed from outside the District such as debt covenants, grantors, laws, or regulations.

(3) Unrestricted net position of $(247,474) represent the assets that do not have any third-party limitations on their use.

- The District's governmental funds reported total ending fund balance of $6,295,743 this year. This compares to the prior year ending fund balance of $4,641,518 showing an increase of $1,654,225 during the current year.

- At the end of 2018, the fund balance in the General Fund was $1,754,744 a decrease of $239,821. The decrease is primarily due to the transfer of funds from the General Fund to create a Capital Improvements Projects Fund. This fund will account for all the District's capital projects moving forward.

- Effective in 2018, the District was required to apply Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Other Post Employment Benefits (OPEB) (GASB 75). GASB 75 significantly changed OPEB accounting and financial reporting by requiring a net OPEB liability on the statement of net position. Historically, an unfunded OPEB obligation for employers in a cost-sharing plan, such as PERA HCTF, was considered a liability to be reported in future periods. Previously, information about the total liability, unfunded and funded, was disclosed only in the notes to the financial statements and as required supplementary information. The District's share of the PERA HCTF net OPEB liability is $249,725 as of December 31, 2018.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data is presented to allow comparison to the prior calendar year.

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all activities of the District. Governmental activities are normally supported by taxes, intergovernmental revenue and fees and charges.

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

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

An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

The government-wide financial statements are presented on pages 16 & 17 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. The District has one type of fund:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 18 to 23 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 24 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District. This section includes schedules required by GASB 68 and GASB 75. The schedules of the District's proportionate share of PERA's net pension liability and PERA's net OPEB liability and the schedules of employer contributions for both plans can be found on pages 66 to 70 of this report.

Supplementary Information

Budgetary comparison schedules for the District's Debt Service and Capital Improvements Projects Funds can be found on pages 71 to 72 of this report.

Other Information

Schedules of future debt service requirements for the District's long-term obligations as well as a history of the District's assessed valuation, mill levies and property taxes collected can be found on pages 73 to 74 of this report.

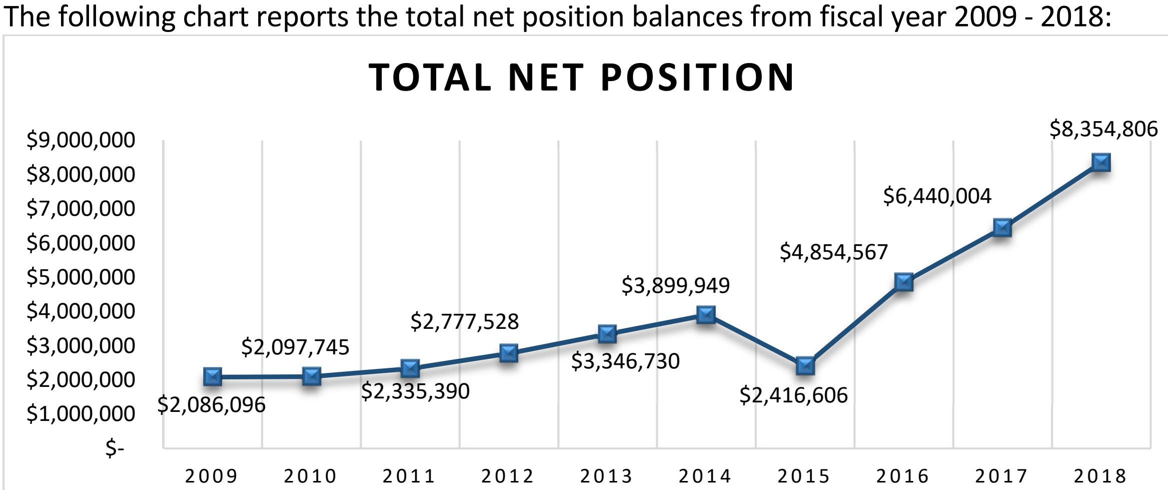
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position at calendar year-end is $8,354,806. The following table provides a summary of the District's net position:

Carbon Valley Parks and Recreation District
Summary of Net Position

	2018	2017
Assets		
Current and Other Assets	$ 9,668,557	$ 8,895,025
Capital Assets	9,318,947	9,399,765
Total Assets	18,987,504	18,294,790
Deferred Outflows of Resources	595,565	1,101,596
Liabilities		
Long-term Liabilities	7,270,072	8,549,471
Other Liabilities	295,302	202,334
Total Liabilities	7,565,374	8,751,805
Deferred Inflows of Resources	3,662,889	4,204,577
Net Position		
Net Investment in Capital Assets	5,190,674	4,571,639
Restricted	3,411,606	2,750,254
Unrestricted	(247,474)	(881,889)
Total Net Position	$ 8,354,806	$ 6,440,004

The following chart reports the total net position balances from fiscal year 2009 - 2018:



The District continues to maintain a high current ratio, excluding the deferred inflows and outflows of resources. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 32.7 to 1 as compared to 44.0 to 1 at December 31, 2017.

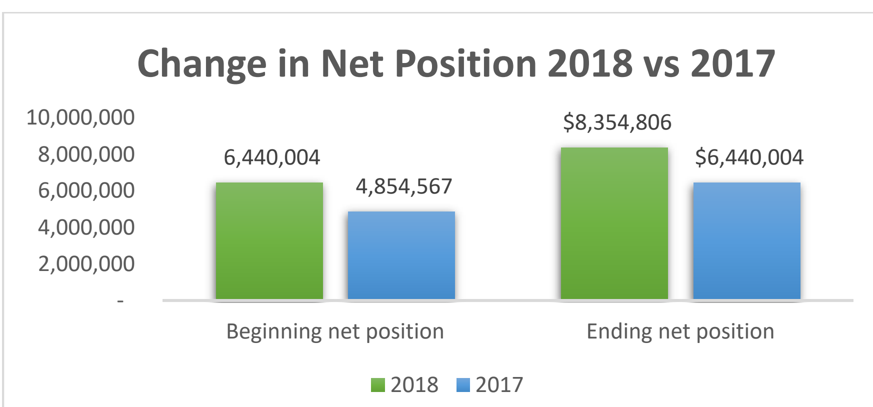
The District reported positive balances in net position for governmental activities. During fiscal year 2018, net position increased $1,914,802 for governmental activities.

Note that approximately 49.1% of the governmental activities' total assets are tied up in capital assets (with 98.1% of the capital asset cost being depreciable). The District uses these capital assets to provide services to its citizens.

The following table provides a summary of the District's changes in net position:

