

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

**FINANCIAL STATEMENTS**

**December 31, 2018 and 2017**

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RubinBrown LLP  
Certified Public Accountants &  
Business Consultants

## Independent Auditors' Report

1900 Sixteenth Street  
Suite 300  
Denver, CO 80202

Board of Directors  
Estes Valley Recreation and Park District  
Estes Park, Colorado

T 303.698.1883  
F 303.777.4458

W [rubinbrown.com](http://rubinbrown.com)  
E [info@rubinbrown.com](mailto:info@rubinbrown.com)

### Report On The Financial Statements

We have audited the accompanying financial statements of the Estes Valley Recreation and Park District (the District), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

#### *Auditors' Responsibility*

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

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

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

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary Information*

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

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

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

*RubinBrown LLP*

June 14, 2019

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

This discussion and analysis of the financial performance of the Estes Valley Recreation and Park District (the District) provides an overview of the District's financial activities for the fiscal year ended December 31, 2018. Please read in conjunction with the financial statements and accompanying notes.

**FINANCIAL HIGHLIGHTS**

The District's net position increased by \$1,082,318 or 5.9%. During the year, the District's operating revenues increased by \$976,906 or 34.8% and operating expenses increased by \$1,217,051 (33.7% over the previous year). The increase is attributed primarily to addition of the Community Center operation, which opened to the public at the end of February 2018.

In November 2015, District voters approved ballot issues 4C and 4D for construction and operation of a Community Center. Ballot issue 4D authorized issuance of \$19,830,000 in General Obligation Bonds to finance construction. These funds were combined with 1A sales tax revenue from the Town of Estes Park, and supplemental (grant) funds, to construct and equip the \$27 million, 70,000 square foot facility. The building site for the new facility was conveyed to the District in 2016 by the Estes Park R-3 School District. The conveyance also included the existing aquatics facility. (See Financial Statement Note 3.)

Construction of the new Community Center was completed in early 2018, and the grand opening was held March 3, 2018. Community Center operating revenues for the first 10 months were \$759,609. This amount excludes \$190,037 in deferred membership and punch pass revenue (for memberships and estimated punches extending into 2019). Operating expenses for the entire year were \$1,506,482, which included pre-opening/training period salaries and fringe and \$73,623 in operating equipment under the capitalization threshold.

Following is a Capital Summary for 2018 and looking ahead to 2019:

Facility	2018 Capital Additions / Work in Progress	2019 Budgeted Capital Additions
Campgrounds (Mary's Lake ML; East Portal EP)	<ul style="list-style-type: none"> <li>▪ Final completion of EP new ADA restroom/shower house and ML sewer line repairs/upgrades</li> <li>▪ New ADA vault restroom at ML</li> <li>▪ Small truck replacement</li> <li>▪ Firewood/storage shed at ML</li> </ul>	<ul style="list-style-type: none"> <li>▪ Phase 1 Shade Shelters at ML</li> <li>▪ Road/entry improvement ML</li> <li>▪ Utility vehicle replacements (2)</li> <li>▪ Replace roof, windows, doors and decks on ML camp store</li> </ul>
Community Ctr/Aquatics	<ul style="list-style-type: none"> <li>▪ Construction completion, all equipment installed, commenced operations</li> <li>▪ Passenger van donation from Town of Estes – Senior Services</li> <li>▪ Grand Piano donation from Estes Park Woman's Club</li> </ul>	<ul style="list-style-type: none"> <li>▪ Purchase/install outdoor furniture and planters</li> <li>▪ Purchase additional pieces of maintenance equipment</li> </ul>
Golf courses	<ul style="list-style-type: none"> <li>▪ Installed new monument signs at the entrance to both courses</li> <li>▪ Remodeled men's restroom (downstairs) at 18H clubhouse</li> <li>▪ Repurposed former admin area at 9H for maintenance and cart storage</li> <li>▪ Added a section of cart path at 18H</li> <li>▪ Equipment replacements – blower, greens roller, fairway mower, spray rig</li> </ul>	<ul style="list-style-type: none"> <li>▪ Update 18H course master plan and business development plan</li> <li>▪ Chip seal 18H parking lot and patch maintenance entry</li> <li>▪ Equipment replacements – utility vehicle and top dresser</li> </ul>
Marina	<ul style="list-style-type: none"> <li>▪ Pontoon boat replacement</li> <li>▪ Small truck replacement</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pontoon boat replacement</li> <li>▪ Begin engineering study for dock replacement</li> <li>▪ Seasonal waterline to pavilion</li> </ul>
Parks and Trails	<ul style="list-style-type: none"> <li>▪ Final completion of Fish Creek Trail re-build</li> <li>▪ Stanley Park Improvements: <ul style="list-style-type: none"> <li>○ Addition of bike park/pump track</li> <li>○ Remodeled restrooms</li> <li>○ Shelter improvements –electric to large shelter, BBQ grills, new paint</li> <li>○ Resurfaced tennis courts</li> <li>○ New mobile concessions trailer</li> <li>○ Phase 1 picnic table replacements (12 new HD recycled plastic units)</li> <li>○ Added gates to ballfield dugouts</li> </ul> </li> <li>▪ Started construction of range shelters at Common Point</li> </ul>	<ul style="list-style-type: none"> <li>▪ Stanley Park <ul style="list-style-type: none"> <li>○ Ballfield laser leveling</li> <li>○ Add roofs to dugouts</li> <li>○ Phase 2 picnic table replacements</li> </ul> </li> <li>▪ Dog park improvements – water, fencing, equipment</li> <li>▪ Cost share with Town on Fall River Trail</li> <li>▪ LE Trail fishing pier repairs</li> <li>▪ Pistol range shelter at Common Point</li> </ul>

- Financial Statement Note 7 describes Capital Lease obligations of the District. In 2018, the District negotiated a Capital Lease Purchase agreement with USBancorp for acquisition of a new fairway mower and spray rig.

