

GOVERNMENT - WIDE FINANCIAL STATEMENTS

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 3,362,612
Receivables:	
Accounts Receivable	63,610
Cash with County Treasurer	8,738
Other Intergovernmental	19,762
Property Taxes	2,514,186
Prepaid Expenses	27,397
Capital Assets:	
Capital Assets, Net of Accumulated Depreciation	<u>12,113,415</u>
 TOTAL ASSETS	 <u>18,109,720</u>
<u>LIABILITIES:</u>	
Accounts Payable	73,671
Accrued Wages & Related Liabilities	54,902
Other Liabilities	10,512
Long-term Obligations:	
Accrued Vacation and Comp Time	<u>46,150</u>
 TOTAL LIABILITIES	 <u>185,235</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>	
Unavailable Revenues – Property Taxes	<u>2,514,186</u>
 TOTAL DEFERRED INFLOW OF RESOURCES	 <u>2,514,186</u>
<u>NET POSITION:</u>	
Invested in Capital Assets, Net of Related Debt	12,113,415
Restricted for Conservation Trust	-
Restricted for Emergencies	106,834
Unrestricted	<u>3,190,050</u>
 TOTAL NET POSITION	 <u>\$ 15,410,299</u>

The accompanying notes are an integral part of these financial statements.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended December 31, 2017

		<u>PROGRAM REVENUES</u>			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
	<u>Expenses</u>	<u>Charges For Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
GOVERNMENTAL ACTIVITIES:					
Administration	\$ 801,142	\$ -	\$ -	\$ -	\$ (801,142)
Community Recreation	435,692	114,116	23,544	-	(298,032)
Eagle Pool & Ice Rink	743,820	450,183	-	-	(293,637)
Gypsum Recreation Center	1,246,019	1,232,972	-	-	(13,047)
Freedom Park Field House	978,000	552,762	-	-	(425,238)
Conservation Trust	-	-	-	119,320	119,320
Debt Service:					
Interest on Long-Term Debt	<u>113,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(113,196)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 4,317,869</u>	<u>\$ 2,350,033</u>	<u>\$ 23,544</u>	<u>\$ 119,320</u>	<u>(1,824,972)</u>
 GENERAL REVENUES:					
					2,360,385
					121,974
					3,931
					48,517
					<u>6,109</u>
					<u>2,540,916</u>
					715,944
					<u>14,694,355</u>
					<u>\$ 15,410,299</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	General Fund	Special Revenue Conservation Trust Fund	Total Governmental Funds
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 3,362,612	\$ -	\$ 3,362,612
Receivables:			
Accounts Receivable	63,610	-	63,610
Cash with County Treasurer	8,738	-	8,738
Other Intergovernmental	19,762	-	19,762
Property Taxes	2,514,186	-	2,514,186
Prepaid Expense	27,397	-	27,397
Internal Balances	-	-	-
 Total Assets	 \$ 5,996,305	 \$ -	 \$ 5,996,305
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE:</u>			
Liabilities:			
Accounts Payable	\$ 73,671	\$ -	\$ 73,671
Accrued Wages & Related Liabilities	54,902	-	54,902
Other Liabilities	10,512	-	10,512
 Total Liabilities	 139,085	 -	 139,085
Deferred Inflow of Resources:			
Unavailable Revenue from Property Taxes	2,514,186	-	2,514,186
 Total Deferred Inflow of Resources	 2,514,186	 -	 2,514,186
Fund Balances:			
Non-Spendable	27,397	-	27,397
Restricted for Conservation Trust	-	-	-
Restricted for Emergencies	106,834	-	106,834
Unassigned	3,208,803	-	3,208,803
 Total Fund Balances	 3,343,034	 -	 3,343,034
 Total Liabilities, Deferred Inflows and Fund Balances	 \$ 5,996,305	 \$ -	 \$ 5,996,305

The accompanying notes are an integral part of these financial statements.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2017

TOTAL GOVERNMENTAL FUND BALANCES \$ 3,343,034

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental Capital Assets	\$ 18,414,065	
Less Accumulated Depreciation	<u>(6,300,650)</u>	12,113,415

