

**Elizabeth Park and Recreation District**

Financial Statements

Year Ended December 31, 2018

with

Independent Auditors' Report

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Board of Directors  
Elizabeth Park and Recreation District  
Elbert County, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Elizabeth Park 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Elizabeth Park and Recreation District as of December 31, 2018, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

For the year ended December 31, 2018, the Elizabeth Park and Recreation District adopted the provisions of GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. AS a result of the implementation of GASB Statement No. 75, Elizabeth Park and Recreation District reported a restatement for the change in accounting principle as of January 1, 2018. See Note 15 for further information. The January 1, 2017 balance was not restated for these changes in accounting principle due to the fact that information was not available to the District to restate net position as of January 1, 2017. Our opinion was not modified with respect to the restatement.

### ***Other-Matters***

#### ***Required Supplementary Information***

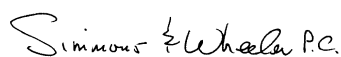
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Accounting principles generally accepted in the United States of America require that the schedule of the District's proportionate share of the net pension liability and schedule of employer contributions on pages 34 and 35 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 procedure to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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 Elizabeth Park and Recreation District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



November 18, 2019  
Englewood, CO

**ELIZABETH PARK AND RECREATION DISTRICT**

STATEMENT OF NET POSITION

December 31, 2018

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 723,146	\$ -	\$ 723,146
Cash and investments - restricted	11,643	139,588	151,231
Property taxes receivable - current	16,476	-	16,476
Property taxes receivable - advance	496,805	-	496,805
Internal balances	(50,498)	50,498	-
Prepaid expenses	<u>24,675</u>	<u>-</u>	<u>24,675</u>
Total Current Assets	<u>1,222,247</u>	<u>190,086</u>	<u>1,412,333</u>
<b>CAPITAL ASSETS</b>			
Nondepreciable	4,245,684	-	4,245,684
Depreciable, net of accumulated depreciation	<u>93,107</u>	<u>196,163</u>	<u>289,270</u>
Total Capital Assets	<u>4,338,791</u>	<u>196,163</u>	<u>4,534,954</u>
Total Assets	<u>5,561,038</u>	<u>386,249</u>	<u>5,947,287</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows relating to pensions	39,208	49,902	89,110
Deferred outflows relating to OPEB	<u>1,732</u>	<u>2,205</u>	<u>3,937</u>
Total deferred outflows of resources	<u>40,940</u>	<u>52,107</u>	<u>93,047</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	<u>5,560</u>	<u>1,756</u>	<u>7,316</u>
Total Current Liabilities	<u>5,560</u>	<u>1,756</u>	<u>7,316</u>
<b>LONG-TERM LIABILITIES</b>			
Net pension liability	151,651	193,010	344,661
Net OPEB liability	<u>12,239</u>	<u>15,577</u>	<u>27,816</u>
Total Long-term Liabilities	<u>163,890</u>	<u>208,587</u>	<u>372,477</u>
Total Liabilities	<u>169,450</u>	<u>210,343</u>	<u>379,793</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property taxes	496,805	-	496,805
Deferred inflows of resources relating to pensions	29,477	37,517	66,994
Deferred inflows of resources relating to OPEB	<u>504</u>	<u>641</u>	<u>1,145</u>
Total deferred inflows of resources	<u>526,786</u>	<u>38,158</u>	<u>564,944</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,326,552	180,586	4,507,138
Restricted for:			
Emergency reserve	11,643	-	11,643
Conservation trust fund	-	139,588	139,588
Unrestricted	<u>567,547</u>	<u>(130,319)</u>	<u>437,228</u>
Total Net Position	<u>\$ 4,905,742</u>	<u>\$ 189,855</u>	<u>\$ 5,095,597</u>

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

**ELIZABETH PARK AND RECREATION DISTRICT**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 441,571	\$ -	\$ -	\$ -	\$ (441,571)	\$ -	\$ (441,571)
Conservation trust funds	-	-	-	74,882	74,882	-	74,882
Depreciation	<u>21,529</u>	-	-	-	<u>(21,529)</u>	-	<u>(21,529)</u>
Total Governmental Activities	<u>463,100</u>	-	-	<u>74,882</u>	<u>(388,218)</u>	-	<u>(388,218)</u>
Business-type Activities:							
Park programs - operations	245,895	329,790	67,009	-	-	150,904	150,904
Park programs - depreciation	<u>10,276</u>	-	-	-	-	<u>(10,276)</u>	<u>(10,276)</u>
Total Business-type Activities	<u>256,171</u>	<u>329,790</u>	<u>67,009</u>	-	-	<u>140,628</u>	<u>140,628</u>
Total	<u>\$ 719,271</u>	<u>\$ 329,790</u>	<u>\$ 67,009</u>	<u>\$ 74,882</u>	<u>(388,218)</u>	<u>140,628</u>	<u>(247,590)</u>
General Revenues:							
Property taxes					475,985	-	475,985
Specific ownership taxes					87,576	-	87,576
Interest income					<u>6,906</u>	-	<u>6,906</u>
Total General Revenues					<u>570,467</u>	-	<u>570,467</u>
Change in Net Position					182,249	140,628	322,877
Net Position - Beg - as restated for change in accounting principal					<u>4,723,493</u>	<u>49,227</u>	<u>4,772,720</u>
Net Position - Ending					<u>\$ 4,905,742</u>	<u>\$ 189,855</u>	<u>\$ 5,095,597</u>