- In 2008 Ballot question 4C was approved by voters to increase tax revenue by 1.200 mills for District operations. The new revenue was to make funds available for Community Center operations, the Aquatics Center, Stanley Park, trails, fleet equipment and pine beetle abatement/tree maintenance. The mill levy in 2009-2014 was increased by .973 mills to support expenses in those areas, excluding Community Center operations. Funds for the Aquatic Center were utilized to offset operating costs which are no longer cost-shared by the School District. Funds for trail development have been utilized to leverage GOCO trails funding, complete a trails master plan, set aside for future trails, and for ongoing maintenance of trails within the District. Trees were treated for pine beetle, and new trees were planted. A portion was used to purchase/lease a variety of fleet equipment. Starting in 2015, in anticipation of moving forward with development of the Community Center, the District levied the remaining .227 mills for Community Center operating funds, and set aside \$75,890 in 2015 property tax receipts for this purpose. The District began incurring operating expenses (staff and program planning services) for the Community Center in 2016, and set aside an additional \$62,816 for future years' operating costs. These funds were utilized in 2017 to continue ramping up staff and operational programming, and in 2018 for operations.
- In November 2015, District voters approved ballot issues 4C and 4D for construction and operation of a Community Center. Ballot issue 4C provided for up to \$200,000/year in operating funds for 10 years. The District began levying this amount in 2018.
- The District continued its Assistance Agreement with the Bureau of Reclamation for implementing physical changes to existing facilities to meet requirements of the Americans with Disabilities Act and maintaining Bureau of Reclamation properties the District manages. The 2018 projects under this agreement include final completion of the ADA Bathhouse at the East Portal campground, replacing sewer lines at the Mary's Lake Campground and installation of an ADA accessible vault toilet at the Mary's Lake Campground.
- In addition to federal funding from the Bureau of Reclamation and FEMA flood recovery grants, the District received the following grants, contributions and donations during 2018:
  - Contribution of a 2006 Ford passenger van valued at \$10,000 from the Town of Estes Park – Senior Services.
  - Contributions of a Baldwin Baby Grand piano valued at \$7,000 from the Estes Park Woman's Club. The District incurred \$1,190 in moving costs to get the piano on site.
  - A \$5,000 grant from Supplyworks to support the senior meals program.
  - Grants totaling \$3,998 from Larimer County Office on Aging to support senior programming.
  - Contributions totaling \$2,003 for placement of memorial benches.
  - Cost sharing by the Estes Park Gun and Archery Club for construction of shelters at Common Point Shooting Range.
  - Other miscellaneous donations for youth sports scholarships.
- In 2013, the Board adopted a continuing goal of increasing reserves by \$50,000 per year. The reserve amount at 12/31/2018 was \$2,761,092, a \$317,740 increase from the 12/31/2017 balance of \$2,443,356. Approximately \$950,000 of these reserves is designated for trail development and maintenance; \$390,000 is set aside as improvement or program funds; \$254,805 is Conservation Trust Fund designated; \$96,520 TABOR reserve; and the remaining \$1,069,767 available for operations.

- In 2018, the District implemented additional systems and controls, performance measures, and compliance with laws and regulations systems via policies and procedures including a Board of Directors Code of Ethics.

### **USING THIS FINANCIAL REPORT**

This annual financial report consists of three parts:

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

### **REQUIRED FINANCIAL STATEMENTS**

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

#### **Statement of Net Position**

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

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

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

#### **Statement of Cash Flows**

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

### **FINANCIAL ANALYSIS OF THE DISTRICT**

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

## NET POSITION

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

### Summarized Statement of Net Position

	2018	2017	\$ Change	2017	2016	\$ Change
Current Assets	\$ 6,747,664	\$ 12,781,399	\$ (6,033,735)	\$ 12,781,399	\$ 27,300,828	\$ (14,519,429)
Capital Assets	38,219,932	35,319,991	2,899,941	35,319,991	13,473,811	21,846,180
<b>Total Assets</b>	<b>44,967,596</b>	<b>48,101,390</b>	<b>(3,133,794)</b>	<b>48,101,390</b>	<b>40,774,639</b>	<b>7,326,751</b>
Current Liabilities	1,778,858	4,509,990	(2,731,132)	4,509,990	1,815,556	2,694,434
Long-term Liabilities	21,177,175	22,661,585	(1,484,410)	22,661,585	21,179,745	1,481,840
<b>Total Liabilities</b>	<b>22,956,033</b>	<b>27,171,575</b>	<b>(4,215,542)</b>	<b>27,171,575</b>	<b>22,995,301</b>	<b>4,176,274</b>
Deferred Inflows of Resources	2,692,416	2,692,986	(570)	2,692,986	2,428,543	264,443
Net Position						
Net Investment in Capital Assets	15,732,697	15,779,818	(47,121)	15,779,818	12,818,775	2,961,043
Restricted:						
Debt Service	101,872	94,671	7,201	94,671	-	94,671
Tabor Reserve	96,520	48,534	47,986	48,534	48,162	372
Unrestricted	3,388,058	2,313,806	1,074,252	2,313,806	2,483,858	(170,052)
<b>Total Net Position</b>	<b>19,319,147</b>	<b>18,236,829</b>	<b>1,082,318</b>	<b>18,236,829</b>	<b>15,350,795</b>	<b>2,886,034</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 44,967,596</b>	<b>\$ 48,101,390</b>	<b>\$ (3,133,794)</b>	<b>\$ 48,101,390</b>	<b>\$ 40,769,439</b>	<b>\$ 7,326,751</b>

As seen in the summary, the District's total net position increased by \$1,082,318 in 2018. The reduction in current assets correlates to the increase in capital assets and the reduction in liabilities (payment of debt, construction-related payables and final closeout of construction retainage.)

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

## ACTIVITIES

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

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

	2018	2017	\$ Change	2017	2016	\$ Change
Operating Revenues	\$ 3,787,718	\$ 2,810,812	\$ 976,906	\$ 2,810,812	\$ 2,898,754	\$ (87,942)
Nonoperating Revenues	3,917,936	4,692,241	(774,305)	4,692,241	5,561,000	(868,759)
Total Revenues	<u>7,705,654</u>	<u>7,503,053</u>	<u>202,601</u>	<u>7,503,053</u>	<u>8,459,754</u>	<u>(956,701)</u>
Operating Expenses	4,829,373	3,612,322	1,217,051	3,612,322	3,238,215	374,107
Depreciation	1,182,177	430,760	751,417	430,760	366,919	63,841
Non-Operating Expenses	611,786	573,937	37,849	573,937	733,147	(159,210)
Total Expenses	<u>6,623,336</u>	<u>4,617,019</u>	<u>2,006,317</u>	<u>4,617,019</u>	<u>4,338,281</u>	<u>278,738</u>
Increase (Decrease) in Net Position before Contributions	1,082,318	2,886,034	(1,803,716)	2,886,034	4,121,473	(1,235,439)
Contributed Capital	-	-	-	-	3,963,254	(3,963,254)
Change in Net Position	<u>1,082,318</u>	<u>2,886,034</u>	<u>(1,803,716)</u>	<u>2,886,034</u>	<u>8,084,727</u>	<u>(5,198,693)</u>
Beginning Net Position	<u>18,236,829</u>	<u>15,350,795</u>	<u>2,886,034</u>	<u>15,350,795</u>	<u>7,266,068</u>	<u>8,084,727</u>
Ending Net Position	<u>\$ 19,319,147</u>	<u>\$ 18,236,829</u>	<u>\$ 1,082,318</u>	<u>\$ 18,236,829</u>	<u>\$ 15,350,795</u>	<u>\$ 2,886,034</u>

