

**FRASER VALLEY METROPOLITAN
RECREATION DISTRICT
FRASER, COLORADO**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2018

**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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in 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, 2019
GREENWOOD VILLAGE, COLORADO



**Fraser Valley Metropolitan Recreation District
Fraser, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2018**

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, 2018. 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 \$9,506,928 (net position). Of this amount, \$7,836,382 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 \$259,258 during 2018. Overall, the District's total net position increased by \$736,231.

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 \$9,506,928 at the close of the most recent fiscal year.

A portion of the District's net position, (82%), 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.

District Net Position

	Governmental Activities		Business Type Activities		Total Government		
	2018	2017	2018	2017	2018	2017	Variance
Current assets	3,690,194	3,401,761	582,118	494,073	4,272,312	3,895,834	376,478
Restricted assets	34,391	35,420	-	-	34,391	35,420	(1,029)
Capital assets, net of accumulated depreciation and amortization	17,058,167	16,904,865	6,472,983	6,740,840	23,531,150	23,645,705	(114,555)
Total assets	20,782,752	20,342,046	7,055,101	7,234,913	27,837,853	27,576,959	260,894
Deferred outflows of resources (Deferred charge on refunding)	1,698,526	1,808,413	-	-	1,698,526	1,808,413	(109,887)
Total liabilities	17,432,597	17,788,379	594,710	676,307	18,027,307	18,464,686	(437,379)
Deferred inflows of resources (Deferred property tax revenue)	2,002,144	2,149,989	-	-	2,002,144	2,149,989	(147,845)
Net assets:	3,046,537	2,212,091	6,460,391	6,558,606	9,506,928	8,770,697	736,231
Net investment in capital assets	1,854,176	1,133,924	5,982,206	6,107,673	7,836,382	7,241,597	594,785
Restricted	170,270	167,253	-	-	170,270	167,253	3,017
Unrestricted	1,022,091	910,914	478,185	450,933	1,500,276	1,361,847	138,429
Total net position	3,046,537	2,212,091	6,460,391	6,558,606	9,506,928	8,770,697	736,231

At the end of the current fiscal year, the District is able to report a positive net position.

Change in the District's Net Position

	Governmental Activities		Business Type Activities		Total Government		
	2018	2017	2018	2017	2018	2017	Variance
User Charges:							
Golf course	-	-	2,057,360	1,931,814	2,057,360	1,931,814	125,546
Program activities	1,377,846	1,219,952	-	-	1,377,846	1,219,952	157,894
Other non-operating revenues	478,370	20,254	948	1,254	479,318	21,508	457,810
Property and specific ownership taxes	2,308,409	2,019,794	-	-	2,308,409	2,019,794	288,615
Other	35,276	31,769	8,190	8,990	43,466	40,759	2,707
Total revenues	4,199,901	3,291,769	2,066,498	1,942,058	6,266,399	5,233,827	1,032,572
Expenses:							
Operating	2,915,762	2,837,513	2,164,713	2,092,883	5,080,475	4,930,396	150,079
Non-operating	449,693	352,225	-	-	449,693	352,225	97,468
Total expenses	3,365,455	3,189,738	2,164,713	2,092,883	5,530,168	5,282,621	247,547
Transfers	-	(29,000)	-	29,000	-	-	-
Change in net position	834,446	73,031	(98,215)	(121,825)	736,231	(48,794)	785,025
Net position – beginning of year	2,212,091	2,139,060	6,558,606	6,680,431	8,770,697	8,819,491	(48,794)
Net position – end of year	3,046,537	2,212,091	6,460,391	6,558,606	9,506,928	8,770,697	736,231

Revenues for the District increased \$1,032,572 over the year prior. Several factors accounted for the increase.

- The Assessed Valuations for the 2017 taxable year for collections in 2018 increased 5% from the year prior and included taxes abated in the amount of \$151,722 for the District. A one-time tax abatement mill levy of .518 was certified to recover the abated taxes.
- At the Board's direction, certain user fees for program activities were increased as were golf cart rentals rates at the golf course. This coupled with increased enrollment attributed to an increase in revenues.
- Grants, donations and fundraising revenues related to the installation of a refrigeration system at the Fraser Valley Sports Complex ice rink facility were received and recorded as revenue in the current period. The related expenses of this project were included in capital assets in the Statement of Net Position.