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

**ELIZABETH PARK AND RECREATION DISTRICT**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 723,146	\$ -	\$ 723,146
Cash and investments - restricted	11,643	-	11,643
Accounts receivable:			
Taxes - current	16,476	-	16,476
Taxes - deferred	496,805	-	496,805
Prepaid expenses	<u>24,675</u>	<u>-</u>	<u>24,675</u>
Total Assets	<u>\$ 1,272,745</u>	<u>\$ -</u>	<u>\$ 1,272,745</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 5,560	\$ -	\$ 5,560
Amount due to other funds	<u>50,498</u>	<u>-</u>	<u>50,498</u>
Total Liabilities	<u>56,058</u>	<u>-</u>	<u>56,058</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property taxes	<u>496,805</u>	<u>-</u>	<u>496,805</u>
Total Deferred Inflows of Resources	<u>496,805</u>	<u>-</u>	<u>496,805</u>
<b>FUND BALANCES:</b>			
Nonspendable:			
Prepaid expenses	24,675	-	24,675
Restricted:			
Emergencies	11,643	-	11,643
Debt service	-	684,865	684,865
Unreserved	<u>683,564</u>	<u>(684,865)</u>	<u>(1,301)</u>
Total Fund Balance	<u>719,882</u>	<u>-</u>	<u>719,882</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,272,745</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	4,338,791
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Pension and OPEB liabilities and related deferred inflows and deferred outflows of resources are not current financial resources and, therefore, are not reported in the fund financial statements:

Net pension and OPEB liability	(163,890)
Deferred outflows of resources relating to pensions and OPEB	40,940
Deferred inflows of resources relating to pensions and OPEB	<u>(29,981)</u>

Net Position of Governmental Activities	<u>\$ 4,905,742</u>
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The notes to the financial statements are an integral part of these statements.

**ELIZABETH PARK AND RECREATION DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2018

	<u>General</u>	Debt <u>Service</u>	<u>Total</u>
<b>REVENUES</b>			
Property taxes	\$ 475,985	\$ -	\$ 475,985
Ownership taxes	87,576	-	87,576
Conservation trust grant	74,882	-	74,882
Interest income	<u>6,906</u>	<u>-</u>	<u>6,906</u>
Total Revenues	<u>645,349</u>	<u>-</u>	<u>645,349</u>
<b>EXPENDITURES</b>			
General expenditures:			
Payroll	193,752	-	193,752
Payroll taxes	2,872	-	2,872
PERA	26,918	-	26,918
Health insurance	19,044	-	19,044
Insurance	24,592	-	24,592
Office supplies	3,798	-	3,798
Accounting and auditing	8,067	-	8,067
Directors fees	5,400	-	5,400
Memberships and associations	1,857	-	1,857
Training and professional development	655	-	655
Gas and Oil	2,810	-	2,810
Legal	13,715	-	13,715
Internet, telephone	9,244	-	9,244
Printing and copier	1,271	-	1,271
Professional services	55,318	-	55,318
Utilities	23,727	-	23,727
Maintenance supplies	5,993	-	5,993
Miscellaneous	755	-	755
Treasurer's fees	13,936	-	13,936
Capital outlay	<u>35,136</u>	<u>-</u>	<u>35,136</u>
Total Expenditures	<u>462,543</u>	<u>-</u>	<u>462,543</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	182,806	-	182,806
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from (to) other funds	<u>684,865</u>	<u>(684,865)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>684,865</u>	<u>(684,865)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	867,671	(684,865)	182,806
<b>FUND BALANCES:</b>			
BEGINNING OF YEAR	<u>(147,789)</u>	<u>684,865</u>	<u>537,076</u>
END OF YEAR	<u>\$ 719,882</u>	<u>\$ -</u>	<u>\$ 719,882</u>

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

## ELIZABETH PARK 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

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - Total governmental funds	\$	182,806
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Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful lives of the asset. Therefore, this is the amount of capital outlay, net of depreciation, in the current period.

Depreciation expense	(21,529)
Capital outlay	35,136

Pension liability does not require use of current financial resources and therefore is not reported as expenditures in the governmental fund.	<u>(14,164)</u>
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Change in Net Position of Governmental Activities	<u>\$</u>	<u>182,249</u>
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The notes to the financial statements are an integral part of these statements.