As displayed above, the District's net position increased by \$1,082,318. 2018 operating revenues and expenses, and depreciation expense increased significantly with the beginning of operations of the new Community Center. In contrast, non-operating (specifically intergovernmental) revenue was down following completion of the District's final flood recovery project.

## BUDGETARY HIGHLIGHTS

The Colorado State Law requires that the District adopt a budget and appropriate funds for the following year by December 15<sup>th</sup> of each year. If an amendment is necessary, the Board of Directors will approve a supplemental appropriation at a public hearing and file it with the State of Colorado. The Board of Directors approved such an appropriation at the December 11, 2018 meeting.

## CAPITAL ASSETS

At December 31, 2018, the District had \$38.2 million invested in a broad range of property and equipment, net of accumulated depreciation. The following schedule summarizes the District's property and equipment, and changes from 2017 to 2018, and 2016 to 2017:

	2018	2017	\$ Change	2017	2016	\$ Change
Non-Depreciable Assets	\$ 2,289,322	\$ 28,242,810	\$ (25,953,488)	\$ 28,242,810	\$ 6,108,509	\$ 22,134,301
Depreciable Assets	40,747,096	10,744,593	30,002,503	10,744,596	10,909,719	(165,123)
Accumulated Depreciation	(4,816,486)	(3,667,412)	(1,149,074)	(3,667,415)	(3,544,417)	(122,998)
Total Depreciable Assets, Net	35,930,610	7,077,181	28,853,429	7,077,181	7,365,302	(288,121)
Total Capital Assets, Net	\$ 38,219,932	\$ 35,319,991	\$ 2,899,941	\$ 35,319,991	\$ 13,473,811	\$ 21,846,180

## LONG-TERM DEBT

### CAPITAL LEASE OBLIGATIONS

The District entered into two lease-purchase agreements during each of the years 2014 and 2015, and one agreement in each of the years 2016-2018. The \$108,816 capital lease agreement added in 2018 is for golf course equipment as described in Note 7. Appropriation for lease payments are made annually and do not extend beyond the current year. The related capital assets have been recorded in the statement of net assets as capital assets. The following summary outlines change in capital lease obligations from 2017 to 2018 and from 2016 to 2017.

	2018	2017	\$ Change	2017	2016	\$ Change
Total Long-term Lease Obligations	\$ 2,755,579	\$ 3,206,256	\$ (450,677)	\$ 3,206,256	\$ 274,535	\$ 2,931,721

### GENERAL OBLIGATION BONDS

As described in the Financial Highlights above, and in Note 8 in the Financial Statements, on November 3, 2015, District voters approved Ballot Issues 4C and 4D regarding the construction and operation of a Community Recreation Center. Ballot Issue 4D authorized the District to issue \$19,830,000 in General Obligation Bonds to finance construction of the Community Center. The District issued \$9,000,000 in bonds for this project during 2015, and \$10,830,000 in 2016. Both bond issues were sold at a premium, and have interest rates ranging from 3.00 to 5.00%, with maturity dates ranging from 2016 to 2035. The following summary outlines the change in bonds payable from 2017 to 2018 and 2016 to 2017.

	2018	2017	\$ Change	2017	2016	\$ Change
Total Bonds Payable	\$ 17,785,000	\$ 18,490,000	\$ (705,000)	\$ 18,490,000	\$ 19,175,000	\$ (685,000)

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

The 2019 budget reflects a full year of operation for the new Community Center, and with the completion of the Center and of all flood recovery projects, a return to “normal” levels of capital outlay for the District.

The Board of Directors considers many factors when setting the District’s budget, including user fees and charges. During the 2019 budget process, a modest increase in golf and marina fees was enacted; other fees were not materially changed from the prior year. Operating revenues for 2019 have been budgeted conservatively to recognize the unknowns of weather, visitation and general economic conditions.

The 2019 budgeted revenues exceed expenditures. The Board has appropriated funds for 2019 compared to 2018 appropriations as follows:

	2019	2018	\$ Change	2018	2017	\$ Change
Fees and Charges	\$ 4,145,403	\$ 3,869,270	\$ 276,133	\$ 3,869,270	\$ 2,768,442	\$ 1,100,828
Conservation Trust/Lottery	53,000	53,000	-	53,000	53,000	-
Taxes	2,865,825	2,891,177	(25,352)	2,891,177	2,593,476	297,701
Interest Income	75,500	93,700	(18,200)	93,700	173,866	(80,166)
Transfer from (to) Reserves	(3,615)	3,781,477	(3,785,092)	3,781,477	18,050,641	(14,269,164)
Bond/Lease Proceeds	-	-	-	-	3,000,000	
Other	665,825	785,011	(119,186)	785,011	1,676,318	(891,307)
<b>Total Revenues</b>	<b>7,801,938</b>	<b>11,473,635</b>	<b>(3,671,697)</b>	<b>11,473,635</b>	<b>28,315,743</b>	<b>(16,842,108)</b>
Operating Expenses	4,846,518	4,797,212	49,306	4,797,212	3,584,865	1,212,347
Conservation Trust/Lottery	-	-	-	-	-	-
Interest Expense	77,396	86,645	(9,249)	86,645	7,542	79,103
Bond Issue Costs/Reserves	53,125	(8,716)	61,841	(8,716)	36,901	(45,617)
Capital Lease Payments	574,927	569,315	5,612	569,315	68,280	501,035
Bond Debt Service	1,495,000	1,493,200	1,800	1,493,200	1,493,150	50
Capital Outlay	628,000	4,388,674	(3,760,674)	4,388,674	23,006,626	(18,617,952)
Reserves & Contingencies	106,387	108,690	(2,303)	108,690	113,975	(5,285)
<b>Total Expenses</b>	<b>\$ 7,781,353</b>	<b>\$ 11,435,020</b>	<b>\$ (3,653,667)</b>	<b>\$ 11,435,020</b>	<b>\$ 28,311,339</b>	<b>\$ (16,876,319)</b>