Capital Asset and Debt Administration

Capital Assets: The District's investment in capital assets as of December 31, 2018 amounts to \$23,531,150 (net of accumulated depreciation of \$10,992,016). The investment in capital assets includes land, land improvements, buildings, equipment, leasehold improvements and vehicles.

District Capital Assets

	2018	2017	Variance
Land	4,488,787	4,488,787	-
Buildings and Improvements	26,314,222	25,687,223	610,525
Equipment and Vehicles	3,713,657	3,489,300	240,831
Intangibles	6,500	7,274	(774)
Total Cost	34,523,166	33,672,584	850,582
Less: Accumulated Depreciation	(10,992,016)	(10,026,879)	(965,137)
Total	23,531,150	23,645,705	(114,555)

Long-term Debt: Changes in long-term obligations as of the year ended December 31, 2018 are as follows:

	Beginning Balance	Additions	Payments	Ending Balance
GOR Bonds - Series 2013	8,775,000	-	(125,000)	8,650,000
GOR Bonds - Series 2015	8,485,000	-	(530,000)	7,955,000
Premium	292,860	-	(15,306)	277,554
Total Principal	17,552,860	-	(670,306)	16,882,554

During 2018, the District paid \$558,983 interest on the bonds. Accrued interest at December 31, 2018 was \$45,174.

Board of Directors Emphasis for the 2019 Budget

In developing the budget for the 2019 fiscal year, the District used a departmental line item method whereby programs are budgeted in separate cost centers and individual projects make use of project accounting. Operating revenues were budgeted based on three-year averages. The state of the economy was considered during budget review as well as capital expenditure needs for the District.

In February of 2019, the District entered into an operating lease agreement for The Foundry Cinema and Bowl. The 2019 budget was amended to include the operation of this facility. The Assigned fund identifies reserves for future capital asset maintenance and replacement needs. The Unassigned funds includes reserves amounts that are available for any purpose.

The final budget reflected reserves as follows:

RESERVES	<i>2018 Budget</i>	<i>2018 Forecast</i>	<i>2019 Amended Budget</i>
CONSERVATION TRUST - Capital Reserve	\$33,620	\$34,391	\$63,341
TABOR RESERVES - State Mandate	75,000	75,000	75,000
DEBT SERVICE RESERVE FUND	125,581	129,600	129,787
GENERAL RESERVE FUND <small>(UNASSIGNED)</small>	356,506	360,442	369,186
GENERAL RESERVE FUND - FOUNDRY CINEMA & BOWL <small>(UNASSIGNED)</small>	0	0	104,535
GENERAL RESERVE FUND - POLE CREEK CAPITAL <small>(ASSIGNED)</small>	360,464	478,179	311,170
GENERAL RESERVE FUND - PARKS & REC CAPITAL <small>(ASSIGNED)</small>	410,114	657,592	388,661
TOTAL RESERVES	\$1,361,285	\$1,735,204	\$1,441,680

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:

Ann McConnell, Business Manager
Fraser Valley Metropolitan Recreation District
P.O. Box 3348
Winter Park, CO 80482
ann@fraservalleyrec.org

