FRASER VALLEY METROPOLITAN RECREATION DISTRICT
FRASER, COLORADO

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2017

FRASER VALLEY METROPOLITAN
RECREATION DISTRICT
FRASER, COLORADO

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fraser Valley Metropolitan Recreation District
Fraser, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Fraser Valley Metropolitan Recreation District (the "District"), as of and for the year ended December 31, 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.

Auditor's Responsibility

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

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

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 governmental activities, the business-type activities and each major fund of the Fraser Valley Metropolitan Recreation District, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in conformity 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 through iv be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fraser Valley Metropolitan Recreation District's basic primary government financial statements. The budgetary comparison information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Watson Coon Ryan, LLC

JUNE 26, 2018
GREENWOOD VILLAGE, COLORADO

Fraser Valley Metropolitan Recreation District
Fraser, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2017

As management of the Fraser Valley Metropolitan Recreation District, Fraser, Colorado (the "District") we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our annual audited financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by $8,770,697 (net position). Of this amount, $7,241,597 was invested in capital assets (net of accumulated depreciation and related debt) of the District and may not be used to meet the District's ongoing obligations to citizens and creditors.

- The District's deposit portfolio increased by $16,024 during 2017. Overall, the District's total net position decreased by $48,794.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements.

The District's financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements 3) notes to the financial statements and 4) required supplementary information that provides comparisons of budget to actual on the Non-US GAAP (Accounting Principles Generally Accepted in the United States of America) budgetary basis.

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business through the following financial statements.

- *Statement of Net Position* presents information on all of the District's assets, liabilities and deferred outflows and inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

- *Statement of Activities* presents a comparison between direct expenses, general revenues and program revenues for each function of the District's government activities and the different business-like activities. The result represents how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

- *Fund financial statements* are designed to provide readers with a broad overview of the general, conservation trust, debt service and golf-course funds.

- *Notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $8,770,697 at the close of the most recent fiscal year.

A portion of the District's net position, (83%), is invested in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The change in Current Assets as well as Deferred Inflows of Resources is due to a court ruling made by the Colorado Supreme Court in 2017 that an organization located within the District was exempt from property taxes. Therefore, any taxes collected from the organization were to be refunded along with interest as determined by state statute. In 2017 the FVMRD refunded $18,319 in collected property taxes as well as $15,837 in interest. While waiting for the final court ruling, the assessed valuation of the organization had been included in the total valuations issued by the County Assessor's office however the organization did not pay any related taxes. The County Assessor's office recalculated the assessed valuation for those years and determined the amount of tax revenue the District would have collected through an adjusted mill levy. The amount listed on the 2017 Final Certification of Values as Taxes Abated or Refunded was $335,496. An additional mill levy was certified in 2018 to recover these taxes.

District Net Position

	Governmental Activities		Business Type Activities		Total Government		
	2017	2016	2017	2016	2017	2016	Variance
Current assets	3,401,761	3,104,669	494,073	555,969	3,895,834	3,660,638	235,196
Restricted assets	35,420	36,829	-	-	35,420	36,829	(1,409)
Capital assets, net of accumulated depreciation and amortization	16,904,865	17,384,843	6,740,840	6,571,117	23,645,705	23,955,960	(310,255)
Total assets	20,342,046	20,526,341	7,234,913	7,127,086	27,576,959	27,653,427	(76,468)
Deferred outflows of resources (Deferred charge on refunding)	1,808,413	1,918,300	-	-	1,808,413	1,918,300	(109,887)
Total liabilities	17,788,379	18,377,838	676,307	446,655	18,464,686	18,824,493	(359,807)
Deferred inflows of resources (Deferred property tax revenue)	2,149,989	1,927,743	-	-	2,149,989	1,927,743	222,246
Net assets:	2,212,091	2,139,060	6,558,606	6,680,431	8,770,697	8,819,491	(48,794)
Net investment in capital assets	1,133,924	1,122,136	6,107,673	6,160,994	7,241,597	7,283,130	(41,533)
Restricted	167,253	161,894	-	-	167,253	161,894	5,359
Unrestricted	910,914	855,030	450,933	519,437	1,361,847	1,374,467	(12,620)
Total net position	2,212,091	2,139,060	6,558,606	6,680,431	8,770,697	8,819,491	(48,794)

Change in the District's Net Position

	Governmental Activities		Business Type Activities		Total Government		
	2017	2016	2017	2016	2017	2016	Variance
User Charges:							
Golf course	-	-	1,931,814	1,887,521	1,931,814	1,887,521	44,293
Program activities	1,219,952	1,166,396	-	-	1,219,952	1,166,396	53,556
Other non-operating revenues	20,254	72,584	1,254	445	21,508	73,029	(51,521)
Property and specific ownership taxes	2,019,794	1,992,583	-	-	2,019,794	1,992,583	27,211
Other	31,769	46,376	8,990	7,948	40,759	54,324	(13,565)
Total revenues	3,291,769	3,277,939	1,942,058	1,895,914	5,233,827	5,173,853	59,974
Expenses:							
Operating	2,837,513	2,769,439	2,092,883	2,030,842	4,930,396	4,800,281	130,115
Non-operating	352,225	397,998	-	-	352,225	397,998	(45,773)
Total expenses	3,189,738	3,167,437	2,092,883	2,030,842	5,282,621	5,198,279	84,342
Transfers	(29,000)	-	29,000	-	-	-	-
Change in net position	73,031	110,502	(121,825)	(134,928)	(48,794)	(24,426)	(24,368)
Net position – beginning of year	2,139,061	2,028,559	6,680,431	6,815,359	8,819,491	8,843,918	(24,427)
Net position – end of year	2,212,092	2,139,061	6,558,606	6,680,431	8,770,697	8,819,491	(48,794)