Carbon Valley Parks and Recreation District
Summary of Changes in Net Position

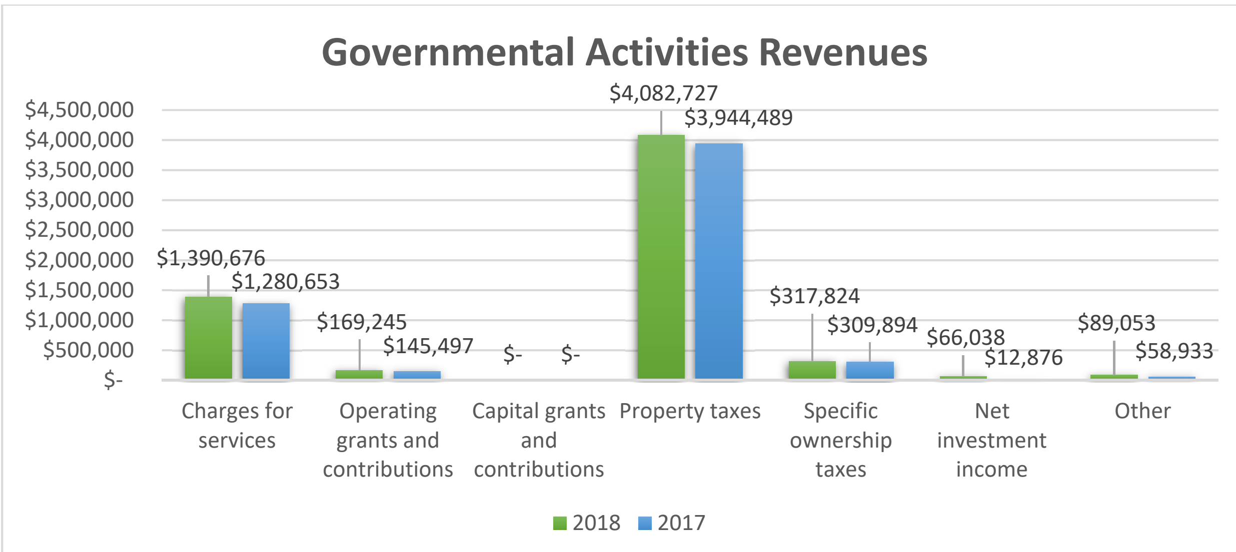
Revenues	**2018**	**2017**
Program Revenues		
Fees and Charges for Services	$ 1,390,676	$ 1,280,653
Operating Grants and Contributions	169,245	145,497
General Revenues		
Property Taxes	4,082,727	3,944,489
Specific Ownership Taxes	317,824	309,894
Investment Earnings	66,038	12,876
Other	89,053	58,933
Total Revenues	6,115,563	5,752,342
Expenses		
Administration	1,230,578	1,694,578
Swimming Pool, Recreation and Sports Programs	2,747,242	2,179,495
Interest on Long-term Debt	222,941	292,832
Total Expenses	4,200,761	4,166,905
Change in Net Position	1,914,802	1,585,437
Net Position - Beginning	6,440,004	4,854,567
Net Position - Ending	$ 8,354,806	$ 6,440,004

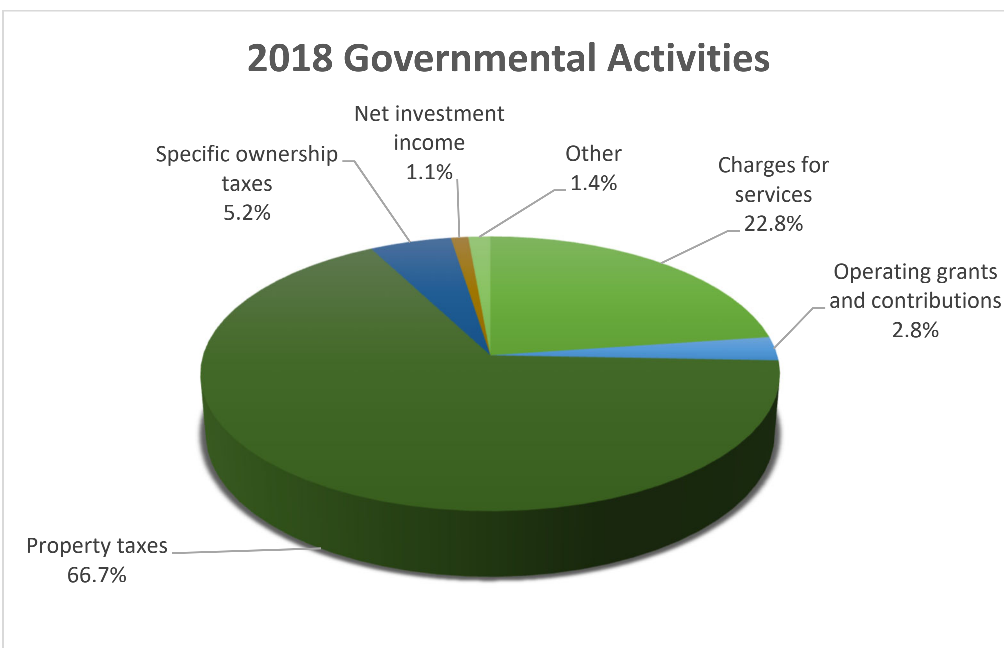


Governmental Activity Revenues

The District is heavily reliant on property taxes to support governmental operations. Property taxes provided 66.7% of the District's total revenues as compared 68.6% in calendar year 2017. Note that program revenues covered 39.2% of governmental operating expenses as compared to 36.8% in calendar year 2017.

This means that the government's taxpayers and the District's other general revenues normally fund 60.8% of the governmental activities, primarily from property taxes. As a result, the general economy and housing market have a major impact on the District's revenue streams.





Governmental Activity Expenses

The following table presents the cost of each of the District's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the District's taxpayers by each of these functions.

	Governmental Activities			
	Total Cost of Services	Percentage of Total	Net Cost of Services	Percentage of Total
Administration	$ 1,230,578	29.3%	$ 645,949	41.4%
Swimming pool, recreation and sports programs	2,747,242	65.4%	913,972	58.6%
Interest and related charges of long-term debt	222,941	5.3%	-	0.0%
Total	$ 4,200,761	100.0%	$ 1,559,921	100.0%

The swimming pool, recreation and sports programs functions are the highest cost functions, primarily because this area accounts for the normal day-to-day operations of the District, resulting in $2,747,242.

FUND ANALYSIS

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $6,295,743 compared to the $4,641,518 at December 31, 2017.

Of this year-end total, legally restricted fund balances are $3,430,821. This includes the debt service balance of $2,981,014 that is restricted to pay back the Districts outstanding general obligation bond. Also included in this amount are $306,907 for capital projects from the Conservation Trust Fund and the money set aside to meet the TABOR emergency reserve requirements of $142,900.

Assigned fund balance totals $2,774,041. Included in this amount is $1,490,963 for contingencies and subsequent year’s expenditures, and $1,283,078 for capital improvements.

The total ending fund balances of governmental funds show an increase of $1,654,225 or 35.6% from the prior year.

Major Governmental Funds

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund and the only source of day-to-day services delivery for the District. The General Fund's fund balance decreased by $239,821 in 2018, or 12.0% as compared to a 71.0% increase in calendar year 2017. The decrease is primarily due to the transfer of funds from the General Fund's fund balance to create the Capital Improvement Project Fund in 2018.

Total property tax revenues are $3,035,135 in 2018, increasing 15.7% compared to $2,623,097 collected in 2017. The increase was due to increased assessed valuations of residential and commercial properties within the District.

Operating revenues increased $25,791 in 2018 due to prior year reimbursements on insurance policies that the District holds.

Program revenues increased $87,296 resulting from an increased memberships and participation in programs ran by the District.

Net investment income increased $25,034 because the District transferred funds held in checking accounts into investment accounts to earn interest on unused funds.

Most other revenue streams were consistent with the prior years' revenues.

Total General Fund expenditures increased $359,003 over the 2017 amount.

Total administrative expenditures were $857,136 or 1.6% above the 2017 amount. The increase was primarily due to an increase in legal fees and election expenses for 2018.

Within the operations function, total expenditures increased $137,444. The increases relate to various building and equipment repairs, and miscellaneous contract costs.

Program and recreation expenditures increased $59,276 and $88,196 respectively. The increase is primarily due to the addition of new positions and the increase in the minimum wage.

A brief discussion of the other major governmental funds follows:

Special Revenue – **Conservation Trust Fund** – This fund is used to account for conservation trust revenues and expenditures incurred for eligible costs. The District uses these funds to invest in capital improvements to the District's facilities and fixed asset items. In 2018, the Conservation Trust Fund received $159,753 in lottery fund income. This increased $14,256 or 9.8% compared to 2017.

In 2018, the District did not utilize any of the Conservation Trust Fund funds due to management changes. The funds will be utilized in 2019 and 2020 to invest in improvements to the District's recreation facilities. The ending fund balance is $306,907.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of long-term obligation principal, interest and related costs. The District currently has one General Obligation Bond issued that was approved by voters in 2002. In 2018, the Debt Service Fund received $1,047,592 in property tax revenue. This decreased 20.7% from 2017 with $1,321,392 collected. This is due to a decrease in the District's mill levy in 2018. The year end fund balance is $2,981,014.

Capital Improvements Project Fund – The Capital Improvements Project Fund was created in 2018 by transferring some of the General Fund's fund balance to utilize and account for capital projects for the District. This fund is used to account for the accumulation of resources for the design, construction and improvements of various individual capital projects of the District. In 2018, $1,314,338 was transferred from the General Fund to the Capital Improvements Projects Fund. The fund reports and ending balance of $1,253,078.