Some liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds:

Accrued Interest on Bonds	\$ -	
Compensated Absences	<u>(46,150)</u>	(46,150)

Long-term liabilities are not due and payable in the current year end, and, therefore, are not reported in the governmental funds:

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NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 15,410,299

The accompanying notes are an integral part of these financial statements.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended December 31, 2017

	General Fund	Special Revenue Conservation Trust Fund	Total Governmental Funds
REVENUES:			
Property Taxes	\$ 2,360,385	\$ -	\$ 2,360,385
Specific Ownership Tax	121,974	-	121,974
Taxes – Delinquent Interest	3,931	-	3,931
Community Recreation Programs	-	114,116	114,116
Eagle Pool & Ice Rink	450,183	-	450,183
Gypsum Recreation Center	1,232,972	-	1,232,972
Freedom Park Field House	552,762	-	552,762
State Lottery Funds	-	119,320	119,320
Investment Earnings	48,511	6	48,517
Capital Sponsorship	23,544	-	23,544
Miscellaneous	6,109	-	6,109
	<u>4,800,371</u>	<u>233,442</u>	<u>5,033,813</u>
EXPENDITURES:			
Administration	782,716	-	782,716
Eagle Pool & Ice Rink Operations	633,079	-	633,079
Gypsum Recreation Center	1,252,734	-	1,252,734
Freedom Park Field House	674,839	-	674,839
Capital Outlay –			
Capital Projects & Improvements	217,765	586,577	804,342
Debt Service –			
Bond Series 2008 - Principal	2,770,000	-	2,770,000
Bond Series 2008 - Interest	123,363	-	123,363
	<u>6,454,496</u>	<u>586,577</u>	<u>7,041,073</u>
Excess of Revenues Over (Under) Expenditures	(1,654,125)	(353,135)	(2,007,260)
Other Financing Sources and (Uses):			
Transfer from Other Funds	-	309,540	309,540
Transfer (to) Other Funds	(309,540)	-	(309,540)
	<u>(309,540)</u>	<u>309,540</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under), Expenditures	(1,963,665)	(43,595)	(2,007,260)
FUND BALANCE – BEGINNING OF YEAR	<u>5,306,699</u>	<u>43,595</u>	<u>5,350,294</u>
FUND BALANCE – ENDING OF YEAR	<u>\$ 3,343,034</u>	<u>\$ -</u>	<u>\$ 3,343,034</u>

The accompanying notes are an integral part of these financial statements.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2017

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ (2,007,260)

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

Governmental Funds report current year capital asset acquisitions as expenditures; however, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capitalized assets in the current year:

	\$	501,318	
Capitalized Assets			
Depreciation		(570,300)	(68,982)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 2,770,000

Compensated absences not payable from current resources are not reported as expenditures of the current year. In the Statement of Activities these costs represent expenses of the current year. This is the amount by which accrued vacation increased this year. 12,019

Interest expense is recognized as an expenditure in the governmental funds when it is due, and this requires the use of current financial resources; however, in the Statement of Activities interest expense is recognized as the interest accrues regardless of when it is due. This is the amount by which decreases in accrued interest exceeded increases in accrued interest.

	\$	10,167	
Prior Year Accrued Interest			
Current Year Accrued Interest		-	10,167

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 715,944

The accompanying notes are an integral part of these financial statements.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Western Eagle County Metropolitan Recreation District, herein referred to as the District, conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Significant accounting policies of the District are described below.

A. Financial Reporting Entity

The Western Eagle County Metropolitan Recreation District (the "District"), a political subdivision of the State of Colorado, was formed in 1980 for the purpose of providing recreational facilities for the residents and taxpayers of Western Eagle County.

The District is governed by an elected Board of Directors which is responsible for setting policy, appointing personnel and adopting an annual budget in accordance with state statutes.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity, nor is the District a component unit of any other government. The District's financial statements include the accounts of all District operations.