The change in Operating Expenses can be attributed to legal fees associated with the due diligence required every six years related to District owned water rights as well as depreciation on newly purchased assets for the District.

Capital Asset and Debt Administration

Long-term Debt: Changes in long-term obligations as of the year ended December 31, 2017 are as follows:

	Beginning Balance	Additions	Payments	Refunding	Ending Balance
2008 GO Bonds	425,000	--	(425,000)	--	--
2013 GO Bonds	8,875,000	--	(100,000)	--	8,775,000
2015 GO Bonds	8,540,000	--	(55,000)	--	8,485,000
Premiums	308,166	--	(15,306)	--	292,860
Total	18,148,166	--	(590,306)	--	17,552,860

During 2017, the District paid $582,791 interest on the bonds. Accrued interest at December 31, 2017 was $46,685.

Capital Assets: The District's investment in capital assets as of December 31, 2017 amounts to $23,645,705 (net of accumulated depreciation of $10,026,879). The investment in capital assets includes land, land improvements, buildings, equipment, leasehold improvements and vehicles.

District Capital Assets

	2017	2016	Variance
Land	4,488,787	4,488,787	0
Buildings and Improvements	25,687,223	25,560,983	126,240
Equipment and Vehicles	3,489,300	3,472,826	16,474
Intangibles	7,274	7,274	0
Total Cost	33,672,584	33,529,870	142,714
Less: Accumulated Depreciation	(10,026,879)	(9,573,905)	(452,974)
Total	23,645,705	23,955,965	(310,260)

Board of Directors Emphasis for the 2017 Budget

In developing the budget for the 2018 fiscal year, the state of the economy was considered during budget review as well as capital expenditure needs for the District. The Assigned fund identifies reserves for future capital asset maintenance and replacement needs. The Unassigned fund includes reserves amounts that are available for any purpose. The final budget reflected reserves as follows:

RESERVES	*2017 Budget*	*2017 Forecast*	*2018 Budget*
CONSERVATION TRUST - Capital Reserve	64,478	35,434	33,634
TABOR RESERVES - State Mandate	65,169	65,169	65,169
DEBT SERVICE RESERVE FUND	118,649	127,416	127,441
GENERAL RESERVE FUND (UNASSIGNED)	342,481	342,973	358,606
GENERAL RESERVE FUND - POLE CREEK CAPITAL (ASSIGNED)	349,229	435,401	354,181
GENERAL RESERVE FUND - PARKS & REC CAPITAL (ASSIGNED)	346,023	487,980	387,945
TOTAL RESERVES	**$1,286,030**	**$1,494,375**	**$1,326,977**

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Net Position
December 31, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	$ 1,559,404	$ 3,700	$ 1,563,104
Accounts receivable:			
Property taxes receivable	2,149,989	--	2,149,989
Other taxes	12,285	--	12,285
Trade receivable	18,219	272	18,491
Member receivable	--	4,444	4,444
Other receivable	3,316	--	3,316
Internal balances	(403,079)	403,079	--
Inventory	8,306	55,202	63,508
Prepaid expenses	53,321	27,376	80,697
Restricted cash	35,420	--	35,420
Capital assets, net of accumulated depreciation of $10,026,879	16,904,865	6,740,840	23,645,705
Total assets	20,342,046	7,234,913	27,576,959
Deferred outflows of resources:			
Deferred charge on refunding	1,808,413	--	1,808,413
Total deferred outflows of resources	1,808,413	--	1,808,413
Liabilities:			
Accounts payable	57,009	5,666	62,675
Accrued expenses	27,358	8,054	35,412
Accrued interest payable	46,685	--	46,685
Accrued compensated absence	16,654	12,165	28,819
Gift cards	6,032	15,255	21,287
Prepaid membership fees and golf passes	55,287	2,000	57,287
Leases payable:			
Due within one year	6,531	202,542	209,073
Due in more than one year	19,962	430,625	450,587
Bonds payable:			
Due within one year	655,000	--	655,000
Due in more than one year	16,897,861	--	16,897,861
Total liabilities	17,788,379	676,307	18,464,686
Deferred inflows of resources:			
Unavailable property tax revenue	2,149,989	--	2,149,989
Total deferred inflows of resources	2,149,989	--	2,149,989
Net position:			
Net investment in capital assets	1,133,924	6,107,673	7,241,597
Restricted for:			
TABOR	75,000	--	75,000
Debt Service Fund	56,833	--	56,833
Conservation Trust Fund	35,420	--	35,420
Unrestricted	910,914	450,933	1,361,847
Total net position	$ 2,212,091	$ 6,558,606	$ 8,770,697