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Net Position
December 31, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 1,818,662	\$ 3,700	\$ 1,822,362
Accounts receivable:			
Property taxes receivable	2,008,053	--	2,008,053
Other taxes	12,295	--	12,295
Trade receivable	--	--	-
Member receivable	--	5,607	5,607
Other receivable	20,128	--	20,128
Grant receivable	200,000	--	200,000
Internal balances	(433,214)	433,214	--
Inventory	7,217	51,068	58,285
Prepaid expenses	57,053	88,529	145,582
Restricted cash	34,391	--	34,391
Capital assets, net of accumulated depreciation of \$10,992,016	17,058,167	6,472,983	23,531,150
Total assets	20,782,752	7,055,101	27,837,853
Deferred outflows of resources:			
Deferred charge on refunding	1,698,526	--	1,698,526
Total deferred outflows of resources	1,698,526	--	1,698,526
Liabilities:			
Accounts payable	343,137	61,039	404,176
Accrued expenses	30,000	5,244	35,244
Accrued interest payable	45,174	--	45,174
Accrued compensated absence	40,879	17,241	58,120
Tournament deposits	--	1,500	1,500
Gift cards	7,565	18,009	25,574
Prepaid membership fees and golf passes	63,325	900	64,225
Leases payable:			
Due within one year	6,719	183,244	189,963
Due in more than one year	13,243	307,533	320,776
Bonds payable:			
Due within one year	665,000	--	665,000
Due in more than one year	16,217,555	--	16,217,555
Total liabilities	17,432,597	594,710	18,027,307
Deferred inflows of resources:			
Unavailable property tax revenue	2,002,144	--	2,002,144
Total deferred inflows of resources	2,002,144	--	2,002,144
Net position:			
Net investment in capital assets	1,854,176	5,982,206	7,836,382
Restricted for:			
TABOR	75,000	--	75,000
Debt Service Fund	60,879	--	60,879
Conservation Trust Fund	34,391	--	34,391
Unrestricted	1,022,091	478,185	1,500,276
Total net position	\$ 3,046,537	\$ 6,460,391	\$ 9,506,928

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, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Fund raising, Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Governmental activities:						
General recreation	\$ 287,929	\$ 156,392	4,763	\$ (126,774)	--	\$ (126,774)
Parks and facilities	471,815	199,181	--	(272,634)	--	(272,634)
Recreation center	1,501,855	1,022,273	1,542	(478,040)	--	(478,040)
Administration	449,693	--	28,971	(420,722)	--	(420,722)
Debt Service	654,163	--	--	(654,163)	--	(654,163)
Total governmental activities	<u>3,365,455</u>	<u>1,377,846</u>	<u>35,276</u>	<u>(1,952,333)</u>		<u>(1,952,333)</u>
Business activities:						
Golf course	2,164,713	2,057,360	8,190		\$ (99,163)	(99,163)
Total business activities	<u>2,164,713</u>	<u>2,057,360</u>	<u>8,190</u>		<u>(99,163)</u>	<u>(99,163)</u>
Total Primary Government	<u>\$ 5,530,168</u>	<u>\$ 3,435,206</u>	<u>\$ 43,466</u>	<u>(1,952,333)</u>	<u>(99,163)</u>	<u>(2,051,496)</u>
General revenues:						
Taxes				2,308,409	--	2,308,409
Interest				15,354	--	15,354
Grants				459,434	--	459,434
Miscellaneous				3,582	948	4,530
Total general revenues				<u>2,786,779</u>	<u>948</u>	<u>2,787,727</u>
Change in net position				<u>834,446</u>	<u>(98,215)</u>	<u>736,231</u>
Net position - beginning of year				<u>2,212,091</u>	<u>6,558,606</u>	<u>8,770,697</u>
Net position - end of year				<u>\$ 3,046,537</u>	<u>\$ 6,460,391</u>	<u>\$ 9,506,928</u>

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, 2018

	General Fund	Debt Service	Conservation Trust Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,818,662	\$ --	\$ --	\$ 1,818,662
Accounts receivable:				
Property taxes receivable	734,188	1,273,865	--	2,008,053
Other taxes	12,295	--	--	12,295
Other receivable	20,128	--	--	20,128
Grant Receivable	200,000	--	--	200,000
Inventory	7,217	--	--	7,217
Prepaid expenses	57,053	--	--	57,053
Restricted cash	--	--	34,391	34,391
Total assets	\$ 2,849,543	\$ 1,273,865	\$ 34,391	\$ 4,157,799
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 343,137	\$ --	\$ --	\$ 343,137
Accrued liabilities	30,000	--	--	30,000
Gift cards	7,565	--	--	7,565
Internal balances	490,344	(57,130)	--	433,214
Prepaid membership fees	63,325	--	--	63,325
Total liabilities	934,371	(57,130)	--	877,241
Deferred inflows of resources:				
Unavailable property tax revenue	732,028	1,270,116	--	2,002,144
Total deferred inflows of resources	732,028	1,270,116	--	2,002,144
Fund balances				
Nonspendable for:				
Prepaid expenses and inventory	\$ 64,270	\$ --	\$ --	\$ 64,270
Restricted for:				
TABOR	75,000	--	--	75,000
Debt Service Fund	--	60,879	--	60,879
Conservation Trust Fund	--	--	34,391	34,391
Assigned for:				
Capital asset management	970,802	--	--	970,802
Unassigned	73,072	--	--	73,072
Total fund balances	1,183,144	60,879	34,391	1,278,414
Total liabilities, deferred inflows of resources and fund balances	\$ 2,849,543	\$ 1,273,865	\$ 34,391	