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

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

**History of District's Assessed Valuation**

Levy / Collection Year	Boulder County	Larimer County	Total	Percent Change
2010/2011	\$ 7,153,060	\$ 338,609,280	\$ 345,762,340	
2011/2012	6,777,763	331,482,300	338,260,063	(2.17%)
2012/2013	6,826,660	330,589,160	337,415,820	(0.25%)
2013/2014	6,404,578	314,576,380	320,980,958	(4.87%)
2014/2015	6,352,917	303,171,420	309,524,337	(3.57%)
2015/2016	7,020,065	337,864,366	344,884,431	11.42%
2016/2017	6,963,622	339,602,502	346,566,124	0.49%
2017/2018	7,295,538	362,165,198	369,460,736	6.61%
2018/2019	7,180,061	362,617,046	369,797,107	0.09%

**History of District's Mill Levy**

Levy / Collection Year	General Fund	Temporary Tax Credit	Bond Fund	Capital / Special	Abatements	Total Mill Levy
2010/2011	1.781	(0.427)	-	0.973	0.012	2.339
2011/2012	1.781	(0.359)	-	0.973	0.030	2.425
2012/2013	1.781	(0.328)	-	0.973	0.012	2.438
2013/2014	1.781	(0.205)	-	0.973	0.008	2.557
2014/2015	1.781	(0.095)	-	1.200	0.006	2.892
2015/2016	1.781	(0.203)	3.900	1.200	0.008	6.686
2016/2017	1.781	(0.162)	4.167	1.200	0.021	7.007
2017/2018	1.781	(0.207)	3.777	1.724	0.215	7.290
2018/2019	1.781	(0.150)	3.909	1.723	0.018	7.281

**Historical Property Tax Collections**

Levy / Collection Year	Total Taxes Levied	Total Taxes Collected	Percent of Levy Collected
2009/2010	\$ 801,079	\$ 792,716	98.96%
2010/2011	808,738	806,183	99.68%
2011/2012	820,281	815,186	99.38%
2012/2013	822,619	819,743	99.65%
2013/2014	820,749	815,235	99.33%
2014/2015	895,145	889,497	99.37%
2015/2016	2,305,864	2,290,197	99.32%
2016/2017	2,428,543	2,419,333	99.62%
2017/2018	2,692,986	2,681,145	99.56%

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

ESTES VALLEY RECREATION AND PARK DISTRICT  
STATEMENT OF NET POSITION  
December 31, 2018 and 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 417,492	\$ 413,599
Investments	2,620,122	2,224,248
Restricted Purpose Investments	525,302	6,578,964
Accounts Receivable	174,855	534,005
Property Taxes Receivable	2,692,416	2,692,986
Inventories	117,879	111,030
Prepaid Expenses and Other Assets	199,598	226,567
Total Current Assets	<b>6,747,664</b>	12,781,399
<b>CAPITAL ASSETS</b>		
Non-depreciable	2,289,322	28,242,810
Depreciable, Net of Accumulated Depreciation	35,930,610	7,077,181
Total Capital Assets	<b>38,219,932</b>	35,319,991
Total Assets	<b>44,967,596</b>	48,101,390
<u>LIABILITIES</u>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	140,810	3,073,943
Accrued Payroll and Related Liabilities	49,586	32,861
Compensated Absences	86,121	74,259
Unearned Revenue	192,282	84,038
Current Portion Capital Lease Liabilities	575,059	539,889
Current Portion Bonds Payable	735,000	705,000
Total Current Liabilities	<b>1,778,858</b>	4,509,990
<b>LONG-TERM LIABILITIES</b>		
General Obligation Bonds	17,050,000	17,785,000
Bond Premium	1,946,655	2,210,218
Capital Lease Liabilities	2,180,520	2,666,367
Total Long-Term Liabilities	<b>21,177,175</b>	22,661,585
Total Liabilities	<b>22,956,033</b>	27,171,575
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable Revenue - Property Taxes	\$ 2,692,416	2,692,986
<u>NET POSITION</u>		
Net Investment in Capital Assets	15,732,698	15,779,818
Restricted:		
Debt Service	101,872	94,671
Tabor Reserve	96,520	48,534
Unrestricted	3,388,057	2,313,806
Total Net Position	<b>\$ 19,319,147</b>	\$ 18,236,829

ESTES VALLEY RECREATION AND PARK DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
For the Years Ended December 31, 2018 and 2017

	2018	2017
<b>OPERATING REVENUES</b>		
Fees and Charges	\$ 3,770,464	\$ 2,778,660
Other	17,254	32,152
Total Operating Revenues	3,787,718	2,810,812
<b>OPERATING EXPENSES</b>		
General and Administrative	728,319	582,567
Parks	323,624	283,148
Campgrounds	539,530	521,803
Community Center	1,506,482	379,940
Golf Courses and Pro Shop	1,222,321	1,130,839
Recreation	237,427	223,792
Swimming Pools and Aquatics	—	230,046
Marina	271,670	260,187
Total Operating Expenses	4,829,373	3,612,322
<b>LOSS FROM OPERATIONS BEFORE DEPRECIATION</b>	<b>(1,041,655)</b>	<b>(801,510)</b>
Depreciation	(1,182,177)	(430,760)
<b>NET LOSS FROM OPERATIONS</b>	<b>(2,223,832)</b>	<b>(1,232,270)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Expense	(611,186)	(545,036)
Bond/Capital Lease Issue Costs	(600)	(28,901)
Taxes	2,912,358	2,625,677
Intergovernmental Revenues	844,934	1,766,543
Conservation Trust Funds	56,672	55,188
Gain (Loss) on Disposal of Assets	252	62,887
Interest Income	103,720	181,946
Total Non-Operating Revenues (Expenses)	3,306,150	4,118,304
<b>CHANGES IN NET POSITION</b>	<b>1,082,318</b>	<b>2,886,034</b>
<b>NET POSITION, Beginning of Year</b>	<b>18,236,829</b>	<b>15,350,795</b>
<b>NET POSITION, End of Year</b>	<b>\$ 19,319,147</b>	<b>\$ 18,236,829</b>