B. Basis of Presentation

GOVERNMENT-WIDE STATEMENTS

The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

B. Basis of Presentation - continued

In the statement of activities, direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

FUND FINANCIAL STATEMENTS

During the fiscal year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The District's funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations based upon the purposes for which they are to be spent and by the means by which spending activities are controlled. The various funds of the District are outlined as follows:

Governmental Funds

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures, other financing uses, and special items) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

General Fund - used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to statutory laws.

Conservation Trust Fund –used to account for proceeds of special revenue sources (lottery proceeds) that are legally restricted to expenditures for conservation purposes (park and recreation improvements).

C. Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, consist of property taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Accounting - continued

FUND FINANCIAL STATEMENTS

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The District considers all revenues available if they are collected within 60 days after year-end. The following material revenue sources are considered susceptible to accrual because they are both measurable and available to finance expenditures of the current period:

- Property Taxes
- Specific Ownership Taxes

Taxpayer-assessed local property and specific ownership taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, which is recognized when due. Proceeds of general long-term liabilities are reported as other financing sources.

D. Property Taxes Receivable and Deferred Inflows – Unavailable Property Tax Revenues

Property taxes are levied on December 15, and attach as an enforceable lien on property on January 1st of the following year. They may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th. Property taxes are levied and collected on behalf of the District by Eagle County and are reported as revenue when received by the County Treasurer. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31; however, since the taxes are not available to pay current liabilities, the receivable is recorded as deferred inflow.

E. Budgets and Budgetary Accounting

The District uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 15, the District staff submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. A “Notice of Budget” is published when the budget is received.
2. Public hearings are held to obtain taxpayer comments.
3. Prior to December 15, the Board adopts, by resolution, the budget for the ensuing fiscal year and certifies the tax levy to the Board of County Commissioners.
4. On or before December 31, the Board adopts an annual appropriating resolution in which such sums of money are appropriated as the Board deems necessary to defray all expenses and liabilities of the District during the ensuing year.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Budgets and Budgetary Accounting – continued

5. The District’s budgets are adopted on a basis consistent with generally accepted accounting principles for governmental entities. Annual appropriated budgets are adopted for all funds. The level of control in the budget at which expenditures exceed appropriations is at the fund level.
6. After adoption of the budget ordinance, the District may make by ordinance the following changes: a) supplemental appropriations to the extent of revenues in excess of the estimated budget; b) emergency appropriations; c) reduction of appropriations for which originally estimated revenues are insufficient.
7. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on final legally amended budgets.
8. Budget appropriations lapse at the end of each year.

The District legally adopted annual budgets for all of the District’s funds for 2017. The District amended its budgeted appropriations as follows:

	Original	Revised	Increase (Decrease)
General Fund	\$ 6,881,263	\$ 6,828,711	\$ (52,552)
Conservation Trust Fund	\$ 200,750	\$ 621,678	\$ 420,928

The budgets for the Governmental Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

F. Cash and Cash Equivalents / Fair Value of Financial Instruments

The District’s policy in determining which items are treated as cash equivalents include cash, demand deposits, treasury bills, and other short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less. Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimate fair value. Additional cash disclosures are found in *Note 2* of the financial statements.

The District has a number of financial instruments, including cash and cash equivalents, receivables, and accounts payable, none of which are held for trading purposes. The District estimates the fair values of its financial instruments at December 31, 2017 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

G. Net Position / Fund Balance –

In the government-wide financial statements, net position is classified as follows:

Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component. Accumulated depreciation and the outstanding debt balances that are attributable to (already invested in) the acquisition, construction or improvement of these assets reduce this category.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

G. Net Position / Fund Balance – continued

Restricted – assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by various enabling legislation.

Unrestricted – represents the amount which is not restricted for any purpose. It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

In the governmental funds, fund balances are classified as follows:

Non-Spendable – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of permanently restricted funds to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, when applicable.

Restricted – when constraints are placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

Conservation Trust – Amounts on deposit received from lottery monies from the State of Colorado *restricted* for use in the acquisition, development and maintenance of new conservation and recreation sites pursuant to Colorado Revised Statutes.