**ELIZABETH PARK AND RECREATION DISTRICT**

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

For the Year Ended December 31, 2018

	Original and		Variance
	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 476,639	\$ 475,985	\$ (654)
Ownership taxes	93,200	87,576	(5,624)
Conservation trust grant	67,100	74,882	7,782
Development fees	25,200	-	(25,200)
Miscellaneous income	2,500	-	(2,500)
Interest income	<u>3,850</u>	<u>6,906</u>	<u>3,056</u>
Total Revenues	<u>668,489</u>	<u>645,349</u>	<u>(23,140)</u>
<b>EXPENDITURES</b>			
Payroll	198,540	193,752	4,788
Payroll taxes	2,878	2,872	6
PERA	27,399	26,918	481
Health insurance	15,000	19,044	(4,044)
Insurance	26,000	24,592	1,408
Office supplies	2,800	3,798	(998)
Accounting and auditing	8,500	8,067	433
Directors fees	7,000	5,400	1,600
Memberships and associations	1,650	1,857	(207)
Training and professional development	2,000	655	1,345
Gas and Oil	3,500	2,810	690
Legal	15,500	13,715	1,785
Internet, telephone	10,500	9,244	1,256
Printing and copier	1,650	1,271	379
Professional services	32,850	55,318	(22,468)
Utilities	21,000	23,727	(2,727)
Maintenance supplies	-	5,993	(5,993)
Repairs and maintenance	35,000	13,683	21,317
Miscellaneous	1,500	755	745
Treasurer's fees	7,150	13,936	(6,786)
Capital outlay	374,500	35,136	339,364
Emergency reserve	<u>18,368</u>	<u>-</u>	<u>18,368</u>
Total Expenditures	<u>813,285</u>	<u>462,543</u>	<u>350,742</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(144,796)	182,806	327,602
OTHER FINANCING SOURCES (USES)			
Transfer from (to) other funds	<u>677,193</u>	<u>684,865</u>	<u>7,672</u>
Total Other Financial Sources (Uses)	<u>677,193</u>	<u>684,865</u>	<u>7,672</u>
NET CHANGE IN FUND BALANCE	532,397	867,671	335,274
FUND BALANCE:			
BEGINNING OF YEAR	<u>(115,107)</u>	<u>(147,789)</u>	<u>(32,682)</u>
END OF YEAR	<u>\$ 417,290</u>	<u>\$ 719,882</u>	<u>\$ 302,592</u>

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

**ELIZABETH PARK AND RECREATION DISTRICT**

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
December 31, 2018

ASSETS:

CURRENT ASSETS

Cash and investments - restricted	\$ 139,588
Amount due from other funds	<u>50,498</u>
Total Current Assets	<u>190,086</u>

CAPITAL ASSETS

Land and buildings	288,044
Machinery and equipment	17,491
Parks	<u>249,572</u>
	555,107
Less accumulated depreciation	<u>358,944</u>
Total capital assets, net of accumulated depreciation	<u>196,163</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows relating to pensions	49,902
Deferred outflows relating to OPEB	<u>2,205</u>
Total deferred outflows of resources	<u>52,107</u>
Total Assets	<u>438,356</u>

LIABILITIES:

CURRENT LIABILITIES

Accounts payable	<u>1,756</u>
Total Current Liabilities	<u>1,756</u>

LONG-TERM LIABILITIES

Net pension liability	193,010
Net OPEB liability	<u>15,577</u>
	208,587
Total Liabilities	<u>210,343</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources relating to pensions	37,517
Deferred inflows of resources relating to OPEB	<u>641</u>
Total deferred inflows of resources	<u>38,158</u>

NET POSITION:

Net investment in capital assets	196,163
Restricted for:	
Conservation trust fund	139,588
Unrestricted	<u>(145,896)</u>
Total Net Position	<u>\$ 189,855</u>

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

# ELIZABETH PARK AND RECREATION DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUND

For the Year Ended December 31, 2018

OPERATING REVENUES	
Program revenue	\$ 329,790
Total Operating Revenues	<u>329,790</u>
OPERATING EXPENSES	
Contract labor	11,641
Concession costs	3,143
Depreciation	10,276
Cleaning supplies	1,806
Coaching refunds	4,185
Dues, memberships	1,550
Professional development	670
Facility rental fees	1,384
Payroll	61,185
PERA	31,681
Payroll taxes	907
Health insurance	6,014
Facility furniture, fixtures and equipment	3,457
Miscellaneous expense	6,362
Utilities	40,401
Sales tax	609
Program supplies	55,500
Recreation equipment	351
Repairs and maintenance	<u>15,049</u>
Total Operating Expenses	<u>256,171</u>
INCOME (LOSS) FROM OPERATIONS	<u>73,619</u>
NONOPERATING REVENUES (EXPENSES)	
Facility Fees	<u>67,009</u>
Total Nonoperating Revenues (Expenses)	<u>67,009</u>
NET INCOME - CHANGE IN NET POSITION	140,628
NET POSITION AS RESTATED - BEGINNING OF YEAR	<u>49,227</u>
NET POSITION - END OF YEAR	<u><u>\$ 189,855</u></u>

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

# ELIZABETH PARK AND RECREATION DISTRICT

## STATEMENT OF CASH FLOWS PROPRIETARY FUND

For the Year Ended December 31, 2018

### CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 329,790
Payments to suppliers	(210,257)
Payments to employees and related expenses	(99,787)
Payments to contract labor	<u>(11,641)</u>
Net Cash Provided (Required) by Operating Activities	<u>8,105</u>