**ESTES VALLEY RECREATION AND PARK DISTRICT**  
**STATEMENT OF CASH FLOWS**  
For the Years Ended December 31, 2018 and 2017

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 4,253,437	\$ 2,874,258
Cash Payments for Operation and Supplies, Goods and Services	(5,065,488)	(1,466,201)
Cash Payments to Employees	(2,648,311)	(2,218,825)
Net Cash Used in Operating Activities	(3,460,362)	(810,768)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Intergovernmental Receipts	844,934	1,754,161
Property Taxes Received	2,912,358	2,625,677
Net Cash Provided by Non-Capital Financing Activities	3,757,292	4,379,838
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Interest Paid on Leases and Bonds	(869,803)	(819,928)
Lottery Proceeds	56,672	55,188
Capital Lease Payments	(559,493)	(68,279)
Bond Principal Payments	(705,000)	(685,000)
Proceeds from Sale of Capital Assets	2,295	71,107
Bond/Capital Lease Proceeds	108,816	3,000,000
Bond/Capital Lease Issue Costs	(600)	(28,901)
Acquisition of Capital Assets	(4,087,354)	(20,158,948)
Net Cash Used in Capital and Related Financing Activities	(6,054,467)	(18,634,761)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Investment Sales	8,989,264	21,162,704
Investment Purchases	(3,331,554)	(7,186,115)
Interest Received	103,720	181,946
Net Cash Provided by Investing Activities	5,761,430	14,158,535
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>3,893</b>	<b>(907,156)</b>
CASH, Beginning of Year	413,599	1,320,755
CASH, End of Year	\$ 417,492	\$ 413,599
<b>RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Net Loss from Operations	(2,223,832)	(1,232,270)
Adjustments to Reconcile Net Loss from Operations to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	1,182,177	430,760
Changes in Assets and Liabilities:		
Property Tax Receivable	570	(264,443)
Accounts Receivable	359,150	30,921
Inventories	(6,849)	(13,242)
Prepaid Expenses	26,969	(27,852)
Accounts Payable	(2,933,133)	(83,918)
Unearned Revenue	105,999	348,481
Accrued Payroll and Related Liabilities	16,725	(2,071)
Compensated Absences	11,862	2,866
Net Cash Used in Operating Activities	\$ (3,460,362)	\$ (810,768)
<b>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>		
Assets Acquired But Not Yet Paid For	—	2,117,992
Discount on Operating Lease From Trade-In	—	89,700

ESTES VALLEY RECREATION AND PARK DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Financial Reporting Entity

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

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In 2018, the District established the Estes Valley Recreation and Park Foundation (the Foundation). The Foundation is a 501(c)(3) nonprofit organization established to improve park facilities, support youth programs, and provide financial assistance to low-income residents. The District's accountability for the Foundation does not extend beyond making appointments to the Board of Directors. Members of the District's Board of Directors may serve on the Board of the Foundation and provide some financial and operational influence, but they do not serve in a controlling capacity. The Foundation is considered a related organization. During the year, the District approved a donation of \$31,898 to the Foundation for the purpose of awarding youth scholarships and equipment.

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

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

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

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

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

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

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

***Receivables***

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

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

***Inventories***

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

***Capital Assets***

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

***Compensated Absences***

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

***Long-Term Obligations***

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

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

***Deferred Inflows of Resources***

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

***Net Position***

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

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

D. Estimates

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

E. Budgetary Information

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

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

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Information (Continued)

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

Formal budgetary integration is employed as a management control device during the year. If the total appropriations must be revised, an official amended budget is approved, and a resolution making additional appropriations is passed. The Board approved a resolution to adopt a supplemental budget at the December 2018 meeting.

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

F. Operations

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

NOTE 2: CASH DEPOSITS AND INVESTMENTS

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

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2018 and 2017, the District's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation and collateralized in accordance with PDPA. The District's deposit policy is to deposit funds in banks or savings institutions at eligible PDPA depositories.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 2: CASH DEPOSITS AND INVESTMENTS (Continued)

At December 31, 2018 and 2017, the District's cash deposits had the following book and bank balances:

	2018		2017	
	Book	Bank	Book	Bank
Cash on Hand	\$ 1,745	\$ —	\$ 1,506	\$ —
Cash Held by County Treasure	19,868	—	17,209	—
Collateralized Deposits	—	140,204	—	431,705
Insured Deposits	395,879	404,036	394,884	403,958
<b>Total Deposits</b>	<b>\$ 417,492</b>	<b>\$ 544,240</b>	<b>\$ 413,599</b>	<b>\$ 835,663</b>

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

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

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

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

At December 31, 2018 and 2017, the District had invested \$2,994,055 and \$8,660,007, respectively, in COLOTRUST. At December 31, 2018 and 2017, the District had invested \$151,369 and \$143,205, respectively, in CSAFE. COLOTRUST is valued using the net asset value per share (or its equivalent) of the investments. COLOTRUST does not have any unfunded commitments, redemption restrictions or redemption notice periods. CSAFE is valued at amortized cost. COLOTRUST's financial statements are available at [www.colotruster.com](http://www.colotruster.com) and CSAFE's financial statements are available at [www.csafe.org](http://www.csafe.org). The State Securities Commissioners administers and enforces all state statutes governing the trusts.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 2: CASH DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

At December 31, 2018 and 2017, the District’s investments are as follows:

	2018	2017	Maturity Date
COLOTRUST - General	\$ 2,570,625	\$ 2,175,714	N/A
COLOTRUST - Community Center Project Account	423,430	6,484,293	N/A
Total COLOTRUST	2,994,055	8,660,007	
CSAFE - General	49,497	48,534	N/A
CSAFE - Bond Debt Service Account	101,872	94,671	N/A
Total CSAFE	151,369	143,205	
Total Investments	<u>\$ 3,145,424</u>	<u>\$ 8,803,212</u>	

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 3: CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2018 is as follows:

	12/31/2017	Additions	Deletions	Transfers	12/31/2018
Non-Depreciable Capital Assets					
Water Rights	\$ 118,435	\$ —	\$ —	\$ —	\$ 118,435
Easements	4,794	—	—	—	4,794
Land	2,115,572	—	—	—	2,115,572
Construction in Progress	26,004,009	—	—	(25,953,488)	50,521
Total Non-Depreciable	<u>28,242,810</u>	<u>—</u>	<u>—</u>	<u>(25,953,488)</u>	<u>2,289,322</u>
Depreciable Assets					
Buildings and Improvements	9,030,448	2,932,134	(14,615)	25,953,488	37,901,455
Vehicles	242,930	57,428	(17,359)	—	282,999
Equipment	1,471,215	1,097,792	(6,365)	—	2,562,642
Total Depreciable Assets	<u>10,744,593</u>	<u>4,087,354</u>	<u>(38,339)</u>	<u>25,953,488</u>	<u>40,747,096</u>
Accumulated Depreciation	<u>(3,667,412)</u>	<u>(1,182,177)</u>	<u>33,103</u>	<u>—</u>	<u>(4,816,486)</u>
Total Depreciable Capital Assets, Net	<u>7,077,181</u>	<u>2,905,177</u>	<u>(5,236)</u>	<u>25,953,488</u>	<u>35,930,610</u>
Total Net Capital Assets	<u>\$ 35,319,991</u>	<u>\$ 2,905,177</u>	<u>\$ (5,236)</u>	<u>\$ —</u>	<u>\$ 38,219,932</u>

Construction in Progress transfers are projects uncompleted as of December 31, 2018 and completed in 2019.

A summary of changes in capital assets for the year ended December 31, 2017 is as follows:

	12/31/2016	Additions	Deletions	Transfers	12/31/2017
Non-Depreciable Capital Assets					
Water Rights	\$ 118,435	\$ —	\$ —	\$ —	\$ 118,435
Easements	4,794	—	—	—	4,794
Land	2,115,572	—	—	—	2,115,572
Construction in Progress	3,869,705	22,194,535	—	(60,231)	26,004,009
Total Non-Depreciable	<u>6,108,509</u>	<u>22,194,535</u>	<u>—</u>	<u>(60,231)</u>	<u>28,242,810</u>
Depreciable Assets					
Buildings and Improvements	8,900,987	69,230	—	60,231	9,030,448
Vehicles	242,930	—	—	—	242,930
Equipment	1,765,802	53,791	(348,378)	—	1,471,215
Total Depreciable Assets	<u>10,909,719</u>	<u>123,021</u>	<u>(348,378)</u>	<u>60,231</u>	<u>10,744,593</u>
Accumulated Depreciation	<u>(3,544,417)</u>	<u>(430,760)</u>	<u>307,765</u>	<u>—</u>	<u>(3,667,412)</u>
Total Depreciable Capital Assets, Net	<u>7,365,302</u>	<u>(307,739)</u>	<u>(40,613)</u>	<u>—</u>	<u>7,077,181</u>
Total Net Capital Assets	<u>\$ 13,473,811</u>	<u>\$ 21,886,796</u>	<u>\$ (40,613)</u>	<u>\$ —</u>	<u>\$ 35,319,991</u>

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 3: CAPITAL ASSETS (Continued)

Construction in progress as of December 31, 2017 primarily includes the Community Center. The project was generally completed in 2018 and the correlating assets were placed into service at that time.

Depreciation expense for the years ended December 31, 2018 and 2017 is \$1,182,177 and \$430,760, respectively.

NOTE 4: TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

For budgetary purposes, the District separates TABOR enterprise revenues from other revenues. TABOR requires local governments to establish emergency reserves that must be at least 3% of fiscal spending, excluding bonded debt service, to be used only for declared emergencies. "Emergency" does not include economic conditions, revenue shortfalls, or District salary or fringe benefit increases. Fiscal year spending does not include TABOR enterprise defined revenues. The District has restricted \$96,520 and \$48,534 as of December 31, 2018 and 2017, respectively, in accordance with the provisions of TABOR.

NOTE 5: RISK OF LOSS

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

In July 1991, the District joined the Colorado Special Districts Property and Liability Pool (the Pool), a public entity risk pool currently operating as a common risk management and insurance program for member special districts in Colorado.

## ESTES VALLEY RECREATION AND PARK DISTRICT

### NOTE 5: RISK OF LOSS (Continued)

The District pays annual premiums to the Pool for defined property and liability coverage.

The Pool Agreement also gives the Board of Directors of the Pool the power to establish that additional contributions, at such times and in such amounts as the Board determines, are needed for the purposes of the Pool. The Board may decide to distribute surplus funds among members; however, the District did not receive any such distribution for the years ended December 31, 2018 and 2017.

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

### NOTE 6: OPERATING AGREEMENTS

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

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

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

The District negotiated an agreement with the Park School District R-3 (the School) for the use of the School's Aquatic Center that commenced on January 1, 2008 for one year. The agreement was renewed for a five-year period beginning December 31, 2008, and for an additional five-year period beginning January 1, 2014. The District served as the Manager of Operations for programs at the Aquatic Center. Upon donation of the Aquatic Center in 2016, The District collects all revenue from the operation of the Aquatic Center and is responsible for cost and expense related with operations. The District agreed to waive all fees and charges for the School use of the facility for the period of 40 years after final completion and construction of the opening of the facility to the public. There was no revenue collected from the School during 2017 or 2018.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 6: OPERATING AGREEMENTS (Continued)

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

The District entered into a Restrictive Covenants and Facility Use and Development Agreement incorporated into the conveyance effective December 31, 2016. The Facility Use and Development Agreement provides for School use of the competitive swimming and diving pool (Priority Use Facilities) and other portions of the Community Center gym, weight and locker rooms, meeting and performance space and golf simulator (Scheduled Use Facilities) at no cost for a period of 40 years.

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

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

***Golf Course Lease***

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

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

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 6: OPERATING AGREEMENTS (Continued)

***Golf Cart Lease***

The District entered into an operating lease dated February 26, 2017 with Yamaha Motor Finance Corporation for the use of 76 DR2A EFI golf carts. The lease term commenced on May 1, 2017 and shall last 54 months. The District traded in its old fleet of carts for a reduction of the total lease amount. The lease will be amortized to lease expense ratably over the life of the contract.

Future noncancellable lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
2019	\$ 42,770
2020	42,770
2021	42,770

NOTE 7: CAPITAL LEASES

The District utilizes capital lease agreements to finance a portion of capital assets. Lease payments are subject to annual appropriation by the District Board.