Emergency Reserves – As discussed in *Note 10*, Colorado voters passed an amendment to the State Constitution, one of the provisions of which requires local governments to establish an emergency reserve which is calculated at 3% of certain expenditures. These funds may only be expended in cases of emergencies as defined by the amendment, and are used to fund appropriations only after unrestricted resources are depleted.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Board of Directors). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the residual for the general fund.

It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available. Committed and assigned amounts are considered to have been spent first when an expenditure is incurred for purposes for which such categories and unassigned amounts are available.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

H. Capital Assets

All capital assets purchased or acquired with an original cost in excess of the capitalization threshold (\$5,000) set by the District are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair value on the date of the donation. Repairs and maintenance are recorded as expenditures as incurred; while additions, improvements and capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Equipment & Furniture	5-20 years
Infrastructure	20-50 years

I. Vacation, Sick Leave and Other Compensated Absences

The District's policy is to permit full-time, non-temporary personnel to accumulate a limited amount of earned but unused vacation leave which may be paid upon separation from District service. In accordance with this criteria, the District has accrued a liability for compensated absences which is reflected in long-term obligations in the government-wide statement of net position. For governmental funds, the liability for compensated absences is not reflected since it is anticipated that none of the liability will be liquidated with expendable available current financial resources.

J. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

K. Inter-fund Receivables and Payables

To the extent that operating expenses are paid by another fund and/or transfers are made between the funds and these advances have not been repaid as of year-end, balances of inter-fund amounts receivable or payable are recorded.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. 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 State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in collateral pools. There is no custodial credit risk for public deposits collateralized under the PDPA.

The District has adopted a formal investment policy, the primary objectives of which are 1) Safety of Principal (to protect against the loss of any principal); 2) Liquidity (to ensure that funds are available to meet obligations as necessary; and 3) Yield (to optimize returns within the appropriate safety and liquidity restraints). The standard of a "prudent investor" is used which states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for preservation, considering the probably safety of their capital as well as the probable income to be derived. This policy applies to the investment of all financial assets and all funds of the District over which it exercises financial control."

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

- Obligations of the United States and certain U.S. governmental agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee Valley authority, and certain international agency securities, including the World Bank.
- General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- Bankers' acceptances of certain banks
- Certain securities lending agreements
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed Investment contracts
- Local government investment pools
- The investing local government's own securities including certificates of participation and lease obligations.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 December 31, 2017

NOTE 2 - CASH AND INVESTMENTS - continued

The District uses the following guidelines to ensure proper diversification:

<u>Instrument</u>	<u>% of Portfolio Allowed</u>	<u>Maximum % Per Issuer</u>
U.S. Treasuries	100%	100%
U.S. Agencies	75%	50%
Repurchase Agreements	100%	50%

COLORADO STATEWIDE INVESTMENT PROGRAM

As of December 31, 2017, the District had \$680,661 invested in the Colorado Statewide Investment Program (“CSIP”). CSIP is an investment program that provides professional investment services designed specifically to meet the cash management needs of Colorado governments, non-profit institutions and other institutional entities. CSIP’s goal is to help member institutions achieve their objectives of safety, liquidity and competitive returns.

CSIP invests in the Colorado Investors Class of the PFM Funds Prime Series (“the Fund”), a money market mutual fund registered under the Investment Company Act of 1940, as amended. The Fund is managed to maintain a dollar-weighted average portfolio of 60 days or less and seeks to maintain a constant net asset value (“NAV”) per share of \$1.00.

Program elements:

- Daily liquidity
- Competitive money market returns
- Unlimited number of deposits and withdrawals
- Transactions by wire and ACH
- Sub-accounting to track multiple funds/accounts
- Dedicated Program website

The Fund invests in obligations of the United States government and its agencies, high quality fixed income securities of U.S. companies and obligations of financial institutions. The District's CSIP investments are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form.