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Facility fees	<u>67,009</u>
Net Cash Provided (Required) by Capital and Related Financing Activities	<u>67,009</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 75,114

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 64,474

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 139,588

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

Net income (loss) from operations	\$ 73,619
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES	
Depreciation	10,276
Changes in Assets and Liabilities:	
(Increase) Decrease in accounts receivable	2,035
(Decrease) Increase in accounts payable	1,756
(Decrease) Increase in due to other funds	(97,607)
Change net pension and OPEB liabilities and related deferred inflows / outflows of resources	<u>18,026</u>
Net Adjustments	<u>(65,514)</u>
NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES	<u><u>\$ 8,105</u></u>

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

## Elizabeth Park and Recreation District

Notes to Financial Statements  
December 31, 2018

### Note 1: Summary of Significant Accounting Policies

The accounting policies of the Elizabeth Park and Recreation District (“the District”), located in Elbert County, Colorado, (“the County”), conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

#### Definition of Reporting Entity

The District was organized on July 9, 1986, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to develop and provide park and recreation facilities and services. The District’s primary revenues are property taxes and program services. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended* GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

#### Basis of Presentation

The accompanying financial statements are presented per GASB No. 34.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements.

## Elizabeth Park and Recreation District

Notes to Financial Statements  
December 31, 2018

The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* 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 revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as 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*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

## Elizabeth Park and Recreation District

Notes to Financial Statements  
December 31, 2018

The District reports the following major proprietary funds:

*Proprietary Fund* – The Proprietary Fund accounts for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions. The District's proprietary fund consists of the Park Services Fund.

### Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can 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. The appropriation is at the total fund expenditures level and lapses at year end.

Subsequent to year end, the District, also amended its total appropriations in the debt service fund from \$677,193 to \$685,000 primarily due to a larger than anticipated fund transfer and in the proprietary fund from \$208,379 to \$250,000 due to unbudgeted expenses.

### Statement of Cash Flows

For purposes of the statement of cash flows, the District considers cash deposits with a maturity of three months or less to be cash equivalents. During 2018, the District incurred no noncash activities.

## Elizabeth Park and Recreation District

Notes to Financial Statements  
December 31, 2018

### Assets, Liabilities, and Net Position:

#### Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2018, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

#### Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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 funds' average equity balance in the total cash.

#### Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the Statement of Net Position.

#### Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of 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 District only has one item that qualifies for reporting in this category. The District recognizes deferred outflows of resources related to pensions.

## Elizabeth Park and Recreation District

### Notes to Financial Statements December 31, 2018

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of items that qualify for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also recognizes deferred inflows of resources related to pensions.

#### Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge.

Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Property, plant, and equipment are depreciated using the straight-line method. The lives of the assets range from 5 to 50 years.

#### Property Tax

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

## Elizabeth Park and Recreation District

### Notes to Financial Statements December 31, 2018

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

#### Long-Term Obligations

In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of any bond premium or discount where applicable.

#### Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

#### Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$24,675 represents prepaid expenditures.

#### Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$11,643 of the General Fund balance has been restricted in compliance with this requirement.

#### Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

## Elizabeth Park and Recreation District

Notes to Financial Statements  
December 31, 2018

### Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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.

### Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

### Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District may report three categories of net position, as follows:

*Net investment in capital assets* – consists of net capital assets, except for construction in progress, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

*Restricted net position* – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

*Unrestricted net position* – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the District will use the most restrictive net position first.

## Elizabeth Park and Recreation District

Notes to Financial Statements  
December 31, 2018

### Note 2: Cash and Investments

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

Statement of net position:	
Cash and investments	\$ 723,146
Cash and investments - Restricted	<u>151,231</u>
Total	<u>\$ 874,377</u>

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

Deposits with financial institutions	\$ 600,338
Investments – COLOTRUST	<u>274,039</u>
	<u>\$ 874,377</u>

### Deposits

#### Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured depositories and assets maintained in the collateral pools.

The District does not have a formal policy for deposits but follows State statutes regarding deposits. As of December 31, 2018, none of the District’s deposits were exposed to custodial credit risk.

### Investments

#### Credit risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

## **Elizabeth Park and Recreation District**

Notes to Financial Statements  
December 31, 2018

### Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

### Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

### Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

As of December 31, 2018, the District had the following investments:

### COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes 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 repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2018, the District had \$274,039 invested in COLOTRUST.