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Changes in Net Position
December 31, 2017

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
				Primary Government		
	Expenses	Charges for Services	Fund raising, Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Governmental activities:						
General recreation	$ 261,449	$ 164,301	2,750	$ (94,398)	--	$ (94,398)
Parks and facilities	383,965	100,145	--	(283,820)	--	(283,820)
Recreation center	1,453,013	955,506	1,608	(495,899)	--	(495,899)
Administration	352,225	--	27,411	(324,814)	--	(324,814)
Debt Service	739,086	--	--	(739,086)	--	(739,086)
Total governmental activities	3,189,738	1,219,952	31,769	(1,938,017)		(1,938,017)
Business activities:						
Golf course	2,092,883	1,931,814	8,990		$ (152,079)	(152,079)
Total business activities	2,092,883	1,931,814	8,990		(152,079)	(152,079)
Total Primary Government	$ 5,282,621	$ 3,151,766	$ 40,759	(1,938,017)	(152,079)	(2,090,096)
General revenues:						
Taxes				2,019,794	--	2,019,794
Interest				16,679	--	16,679
Grants				3,500	--	3,500
Transfer between funds				(29,000)	29,000	--
Miscellaneous				75	1,254	1,329
Total general revenues				2,011,048	30,254	2,041,302
Change in net position				73,031	(121,825)	(48,794)
Net position - beginning of year				2,139,060	6,680,431	8,819,491
Net position - end of year				$ 2,212,091	$ 6,558,606	$ 8,770,697

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

FUND FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	Debt Service	Conservation Trust Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,559,404	$ --	$ --	$ 1,559,404
Accounts receivable:				
Property taxes receivable	871,285	1,278,704	--	2,149,989
Other taxes	12,285	--	--	12,285
Other receivable	21,534	--	--	21,534
Inventory	8,306	--	--	8,306
Prepaid expenses	53,321	--	--	53,321
Restricted cash	--	--	35,420	35,420
Total assets	$ 2,526,135	$ 1,278,704	$ 35,420	$ 3,840,259
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	$ 57,008	$ --	$ --	$ 57,008
Accrued liabilities	27,358	--	--	27,358
Gift cards	6,032	--	--	6,032
Internal balances	459,912	(56,833)	--	403,079
Prepaid membership fees	55,287	--	--	55,287
Total liabilities	605,597	(56,833)	--	548,764
Deferred inflows of resources:				
Unavailable property tax revenue	871,285	1,278,704	--	2,149,989
Total deferred inflows of resources	871,285	1,278,704	--	2,149,989
Fund balances				
Nonspendable for:				
Prepaid expenses and inventory	$ 61,627	$ --	$ --	$ 61,627
Restricted for:				
TABOR	75,000	--	--	75,000
Debt Service Fund	--	56,833	--	56,833
Conservation Trust Fund	--	--	35,420	35,420
Assigned for:				
Capital asset management	848,742	--	--	848,742
Unassigned	63,884	--	--	63,884
Total fund balances	1,049,253	56,833	35,420	1,141,506
Total liabilities, deferred inflows of resources and fund balances	$ 2,526,135	$ 1,278,704	$ 35,420	

Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	16,904,865
Long-term liabilities, including earned benefits payable, accrued interest, leases and bonds payable are not due and payable in the current period and therefore, are not reported in the funds.	(15,834,280)
Net Position of Governmental Activities	$ 2,212,091

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the year ended December 31, 2017

	General	Debt Service	Conservation Trust	Totals
Revenues:				
Property taxes	$ 654,009	$ 1,228,914	$ --	$ 1,882,923
Specific ownership taxes	136,871	--	--	136,871
General recreation	164,301	--	--	164,301
Parks & facilities	100,145	--	--	100,145
Recreation center	955,506	--	--	955,506
Fund raising	1,608	--	--	1,608
Grants	2,750	--	3,500	6,250
Interest	11,259	5,240	180	16,679
Miscellaneous	75	--	--	75
Conservation trust income	--	--	27,411	27,411
Total revenues	2,026,524	1,234,154	31,091	3,291,769
Expenditures:				
General recreation	253,652	--	--	253,652
Parks & facilities	292,775	--	--	292,775
Recreation center	1,021,283	--	--	1,021,283
Administration	300,033	828	--	300,861
Debt Service:				
Bond principal	--	580,000	--	580,000
Bond interest	--	584,844	--	584,844
Grant expenditures	10,300	--	--	10,300
Interest Expense	15,838	--	--	15,838
Treasurer's fees	32,897	61,714	--	94,611
Capital outlay	50,153	--	3,500	53,653
Total expenditures	1,976,931	1,227,386	3,500	3,207,817
Excess (deficiency) of revenues over expenditures	49,593	6,768	27,591	83,952
Other Financing Sources (Uses):				
Transfers between funds	--	--	(29,000)	(29,000)
Total other financing sources (uses)	--	--	(29,000)	(29,000)
Net change in fund balances	49,593	6,768	(1,409)	54,952
Fund balances - beginning of the year	999,660	50,065	36,829	1,086,554
Fund balances - end of the year	$ 1,049,253	$ 56,833	$ 35,420	$ 1,141,506