During the year, $61,620 was spent on the following projects:

- Steam Room Remodel Project - $27,432
- Pool Upgrades Project - $11,829
- Multi-Purpose Room Flooring Project - $22,000

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenue from property taxes were $8,292 under budget in 2018. Specific ownership tax exceeded the budget by $53,667. Program revenue exceeded the budget by $86,208 because of increased memberships and participation in programs ran by the District.

Net investment income was over budget by $32,785 in 2018. This is due to the District diversifying its available funds into investment accounts to earn interest and due to conservative budgeting.

In total, the District recognized 103.0% of the final revenue budget.

The expenditures for the administrative department were below budget by $264,990 or 23.6%. This is primarily due to the elimination of position, a position vacancy and unutilized funds from a management change over. Operations also came in under budget by $188,791 in 2018, or 14.4%. This was due to conservative spending and changes in supply vendors to decrease operational costs for the District.

Capital outlay expenditures increased by $139,186 or 100% due to the purchase of new fleet vehicles for the District, including a new 14-passenger bus.

In total, the District under spent the final expenditure budget for the general fund by $376,366.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2018, was $9,318,947. The change in this net investment was an approximate 0.9% decrease. See Note 4 for additional information about changes in capital assets during the calendar year and outstanding at the end of the year.

The following table provides a summary of capital asset activity:

Capital Assets

	Governmental Activities	
	2018	2017
Non-depreciable assets:		
Land	$ 175,847	$ 175,847
Total non-depreciable	175,847	175,847
Depreciable assets:		
Buildings and improvements	12,332,078	12,277,046
Equipment	416,569	404,740
Vehicles	260,770	109,502
Total depreciable assets	13,009,417	12,791,288
Less accumulated depreciation	3,866,317	3,567,370
Book value - depreciable assets	9,143,100	9,223,918
Percentage depreciated	70%	72%
Total book value	$ 9,318,947	$ 9,399,765

The various capitalized additions to governmental activities capital assets of $218,129 include:

- Steam Room Remodel Project - $27,432
- Pool Upgrades Project - $11,829
- Multi-Purpose Room Flooring Project - $22,000
- Rec Center Roof Repair - $5,600
- 2018 Ford Explorer - $29,251
- 2108 F-250 - $36,535
- 2017 Ford Bus - $73,400
- 2018 Gator - $7,082
- 2015 Honda ATV Lawn Mower - $5,000

Additional information on the District's capital assets can be found in Note 4 to the financial statements.

Long-term Debt

The following table reports debt balances at December 31, 2018 and 2017, exclusive of deferred debt related items.

Long-Term Debt

	Governmental Activities	
	2018	2017
General obligation bond	$ 2,975,000	$ 3,505,000
Capital lease obligations	1,203,980	1,393,048
Total	$ 4,178,980	$ 4,898,048

See Note 5 for additional information about the District's long-term debt.

ECONOMIC CONDITIONS EFFECTING THE DISTRICT AND NEXT YEAR'S BUDGET AND RATES

The District is in a strong financial position. Since 2013, the District has experienced unprecedented residential growth. The open land available for development and coupled with low interest rates, has resulted in residential development increasing in the District. With the increase in property development, the District should anticipate an increase in property tax revenues over the next few years. However, with the increase in population we expect an increase in memberships and use of District facilities. With limited funds to expand, the District has invested in additional space through a commercial rental in Firestone to increase programing options and space.

Maintaining fund balances are critical to the financial health of the District. Based on TABOR the District will continue to hold 3% of revenues in fund balance, in addition, the Board of Directors have decided to set aside more funds in another account that will allow the District to continue operations longer if needed. The Board of Directors have also decided to create a fund balance reserve for a vehicle and equipment replacement program. A specified amount will be designated in fund balance to assign funds for these future expenditures. The Board of Directors will appropriate the funds in the years needed through resolution.

In the 2019 budget, the District plans to transfer $1,000,000 of current General fund balance from the General fund to support the Capital Improvement Project fund. Additionally, the District plans to transfer $17,037 of revenues to the General fund balance by the end of 2019 and $675,000 from the General Fund to the Capital Improvements Projects Fund.

The District has several major capital projects planned for 2019 and will continue to create a long-term capital improvement plan to maintain and improve current District facilities by transferring additional revenues from the General Fund to the Capital Improvement Projects Fund.

Contacting the District's Financial Management

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional information, contact the District's Finance Department at Carbon Valley Parks and Recreation District, 8350 County Rd 13, STE 180, Firestone, CO 80504.

BASIC FINANCIAL STATEMENTS

CARBON VALLEY PARKS AND RECREATION DISTRICT

STATEMENT OF NET POSITION
December 31, 2018

Assets	
Cash and Investments	$ 3,160,548
Cash and Investments - Restricted	3,281,668
Due from County Treasurer	24,371
Property Taxes Receivable	3,111,089
Prepaid Expenditures	90,881
Capital Assets Not Being Depreciated	175,847
Capital Assets, Net of Accumulated Depreciation	9,143,100
Total Assets	18,987,504
Deferred Outflows of Resources	
Cost of Bond Refunding	138,672
Pension Contributions Subsequent to Measurement Date	209,232
OPEB Contributions Subsequent to Measurement Date	16,831
Pension Related Deferrals	223,957
OPEB Related Deferrals	6,873
Total Deferred Outflows of Resources	595,565
Liabilities	
Accounts Payable	185,926
Accrued Wages and Benefits	74,299
Unearned Revenue	1,500
Accrued Vacation	14,362
Accrued Interest Payable	19,215
Noncurrent Liabilities	
Due Within One Year	789,761
Due In More Than One Year	3,477,184
Net Pension Liability	2,753,402
Net OPEB Liability	249,725
Total Liabilities	7,565,374
Deferred Inflows of Resources	
Deferred Revenue - Property Taxes	3,111,089
Pension Related Deferrals	547,622
OPEB Related Deferrals	4,178
Total Deferred Inflows of Resources	3,662,889
Net Position	
Net Investment in Capital Assets	5,190,674
Restricted	
Debt Service	2,961,799
Tabor Emergencies	142,900
Conservation Trust Fund	306,907
Unrestricted	(247,474)
Total Net Position	$ 8,354,806

The notes to the financial statements are an integral part of this statement.

CARBON VALLEY PARKS AND RECREATION DISTRICT

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

		Program Revenues			Net (Expense)
Function/Program Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	**Revenue and Changes in Net Position**
Administration	$ 1,230,578	$ 636,457	$ 9,492	$ -	$ (584,629)
Swimming Pool, Recreation and Sports Programs	2,747,242	754,219	159,753	-	(1,833,270)
Interest and Related Charges on Long-term Debt	222,941	-	-	-	(222,941)
Total	$ 4,200,761	$ 1,390,676	$ 169,245	$ -	(2,640,840)

General Revenues	
Property Taxes	4,082,727
Specific Ownership Taxes	317,824
Net Investment Income	66,038
Other	89,053
Total General Revenues	4,555,642
Change in Net Position	1,914,802
Net Position - Beginning, As restated	6,440,004
Net Position - Ending	$ 8,354,806

The notes to the financial statements are an integral part of this statement.