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.	17,058,167
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.	(15,290,044)
Net Position of Governmental Activities	\$ 3,046,537

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, 2018

	General	Debt Service	Conservation Trust	Totals
Revenues:				
Property taxes	\$ 873,396	\$ 1,282,411	\$ --	\$ 2,155,807
Specific ownership taxes	152,602	--	--	152,602
General recreation	156,392	--	--	156,392
Parks & facilities	199,181	--	--	199,181
Recreation center	1,022,273	--	--	1,022,273
Fund raising	21,542	--	--	21,542
Grants	384,197	--	60,000	444,197
Interest	13,408	1,946	--	15,354
Miscellaneous	3,582	--	--	3,582
Conservation trust income	--	--	28,971	28,971
Total revenues	2,826,573	1,284,357	88,971	4,199,901
Expenditures:				
General recreation	286,629	--	--	286,629
Parks & facilities	320,634	--	--	320,634
Recreation center	1,119,517	--	--	1,119,517
Administration	300,846	599	--	301,445
Debt Service:				
Bond principal	--	655,000	--	655,000
Bond interest	--	560,494	--	560,494
Grant expenditures	8,500	--	--	8,500
Interest Expense	--	--	--	--
Treasurer's fees	43,736	64,218	--	107,954
Capital outlay	612,820	--	90,000	702,820
Total expenditures	2,692,682	1,280,311	90,000	4,062,993
Excess (deficiency) of revenues over expenditures	133,891	4,046	(1,029)	136,908
Other Financing Sources (Uses):				
Transfers between funds	--	--	--	--
Total other financing sources (uses)	--	--	--	--
Net change in fund balances	133,891	4,046	(1,029)	136,908
Fund balances - beginning of the year	1,049,253	56,833	35,420	1,141,506
Fund balances - end of the year	\$ 1,183,144	\$ 60,879	\$ 34,391	\$ 1,278,414

Net Changes in Fund Balance of the Governmental Fund 136,908

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. 159,834

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. 655,000

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. (117,296)

Change in Net Position of Governmental Activities \$ 834,446

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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	871,284	871,284	873,396	\$ 2,112
Specific ownership taxes	122,500	122,500	152,602	30,102
General recreation	141,100	141,100	156,392	15,292
Parks and facilities	91,000	91,000	199,181	108,181
Recreation center	929,150	929,150	1,022,273	93,123
Fundraising	21,000	72,000	21,542	(50,458)
Grants	--	393,027	384,197	(8,830)
Interest	11,500	11,500	13,408	1,908
Miscellaneous	--	--	3,582	3,582
Total revenues	2,187,534	2,631,561	2,826,573	195,012
Expenditures:				
General recreation	268,937	268,937	286,629	(17,692)
Parks and facilities	305,989	305,989	320,634	(14,645)
Recreation center	1,135,319	1,135,319	1,119,517	15,802
Administration	305,633	305,633	300,846	4,787
Grant expenditures	8,500	8,500	8,500	--
Treasurer's fees	43,564	43,564	43,736	(172)
Interest	--	--	-	--
Capital outlay	209,700	658,700	612,820	45,880
Total expenditures	2,277,642	2,726,642	2,692,682	33,960
Excess of revenues over (under) expenditures	\$ (90,108)	\$ (95,081)	133,891	\$ 228,972
Fund balance - beginning of year			<u>1,049,253</u>	
Fund balance - end of year			<u>\$ 1,183,144</u>	