Net Changes in Fund Balance of the Governmental Fund	54,952
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions and contributed capital assets during the year.	(522,917)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents principal payments made during the year and the effect of debt refunding.	633,524
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds.	(92,528)
Change in Net Position of Governmental Activities	$ 73,031

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund
For the year ended December 31, 2017

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	673,339	654,009	$ (19,330)
Specific ownership taxes	110,000	136,871	26,871
General recreation	135,500	164,301	28,801
Parks and facilities	85,250	100,145	14,895
Recreation center	917,250	955,506	38,256
Fundraising	21,000	1,608	(19,392)
Grants	--	2,750	2,750
Interest	12,000	11,259	(741)
Miscellaneous	--	75	75
Total revenues	1,954,339	2,026,524	72,185
Expenditures:			
General recreation	251,931	253,652	(1,721)
Parks and facilities	292,499	292,775	(276)
Recreation center	1,075,345	1,021,283	54,062
Administration	279,839	300,033	(20,194)
Grant expenditures	7,500	10,300	(2,800)
Treasurer's fees	33,667	32,897	770
Interest	--	15,838	15,838
Capital outlay	134,850	50,153	84,697
Total expenditures	2,075,631	1,976,931	130,376
Excess of revenues over (under) expenditures	$ (121,292)	49,593	$ 202,561
Fund balance - beginning of year		999,660	
Fund balance - end of year		$ 1,049,253	

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Net Position
Golf Course Fund
December 31, 2017

ASSETS		
Cash and cash equivalents	$	3,700
Accounts receivable:		
Trade receivable		272
Member receivable		4,444
Internal balances		403,079
Inventory		55,202
Prepaid expenses		27,376
Capital assets, net of accumulated depreciation of $4,840,324		6,740,840
Total assets		7,234,913
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable		5,666
Accrued salaries and wages		8,054
Compensated absence		12,165
Prepaid golf passes		2,000
Gift cards		15,255
Leases payable:		
Current		202,542
Long-term		430,625
Total liabilities		676,307
Net Position		
Net investment in capital assets		6,107,673
Unrestricted		450,933
Total net position		6,558,606
Total liabilities and net position	$	7,234,913

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
Golf Course Fund
For the year ended December 31, 2017

Operating Revenues:		
Charges for sales and services:		
Merchandise sales	$	152,235
Food and beverage sales		590,818
Club rental		21,145
Golf cart rentals		221,505
Driving range		72,968
Green fees		551,735
Season Pass		136,428
Resident ID cards		56,854
Tournament premiums		111,926
Events		4,200
Tee sign revenue		6,000
Grounds maintenance income		6,000
Fund raising		8,990
Total operating revenues		1,940,804
Operating expenses:		
Cost of goods sold:		
Pro shop merchandise and rentals		83,169
Food and beverage		193,161
Payroll and related taxes		856,875
Advertising and marketing		15,863
Contracted services		35,357
Equipment		26,112
Repairs and maintenance		64,808
Turf maintenance and landscaping		5,002
Supplies and parts		171,739
Utilities		89,836
Other operating - general		101,277
Depreciation		449,684
Total operating expenses		2,092,883
Operating loss		(152,079)
Nonoperating revenues:		
Miscellaneous income		1,254
Total nonoperating revenues		1,254
Capital Contributions		29,000
Change in Net Position		(121,825)
Net position - beginning of year		6,680,431
Net position - end of year	$	6,558,606

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Cash Flows
Golf Course Fund
December 31, 2017

Cash flows from operating activities:		
Cash received from customers and others	$	1,942,058
Cash paid to employees		(855,122)
Cash paid for goods and services		(719,073)
Net cash provided by operating activities		367,863
Cash flows from capital and related financing activities:		
Acquisition of capital assets		(590,407)
Proceeds from Sale of Assets		
Payment on leases		223,044
Net cash (used) by capital and related financing activities		(367,363)
Increase in cash and cash equivalents		500
Cash and cash equivalents - beginning		3,200
Cash and cash equivalents - ending	$	3,700
Reconciliation of operating income/(loss) to net cash provided by operating activities:		
Operating loss	$	(150,825)
Adjustments to reconcile operating loss to net cash provided/(used) by operating activities:		
Depreciation		449,684
Loss on Sale of Fixed Assets		-
(Increase) in accounts receivable		5,542
Decrease in prepaid expenses		11,238
(Increase) in inventory		(11,705)
Increase in accounts payable		4,971
(Decrease) in accrued salaries and wages		1,753
Increase in other liabilities		(120)
Increase in compensated absences		4
(Increase) in internal funds		57,321
Total Adjustments		518,688
Net cash provided by operating activities	$	367,863

Noncash capital financing activities:

Capital assets of $29,000 were acquired through a transfer from the general fund.