CARBON VALLEY PARKS AND RECREATION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	General Fund	Debt Service Fund	Conservation Trust Fund	Capital Improvement Projects Fund	Total Governmental Funds
Assets					
Cash and Investments	$ 1,907,470	$ -	$ -	$ 1,253,078	$ 3,160,548
Cash and Investments - Restricted	-	2,974,761	306,907	-	3,281,668
Receivable from County Treasurer	18,118	6,253	-	-	24,371
Property Taxes Receivable	2,981,769	129,320	-	-	3,111,089
Prepaid Expenditures	90,881	-	-	-	90,881
Total Assets	$ 4,998,238	$ 3,110,334	$ 306,907	$ 1,253,078	$ 9,668,557
Liabilities					
Accounts Payable	$ 185,926	$ -	$ -	$ -	$ 185,926
Accrued Wages and Benefits	74,299	-	-	-	74,299
Unearned Revenue	1,500	-	-	-	1,500
Total Liabilities	261,725	-	-	-	261,725
Deferred Inflows of Resources					
Deferred Revenue - Property Taxes	2,981,769	129,320	-	-	3,111,089
Fund Balances					
Nonspendable	90,881	-	-	-	90,881
Restricted for:					
Debt Service	-	2,981,014	-	-	2,981,014
TABOR Emergencies	142,900	-	-	-	142,900
Conservation Trust Fund	-	-	306,907	-	306,907
Assigned for:					
Subsequent Year's Expenditures	982,963	-	-	-	982,963
Contingencies	508,000	-	-	-	508,000
Capital Improvements	30,000	-	-	1,253,078	1,283,078
Total Fund Balances	1,754,744	2,981,014	306,907	1,253,078	6,295,743
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,998,238	$ 3,110,334	$ 306,907	$ 1,253,078	$ 9,668,557

The notes to the financial statements are an integral part of this statement.

CARBON VALLEY PARKS AND RECREATION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2018

Total Fund Balance - Governmental Funds		$ 6,295,743
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	$ 175,847	
Building and improvements	12,332,078	
Equipment	416,569	
Vehicles	260,770	
Less accumulated depreciation	(3,866,317)	9,318,947
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Cost of bond refunding		138,672
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.		
Balances at year-end are:		
General Obligation Bonds Payable	(2,975,000)	
Bond Premium	(87,965)	
Capital Lease Obligations	(1,203,980)	
Compensated Absences	(14,362)	
Net Pension Liability	(2,753,402)	
Net OPEB Liability	(249,725)	(7,284,434)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Pension contributions subsequent to the measurement date	209,232	
OPEB contributions subsequent to the measurement date	16,831	
Deferred outflows of resources related to pensions	223,957	
Deferred inflows of resources related to pensions	(547,622)	
Deferred outflows of resources related to OPEB	6,873	
Deferred inflows of resources related to OPEB	(4,178)	(94,907)
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due		(19,215)
Net Position - Governmental Activities		$ 8,354,806

The notes to the financial statements are an integral part of this statement.

CARBON VALLEY PARKS AND RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	General Fund	Debt Service Fund	Conservation Trust Fund	Capital Improvement Projects Fund	Total Governmental Funds
Revenues					
Property Taxes	$ 3,035,135	$ 1,047,592	$ -	$ -	$ 4,082,727
Specific Ownership Taxes	236,273	81,551	-	-	317,824
Lottery Fund Income	-	-	159,753	-	159,753
Charges for Services:					
Operations Revenue	636,457	-	-	-	636,457
Program Revenue	669,406	-	-	-	669,406
Recreation Revenue	84,813	-	-	-	84,813
Grants and Donations	9,492	-	-	-	9,492
Net Investment Income	35,018	13,458	17,562	-	66,038
Miscellaneous Income	89,053	-	-	-	89,053
Total Revenues	4,795,647	1,142,601	177,315	-	6,115,563
Expenditures					
Current					
Administration	811,549	-	-	-	811,549
Operations	1,125,828	-	-	-	1,125,828
Program	553,892	-	-	-	553,892
Recreation	798,358	-	-	-	798,358
Debt Service					
Lease Principal	189,068	-	-	-	189,068
Interest Expense	57,662	-	-	-	57,662
County Treasurer's Fees	45,587	15,735	-	-	61,322
Principal	-	530,000	-	-	530,000
Interest	-	133,013	-	-	133,013
Paying Agent Fees	-	200	-	-	200
Capital Outlay	139,186	-	-	61,260	200,446
Total Expenditures	3,721,130	678,948	-	61,260	4,461,338
Excess Revenues Over (Under) Expenditures	1,074,517	463,653	177,315	(61,260)	1,654,225
Other Financing Sources (Uses)					
Transfers In (Out)	(1,314,338)	-	-	1,314,338	-
Net Change in Fund Balances	(239,821)	463,653	177,315	1,253,078	1,654,225
Fund Balances - Beginning	1,994,565	2,517,361	129,592	-	4,641,518
Fund Balances - Ending	$ 1,754,744	$ 2,981,014	$ 306,907	$ 1,253,078	$ 6,295,743

The notes to the financial statements are an integral part of this statement.

CARBON VALLEY PARKS AND RECREATION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Net Change in Fund Balances - Governmental Funds	$ 1,654,225
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlay	218,129
Depreciation Expense	(298,947)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Repayments of principal:	
General Obligation Refunding Bonds	530,000
Capital Lease Obligations	189,068
Amortization of bond premium	33,332
Amortization of cost of refunding	(52,547)
Some revenues/expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest on liabilities - Change in liability	2,884
Adjustment to compensated absences liability	6,246
Pension expense	(573,371)
OPEB expense	(20,280)
Employer contributions subsequent to the measurement date	226,063
Change in Net Position - Governmental Activities	$ 1,914,802

The notes to the financial statements are an integral part of this statement.

CARBON VALLEY PARKS AND RECREATION DISTRICT

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2018
(With Comparative Actual Totals for the Year Ended December 31, 2017)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual
Revenues				
Property Tax Revenue	$ 3,043,427	$ 3,035,135	$ (8,292)	$ 2,623,097
Specific Ownership Taxes	182,606	236,273	53,667	205,967
Operations Revenue	658,759	636,457	(22,302)	610,666
Program Revenue	583,198	669,406	86,208	582,110
Recreation Revenue	91,906	84,813	(7,093)	87,877
Grants and Donations	16,750	9,492	(7,258)	-
Net Investment Income	2,233	35,018	32,785	9,984
Miscellaneous Income	76,456	89,053	12,597	58,933
Total Revenues	4,655,335	4,795,647	140,312	4,178,634
Expenditures				
Current				
Administration	1,122,126	857,136	264,990	843,626
Operations	1,314,619	1,125,828	188,791	988,384
Program	606,855	553,892	52,963	494,616
Recreation	796,179	798,358	(2,179)	710,162
Debt Service				
Lease Principal	198,433	189,068	9,365	189,881
Interest Expense	59,284	57,662	1,622	68,628
Capital Outlay	-	139,186	(139,186)	66,830
Total Expenditures	4,097,496	3,721,130	376,366	3,362,127
Excess Revenues Over (Under) Expenditures	557,839	1,074,517	516,678	816,507
Other Financing Sources (Uses)				
Capital Lease Proceeds	-	-	-	11,483
Transfers Out	(1,314,338)	(1,314,338)	-	-
Total Other Financing Sources (Uses)	(1,314,338)	(1,314,338)	-	11,483
Net Change in Fund Balance	(756,499)	(239,821)	516,678	827,990
Fund Balance - Beginning	2,351,934	1,994,565	(357,369)	1,166,575
Fund Balance - Ending	$ 1,595,435	$ 1,754,744	$ 159,309	$ 1,994,565

The notes to the financial statements are an integral part of this statement.

CARBON VALLEY PARKS AND RECREATION DISTRICT

SPECIAL REVENUE FUND - CONSERVATION TRUST FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Year Ended December 31, 2017)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual
Revenues				
Lottery Fund Income	$ 152,000	159,753	$ 7,753	145,497
Net Investment Income	874	17,562	16,688	765
Total Revenues	152,874	177,315	24,441	146,262
Expenditures				
Ballfield Maintenance	20,000	-	20,000	-
Capital Outlay	-	-	-	17,254
Total Expenditures	20,000	-	20,000	17,254
Net Change in Fund Balance	132,874	177,315	44,441	129,008
Fund Balance - Beginning	104,632	129,592	24,960	584
Fund Balance - Ending	$ 237,506	$ 306,907	$ 69,401	$ 129,592

The notes to the financial statements are an integral part of this statement.