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, 2018

ASSETS	
Cash and cash equivalents	\$ 3,700
Accounts receivable:	
Trade receivable	-
Member receivable	5,607
Other receivable	-
Internal Balances	433,214
Inventory	51,068
Prepaid expenses	88,529
Capital assets, net of accumulated depreciation of \$5,276,435	6,472,983
Total assets	7,055,101
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	61,039
Accrued salaries and wages	5,244
Compensated absence	17,241
Prepaid golf passes and event deposits	900
Tournament deposits	1,500
Gift cards	18,009
Leases payable:	
Current	183,244
Long-term	307,533
Total liabilities	594,710
Net Position	
Net investment in capital assets	5,982,206
Unrestricted	478,185
Total net position	6,460,391
Total liabilities and net position	\$ 7,055,101

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, 2018

Operating Revenues:	
Charges for sales and services:	
Merchandise sales	\$ 148,099
Food and beverage sales	622,806
Club rental	24,985
Golf cart rentals	261,769
Driving range	81,707
Green fees	613,170
Season Pass	136,367
Resident ID cards	56,691
Tournament premiums	95,506
Events	4,135
Tee sign revenue	6,000
Grounds maintenance income	6,125
Fund raising	8,190
Total operating revenues	2,065,550
Operating expenses:	
Cost of goods sold:	
Pro shop merchandise and rentals	80,573
Food and beverage	208,096
Payroll and related taxes	908,652
Advertising and marketing	16,060
Contracted services	17,225
Equipment	25,473
Repairs and maintenance	64,979
Turf maintenance and landscaping	3,630
Supplies and parts	187,124
Utilities	92,256
Other operating - general	121,333
Depreciation	439,312
Total operating expenses	2,164,713
Operating Income	(99,163)
Nonoperating revenues:	
Miscellaneous income	948
Total nonoperating revenues	948
Income before transfers	(100,111)
Transfers Out	--
Change in Net Position	(98,215)
Net position - beginning of year	6,558,606
Net position - end of year	\$ 6,460,391

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, 2018

Cash flows from operating activities:

Cash received from customers and others	\$ 2,065,607
Cash paid to employees	(936,522)
Cash paid for goods and services	(815,240)

Net cash provided by operating activities 313,845

Cash flows from capital and related financing activities:

Acquisition of capital assets	(171,455)
Proceeds from Sale of Assets	--
Payment on leases	(142,390)

Net cash (used) by capital and related financing activities (313,845)

Increase in cash and cash equivalents --

Cash and cash equivalents - beginning 3,700

Cash and cash equivalents - ending \$ 3,700

Reconciliation of operating income/(loss) to net cash provided by operating activities:

Operating loss \$ (98,215)

Adjustments to reconcile operating loss to net cash provided/(used) by operating activities:

Depreciation	439,312
Loss on Sale of Fixed Assets	-
(Increase) in accounts receivable	(891)
Decrease in prepaid expenses	(61,153)
(Increase) in inventory	4,135
Increase in accounts payable	55,373
(Decrease) in accrued salaries and wages	(2,810)
Increase in other liabilities	3,154
(Increase) in internal funds	(30,136)
Increase in compensated absences	5,076

Total Adjustments 412,060

Net cash provided by operating activities \$ 313,845

Noncash capital financing activities:

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

NOTES TO THE FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2018

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2018

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.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2018

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, 2018.

Receivables

The District considered all receivables collectible as of December 31, 2018.

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. 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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2018

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 and sick 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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2018

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 may be a negative amount, 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 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 is restricted for the repayment of debt.

The restricted fund balance in the Conservation Trust Fund 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.

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

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2018

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, 2018 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

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.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2018

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, 2018.

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, 2018, 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, 2018 the District's deposit portfolio consisted of the following:

Cash and cash equivalents	
Checking	\$ 150,692
Money market	1,462,459
Certificate of Deposit	204,000
Cash on hand - Golf Course	3,700
Cash on hand	1,511
	<u>\$ 1,822,362</u>
Restricted money market	<u>\$ 34,391</u>

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2018

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, 2018:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<u>Governmental Activities:</u>					
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	630,200	--	--	17,575,708
Vehicles and equipment	1,585,133	56,902	(4,000)	--	1,638,035
Intangibles	7,274	6,500	(7,274)	--	6,500
Total being depreciated	18,537,915	693,602	(11,274)	--	19,220,243
Less accumulated depreciation and amortization	(5,186,555)	(540,300)	11,274	--	(5,715,581)
Net capital assets - Governmental Activities	\$ 16,904,865	\$ 153,302	\$ -	-	\$ 17,058,167