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

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

Nature of operations

The Fraser Valley Metropolitan Recreation District (the "District") was formed under Colorado statutes as a special district in 1979 to provide recreational programs and facilities to residents and visitors of eastern Grand County, Colorado. The District owns and operates the Pole Creek Golf Club, the Grand Park Community Recreation Center and the Fraser Valley Sports Complex which is also home to the IceBox Ice Rink. The District is governed by a five person elected Board of Directors.

Reporting entity

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments ("US GAAP"). As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of such significant policies consistently applied in the preparation of the financial statements.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the Governmental Accounting Standards Board (GASB) Pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

Basis of presentation

Government-wide Statements: The statement of net position and the statement of changes in net position display information about the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed by fees charged to external parties.

The statement of changes in net position presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) fees or charges paid by the recipients for goods or services offered by the program, and 2) grants, contributions and other revenues that are restricted to use in the operational or capital requirements of a specific function or program. Other revenues not directly related to a particular function or program, if any, are reported separately as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental fund, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund.

The District reports the following major governmental funds:

General Fund – is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Debt Service Fund – accounts for financial resources that are to be used by property taxes levied for debt payment on general obligation bonds.

Conservation Trust Fund –accounts for financial resources that are to be used for the acquisition, operation, or maintenance of capital assets for recreational use approved by the State of Colorado.

The District reports the following proprietary fund:

Golf Course Fund – accounts for revenues and expenses associated with the District's golf course and clubhouse. This fund includes golf fees, pro shop, turf maintenance and food and beverage services.

Measurement focus, basis of accounting

The government-wide and proprietary financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, including property taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the

current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The exceptions to this general rule are that principal and interest on general long-term debt are recognized when due.

Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

Deposits and investments

The District considers cash and cash equivalents to be cash on hand, demand deposits and unrestricted investments with an original maturity of three months or less to be cash and cash equivalents. The District does not hold any investments as of December 31, 2017.

Receivables

The District considered all receivables collectible as of December 31, 2017.

Property taxes

Property taxes are levied on December 15 of each year, and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in two equal installments, due February 28 and June 15 if paid in installments, or April 30 with a single payment. Taxes are delinquent as of June 16. If the taxes are not paid within subsequent statutory periods, the property tax lien will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. The District records an allowance for uncollectible taxes of 1.5% based on historical experience of the accounts. In accordance with US GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

Inventory

Inventories are valued at cost using the first-in, first-out (FIFO) method.

Capital assets

The District's policy is to capitalize all capital purchases that are individually greater than $2,500. Capital purchases with a cost less than $2,500 are expensed as incurred. The District records capital assets at historical cost. Donated capital assets are valued at their estimated fair value on the date donated. Depreciation is provided in amounts sufficient to relate the cost of depreciable capital assets to operations over the estimated service lives. Depreciation and amortization is provided under the straight-line method, with estimated service lives as follows:

Buildings	10- 40 years
Equipment	5-10 years
Land improvements	40 years
Leasehold improvements	10 years
Vehicles	5-10 years

Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental funds Balance Sheet and Statement of Net Position. The governmental funds report unavailable revenue only from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation leave balances. The liability has been calculated based on the District's policy to permit employees to carry over up to 80 hours from year to year with management approval.

Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds.

Fund equity

The District follows GASB Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. In the fund financial statements, the District considered all restricted and unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. The District considers all committed, assigned, or unassigned amounts to have been spent when expenditure is incurred for the purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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

maintain intact.

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

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

Unassigned fund balance – The residual portion of fund balance that does not meet any of the criteria described above. Additionally, the assigned fund balance is may be a negative amounts, except for in the general fund, which reports only a positive unassigned fund balance amount. A negative amount is appropriate in other governmental funds (excluding the general fund) if the expenditures incurred for specific purposes exceed the amount that are restricted, committed or assigned to those purposes.

The non-spendable fund balance in the General Fund in the amount of $61,627 represents prepaid expenditures and inventory.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of $75,000 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of $56,833 is restricted for the repayment of debt.

The restricted fund balance in the Conservation Trust Fund in the amount of $35,420 is restricted for the payment of capital assets or improvements in accordance with State requirements.

The assigned fund balance was authorized by the Board of Directors of the District to reserve funds for future capital asset maintenance and replacement in the amount of $848,742.

It is the District's policy to use restricted resources first when expenditure is incurred for purposes for which more than one classification is available.

Net position

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

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

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state

laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

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

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

Internal balances

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported in the funds as "internal balances". These amounts are eliminated in the Statement of Net Position.

Fair value of financial instruments

The District's financial instruments include cash and cash equivalents, accounts receivable, inventory, prepaid expenses, accrued liabilities, and accounts payable. The District estimates that the fair value of all 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. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, compliance and accountability

Budgetary information

Budgets are adopted on a US GAAP basis for the governmental funds. The budget for the proprietary fund is adopted on a non-GAAP basis where depreciation and gain on disposal of assets are not budgeted and capital outlay is budgeted. State law requires the District to adopt annual appropriated budgets for all funds.

The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements: On or before October 15, of each year the District's accountant submits to the Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted

the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.

After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes that allows the District to amend the budget and adopt a supplementary appropriation if money for a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.

TABOR Amendment - Revenue and Spending Limitation Amendment

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 that 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.