Note 1 – Definition of Reporting Entity

The Carbon Valley Parks and Recreation District (the District), is a quasi-municipal corporation Carbon Valley Park and Recreation District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized in 1983 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the County of Weld County, Colorado. The District's service area is located in Weld County, Colorado including the communities of Frederick, Firestone, Dacono and the surrounding rural area. The District was established to construct and maintain parks and recreation facilities.

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

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

Note 2 – Summary of Significant Accounting Policies

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Governmental activities are normally supported by taxes, intergovernmental revenue and fees and charges.

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports the following major governmental funds:

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

Special Revenue – Conservation Trust Fund – This fund is used to account for conservation trust revenues and expenditures incurred for eligible costs.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of long-term obligation principal, interest and related costs.

Capital Improvements Project Fund - This fund is used to account for the accumulation of resources for the design, construction and improvements of various individual capital projects of the District.

Budgets

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

Pooled Cash and Investments

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

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

Property Taxes

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. Property taxes are recorded as revenue in the year it is available or collected (the year it is levied for).

Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets defined by the District as assets include improvements to buildings and equipment with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	7-50 years
Equipment	5-20 years
Vehicles	5-12 years

Long Term Obligations

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the issue using the effective interest method.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

It is the District's policy to allow employees to accumulate unused vacation leave up to a certain maximum number of hours, depending on years of service. All such benefits are accrued when incurred in the government-wide financial statements. A liability for this amount is reported in governmental funds only if they have matured, for example, because of employee resignations and retirements. Compensated absences are generally liquidated by the General Fund. All unpaid vacation balances are paid at the hourly rate when the employee retires, resigns or is terminated. The District has reported a liability for accrued compensated absences of $14,362 at December 31, 2018.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has three items that qualifies for reporting in this category. Accordingly, the items *cost of bond refunding, pension and OPEB contributions subsequent to measurement date,* and *pension and OPEB related deferrals* are deferred and recognized as outflows of resources in the period that the amounts become available.

In addition to liabilities, the statement of net position and the fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. Accordingly, the items, *deferred property tax revenue* and *pension and OPEB related deferrals,* are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions

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

Other Postemployment Benefits (OPEB).

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position and Fund Equity

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

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

Restricted net position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation.

Unrestricted net position represents assets that do not have any third-party limitations on their use.

For government -wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balances

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

The District reports the following Restricted Fund Balances:

Restricted for Debt Service

Represents the portion of fund balance that is legally restricted to payment of principal and interest on long-term debt maturing in future years.

Restricted for TABOR Emergencies

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 12).

Restricted for Conservation Trust Fund

The amount restricted for Conservation Trust Fund represents the balance of funds remaining from the Conservation Trust (State Lottery) Fund proceeds.

Committed fund balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. An example of such an estimate that has been made by management is depreciation expense.

Note 3 – Cash and Investments

Cash and investments as of December 31, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and Investments	$ 3,160,548
Cash and Investments - Restricted	3,281,668
	$ 6,442,216

Cash and investments as of December 31, 2018, consist of the following:

Deposits with Financial Institutions	$ 1,126,925
Investments	5,315,291
Total Cash and Investments	$ 6,442,216

Deposits with Financial Institutions

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels ($250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are uninsured but collateralized. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2018, the District's deposits amounting to $1,143,785 were both insured by federal depository insurance and collateralized with securities held by third parties not in the District's name, and consequently were not exposed to custodial credit risk.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to obligations of the United States, certain U.S. government agency securities and Local Government Investment Pools, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors, such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

At December 31, 2018, the District had the following investments:

Investment	Maturity	Amount
Colorado Local Government	Weighted Average	
Liquid Asset Trust (Colotrust)	Under 60 days	$ 5,315,291

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

Note 4 – Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2018 follows.

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 175,847	$ -	$ -	$ 175,847
Capital Assets Being Depreciated				
Buildings and Improvements	12,277,046	55,032	-	12,332,078
Equipment	404,740	11,829	-	416,569
Vehicles	109,502	151,268	-	260,770
Total Capital Assets Being Depreciated	12,791,288	218,129	-	13,009,417
Less Accumulated Depreciation for				
Buildings and Improvements	(3,257,454)	(255,534)	-	(3,512,988)
Equipment	(204,315)	(38,067)	-	(242,382)
Vehicles	(105,601)	(5,346)	-	(110,947)
Total Accumulated Depreciation	(3,567,370)	(298,947)	-	(3,866,317)
Capital Assets Being Depreciated, Net	9,223,918	(80,818)	-	9,143,100
Total Capital Assets, Net	$ 9,399,765	$ (80,818)	$ -	$ 9,318,947

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
Administration	$ 12,100
Swimming Pool, Recreation and Sports Programs	286,847
	$ 298,947

Note 5 – Long-Term Obligations

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2018.

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
General Obligation Bonds					
Series 2010	$ 3,505,000	$ -	$ 530,000	$ 2,975,000	$ 550,000
Deferred Premium	121,297	-	33,332	87,965	33,332
Capital Lease Obligations					
Senior Center and Gymnasium, 2009	1,128,900	-	110,625	1,018,275	115,355
Fitness Equipment, 2016	48,085	-	22,246	25,839	25,839
Admin Building, 2016	205,860	-	53,742	152,118	62,387
Fitness Equipment, 2017	10,203	-	2,455	7,748	2,848
Total	$ 5,019,345	$ -	$ 752,400	$ 4,266,945	$ 789,761

The detail of the District's governmental activities long-term obligations are as follows:

$6,180,000 General Obligation Refunding Bonds, Series 2010, dated August 31, 2010. The bonds were issued to advance refund a portions of the District's outstanding General Obligation Bonds, Series 2002 and to pay the costs of issuing the bonds.

The bonds consist of serial bonds due annually in varying amounts from 2011 through 2023. Interest on the bonds is payable semiannually at rates ranging from 2.00% to 4.00%.

The bonds maturing on and after December 1, 2020 are subject to redemption on December 1, 2019 and on any date thereafter upon payment of par plus accrued interest thereon, without redemption premium. When issued, the bonds were rated "A" by Standard & Poor's.

The bonds are general obligations of the District, secured by a pledge of the full faith and credit of the District and payable from the general ad valorem taxes which may be levied without limitation of rate and in an amount necessary to pay the bonds when due against all taxable property within the District.

Annual debt service requirements to maturity for the general obligation refunding bonds follows:

	Principal	Interest	Total
2019	$ 550,000	$ 111,813	$ 661,813
2020	575,000	89,812	664,812
2021	600,000	74,000	674,000
2022	615,000	50,000	665,000
2023	635,000	25,400	660,400
	$ 2,975,000	$ 351,025	$ 3,326,025

Capital Lease Obligations

2009 Building Lease

On May 1, 2009, the District entered into a Lease Agreement with Valley Bank & Trust for the purpose of financing a portion of the acquisition, construction and installation of a Senior Center and Gymnasium. Under the Agreement, the District agrees to sublease property from which Valley Bank & Trust has a leasehold interest in the land, the premises, building and improvements situated or to be situated on the land. The lease agreement qualifies as a capital lease for accounting proposes and, therefore, has been recorded at the present value of the future minimum lease payment as of the inception date. The lease was capitalized in the amount of $1,800,000 and bears interest at a rate of 4.00%. The District is required to make semi-annual payments due on April 1, and October 1, beginning on October 1, 2009, and ending on October 1, 2026. On or after May 1, 2019, the District may prepay the lease, at any time, in whole upon payment by the District.

The net present value of these minimum lease payments as of December 31, 2018, follows:

Year Ending December 31	Amount
2019	154,944
2020	154,944
2021	154,944
2022	154,944
2023	154,944
2024-2026	418,679
Minimum lease payments	1,193,399
Less: Amount representing interest	(175,124)
Present value of minimum Lease Payments	$ 1,018,275

2016 Recreation Equipment

On November 1, 2015, the District entered into a Lease Agreement with Kansas State Bank of Manhattan for the purpose of acquiring cardiovascular equipment. The Lease Agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payment as of the date of inception. The lease was capitalized in the amount of $103,234 and bears interest at a rate of 6.23%. The District is required to make monthly payments beginning on January 1, 2016 and ending November 1, 2019.