The District’s total cash and cash equivalents at December 31, 2017 are classified below:

Checking/Savings/Certificate of Deposit	\$ 2,571,721
Local Government Investment Pools	<u>680,661</u>
Total Bank Balances	3,252,382
Outstanding Items	<u>110,230</u>
Total Cash and Cash Equivalents	<u>\$ 3,362,612</u>

At December 31, 2017 the District’s bank deposits were entirely covered by federal depository insurance (FDIC) or uninsured but collateralized under PDPA in accordance with state statute. The District had bank balances of \$157,961 of which the entire balance was covered by FDIC insurance. As of December 31, 2017 the District had invested \$2,413,760 in Certificates of Deposit (including net unrelated net losses of \$7,900) of which the entire balance was covered by FDIC.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - CASH AND INVESTMENTS - continued

Included in cash and cash equivalents are investments rated as follows:

Subject to Public Depository Act –

<u>Investments</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Agency</u>
CSIP Accounts	\$ 680,661	AAAm	Standard & Poors
Certificates of Deposit	\$ 2,413,760	Not Rated	-

Risk Disclosures

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits District investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The District has deposits in CSIP investments with ratings as provided above.

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. District policy places no limit on the amount the District may invest in any one issuer; however the District maintains general guidelines for investments to ensure proper diversification by security type and institution. All District investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by the Public Depository Protection Act, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk disclosure requirements.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an investment policy that limits investment maturities to three years as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows as approved by the Board. The District's investments in CSIP are not considered to be subject to material interest rate risk.

Investment subject to interest rate risk disclosures are shown below:

		<u>Maturities</u>
Certificate of Deposit	\$ 244,934	04/10/18
Certificate of Deposit	149,968	07/18/18
Certificate of Deposit	244,601	04/15/19
Certificate of Deposit	244,361	04/29/19
Certificate of Deposit	100,156	07/16/19
Certificate of Deposit	177,900	01/28/20
Certificate of Deposit	243,883	04/01/20
Certificate of Deposit	144,579	11/23/21
Certificate of Deposit	152,639	11/29/21
Certificate of Deposit	218,867	12/06/21
Certificate of Deposit	246,025	12/06/22
Certificate of Deposit	<u>245,847</u>	12/08/22
Total	<u>\$ 2,413,760</u>	

Investments are stated at market value of \$2,413,760, including net unrealized losses of \$7,900 at December 31, 2017.

The District was not subject to foreign currency risk as of December 31, 2017

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CAPITAL ASSETS

A summary of changes in Capital Assets follows:

	Balance 01/01/17	Additions	Disposals	Balance 12/31/17
<i>Non Depreciable Assets:</i>				
Construction in Process	\$ -	\$ -	\$ -	\$ -
<i>Depreciable Capital Assets:</i>				
Office/Other Equipment	475,785	20,751	-	496,536
Pool/Ice Rink & Equip	2,897,034	-	-	2,897,034
Gypsum Rec Center Equip	73,199	-	-	73,199
Freedom Park Field House and Equipment	8,204,079	471,651	-	8,675,730
Athletic Fields & Parks	6,169,791	8,916	-	6,178,707
Recreation Equipment	92,859	-	-	92,859
Accumulated Depreciation	(5,730,350)	(570,300)	-	(6,300,650)
Governmental Activities Capital Assets, Net	<u>\$ 12,182,397</u>	<u>\$ (68,982)</u>	<u>\$ -</u>	<u>\$ 12,113,415</u>

Depreciation is calculated using the straight-line method. For the year ending December 31, 2017 depreciation expense in the amount of \$570,300 was allocated to the various District functions as follows:

Administration	\$ 25,445
Community Recreation	262,768
Eagle Pool/Ice Rink	66,465
Gypsum Recreation Center	2,201
Freedom Park Field House	<u>213,421</u>
Total Depreciation	<u>\$ 570,300</u>

NOTE 4 - LONG-TERM DEBT

A summary of changes in General Long-term Debt as of December 31, 2017 follows:

	Balances 01/01/17	Additions	Reductions	Balance 12/31/17	Amounts Due Within One Year
Series 2008 General Obligation Bonds	\$ 2,770,000	\$ -	\$ (2,770,000)	\$ -	\$ -
Compensated Absences	<u>58,169</u>	<u>-</u>	<u>(12,019)</u>	<u>46,150</u>	<u>-</u>
Total	<u>\$ 2,828,169</u>	<u>\$ -</u>	<u>\$ (2,782,019)</u>	<u>\$ 46,150</u>	<u>\$ -</u>

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 4 - LONG-TERM DEBT - continued

Series 2008 Limited Tax General Obligation Bonds

\$4,035,000 Limited Tax General Obligation Bonds dated August 27, 2008. The interest rate varies from 3% to 4.75% payable semi-annually on June 1 and December 1. Principal amounts are payable on December 1. Final maturity date is December 1, 2028. The liability is expected to be financed from General Funds. The entire future obligation of \$2,595,000 was paid in December 2017 saving the District \$768,685 in future interest.

NOTE 5 - DEFERRED COMPENSATION PLAN

Plan Description

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the Colorado County Officials and Employees Retirement Association (CCOERA). The CCOERA provides retirement and death benefits for members and their beneficiaries. Plan participation is voluntary and available to any full-time, non-temporary/ seasonal employee of the District with 1 year of service. All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries. The annual financial report that includes financial statements and required supplementary information for the plan may be obtained through the plan's website at: www.ccoera.org.

Funding Policy

The CCOERA is funded by member contributions of includable compensation to a maximum level set by the Internal Revenue Service. Employee contributions are matched by the District up to 10% of the employee's wages and vest immediately with the employee when made. Any employer contributions made during the plan year apply toward the maximum deferral limits mentioned above. The District's and members' contributions to the CCOERA 457 plan for the year ended December 31, 2017 and 2016 were \$94,923 and \$91,686, respectively.

NOTE 6 - DEFINED CONTRIBUTION PENSION PLAN

Plan Description

Western Eagle County Metropolitan Recreation District contributes to the Colorado County Officials and Employees Retirement Association (CCOERA) Defined Contribution 401(a) Plan administered by CCOERA. All employees of the District are enrolled in the plan, in lieu of Social Security, upon date of hire. Employees' retirement accounts under the 401(a) plan are 100% vested and become property of the employee. The annual financial report that includes financial statements and required supplementary information for the plan may be obtained through its website at: www.ccoera.org.

Funding Policy

Employees' with 0-5 years of service contribute 3.75% of their compensation on a mandatory basis to the plan, and the District contributes 3.75% of the employees' gross compensation to the plan. Employees' with 6 plus years of continuous employment contribute 6% of their compensation on a mandatory basis, with a District contribution of 6% of the employees' gross compensation. The District's and members' contributions to the 401(a) plan for the year ended December 31, 2017 were each \$68,521 totaling \$137,042.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 7 - RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. Settled claims have not exceeded this coverage in any of the past three fiscal years. The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and accumulated funds, the Pool may require additional contributions from the 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. During the year ended December 31, 2017, the pool made no distributions to the District.

NOTE 8 - CONTINGENCIES

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statement as of December 31, 2017.

NOTE 9 - INTERGOVERNMENTAL AGREEMENTS & COMMITMENTS

Eagle Pool and Ice Rink Agreement

The Western Eagle County Metropolitan Recreation District and the Town of Eagle, Colorado, entered into an agreement for the construction, ownership and operation of a recreation facility, consisting of a community swimming pool and ice rink, located in Eagle, Colorado. The recreation facility was conveyed to the District in 2003 and the Town retained full fee simple title to the ground upon which the facilities are constructed. The District is responsible for operation and maintenance of the recreation facilities.

Gypsum Community Recreation Center Agreement

The Western Eagle County Metropolitan Recreation District and the Town of Gypsum, Colorado, entered into an agreement for the construction, ownership and operation of a community recreation facility located in Gypsum, Colorado. The District is responsible for the operation and maintenance of the community recreation center and the Town retains full fee simple title to the community center and community center site. Pursuant to the agreement, a contribution in the amount of \$19,762 is due to the District from the Town for the fiscal year ended December 31, 2017 operational deficits.