## Elizabeth Park and Recreation District

Notes to Financial Statements  
December 31, 2018

### Note 3: Capital Assets

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

	Balance 01/01/18	Additions	Deletions	Balance 12/31/18
<u><i>Governmental Type Activities:</i></u>				
<u>Capital assets not being depreciated:</u>				
Land and buildings	\$ 1,521,013	\$ -	\$ -	\$ 1,521,013
Parks, landscaping	2,724,671	-	-	2,724,671
Total capital assets not being depreciated:	4,245,684	-	-	4,245,684
<u>Capital assets being depreciated:</u>				
Machinery, equipment	153,883	1,600	-	155,483
Parks, equipment	234,627	33,536	-	268,163
Total capital assets:	388,510	35,136	-	423,646
Depreciation	(309,010)	(21,529)	-	(330,539)
Net capital assets being depreciated:	79,500	13,607	-	93,107
Government type assets, net	\$ 4,325,184	\$ 13,607	\$ -	\$ 4,338,791
<u><i>Business Type Activities:</i></u>				
<u>Capital assets being depreciated:</u>				
Land and buildings	\$ 288,044	\$ -	\$ -	\$ 288,044
Equipment	17,491	-	-	17,491
Park	249,572	-	-	249,572
Total capital assets:	555,107	-	-	555,107
Depreciation	(348,668)	(10,276)	-	(358,944)
Business type assets, net	\$ 206,439	\$ (10,276)	\$ -	\$ 196,163

The District is responsible for the maintenance and repair of the capital assets.

## Elizabeth Park and Recreation District

Notes to Financial Statements  
December 31, 2018

### Note 4: Segment Information

The District's proprietary fund provides park services. Segment information for the year ended December 31, 2018 was as follows:

	<u>Park Services</u>
Operating revenue	\$ 324,635
Depreciation	\$ 10,276
Net operating loss	\$ 91,645
Total fixed assets	\$ 196,163

### Note 5: Intergovernmental Agreements

On September 6, 2002, the District passed a resolution to consent to the overlapping of boundaries with Elbert and Highway 86 Metropolitan District and the District. On December 5, 2002, the District entered into an agreement with Elbert and Highway 86 Metropolitan District for the purpose of constructing park and recreation facilities within the District. Elbert and Highway 86 Metropolitan District shall construct a regional park and recreation fields, and related irrigated open space totaling approximately 7.37 acres located in the Elbert and Highway 86 Metropolitan District. Upon completion, the park and irrigation system shall be conveyed to Elizabeth Park and Recreation District with the exception of a trail within the park which shall be owned and operated by the Elbert and Highway 86 Metropolitan District. The irrigation water shall be supplied to Elizabeth Park and Recreation District at a substantially discounted usage rate. There shall be a \$1,500 Development Impact Fee collected at the issuance of each building permit and paid to the Elizabeth Park and Recreation District.

On August 17, 2004, the District entered into an agreement with the developer of land in the Spring Valley Metropolitan District. Spring Valley Metropolitan District will provide certain park and recreation services which will overlap the boundaries of Elizabeth Park and Recreation District, therefore the developer has agreed to pay to Elizabeth Park and Recreation District, \$350 per residential lot at the time the building permits are issued.

On October 24, 2005, the District entered into an agreement with Pfeifer Johnson LLC, the developer of land in Britanie Ridge Metropolitan District. The boundaries of the Elizabeth Park and Recreation District and Britanie Ridge Metropolitan District overlap, therefore the developer of Britanie Ridge Metropolitan District shall pay a development impact fee of \$750 per lot to the Elizabeth Park and Recreation District upon issuance of a building permit.

## **Elizabeth Park and Recreation District**

### Notes to Financial Statements December 31, 2018

On August 21, 2007, the District entered in an agreement with Gold Creek Commons, LLC, the developer of land in Gold Creek Commons Metropolitan District. The boundaries of the Elizabeth Park and Recreation District and Cold Creek Metropolitan District overlap, therefore, the Developer of Gold Creek Metropolitan District shall pay a development impact fee of \$1,000 per lot to the Elizabeth Park and Recreation District upon issuance of a building permit.

On March 17, 2009, the District entered into a Development Fee Agreement with Ampaul LLC and Lake Real Estate, LLC, (the developers) developers of land within Ritoro Metropolitan District. The developers have agreed to pay Elizabeth Park and Recreation District \$10,000 at the signing of this agreement and a certain lump-sum amount once the final plat with in the Ritoro Metropolitan District is approved by the Town of Elizabeth, Colorado. The amount ranges from \$75,000 to \$125,000 depending on the year in which the final plat is approved. In the year ended December 31, 2009, \$10,000 in fees were paid to Elizabeth Park and Recreation District. In the year ended December 31, 2018, \$0 in fees were paid to Elizabeth Park and Recreation District. In 2017, this agreement was amended to the total amount of fees to be paid to the District will be \$135,500. A lump sum of \$25,000 will be paid upon execution of the amended agreement and then \$325 per lot for each of the 340 lots at the time the building permit is acquired.

In the year ended December 31, 2018, \$67,009 in fees were paid to Elizabeth Park and Recreation District from various developments.

## Elizabeth Park and Recreation District

Notes to Financial Statements  
December 31, 2018

### Note 6: **Public Employees' Retirement Association of Colorado**

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.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (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. Governmental accounting standards require the net pension liability and related amounts of the LGDTF for financial reporting purposes be measured using the plan provisions in effect as of the LGDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled Changes between the measurement date of the net pension liability and December 31, 2018.

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

*Plan Description:* Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund (LGDTF)-a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code.

Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

#### *Benefits Provided*

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

## Elizabeth Park and Recreation District

### Notes to Financial Statements December 31, 2018

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

In all cases, the service retirement benefit is limited to 100% 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% or 100% 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 (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% 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% of PERA's Annual Increase Reserve for the LGDTF.