The net present value of these minimum lease payments as of December 31, 2018, follows:

Year Ending December 31	Amount
2019	$ 26,651
Minimum lease payments	26,651
Less: Amount representing interest	(812)
Present value of minimum Lease Payments	$ 25,839

2016 Building Lease

On February 22, 2016, the District entered into a Lease Agreement with Option to Purchase with Weld County for the property located at 340 Maple Street, Frederick, Colorado, to be used as the District's administrative offices. The District paid a non-refundable option fee in the amount of $105,000 which will serve as the security deposit. Beginning in May 2016, the District commenced monthly payments in the amount of $5,870 for sixty (60) months. The overall cost of the property is $405,000, with a lease obligation of $300,000 at an interest rate of 6.50%. The District has the option to purchase the property at the end of the sixty months, April 2021, for the price of $1.00. The non-refundable option fee will apply to the purchase price.

The net present value of these minimum lease payments as of December 31, 2018, follows:

Year Ending December 31	Amount
2019	$ 70,438
2020	70,438
2021	23,479
Minimum lease payments	164,355
Less: Amount representing interest	(12,237)
Present value of minimum Lease Payments	$ 152,118

2017 Recreation Equipment

On November 1, 2015, the District entered into a Lease Agreement with Kansas State Bank of Manhattan for the purpose of acquiring fitness equipment. The Lease Agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payment as of the date of inception. The lease was capitalized in the amount of $11,483 and bears interest at a rate of 6.39%. The District is required to make monthly payments beginning on August 1, 2017 and ending July 1, 2021.

The net present value of these minimum lease payments as of December 31, 2018, follows:

Year Ending December 31	Amount
2019	$ 3,261
2020	3,261
2021	1,902
Minimum lease payments	8,424
Less: Amount representing interest	(676)
Present value of minimum Lease Payments	$ 7,748

Assets acquired through capital leases are as follows:

Assets:	
Building and improvements	$ 2,205,000
Fitness equipment	114,717
Less: Accumulated Depreciation	(384,966)
	$ 1,934,751

Note 6 – Net Position

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and is reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2018, the District had net investment in capital assets calculated as follows:

Net investment in capital assets:	
Capital assets, net	$ 9,318,947
Cost of bond refunding	138,672
Current portion of outstanding long-term obligations	(789,761)
Noncurrent portion of outstanding long-term obligations	(3,477,184)
Total net investment in capital assets	$ 5,190,674

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of either governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2018, as follows:

Restricted net position:	
Emergence reserves	$ 142,900
Debt service	2,961,799
Conservation Trust Fund	306,907
Total restricted net position	$ 3,411,606

The District has a deficit in unrestricted net position. This deficit amount is a result of the District's requirement to record its proportionate share of PERA's unfunded pension liability and the net OPEB liability of the PERA Health Care Trust Fund. The District has no legal obligation to fund these shortfalls nor does it have any ability to affect funding, benefits, or annual required contribution decisions made by PERA (see Note 8 and Note 9).

Note 7 – Intergovernmental Agreements

City of Dacono

On July 28, 2016, the District and the City of Dacono (City) entered into an intergovernmental agreement to set forth the general understandings of the parties regarding their relationship and their provision of recreation facilities and services within the City and the District.

The District and the City acknowledge and agree that they will have the following general responsibilities with respect to the following matters of mutual interest to the District and the City:

- The City will continue to use its best efforts to require developments within the City that are not currently within the District to file a petition for inclusion with the District.
- The City will give the District the opportunity to comment on development proposals on all new developments within the City no later than 15 days prior to the Planning Commission's consideration of such development proposal.
- The City will own and develop the neighborhood, area and regional parks within the City.
- The City will continue to pay for the watering of the inside and surrounding areas of the regional parks within the City.
- The District will provide and maintain a current contact list for the City's Public Works Manager and Chief of Police with current contact information for a District representative to be contacted in the case of emergency related to any District activity or event within the City. The District shall notify the Public Works Manager and Chief of Police in writing of any change of designated representative or such representative's contact information.
- Representatives of the District shall provide the City Council with quarterly updates that include information on current and planned services and facilities, and other issues related to implementation of this Agreement, and other matters of mutual interest.
- The District shall update its service plan or other necessary filings, as may be necessary to assure that it can include properties into the District that may annex into Dacono.
- The District shall only include property within the District that are within the City of Dacono, the Town of Frederick or the Town of Firestone.
- The District shall not enter into any agreement with City of Dacono, Town of Firestone or Town of Frederick (or properties in unincorporated Weld County) to provide specific facilities or services that are inconsistent with the Master Plan approved by the District.

The term of this agreement will remain in effect until December 31, 2019, unless sooner terminated by mutual written agreement.

Town of Frederick

On April 27, 2006, the District and the Town of Frederick (Town) entered into an intergovernmental agreement to set forth the general understandings of the Parties regarding their relationship and their provision of recreation facilities and services within the Town and the District. The District and the Town acknowledge and agree that they will have the following general responsibilities with respect to the following matters of mutual interest to the District and the Town:

- The Town will continue to require developments within the Town that are not currently within the District to file a petition for inclusion with the District.
- The Town will give the District the opportunity to comment on development proposals on all new developments within the Town no later than 21 days prior to the Planning Commission's consideration of such development proposal.
- The Town will own and develop the St. Vrain Legacy Trail within the Town limits.
- The District will expend District capital improvements and maintenance funds within the Town, in amounts not less than the ratio of the total assessed valuation of all taxable property within the District. This capital improvement and maintenance expenditure allocation shall not apply to bond proceeds and shall be reviewed on a three-year basis commencing in the year 2007.
- The District will operate, maintain and manage the inside (other than watering) of mutually agreed upon sports fields and/or other recreation facilities within the Town.
- The District shall be responsible for cleaning of all areas and facilities used by it, and for the supervision of players and programs, and shall hold harmless the Town from any and all liability resulting there from.
- With respect to the Lighted Ball Field on Block 29, the District agrees to pay all power/lighting costs associated with its use. The parties agree to evenly split the cost of all water used. The District is required to perform routine maintenance on the lighted ball field to include the following: mow and water the grassed areas weekly; daily trash pickup and maintenance of facilities; and other grounds keeping as agreed upon by the Parties. The terms of the use of the facilities on Block 29 are further clarified in the July 2012 Agreement for Joint Use of Facilities between the District, the Town and the St. Vrain School District RE-1J.

The term of this agreement will remain in effect until December 31, 2021, unless sooner terminated by mutual written agreement.

Town of Firestone

On January 14, 2015, and amended on March 9, 2016, the District and the Town of Firestone (Town) entered into an intergovernmental agreement to set forth the general understandings of the Parties regarding their relationship and their provision of recreation facilities and services within the Town and the District, and specific responsibilities concerning the use, management, operation and maintenance of certain Town-owned parks that are jointly used for recreation services. The District and the Town acknowledge and agree that they will have the following general responsibilities with respect to the following matters of mutual interest to the District and the Town:

- The Town will continue to use its best efforts to require developments within the Town that are not currently within the District to file a petition for inclusion with the District.
- The Town will give the District the opportunity to comment on development proposals on all new developments within the Town no later than 15 days prior to the Planning Commission's consideration of such development proposal.
- The Town will own and develop the Firestone Trail.
- The Town will own and develop the neighborhood, area and regional parks and trails within the Town.
- The District will provide and maintain a current contact list to the Town for a District representative to be contacted in the case of emergency related to any District activity or event within the Town. The District shall notify the Town in writing of any change of designated representative or such representative's contact information.
- To the extent permitted by law, the Town agrees to indemnify and hold harmless the District and its officials, agents and employees, from and against all liability, claims, and demands, on account of any injury, loss, or damage, which arise out of or are connected with the Town's use, operation, maintenance or management of Town parks or other Town-owned facilities, to the extent caused by or claimed to be caused by the act, omission, or other fault of the Town, its officials, agents and employees.
- To the extent permitted by law, the District agrees to indemnify and hold harmless the Town, and its officials, agents and employees, from and against all liability, claims, and demands, on account of any injury, loss, or damage, which arise out of or are connected with the District's use, operation, maintenance or management of Town parks or other Town-owned facilities, to the extent caused by or claimed to be caused by the act, omission, or other fault of the District, its officials, agents and employees.