Other Intergovernmental Agreements

The Western Eagle County Metropolitan Recreation District and other governmental entities have entered into agreements for the use of various facilities & parks located in the District boundaries. A complete listing is available at the District Administration Office.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 10 - COMPLIANCE

TABOR AMENDMENT - REVENUE AND SPENDING LIMITATION

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years. In 1996, the District's electorate voted to allow the District to collect, retain, and expend revenues notwithstanding any of TABOR's restrictions. Such provisions were made effective January 1, 1997.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of spending (excluding bonded debt service). The required reserve at December 31, 2017 is approximately \$106,834.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment. However, the entity has made certain interpretations of the Amendment's language in order to determine its compliance.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2017 through the issuance date of this report. There has been no material event noted during this period that would either impact the results reflected in this report or the District's results going forward.

REQUIRED SUPPLEMENTAL INFORMATION

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
– BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended December 31, 2017

	General Fund				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<u>BUDGETARY REVENUES:</u>					
Property Taxes	\$ 2,370,114	\$ 2,370,114	\$ 2,360,385	\$ (9,729)	
Specific Ownership Taxes	106,655	118,655	121,974	3,319	
Taxes – Delinquent Interest	3,000	3,000	3,931	931	
Eagle Pool & Ice Rink Revenue	493,952	446,113	450,183	4,070	
Gypsum Recreation Center Revenue	1,173,920	1,235,990	1,232,972	(3,018)	
Freedom Park Field House	691,021	600,771	552,762	(48,009)	
Interest Income	40,716	62,963	48,511	(14,452)	
Capital Sponsorship	15,000	15,000	23,544	8,544	
Miscellaneous Income	4,500	5,400	6,109	709	
	TOTAL BUDGETARY REVENUES	4,898,878	4,858,006	4,800,371	(57,635)
<u>BUDGETARY EXPENDITURES:</u>					
Administration	827,394	819,174	782,716	36,458	
Eagle Pool & Ice Rink Operations	525,188	623,582	633,079	(9,497)	
Gypsum Recreation Center	1,203,790	1,257,549	1,252,734	4,815	
Freedom Park Field House	712,478	675,954	674,839	1,115	
Capital Expenditures and Improvements	720,800	250,700	217,765	32,935	
Debt Service	2,893,363	2,893,363	2,893,363	-	
	TOTAL BUDGETARY EXPENDITURES	6,883,013	6,520,322	6,454,496	65,826
Other Financing Sources:					
Transfer (from) to Other Funds	(1,750)	308,389	309,540	(1,151)	
	TOTAL BUDGETARY EXPENDITURES AND OTHER FINANCING USES	6,881,263	6,828,711	6,764,036	64,675
Excess of Budgetary Revenues and Other Sources Over (Under) Budgetary Expenditures					
	(1,982,385)	(1,970,705)	(1,963,665)	7,040	
FUND BALANCE – BEGINNING OF YEAR	5,178,073	5,309,389	5,306,699	(2,690)	
FUND BALANCE – END OF YEAR	\$ 3,195,688	\$ 3,338,684	\$ 3,343,034	\$ 4,350	

The accompanying notes are an integral part of these financial statements.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL - SPECIAL REVENUE CONSERVATION TRUST FUND
For the Year Ended December 31, 2017