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

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

## Elizabeth Park and Recreation District

Notes to Financial Statements  
December 31, 2018

### *Contributions*

Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of January 1, 2018 through December 31, 2018. The employer contribution requirements during the period of January 1, 2019 through December 31, 2018 are summarized in the table below:

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

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$31,979 and \$24,761 for the years ended December 31, 2018 and 2017, respectively.

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

At December 31, 2018, the District reported a liability of \$344,661 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, 2017.

Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The District's proportion of the net pension liability was based on the District's contributions to the LGDTF for the calendar year 2017 relative to the total contributions of participating employers to the LGDTF.

## Elizabeth Park and Recreation District

### Notes to Financial Statements December 31, 2018

At December 31, 2017, the District's proportion was .0384509620 percent, which was an increase of 0.01094772962 from its proportion measured as of December 31, 2016.

For the year ended 2018 the District recognized pension expense of \$27,170. 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	\$ 21,562	\$ -
Changes of assumptions or other inputs	3,641	-
Net difference between projected and actual earnings on pension plan investments	-	66,994
Changes in proportion and differences between contributions recognized and proportionate share of contributions	48,594	-
Contributions subsequent to the measurement date	15,313	-
Total	\$ 89,110	\$ 66,994

As of December 31, 2018, \$15,313 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	
2019	\$ 10,314
2020	(15,468)
2021	(41,249)
2022	(67,030)
	<u>\$ (113,433)</u>

## Elizabeth Park and Recreation District

### Notes to Financial Statements December 31, 2018

*Actuarial assumptions.* The total pension liability in the December 31, 2018 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 – 10.45 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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.

## Elizabeth Park and Recreation District

### Notes to Financial Statements December 31, 2018

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	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 Bonds	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%. 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:

## Elizabeth Park and Recreation District

### Notes to Financial Statements December 31, 2018

- 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 member contribution rates in effect for each year, including scheduled increases in SB 18-200. 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 for each year, 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 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. 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 middle of the year.

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.

## Elizabeth Park and Recreation District

Notes to Financial Statements  
December 31, 2018

*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:

	Sensitivity of the NPL		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 548,933	\$ 344,661	\$ 174,371

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

*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% 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](http://www.leg.colorado.gov).

- Increases employee contribution rates by a total of 2% (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.

## Elizabeth Park and Recreation District

Notes to Financial Statements  
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- Member contributions, employer contributions, the direct distribution from the state, 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.

### **Note 7: 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 CAFR which includes additional information on the Voluntary Investment Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the District has agreed to match employee contributions up to a percent of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended 2018, the employees of the District did not participate in the Voluntary Investment Program.

### **Note 8: Postemployment Benefits Other Than Pensions**

#### Defined Benefit Other Post Employment Benefit (OPEB) Plan

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

*OPEB.* 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.

## Elizabeth Park and Recreation District

Notes to Financial Statements  
December 31, 2018

### *General Information about the OPEB Plan*

*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 (CAFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://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.

## Elizabeth Park and Recreation District

### Notes to Financial Statements December 31, 2018

#### *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.

## Elizabeth Park and Recreation District

### Notes to Financial Statements December 31, 2018

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 District were \$2,572 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 \$27,816 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District proportion was 0.0024053369% percent, which was an increase of 0.0002940908% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the District recognized OPEB expense of \$1,358. 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	\$ 2,579	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual	-	1,145
Changes in proportion and differences between	-	-
Contributions subsequent to the measurement date	1,358	-
Total	\$ 3,937	\$ 1,145

**Elizabeth Park and Recreation District**

Notes to Financial Statements  
December 31, 2018

\$3,937 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 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended</b>	
2019	\$ 622
2020	622
2021	622
2022	622
2023	622
Thereafter	827
	<u>\$ 3,937</u>

*Actuarial assumptions.* The total OPEB liability in the December 31, 2017 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 3.25
percent for 2018,	
	gradually rising to 5.00
	percent in 2025
	DPS benefit structure:
	Service-based premium subsidy
	0.00 percent
	PERACare Medicare plans N/A
	Medicare Part A premiums N/A

## Elizabeth Park and Recreation District

### Notes to Financial Statements December 31, 2018

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.

The actuarial assumptions used in the December 31, 2017, 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 discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>	<b>Premiums for Members Without Medicare Part A</b>
Self-Funded Medicare Supplement Plans	\$736	\$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

## Elizabeth Park and Recreation District

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In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>
Self-Funded Medicare Supplement Plans	\$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

All costs are subject to the health care cost trend rates, as discussed below.

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, 2017, 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.

**Elizabeth Park and Recreation District**

Notes to Financial Statements  
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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
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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.

## Elizabeth Park and Recreation District

### Notes to Financial Statements December 31, 2018

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 health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- 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 2018 plan year.
- 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 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.

## Elizabeth Park and Recreation District

Notes to Financial Statements  
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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%
<b>Total</b>	<b>100.00%</b>	

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

**Elizabeth Park and Recreation District**

Notes to Financial Statements  
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*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	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	30,400	31,260	32,296

*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, 2018, 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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.