- Representatives of the District shall provide the Town Board with quarterly updates that include information on current and planned services and facilities, and other issues related to implementation of this Agreement, and other matters of mutual interest.
- The agreement further clarifies the joint use for specific parks with the Town, including field maintenance, storage of District equipment and consent for capital improvements.

The term of this agreement will remain in effect until December 31, 2019, unless sooner terminated by mutual written agreement.

Town of Firestone and the Firestone Urban Renewal Authority Cooperation Agreement

On December 16, 2015, the District entered into a Cooperation Agreement with the Town of Firestone and the Firestone Urban Renewal Authority as it relates to the Central Firestone Urban Renewal Plan. Whereas the Firestone Urban Renewal Authority agrees to pay to the District all of the increase in property tax revenues calculated, produced, and allocated to the Firestone Urban Renewal Authority as a result of the levy of the District upon taxable property within the Urban Renewal Area for twenty-five (25) years from the effective date of the Plan.

Note 8 – Public Employees' Retirement Association of Colorado

Defined Benefit Pension Plan

General Information about the Pension Plan

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

Benefits Provided as of December 31, 2017

PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.

- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF.

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

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

Contributions as of December 31, 2018

Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq*. Eligible employees are required to contribute 8 percent of their PERA-includable salary.

The employer contribution requirements are summarized in the table below:

Contributions	**Rate** [1]
Employer contribution rate	10.00%
Amount of Employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24- 51-208(1)(f)	(1.02%)
Amount Apportioned to the LGDTF	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%
Total Employer Contribution Rate to the LGDTF	**12.68%**

[1] Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were $209,232 for the year ended December 31, 2018.

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

At December 31, 2018, the District reported a liability of $2,753,402 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District proportion of the net pension liability was based on District contributions to the LGDTF for the calendar year 2017 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2017, the District proportion was 0.24729012140% percent, which was an increase of 0.00381090130% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the District recognized pension expense of $573,371. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 172,250	$ -
Changes of assumptions or other inputs	29,086	-
Net difference between projected and actual earnings on pension plan investments	-	(535,195)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	22,621	(12,427)
Contributions subsequent to the measurement date	209,232	N/A
Total	$ 433,189	$ (547,622)

$209,232 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2019	$ 130,808
2020	(61,383)
2021	(194,640)
2022	(198,450)
	$ (323,665)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real wage growth	1.10%
Wage Inflation	3.50%
Salary increases, including wage inflations	3.50% - 10.45%
Long-term Investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount Rate	7.25%
Post-retirement benefit increases: PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad-hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

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

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

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

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

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

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount Rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability	$ 4,385,277	$ 2,753,402	$ 1,393,000

Pension plan fiduciary net position

Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Changes between the measurement date of the net pension liability and December 31, 2018

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

- Member contributions, employer contributions, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

- Expands eligibility to participate in the PERA DC Plan to new members hired on or after January 1, 2019, in the Local Government Division. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

At December 31, 2018, the District reported a liability of $2,753,402 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what the District proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the LGDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the LGDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	$ 1,947,528

Defined Contribution Pension Plan

Voluntary Investment Program

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2018, program members contributed $-0- and the District recognized pension expense and a liability of $-0- and $-0-, respectively, for the Voluntary Investment Program.

Note 9 – Defined Benefit Other Postemployment Benefit (OPEB) Plan

Health Care Trust Fund

Plan Description – Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly, Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure
The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure
The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions

Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were $16,831 for the year ended December 31, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018, the District reported a liability of $249,725 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District proportion was 0.01921554780% percent, which was an increase of 0.0005252875% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the District recognized OPEB expense of $20,280. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,181	$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	(4,178)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,692	-
Contributions subsequent to the measurement date	16,831	N/A
Total	$ 23,704	$ (4,178)

$16,831 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31,	
2019	$ 306
2020	306
2021	306
2022	306
2023	1,350
2024	121
	$ 2,695

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

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

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.

- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.

- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.

- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.

- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.

- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Sensitivity of the District proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	$242,854	$249,725	$258,001

Discount rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Proportionate share of the net OPEB liability	$ 280,770	$ 249,725	$ 223,228

OPEB plan fiduciary net position

Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Note 10 – Interfund Transfers

Transfers between funds provide support for various District programs in accordance with budgetary authorizations. During the year ended December 31, 2018, the District made a one-time transfer to the Capital Improvements Projects Fund from the General Fund to fund capital improvements accounted for in that fund.

Note 11 – Risk Management

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

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

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

Note 12 – Tax, Spending and Debt Limitations

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

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

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

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

On November 5, 1996, the registered voters of the District voted to allow the District to collect, retain, and expend all revenues and other funds generated from its current general fund property tax mill levy of 4.427 mills, from fees and charges and all other sources, effective January 1, 1996, and continuing thereafter, and be used to provide District services as a voter approved revenue change, offset and an exception to the limits imposed by Article X, Section 20 of the Colorado Constitution, Section 29-1-301, C.R.S. This effectively removed all revenue and spending limits imposed by the Amendment.

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

Note 13 – Change in Accounting Principle

During the year ended December 31, 2018, The District implemented GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Statement No. 75), which revises and establishes new financial reporting requirements for most governments that provide their employees with postemployment benefits other than pensions (other postemployment benefits or OPEB). The District provides its employees with OPEB through a multiple employer cost-sharing defined benefit retirement program administered by the Public Employees' Retirement Association of Colorado (PERA).

Statement No. 75 requires cost-sharing employers participating in the PERA program, such as the District, to record their proportionate share, as defined in Statement No. 75, of PERA's unfunded OPEB liability. The District has no ability to affect funding, benefits or annual required contribution decisions made by PERA.

As the result of implementing Statement No. 75, the District has restated the beginning net position in the government-wide Statement of Net Position, decreasing net position as of January 1, 2018 by $226,750.

Beginning Net Position, as previously reported at December 31, 2017	$ 6,666,754
Prior period adjustment - GASB 75 Implementation:	
Net OPEB Liability at December 31, 2016 (measurement date)	(242,326)
Deferred Outflows - District contributions made in 2017	15,576
Total	(226,750)
Net Position at January 1, 2018, as restated	$ 6,440,004

REQUIRED SUPPLEMENTARY INFORMATION

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CARBON VALLEY PARKS AND RECREATION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

PERA PENSION PLAN - LOCAL GOVERNMENT DIVISION TRUST FUND

LAST 10 YEARS *

	2017	2016
District's Proportion of the Net Pension Liability (Asset)	0.2472901214%	0.2434792201%
District's Proportionate Share of the Net Pension Liability (Asset)	$ 2,753,402	$ 3,287,800
District Covered Employee Payroll	$ 1,527,027	$ 1,438,023
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	180.311%	228.633%
Calculation of Collective Net Pension Liability ($ in thousands):		
Total Pension Liability	$ 5,396,516	$ 5,123,847
Plan Fiduciary Net Position	4,283,086	3,773,506
Net Pension Liability	$ 1,113,430	$ 1,350,341
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.37%	73.65%

Information above is presented as of the measurement date.

* Information is not currently available for prior years; additional years will be displayed as they become available.