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 7: CAPITAL LEASES (Continued)

Capital lease asset amortization is included in the District's depreciation expense for the related capital assets. A summary of the capital lease assets in place as of December 31, 2018 and 2017 are as follows:

Date of Lease	Lessor	Leased Assets/Collateral	Payment Terms	Year	Capitalized Cost	Accumulated Depreciation	Book Value	Payments Made
5/1/2015	Bank of Colorado	2 Toro Greensmowers, 1 Toro Fairway Mower, 1 Toro Utility Vehicle (leased assets are the collateral)	Quarterly 8/1/15 to 5/1/20	2018	\$ 137,588	\$ 72,070	\$ 65,518	\$ 27,989
				2017	137,588	52,414	85,174	27,989
4/17/2015	Ford Motor Company	F-250 Truck (leased asset is collateral)	Annual 4/17/15 to 4/17/19	2018	31,737	16,624	15,112	7,165
				2017	31,737	12,090	19,647	7,165
6/19/2015	Ford Motor Company	F-150 Truck (leased asset is collateral)	Annual 6/19/15 to 6/19/19	2018	30,331	15,166	15,165	6,847
				2017	30,331	10,833	19,498	6,847
2/29/2016	U.S. Bancorp	2 F-150 Ford Trucks, 1 Kubota Tractor, 1 Greensmower, 1 Bunker Rake (leased assets are collateral)	Semi-annual 8/29/16 to 2/28/21	2018	150,863	54,437	96,426	33,820
				2017	150,863	32,885	117,978	33,820
12/15/2017	Bank of Colorado	Community Center Land & Aquatics Facility (Center under construction at 12/31/17)	Quarterly 3/1/18 to 12/1/2023	2018	3,000,000	99,487	2,900,513	547,348
				2017	3,000,000	49,744	1,890,256	—
3/15/2018	U.S. Bancorp	Golf equipment lease	Quarterly 3/15/18 to 3/15/22	2018	108,816	11,659	97,157	21,865
				2017	—	—	—	—
Totals				2018	\$ 3,459,335	\$ 269,443	\$ 3,189,891	\$ 645,034
				2017	\$ 3,350,519	\$ 157,966	\$ 2,132,553	\$ 75,821

A summary of changes in capital leases for the year ended December 31, 2018 is as follows:

	12/31/2017	Additions	Deletions	12/31/2018	Current
Capital Leases	\$3,206,256	\$ 108,816	\$ (559,493)	\$2,755,579	\$575,059

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 7: CAPITAL LEASES (Continued)

A summary of changes in capital leases for the year ended December 31, 2017 is as follows:

	<u>12/31/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2017</u>	<u>Current</u>
Capital Leases	\$ 274,535	\$ 3,000,000	\$ (68,279)	\$3,206,256	\$539,889

The following are the minimum required capital lease payments as of December 31, 2018:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 575,059	\$ 77,264	\$ 652,323
2020	564,552	59,758	624,310
2021	550,699	42,510	593,209
2022	528,398	26,238	554,636
2023	536,871	10,199	547,070
Total	\$ 2,755,579	\$215,969	\$ 2,971,548

NOTE 8: BONDS PAYABLE

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

A summary of bonds payable for the year ended December 31, 2018 is as follows:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balance</u>
2015	\$ 9,000,000	2028-2035	4%	\$ 9,000,000
2016	\$ 10,830,000	2016-2028	3.00% - 5.00%	\$ 8,785,000

ESTES VALLEY RECREATION AND PARK DISTRICT

NOTE 8: BONDS PAYABLE (Continued)

A summary of bond activity for the year ended December 31, 2018 is as follows:

	12/31/2017	Additions	Reductions	12/31/2018	Due Within One Year
Premium	\$ 2,210,219	\$ —	\$ (263,564)	\$ 1,946,655	\$ —
Bonds	\$ 18,490,000	\$ —	\$ (705,000)	\$ 17,785,000	\$ 735,000

A summary of bond activity for the year ended December 31, 2017 is as follows:

	12/31/2016	Additions	Reductions	12/31/2017	Due Within One Year
Premium	\$ 2,483,490	\$ —	\$ (273,271)	\$ 2,210,219	\$ —
Bonds	\$ 19,175,000	\$ —	\$ (685,000)	\$ 18,490,000	\$ 705,000

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

Year	Principal	Interest	Total
2019	\$ 735,000	\$ 759,400	\$ 1,494,400
2020	765,000	730,000	1,495,000
2021	795,000	699,400	1,494,400
2022	830,000	667,600	1,497,600
2023	860,000	634,400	1,494,400
2024 - 2028	4,950,000	2,529,750	7,479,750
2029 - 2033	6,065,000	1,303,800	7,368,800
2034 - 2035	2,785,000	168,200	2,953,200
	\$ 17,785,000	\$ 7,492,550	\$ 25,277,550

NOTE 9: DEFERRED COMPENSATION PLAN

The District provides a 457 deferred compensation plan for employees, administered by IMCA Retirement Corporation. Full-time employees are eligible to participate in a deferred compensation program. The District will match an eligible employee's contribution up to 4% of the employee's salary. The District contributed \$22,126 and \$22,269 in matching contributions for the years ended December 31, 2018, respectively. Employees who are participating members contributed \$31,999 and \$32,231 for the years ended December 31, 2018 and 2017, respectively.

NOTE 10: LITIGATION

From time to time, the District is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the net position and change in net position of the District.