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<u>Business-type Activities:</u>					
Not being depreciated:					
Land	\$ 935,282	--	--	--	\$ 935,282
Total not being depreciated	935,282	--	--	--	935,282
Being depreciated:					
Building and improvements	8,741,715	--	(3,201)	--	8,741,715
Vehicles and equipment	1,904,167	171,455	--	--	1,904,167
Total being depreciated	10,645,882	171,455	(3,201)	0	10,645,882
Less accumulated depreciation and amortization	(4,840,324)	(439,312)	3,201		(5,276,435)
Net capital assets - Business-type Activities	\$ 6,571,117	\$ (267,857)	\$ -	-	\$ 6,472,983
Net capital assets	\$ 23,957,065	\$ (114,555)	\$ -	-	\$ 23,531,150

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2018

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

Governmental activities:	
General recreation	\$ 1,300
Parks and facilities	130,978
Recreation center	399,855
Administration	8,167
Total depreciation expense - Governmental activities	<u>\$ 540,300</u>
Business-type activities:	
Golf Course	\$ <u>439,312</u>
Total depreciation expense - Business-type activities	<u>\$ 439,312</u>

As of December 31, 2018, the District had capital assets under a capital leases in the Governmental activities and Business-type activities in the original amount of \$48,473 and \$1,051,631, respectively, with accumulated depreciation of \$24,237 and \$820,899, respectively.

Capital lease payable

The following represents the changes in capital lease payable for the year ended December 31, 2018:

	Beginning Balance	Additions	Payments/ Retirements	Ending Balance
Governmental activities:				
Mini Bus	26,493	-	(6,531)	19,962
Total lease payable- Governmental activities	<u>\$ 26,493</u>	<u>-</u>	<u>(6,531)</u>	<u>19,962</u>
Business-type activities:				
Equipment lease	5,502	-	(5,502)	-
Equipment lease	26,240	-	(26,240)	-
Equipment lease	7,492	-	(7,492)	-
2015 Chevy Silverado	23,387	-	(9,533)	13,854
Toro Turn Maint	35,500	-	(17,301)	18,199
Toro Turf Maint Equipment #12055	91,126	-	(29,245)	61,881
Toro Turf Maint Equipment #12056	9,235	-	(2,963)	6,272
Golf Cart 2017	355,346	-	(85,236)	270,110
Trailer Lease #12103	79,339	-	(19,031)	60,308
Toro Equipment Leae #12139	-	75,912	(15,759)	60,153
Total lease payable - Business-type activities	<u>\$ 633,167</u>	<u>\$ 75,912</u>	<u>\$ (218,302)</u>	<u>\$ 490,777</u>

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2018

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 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%. The leases expire on August 31, 2018.

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%.

In 2018 The District entered into a lease for a variety of Toro equipment. The lease commencement date was March 14, 2018 with three payments of \$5,486 per year. The lease will expire in March 2022. Interest accrues at 3.777%.

Future minimum capital lease payments

Governmental activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	6,719	481	7,200
2020	6,913	287	7,200
2021	6,330	69	6,399
Total	\$ <u>19,962</u>	\$ <u>837</u>	\$ <u>20,799</u>

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2018

Business-type activities:

	Principal	Interest	Total
2019	183,244	14,013	197,258
2020	163,160	7,863	171,024
2021	128,468	3,154	131,621
2022	15,905	559	16,464
Total	\$ 490,777	\$ 25,589	\$ 516,367

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.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2018

Changes in long-term obligations as of the year ended December 31, 2018 are as follows:

	Beginning Balance	Additions	Payments	Ending Balance
2013 GO Bonds	8,775,000	--	(125,000)	8,650,000
2015 GO Bonds	8,485,000	--	(530,000)	7,955,000
Premiums	292,860	--	(15,306)	277,554
Total	\$ 17,552,860	\$ --	\$ (670,306)	\$ 16,882,554

During 2018, the District paid \$558,983 interest on the bonds. Accrued interest at December 31, 2018 was \$45,174.

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

	Principal	Interest	Total
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
	\$ 16,605,000	\$ 6,126,865	\$ 22,731,865

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 2018, total rent expense incurred on the office equipment lease was \$13,167.