	2015	2014	2013
	0.2611941358%	0.2451143857%	0.2866548388%
	$ 2,877,266	$ 2,196,983	$ 2,358,943
	$ 1,516,586	$ 1,343,117	$ 1,529,330
	189.720%	163.573%	154.247%
	$ 4,762,090	$ 4,647,777	$ 4,517,239
	3,660,509	3,751,468	3,694,318
	$ 1,101,581	$ 896,309	$ 822,921
	76.87%	80.72%	81.78%

CARBON VALLEY PARKS AND RECREATION DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA PENSION PLAN - LOCAL GOVERNMENT DIVISION TRUST FUND
LAST 10 YEARS *

Year Ending December 31,	Statutorily Required Contribution	Actual Employer Contribution	Contribution Deficency (Excess)	Covered Employees Payroll	Contributions as a % of Covered Payroll
2013	$ 193,919	$ 193,919	$ -	$ 1,529,330	12.68%
2014	$ 170,307	$ 170,307	$ -	$ 1,343,117	12.68%
2015	$ 192,312	$ 192,312	$ -	$ 1,516,586	12.68%
2016	$ 182,341	$ 182,341	$ -	$ 1,438,023	12.68%
2017	$ 193,627	$ 193,627	$ -	$ 1,527,027	12.68%
2018	$ 209,232	$ 209,232	$ -	$ 1,650,097	12.68%

* Information is not currently available for prior years; additional years will be displayed as they become available.

CARBON VALLEY PARKS AND RECREATION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PERA - HEALTH CARE TRUST FUND
LAST TEN YEARS *

	2017	2016
District's Proportion of the Net OPEB Liability	0.0192155478%	0.0186902603%
District Proportionate Share of the Net OPEB Liability	$ 249,725	$ 242,326
District Covered Employee Payroll	$ 1,527,027	$ 1,438,023
Proportionate Share of Net OPEB Liability as a Percentage of its Covered Employee Payroll	16.354%	16.851%
Calculation of Collective Net Pension Liability ($ in thousands):		
Total OPEB Liability	$ 1,575,822	$ 1,556,762
Plan Fiduciary Net Position	276,222	260,228
Net OPEB Liability	$ 1,299,600	$ 1,296,534
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of December 31st, the measurement date used by the District.

* Information is not currently available for prior years; additional years will be displayed as they become available.

CARBON VALLEY PARKS AND RECREATION DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA - HEALTH CARE TRUST FUND
LAST TEN YEARS *

Year Ending December 31,	Statutorily Required Contribution	Actual Employer Contribution	Contribution Deficency (Excess)	Covered Employees Payroll	Contributions as a % of Covered Payroll
2013	$ 15,600	$ 15,600	$ -	$ 1,529,330	1.02%
2014	$ 13,700	$ 13,700	$ -	$ 1,343,117	1.02%
2015	$ 15,421	$ 15,421	$ -	$ 1,516,586	1.02%
2016	$ 14,622	$ 14,622	$ -	$ 1,438,023	1.02%
2017	$ 15,576	$ 15,576	$ -	$ 1,527,027	1.02%
2018	$ 16,831	$ 16,831	$ -	$ 1,650,097	1.02%

* Information is not currently available for prior years; additional years will be displayed as they become available.

SUPPLEMENTARY INFORMATION

CARBON VALLEY PARKS AND RECREATION DISTRICT

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2018
(With Comparative Actual Totals for the Year Ended December 31, 2017)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual
Revenues				
Property Tax Revenue	$ 1,050,453	$ 1,047,592	$ (2,861)	$ 1,321,392
Specific Ownership Taxes	63,027	81,551	18,524	103,927
Net Investment Income	1,420	13,458	12,038	2,127
Total Revenues	1,114,900	1,142,601	27,701	1,427,446
Expenditures				
County Treasurer's Fees	15,757	15,735	22	19,839
Principal	530,000	530,000	-	525,000
Interest	133,013	133,013	-	147,450
Paying Agent Fees	200	200	-	200
Total Expenditures	678,970	678,948	22	692,489
Net Change in Fund Balance	435,930	463,653	27,723	734,957
Fund Balance - Beginning	2,636,771	2,517,361	(119,410)	1,782,404
Fund Balance - Ending	$ 3,072,701	$ 2,981,014	$ (91,687)	$ 2,517,361

See the Independent Auditor's Report

CARBON VALLEY PARKS AND RECREATION DISTRICT

CAPITAL IMPROVEMENT PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2018
(With Comparative Actual Totals for the Year Ended December 31, 2017)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual
Expenditures				
Capital Outlay	$ 264,338	$ 61,260	$ 203,078	$ -
Excess Expenditures Over Revenues	(264,338)	(61,260)	203,078	-
Other Financing Sources				
Transfers In	1,314,338	1,314,338	-	-
Net Change in Fund Balance	1,050,000	1,253,078	203,078	-
Fund Balance - Ending	$ 1,050,000	$ 1,253,078	$ 203,078	$ -

See Independent Auditor's Report

OTHER INFORMATION

CARBON VALLEY PARKS AND RECREATION DISTRICT

SCHEDULES OF FUTURE DEBT SERVICE REQUIREMENTS
December 31, 2018

$6,180,000 General Obligation Bonds Series 2010

Year	Rate	Principal	Interest	Total
2019	4.00	$ 550,000	$ 111,813	$ 661,813
2020	2.75	575,000	89,812	664,812
2021	4.00	600,000	74,000	674,000
2022	4.00	615,000	50,000	665,000
2023	4.00	635,000	25,400	660,400
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
		$ 2,975,000	$ 351,025	$ 3,326,025

$1,800,000 Capital Lease Obligation Dated May 1, 2009

Year	Rate	Principal	Interest	Total
2019	4.00	$ 115,355	$ 39,589	$ 154,944
2020	4.00	120,016	34,928	154,944
2021	4.00	124,864	30,080	154,944
2022	4.00	129,909	25,035	154,944
2023	4.00	135,157	19,787	154,944
2024	4.00	140,619	14,325	154,944
2025	4.00	146,300	8,644	154,944
2026	4.00	106,055	2,736	108,791
		$ 1,018,275	$ 175,124	$ 1,193,399

$103,234 Capital Lease Obligation Recreation Equipment, 2015

Year	Rate	Principal	Interest	Total
2019	6.23	$ 25,839	$ 812	$ 26,651
2020	-	-	-	-
2021	-	-	-	-
		$ 25,839	$ 812	$ 26,651

$300,000 Capital Lease Obligation Admin Building, 2016

Year	Rate	Principal	Interest	Total
2019	6.50	$ 62,387	$ 8,051	$ 70,438
2020	6.50	66,565	3,873	70,438
2021	6.50	23,166	313	23,479
		$ 152,118	$ 12,237	$ 164,355

$11,483 Capital Lease Obligation Recreation Equipment, 2017

Year	Rate	Principal	Interest	Total
2019	6.39	$ 2,848	$ 413	$ 3,261
2020	6.39	3,036	225	3,261
2021	6.39	1,864	38	1,902
		$ 7,748	$ 676	$ 8,424

CARBON VALLEY PARKS AND RECREATION DISTRICT

SCHEDULE OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

			Mill Levy						
Levy Year	Collection Year	Assessed Valuation	General	Debt	Abate-ments	Total	Total Levy	Current Collection	Collection Rate
2008	2009	$270,618,897	4.427	2.230	0.000	6.657	$1,801,510	$1,781,407	98.88%
2009	2010	$299,678,140	4.427	2.230	0.000	6.657	$1,994,957	$1,959,268	98.21%
2010	2011	$302,898,970	4.427	2.230	0.000	6.657	$2,016,398	$2,015,043	99.93%
2011	2012	$373,579,410	4.427	2.230	0.000	6.657	$2,486,918	$2,393,374	96.24%
2012	2013	$413,761,430	4.427	2.230	0.000	6.657	$2,754,410	$2,688,664	97.61%
2013	2014	$390,324,640	4.427	2.230	0.000	6.657	$2,598,391	$2,576,339	99.15%
2014	2015	$383,194,650	4.427	2.230	0.053	6.710	$2,571,236	$2,552,913	99.29%
2015	2016	$655,895,660	4.427	2.230	0.137	6.794	$4,456,155	$4,463,428	100.16%
2016	2017	$559,667,218	4.427	2.230	0.398	7.055	$3,948,452	$3,944,489	99.90%
2017	2018	$687,469,297	4.427	1.528	0.000	5.955	$4,093,880	$4,082,727	99.73%
Estimated for the year ending December 31, 2019		$673,541,658	4.427	0.192	0.000	4.619	$3,111,089		

Note:

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