*Supplementary Information*

ESTES VALLEY RECREATION AND PARK DISTRICT  
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)  
 For the Year Ended December 31, 2018

REVENUES	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Taxes	\$ 2,854,566	\$ 2,891,177	\$ 2,912,358	\$ 21,181
Conservation Trust Funds	53,000	53,000	56,672	3,672
Intergovernmental Revenues	604,125	726,535	844,934	118,399
Parks	85,300	82,045	77,518	(4,527)
Golf Courses and Pro Shop	1,367,479	1,381,247	1,376,081	(5,166)
Recreation	79,000	77,515	73,134	(4,381)
Community Center	1,272,440	851,594	759,609	(91,985)
Marina	411,439	454,794	454,480	(314)
Campgrounds	941,869	1,022,075	1,029,642	7,567
Interest Income	42,000	93,700	103,720	10,020
Transfer (to) from Reserves	2,922,727	3,781,477	3,720,484	(60,993)
Bond/Lease Proceeds	—	—	108,816	108,816
Other	20,700	58,476	17,254	(41,222)
<b>Total Revenues</b>	<b>10,654,645</b>	<b>11,473,635</b>	<b>11,534,702</b>	<b>61,067</b>
<b>EXPENDITURES</b>				
General and Administrative	683,311	731,088	728,319	2,769
Community Center	1,560,718	1,454,489	1,506,482	(51,993)
Parks	346,718	328,862	323,624	5,238
Golf Courses and Pro Shop	1,191,975	1,210,191	1,222,321	(12,130)
Recreation	253,739	242,084	237,427	4,657
Marina	277,533	275,786	271,670	4,116
Campgrounds	583,032	554,712	539,530	15,182
Interest Expense	875,667	874,845	874,750	95
Capital Lease Payments	581,739	569,315	559,493	9,822
Bond Principal Payments	697,417	696,284	705,000	(8,716)
Reserve and Contingencies	108,710	108,690	—	108,690
Bond/Lease Issue Costs	—	—	600	(600)
Capital Outlay	3,455,650	4,388,674	4,087,354	301,320
<b>Total Expenditures</b>	<b>10,616,209</b>	<b>11,435,020</b>	<b>11,056,570</b>	<b>378,450</b>
<b>Excess of Revenues over Expenditures</b>	<b>\$ 38,436</b>	<b>\$ 38,615</b>	<b>\$ 478,132</b>	<b>\$ 439,517</b>

ESTES VALLEY RECREATION AND PARK DISTRICT  
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)  
 For the Year Ended December 31, 2017

REVENUES	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Taxes	\$ 2,574,473	\$ 2,593,476	\$ 2,625,677	\$ 32,201
Conservation Trust Funds	53,000	53,000	55,188	2,188
Intergovernmental Revenues	1,451,892	1,657,100	1,766,543	109,443
Parks	86,500	85,494	89,086	3,592
Golf Courses and Pro Shop	1,342,033	1,323,342	1,324,813	1,471
Recreation	80,200	57,525	60,323	2,798
Swimming Pools and Aquatics	67,751	30,869	29,054	(1,815)
Marina	409,775	408,907	409,054	147
Campgrounds	937,256	862,305	866,330	4,025
Interest Income	81,700	173,866	181,946	8,080
Transfer (to) from Reserves	19,692,055	18,050,641	15,017,344	(3,033,297)
Bond/Lease Proceeds	3,000,000	3,000,000	3,000,000	—
Other	12,300	19,218	32,152	12,934
<b>Total Revenues</b>	<b>29,788,935</b>	<b>28,315,743</b>	<b>25,457,510</b>	<b>(2,858,233)</b>
<b>EXPENDITURES</b>				
General and Administrative	574,251	605,004	582,567	22,437
Parks	293,813	290,023	283,148	6,875
Golf Courses and Pro Shop	1,204,656	1,150,601	1,130,839	19,762
Recreation	236,022	245,266	223,792	21,474
Swimming Pools and Aquatics	316,532	232,737	230,046	2,691
Marina	267,502	269,512	260,187	9,325
Campgrounds	593,614	542,969	521,803	21,166
Community Center	240,016	277,063	379,940	(102,877)
Interest Expense	859,692	815,692	819,928	(4,236)
Capital Lease Payments	68,280	68,280	68,279	1
Bond Principal Payments	685,000	685,000	685,000	—
Reserve and Contingencies	73,697	85,666	—	85,666
Bond/Lease Issue Costs	43,694	36,901	28,901	8,000
Capital Outlay	24,326,302	23,006,626	20,158,948	2,847,678
<b>Total Expenditures</b>	<b>29,783,071</b>	<b>28,311,340</b>	<b>25,373,378</b>	<b>2,937,962</b>
<b>Excess of Revenues over Expenditures</b>	<b>\$ 5,864</b>	<b>\$ 4,403</b>	<b>\$ 84,132</b>	<b>\$ 79,729</b>

ESTES VALLEY RECREATION AND PARK DISTRICT  
RECONCILIATION SCHEDULE OF  
REVENUES AND EXPENDITURES - NON-GAAP BUDGET  
For the Years Ended December 31, 2018 and 2017

	2018	2017
<b>RECONCILIATION</b>		
Changes in Net Position Per Statement of Revenues, Expenses and Changes in Fund Net Position	\$ 1,082,318	\$ 2,886,034
Add:		
Items Which are Revenues for Budgetary Purposes		
Bond/Capital Lease Proceeds	108,816	3,000,000
Transfers from Reserves	3,720,484	15,017,344
Expenses Which are Not Expenditures for Budgetary Purposes:		
Depreciation	1,182,177	430,760
Accrued Interest Expense	—	(1,621)
(Gain) Loss on Disposal of Assets	(252)	(62,887)
Total Additions	5,011,225	18,383,596
Deduct:		
Items Which are Expenses for Budgetary Purposes:		
Capital Lease Payments	559,493	68,279
Bond Principal Payments	705,000	685,000
Amortization of Bond Premium	263,564	273,271
Capital Outlay	4,087,354	20,158,948
Total Deductions	5,615,411	21,185,498
Excess of Revenues Over Expenditures - Budgetary Basis	\$ 478,132	\$ 84,132

ESTES VALLEY RECREATION AND PARK DISTRICT  
 CONSERVATION TRUST FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 For the Year Ended December 31, 2018

	Original	Final	Actual	Variance - Favorable (Unfavorable)
REVENUES				
State Lottery	\$ 53,000	\$ 53,000	\$ 56,672	\$ 3,672
Interest Revenue	1,200	2,779	5,506	2,727
Total Revenue	54,200	55,779	62,178	6,399
EXPENDITURES				
Golf Improvements	15,000	15,000	15,000	—
Outdoor Range Improvements	10,000	20,000	10,000	(10,000)
Stanley Park Improvements	57,000	31,000	30,950	(50)
Total Expenditures	82,000	66,000	55,950	(50)
REVENUE OVER (UNDER) EXPENDITURES	(27,800)	(10,221)	6,228	16,449
FUND BALANCE, Beginning	248,577	248,577	248,577	
FUND BALANCE, Ending	\$ 220,777	\$ 238,356	\$ 254,805	