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 fiscal year general revenues (excluding bonded debt service) for the fiscal year ended December 31, 2017.

The District's management believes it is in compliance with the provisions of TABOR, as it is currently understood. However, TABOR is complex and subject to interpretation. Many of the provisions may not become fully understood without judicial review.

2. Detailed notes

Deposits – custodial credit risk

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The Pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits.

As of December 31, 2017, all of the District's deposits were either insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

At December 31, 2017 the District's deposit portfolio consisted of the following:

Cash and cash equivalents		
Checking	$	133,388
Money market		1,424,507
Cash on hand – Golf Course		$3,700
Cash on hand		1,509
	$	1,563,104
Restricted money market	$	35,420

Deposits – credit risk

The District money markets accounts are with Centennial Bank, and are unrated.

Capital assets

The following schedule shows changes in capital assets, by category for the year ended December 31, 2017:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental Activities:					
Not being depreciated:					
Land	$ 3,553,505	$ --	$ --	$ --	$ 3,553,505
Total not being depreciated	3,553,505	--	--	--	3,553,505
Being depreciated:					
Building and improvements	16,945,508	--	--	--	16,945,508
Vehicles and equipment	1,528,243	42,938	(1,748)	15,700	1,585,133
Intangibles	7,274	-		-	7,274
Total being depreciated	18,481,025	42,938	(1,748)	15,700	18,537,915
Less accumulated depreciation and amortization	(4,649,686)	(522,917)	1,748	(15,700)	(5,186,555)
Net capital assets – Governmental Activities	$ 17,384,844	$ (479,979)	$ -	-	$ 16,904,865

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Business-type Activities:					
Not being depreciated:					
Land	$ 935,282	--	--	--	$ 935,282
Total not being depreciated	935,282	--	--	--	935,282
Being depreciated:					
Building and improvements	8,615,474	126,241	--	--	8,741,715
Vehicles and equipment	1,944,581	493,167	(517,881)	(15,700)	1,904,167
Total being depreciated	10,560,055	619,408	(517,881)	(15,700)	10,645,882
Less accumulated depreciation and amortization	(4,924,220)	(449,685)	517,881	15,700	(4,840,324)
Net capital assets – Business-type Activities	$ 6,571,117	$ 169,723	$ -	$ -	$ 6,740,840
Net capital assets	$ 23,955,961	$ (310,256)	$ -	$ -	23,645,705

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General recreation	$ 7,797
Parks and facilities	124,511
Recreation center	382,442
Administration	8,167
Total depreciation expense – Governmental activities	$ 522,917
Business-type activities:	
Golf Course	$ 449,684
Total depreciation expense – Business-type activities	$ 449,684

As of December 31, 2017, the District had capital assets under a capital leases in the Governmental activities and Business-type activities in the original amount of $92,050 and $1,437,132, respectively, with accumulated depreciation of $62,946 and $775,158, respectively.

Capital lease payable

The following represents the changes in capital lease payable for the year ended December 31, 2017:

	Beginning Balance	Additions	Payments/ Retirements	Ending Balance
Governmental activities:				
Mini Bus	32,840	-	(6,348)	26,493
Total lease payable- Governmental activities	$ 32,840	$ -	$ (6,348)	$ 26,493
Business-type activities:				
Golf Cart 2013	79,472	$ -	$ (79,472)	$ -
Equipment lease	33,306	-	(33,306)	-
Equipment lease	10,802	-	(5,300)	5,502
Equipment lease	51,516	-	(25,276)	26,240
Equipment lease	14,708	-	(7,216)	7,492
2015 Chevy Silverado	32,243	-	(8,856)	23,387
Toro Turn Maint	51,947	-	(16,447)	35,500
Toro Turf Maint Equipment #12055	119,296	-	(28,170)	91,126
Toro Turf Maint Equipment #12056	12,090	-	(2,855)	9,235
Golf Cart 2017	-	443,742	(88,396)	355,346
Trailer Lease #12103	-	99,880	(20,541)	79,339
Total lease payable - Business-type activities	$ 405,379	$ 543,622	$ (315,834)	$ 633,167

In May 2014, the District entered into a lease agreement for a Mini Bus for the Recreation Center. The lease term is for 85 months with payments of $600 and interest accruing at 2.85%.

In March 2013, the District entered into a lease agreement for turf maintenance equipment. The lease requires payments in the amount of $11,437 during the months of June through August with the final payment due August 2017. Interest accrues on the lease at 3.25%.

In January 2014, the District entered into three lease agreements for turf maintenance equipment. The leases require payments in the amounts of $1,898, $9,052, and $2,584 during the months of June through August with a term of 56 months. Interest accrues on the leases at 3.75%.

In April 2015 the District entered into a lease for a Chevy Silverado. The lease term is 60 months. The District will make monthly payments of $912, Interest is not stated, but is implicitly 7.375%.

In February 2015 the District entered into a lease for a Toro Workman, Toro Greensmaster & Toro Sand Pro 3040 bunker rake. The lease term began March 2, 2015 and ends on September 1, 2019. Seasonal monthly payments of $3,147 are due each April, May, June, July, August, and September.

Interest accrues at 5.7%.