	Conservation Trust Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
General Revenues:				
State Lottery Funds	\$ 140,000	\$ 140,000	\$ 119,320	\$ (20,680)
Field Use Rents	31,000	35,819	28,564	(7,255)
Eagle County Maintenance Contract	-	93,867	85,552	(8,315)
Interest Income	8	8	6	(2)
Total General Revenues	171,008	269,694	233,442	(36,252)
Other Financing Sources:				
Transfers (to) from Other Funds	(1,750)	308,389	309,540	1,151
Total Other Financing Sources	(1,750)	308,389	309,540	1,151
 Total Budgetary Revenue and Other Financing Sources:	 169,258	 578,083	 542,982	 (35,101)
Budgetary Expenditures:				
Eagle Pool Ice Rink:				
Shade Structure	30,000	5,000	-	5,000
Fairgrounds:				
Ballfield Light Bulbs	-	3,424	3,424	-
Electric	20,000	20,000	13,780	6,220
Infield Improvements	2,500	2,500	-	2,500
Maintenance Equipment	-	500	318	182
Maintenance Materials	-	4,278	4,447	(169)
Maintenance Supplies	18,000	18,000	10,062	7,938
Maintenance Wages	10,000	-	-	-
Pest Control	-	300	300	-
Shade Structure	40,000	5,500	5,492	8
Toilets	450	450	104	346
Trash and Utilities	7,000	9,000	10,200	(1,200)
Utility Vehicle	8,000	240	240	-
Freedom Park:				
Maintenance Supplies	18,000	5,000	3,365	1,635
Maintenance Wages	10,000	15,000	15,000	-
Maintenance Vehicles	5,000	-	-	-
Safety Netting	-	10,260	10,260	-
Turf Project	-	426,859	426,859	-
McCoy Field Lease	1,800	1,500	1,500	-
Miller Ranch:				
Janitorial	-	20,000	19,557	443
Maintenance Contract	-	73,867	61,669	12,198
Contingency	30,000	-	-	-
Total Budgetary Expenditures	200,750	621,678	586,577	35,101
 Excess of Budgetary Revenues and Other Uses Over (Under) Expenditures	 (31,492)	 (43,595)	 (43,595)	 -
FUND BALANCE - BEGINNING OF YEAR	115,488	43,595	43,595	-
FUND BALANCE - END OF YEAR	\$ 83,996	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

OTHER SUPPLEMENTAL INFORMATION

Capital Projects Expenditures and Improvements – Budget and Actual

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
CAPITAL PROJECTS EXPENDITURES AND IMPROVEMENTS – BUDGET AND ACTUAL
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>GENERAL FUND</u>				
Athletic Goals/ Equipment	\$ 6,000	\$ 6,000	\$ 5,062	\$ 938
Capital Reserve – EPIR	40,000	40,000	40,000	-
Capital Reserve – GRC	25,000	100,000	100,000	-
Capital Replacement and Repair	115,300	30,000	-	30,000
Computers/Office Equipment	25,000	18,000	20,751	(2,751)
Consulting for Capital Projects	-	3,000	2,188	812
Contingency	30,000	5,000	5,000	-
Eagle Area Projects	10,000	10,000	4,262	5,738
Eagle Pool Ice Rink Equipment	-	-	4,276	(4,276)
Freedom Park Fieldhouse	10,000	34,000	34,532	(532)
Freedom Park Turf Project	425,000	-	-	-
Gypsum Area Projects	10,000	1,100	1,100	-
Miscellaneous	20,000	-	-	-
Rec Kids Program Equipment	1,500	600	594	6
Youth Sports Programs	3,000	3,000	-	3,000
	<u>720,800</u>	<u>250,700</u>	<u>217,765</u>	<u>32,935</u>
<u>CONSERVATION TRUST FUND</u>				
Eagle Pool Ice Rink	30,000	5,000	-	5,000
Fairgrounds Facility	105,950	64,192	48,367	15,825
Freedom Park	33,000	457,119	455,484	1,635
McCoy Field	1,800	1,500	1,500	-
Miller Ranch	-	93,867	81,226	12,641
Contingency	30,000	-	-	-
	<u>200,750</u>	<u>621,678</u>	<u>586,577</u>	<u>35,101</u>
Total Capital Expenditures and Improvements	<u>\$ 921,550</u>	<u>\$ 872,378</u>	<u>804,342</u>	<u>\$ 68,036</u>
Less Non- Capitalized Expenditures and Improvements			<u>(303,024)</u>	
Total Capitalized Assets			<u>\$ 501,318</u>	

The accompanying notes are an integral part of these financial statements.