**Elizabeth Park and Recreation District**

Notes to Financial Statements  
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- Benefit payments and contributions were assumed to be made at the middle of the year.

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 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:

	Sensitivity of the NPL		
	1% Decrease (6.25%)	Current Discount	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 35,146	\$ 31,260	\$ 27,943

*OPEB plan fiduciary net position.* Detailed information about the HCTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

## Elizabeth Park and Recreation District

Notes to Financial Statements  
December 31, 2018

### Note 7: **Tax Spending and Debt Limitations**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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 business authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending 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.

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.

May 2, 2000, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

## Elizabeth Park and Recreation District

Notes to Financial Statements  
December 31, 2018

### Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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 9: Prior Period Adjustment

For the year ended December 31, 2018, the District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB Statement No. 75”), which is effective for financial statements after June 15, 2017. GASB Statement No. 75 revises and establishes new financial reporting requirements for most governments that provide postemployment benefits other than pensions (“OPEB”). GASB Statement No. 75 requires cost-sharing employers participating in the Health Care Trust Fund (“HCTF”) administered by the Public Employees’ Retirement Association of Colorado (“PERA”) to record their proportionate share, as defined in GASB Statement No. 75, of the HCTF’s net OPEB liability.

For the District, the effect of implementing this statement was to change how it accounts and reports the new OPEB liability. Implantation of the standard resulted in a restatement of the prior period net position as shown below.

Net Position, December 17, as Previously Reported	\$ 4,799,106
Cumulative Effect of Application of GASB No. 75, Net OPEB Liability	<u>(26,386)</u>
Net Position, December 17, as Restated	<u>\$ 4,772,720</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**ELIZABETH PARK AND RECREATION DISTRICT**

Required Supplementary Information  
 Schedule of the Proportionate Share of the Net Pension Liability  
 Last 10 Fiscal Years

	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0309548780%	0.0275032358%	0.0219282192%	0.0187518224%	0.0172408901%
District's proportional share of the net pension liability	\$ 428,125	\$ 371,387	\$ 242,956	\$ 168,074	\$ 141,879
District's covered-employee payroll	254,937	204,031	166,704	181,673	116,288
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	167.93%	182.02%	145.74%	92.51%	122.01%
Plan fiduciary net position as a percentage of the total pension	59.55%	54.94%	68.61%	80.70%	77.66%

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

*This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.*

**ELIZABETH PARK AND RECREATION DISTRICT**

Schedule of District Contributions  
Cost - Sharing Defined Benefit Plan  
Last Ten Years\*

	2018	2017	2016	2015	2014	2013
Statutorily Required Contribution	\$ 32,326	\$ 25,871	\$ 21,138	\$ 23,036	\$ 14,785	\$ 11,412
Contributions in Relation to the Statutorily Required Contribu	32,326	25,871	21,138	23,036	14,785	11,412
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$254,937	\$ 204,031	\$ 166,704	\$ 181,673	\$ 116,604	\$ 90,000
Contributions as a percentage of Covered Employee Payroll	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

\* Information for the prior 4 years is not available to report.

## ELIZABETH PARK AND RECREATION DISTRICT

Required Supplementary Information  
Schedule of the Proportionate Share of the Net OPEB Liability  
Last 10 Fiscal Years

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	2017	2016
District's proportion of the net OPEB liability	0.00240533690%	0.00211124610%
District's proportional share of the net OPEB liability	\$ 31,260	\$ 27,373
District's covered-employee payroll	204,031	166,704
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	15.32%	16.42%
Plan fiduciary net position as a percentage of the total OPEB	652.70%	609.01%

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

*This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.*

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**ELIZABETH PARK AND RECREATION DISTRICT**

Required Supplementary Information  
Schedule of OPEB Contributions  
Last Ten Years\*

	2018	2017	2016	2015	2014	2013
Statutorily Required Contribution	\$ 2,600	\$ 2,081	\$ 1,700	\$ 1,853	\$ 1,189	\$ 918
Contributions in Relation to the Statutorily Required Contribu	2,600	2,081	1,700	1,853	1,189	918
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$254,937	\$ 204,031	\$ 166,704	\$ 181,673	\$ 116,604	\$ 90,000
Contributions as a percentage of Covered Employee Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

\* Information for the prior 4 years is not available to report.

## **SUPPLEMENTAL INFORMATION**

## ELIZABETH PARK AND RECREATION DISTRICT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Interest income	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Treasurers fees	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from (to) other funds	<u>(677,193)</u>	<u>(685,000)</u>	<u>(684,865)</u>	<u>135</u>
Total Other Financing Sources (Uses)	<u>(677,193)</u>	<u>(685,000)</u>	<u>(684,865)</u>	<u>135</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(677,193)</b>	<b>(685,000)</b>	<b>(684,865)</b>	<b>135</b>
<b>FUND BALANCE:</b>				
BEGINNING OF YEAR	<u>677,193</u>	<u>685,000</u>	<u>684,865</u>	<u>(135)</u>
END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**ELIZABETH PARK AND RECREATION DISTRICT**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) -  
PROPRIETARY FUND