In April 2016 the District entered into a lease for a Club Car Carryall. The lease term began April 1, 2016 and ends October 1, 2020. Seasonal monthly payments of $548 are due each April, May, June, July, August, and September. Interest accrues at 3.750% .

In 2017 The District entered into a lease for 100 Club Car Electric Golf Cars, Two Club Car Café Express Beverage Carts and One Solo-rider. The lease commencement date was June 1, 2017 with three payments of $31,328 per year. The lease will expire August 1, 2021. Interest accrues at 2.730%.

In 2017 The District entered into a lease for Toro Reelmaster 5410-D, 6 Toro Greensmaster 1000, 6 Toro Trans Pro 80 Greensmower Trailers. The lease commencement date was June 1, 2017 with three payments of $7,059 per year. The lease will expire August 1, 2021. Interest accrues at 2.730%.

Future minimum capital lease payments

Governmental activities:

	Principal	Interest	Total
2018	6,531	669	7,200
2019	6,719	481	7,200
2020	6,913	287	7,200
2021	6,331	69	6,400
Total	$ 26,494	$ 1,506	$ 28,000

Business-type activities:

	Principal	Interest	Total
2018	202,547	18,861	221,407
2019	169,046	11,753	180,799
2020	148,416	6,149	154,565
2021	113,157	2,006	115,163
Total	$ 633,166	$ 38,769	$ 671,934

Long-term debt

The District issued General Obligation bonds in February 2008 in the amount of $19,500,000 at an interest rate ranging from 3.5% to 5.375% and at a premium of $735,261. The Series 2008 Bonds are subject to mandatory sinking fund redemption requirements beginning December 1, 2022. Interest on the Bonds is payable semi-annually on June 1 and December 1 beginning June 1, 2008. The 2008 bonds were partially refinanced by the 2015 refunding bonds – see note below.

During 2013, the District issued General Obligation Refunding Bonds in the amount of $9,375,000 at an interest rate ranging from 2.0% to 3.125% and at a premium of $44,524. The proceeds were used

to advance refund $7,540,000 of outstanding Series 2008 Bonds which had interest rates ranging from 3.5% to 5.375%. The net proceeds of $9,294,197 (after payment of $125,327 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the Series 2008 Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

The reacquisition price exceeded the net carrying amount of the old debt by $1,495,277. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded a portion of the Series 2008 Bonds to reduce its total debt service payments by $578,519 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $454,615.

During 2015, the District issued General Obligation Refunding Bonds in the amount of $8,780,000 at an interest rate ranging from 2.0% to 4% and at a premium of $293,661. The proceeds were used to advance refund $8,050,000 of outstanding Series 2008 Bonds which had interest rates ranging from 3.5% to 5.375%. The net proceeds of $9,141,332 (after payment of $141,798 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the Series 2008 Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

The reacquisition price exceeded the net carrying amount of the old debt by $768,960. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded a portion of the Series 2008 Bonds to reduce its total debt service payments by $1,127,180 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $755,878.

Changes in long-term obligations as of the year ended December 31, 2017 are as follows:

	Beginning Balance	Additions	Payments	Ending Balance
2008 GO Bonds	$ 425,000	$ --	$ (425,000)	$ --
2013 GO Bonds	8,875,000	--	(100,000)	8,775,000
2015 GO Bonds	8,540,000	--	(55,000)	8,485,000
Premiums	308,166	--	(15,305)	292,861
Total	$ 18,148,166	$ --	$ (595,305)	$ 17,552,861

During 2017, the District paid $582,791 interest on the bonds. Accrued interest at December 31, 2017 was $46,685.

The District's annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
2018	$ 655,000	$ 560,225	$ 1,215,225
2019	665,000	542,095	1,207,095
2020	655,000	522,769	1,177,769
2021	675,000	503,669	1,178,669
2022-2026	3,815,000	2,161,400	5,976,400
2027-2031	4,375,000	1,563,001	5,938,001
2032-2036	5,245,000	792,806	6,037,806
2037	1,175,000	41,125	1,216,125
	$ 17,260,000	$ 6,687,090	$ 23,947,090

Debt Authorization

In 2007, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness of $19,500,000 for capital projects.

3. Other information

Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to manage these risks, the District has purchased commercial insurance with various deductibles. Settled claims have not exceeded the District's coverage limits in any of the past three years.

Operating leases

In November 2009, the District entered into a lease for office equipment with an initial term of 60 months. The lease was renewed in December 2015 for an additional 60 months and monthly payments of $1,045. During 2017, total rent expense incurred on the office equipment lease was $13,144.

Tax Abatement Recovery

In 2017 it was determined that amounts collected from an Organization within the District were collected in error as the Organization was determined to be exempt from such taxes. As a result, amounts collected plus 10% interest were refunded by the District to the Organization in 2017. The amount of this refund was $15,837. The related taxes collected of $18,319 were also refunded. As a result, the District was due the tax revenue and would have collected it through an adjusted mill levy if the error had not occurred. As a result of this error, an additional mill levy was made in 2018 to collect these taxes.

5. Commitments and contingencies

There were no commitments or contingencies as of December 31, 2017.

6. Post-Retirement Benefits

Defined contribution plan

The District provides pension benefits for all of the District's employees through a defined contribution plan administered by the Colorado County Officials and Employees Retirement Association. Under a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. All employees are required to participate in the plan. Under the plan the District contributes 3.75% of each covered employee's compensation.

Under the plan, the employees are fully vested in the District's contribution plus any applicable investment earnings upon entry into the plan. During 2017, the District contributed $64,974 to the plan.

7. Reconciliation of government-wide and fund financial statements

Explanation of differences between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

The Governmental Funds Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Capital assets of $22,091,420 less accumulated depreciation of $5,186,555 or a net book value of $16,904,865 are not financial resources and therefore are not reported in the governmental funds.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Deferred charge on refunding	$	(1,808,413)
Accrued compensated absences		16,654
Accrued interest payable		46,685
Leases payable: Due within one year		6,348
Leases payable: Due in more than one year		26,492
Bonds payable: Due within one year		655,000
Bonds payable: Due in more than one year		16,605,000
Net adjustment	$	15,547,766

Explanation of differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

Governmental funds report capital outlay as expenditures. However, in the Statement of changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation expense	$	(617,498)
Capital outlay		42,963
Net adjustment	$	(567,345)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Bond principal payments	$	580,000
Capital lease payments		6,348
	$	586,348

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds.

Accrued interest expense	$	6,291
	$	6,291

OTHER SUPPLEMENTARY INFORMATION

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Conservation Trust Fund
For the year ended December 31, 2017

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Conservation trust income	$ 27,500	$ 27,411	$ (89)
Grants	$ -	$ 3,500	$ 3,500
Interest income	150	180	30
Total revenues	27,650	31,091	3,441
Expenditures/expenses:			
Capital outlay	$ -	$ 3,500	$ (3,500)
Transfers to other funds	--	29,000	29,000
Total expenditures/expenses	--	32,500	25,500
Excess of revenues over expenditures	$ 27,650	(1,409)	$ 29,059
Fund balance - beginning of year		36,829	
Fund balance - end of year		$ 35,420	

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Debt Service Fund
For the year ended December 31, 2017

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	$ 1,225,243	$ 1,228,914	$ 3,671
Interest	1,600	5,240	3,640
Total revenues	1,226,843	1,234,154	7,311
Expenditures/expenses:			
Administration	850	828	22
Bond principal	580,000	580,000	--
Bond interest	584,844	584,844	--
Treasurer's fees	61,287	61,714	(427)
Total expenditures/expenses	1,226,981	1,227,386	(405)
Excess (deficiency) of revenues over expenditures	(138)	6,768	6,906
Net change in fund balances	$ (138)	6,768	$ 6,906
Fund balance - beginning of year		50,065	
Fund balance - end of year		$ 56,833	

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenses, and Changes in Fund Net Position -
Budget (non-US GAAP Basis) to Actual
Golf Course Fund
For the year ended December 31, 2017

	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues:			
Charges for sales and services:			
Merchandise sales	$ 153,500	$ 152,235	$ (1,265)
Food and beverage sales	572,900	590,818	17,918
Club rental	17,000	21,145	4,145
Golf cart rentals	214,000	221,505	7,505
Driving range	71,000	72,968	1,968
Green fees	532,500	551,735	19,235
Season Pass	124,500	136,428	11,928
Resident ID cards	56,000	56,854	854
Tournament premiums	102,000	111,926	9,926
Events	8,500	4,200	(4,300)
Tee sign revenue	6,500	6,000	(500)
Grounds maintenance income	6,000	6,000	-
Fund raising	6,000	8,990	2,990
Total operating revenues	1,870,400	1,940,804	70,404
Operating expenses:			
Cost of goods sold:			
Pro shop merchandise and rentals	89,030	83,169	5,861
Food and beverage	184,320	193,161	(8,841)
Payroll and related taxes	881,011	856,875	24,136
Advertising and marketing	13,500	15,863	(2,363)
Contracted services	33,000	35,357	(2,357)
Equipment	104,080	26,112	77,968
Repairs and maintenance	51,000	64,808	(13,808)
Turf maintenance and landscaping	5,000	5,002	(2)
Supplies and parts	165,750	171,739	(5,989)
Utilities	95,350	89,836	5,514
Other operating - general	99,179	101,277	(2,098)
Capital outlay	236,000	619,408	(383,408)
Total operating expenses	1,957,220	2,262,607	(305,387)
Operating income	(86,820)	(321,803)	(234,983)
Nonoperating revenues (expenses):			
Miscellaneous income	--	1,254	1,254
Total nonoperating revenues	--	1,254	1,254
Capital Contributions		29,000	(29,000)
Net income/(loss)	$ (86,820)	$ (291,549)	$ (262,729)
Reconciliation to GAAP Basis			
Capital outlay		(619,408)	
Depreciation		449,684	
Loss on disposal of assets		-	
Total reconciliation to GAAP Basis		(169,724)	
Net income/(loss) on GAAP Basis		(121,825)	
Net position - beginning of year		6,680,431	
Net position - end of year		$ 6,558,606	

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