For the Year Ended December 31, 2018

	Original <u>Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>				
Program revenue	\$ 283,500	\$ 283,500	\$ 329,790	\$ 46,290
Development fees	-	-	67,009	67,009
Miscellaneous income	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
Total Revenues	<u>285,000</u>	<u>285,000</u>	<u>396,799</u>	<u>111,799</u>
<b>EXPENDITURES</b>				
Contract labor	12,000	12,000	11,641	359
Concession costs	4,250	4,250	3,143	1,107
Building facilities	500	500	-	500
Cleaning supplies	350	350	1,806	(1,456)
Coaching refunds	5,000	5,000	4,185	815
Dues, memberships	2,500	2,500	1,550	950
Professional development	1,200	1,200	670	530
Facility rental fees	3,200	3,200	1,384	1,816
Payroll	63,800	63,800	61,185	2,615
PERA	8,804	8,804	8,500	304
Payroll taxes	925	925	907	18
Health insurance	5,000	5,000	6,014	(1,014)
Facility furniture, fixtures and equipment	5,000	5,000	3,457	1,543
Miscellaneous expense	1,500	1,500	6,362	(4,862)
Utilities	36,000	36,000	40,401	(4,401)
Sales tax	850	850	609	241
Program supplies	25,000	41,621	55,500	(13,879)
Professional services	4,000	4,000	-	4,000
Recreation equipment	3,500	3,500	351	3,149
Repairs and maintenance	<u>25,000</u>	<u>25,000</u>	<u>15,049</u>	<u>9,951</u>
Total Expenditures	<u>208,379</u>	<u>225,000</u>	<u>222,714</u>	<u>2,286</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	76,621	60,000	174,085	114,085
<b>FUNDS AVAILABLE:</b>				
BEGINNING OF YEAR	<u>36,938</u>	<u>36,938</u>	<u>14,245</u>	<u>(22,693)</u>
END OF YEAR	<u>\$ 113,559</u>	<u>\$ 96,938</u>	<u>\$ 188,330</u>	<u>\$ 91,392</u>

Funds available computed as follows:

Current assets	\$ 190,086
Current liabilities	<u>(1,756)</u>
	<u>\$ 188,330</u>

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

**ELIZABETH PARK AND RECREATION DISTRICT**

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

For the Year Ended December 31, 2018

Excess of revenues and other sources over expenditures and other uses	\$	174,085
Deduct a non-cash transaction for GASB 68 and GASB 75 - pension and OPEB expense		(23,181)
Deduct depreciation which is an expense		<u>(10,276)</u>
Changes in Net Assets per Statement Revenues, Expenses and Changes in Net Position	\$	<u>140,628</u>

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

**ELIZABETH PARK AND RECREATION DISTRICT**

Summary of Assessed Valuation, Mill Levy  
and Property Taxes Collected  
December 31, 2018

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
1999	\$ 72,193,040	0.266	0.347	\$ 44,254	\$ 44,218	99.92%
2000	\$ 85,165,770	0.246	0.344	\$ 50,248	\$ 50,157	99.82%
2001	\$ 89,197,260	0.806	2.606	\$ 304,341	\$ 304,433	100.03%
2002	\$ 108,316,390	0.806	2.191	\$ 324,624	\$ 322,942	99.48%
2003	\$ 115,826,080	0.806	2.041	\$ 329,757	\$ 327,442	99.30%
2004	\$ 123,965,490	0.803	1.991	\$ 346,360	\$ 345,025	99.61%
2005	\$ 124,597,174	0.803	2.042	\$ 354,478	\$ 353,158	99.63%
2006	\$ 136,282,440	0.788	2.195	\$ 406,530	\$ 404,408	99.48%
2007	\$ 142,735,647	0.791	2.082	\$ 410,080	\$ 409,490	99.86%
2008	\$ 155,938,463	0.786	1.948	\$ 426,336	\$ 426,867	100.12%
2009	\$ 161,086,492	0.790	1.888	\$ 431,390	\$ 427,320	99.06%
2010	\$ 154,776,044	0.790	1.748	\$ 392,822	\$ 395,401	100.66%
2011	\$ 158,545,684	0.790	1.740	\$ 401,121	\$ 401,120	100.00%
2012	\$ 146,681,417	0.790	1.980	\$ 406,308	\$ 406,217	99.98%
2013	\$ 147,201,070	0.790	1.980	\$ 407,747	\$ 406,157	99.61%
2014	\$ 143,980,242	0.790	1.980	\$ 398,825	\$ 397,955	99.78%
2015	\$ 144,134,152	0.790	1.980	\$ 399,252	\$ 398,134	99.72%
2016	\$ 165,393,087	0.790	1.676	\$ 407,859	\$ 408,409	100.13%
2017	\$ 168,976,089	0.790	1.676	\$ 416,695	\$ 416,363	99.92%
2018	\$ 198,765,253	2.398	0.000	\$ 476,639	\$ 475,985	99.86%
Estimated for year ending December 31, 2019	\$ 201,461,956	2.466	0.000	\$ 496,805		

**NOTE**

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements of valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.