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 interest refund was \$15,837. The related taxes collected of \$18,319 were also refunded. Since the District was due the tax revenue and would have collected it through an adjusted mill levy if the error had not occurred. 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, 2018.

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 2018, the District contributed \$70,863 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 \$22,773,748 less accumulated depreciation of \$5,715,582 or a net book value of \$17,058,167 are not financial resources and therefore are not reported in the governmental funds.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2018

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

Deferred charge on refunding	\$ (1,698,526)
Accrued compensated absences	40,879
Accrued interest payable	45,174
Leases payable: Due within one year	6,719
Leases payable: Due in more than one year	13,243
Bond Premium, net of amortization	277,555
Bonds payable: Due within one year	665,000
Bonds payable: Due in more than one year	15,940,000
Net adjustment	<u>\$ 16,988,570</u>

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	\$ (634,881)
Capital outlay	<u>700,134</u>
Net adjustment	<u>\$ (65,253)</u>

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	\$ 655,000
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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.

Net change in accrued compensated absences	\$ (24,226)
Accrued interest expense	<u>1,511</u>
	<u>\$ 22,715</u>

OTHER SUPPLEMENTARY INFORMATION

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, 2018

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	\$ 1,278,704	\$ 1,282,411	\$ 3,707
Interest	1,600	1,946	346
Total revenues	1,280,304	1,284,357	4,053
Expenditures/expenses:			
Administration	850	599	251
Bond principal	655,000	655,000	--
Bond interest	560,494	560,494	--
Treasurer's fees	63,935	64,218	(283)
Total expenditures/expenses	1,280,279	1,280,311	(32)
Excess (deficiency) of revenues over expenditures	25	4,046	4,021
Net change in fund balances	\$ 25	4,046	\$ 4,021
Other Financing Sources (Uses):			
Transfers between funds		\$ --	
Fund balance - beginning of year		56,833	
Fund balance - end of year		\$ 60,879	

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
Conservation Trust Fund
For the year ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Conservation trust income	\$ 28,000	\$ 28,000	\$ 28,971	\$ 971
Grants	-	60,000	60,000	-
Interest income	200	200	-	\$ (200)
Total revenues	28,200	88,200	88,971	771
Expenditures/expenses:				
Capital outlay	\$ 30,000	\$ 90,000	\$ 90,000	\$ -
Transfers to other funds	--	--	--	--
Total expenditures/expenses	30,000	90,000	90,000	--
Excess of revenues over expenditures	\$ (1,800)	\$ (1,800)	(1,029)	\$ 771
Fund balance - beginning of year			<u>35,420</u>	
Fund balance - end of year			<u>\$ 34,391</u>	

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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues:				
Charges for sales and services:				
Merchandise sales	\$ 153,000	\$ 153,000	\$ 148,099	\$ (4,901)
Food and beverage sales	591,900	591,900	622,806	30,906
Club rental	18,500	18,500	24,985	6,485
Golf cart rentals	217,500	217,500	261,769	44,269
Driving range	71,500	71,500	81,707	10,207
Green fees	545,000	545,000	613,170	68,170
Season Pass	134,500	134,500	136,367	1,867
Resident ID cards	55,500	55,500	56,691	1,191
Tournament premiums	105,000	105,000	95,506	(9,494)
Events	5,000	5,000	4,135	(865)
Tee sign revenue	6,000	6,000	6,000	-
Grounds maintenance income	6,125	6,125	6,125	-
Fund raising	-	-	8,190	8,190
Total operating revenues	1,909,525	1,909,525	2,065,550	156,025
Operating expenses:				
Cost of goods sold:				
Pro shop merchandise and rentals	87,500	87,500	80,573	6,927
Food and beverage	186,500	186,500	208,096	(21,596)
Payroll and related taxes	886,839	886,839	908,652	(21,813)
Advertising and marketing	14,000	14,000	16,060	(2,060)
Contracted services	14,000	14,000	17,225	(3,225)
Equipment	105,385	105,385	25,473	79,912
Repairs and maintenance	55,500	55,500	64,979	(9,479)
Turf maintenance and landscaping	5,200	5,200	3,630	1,570
Supplies and parts	175,000	175,000	187,124	(12,124)
Utilities	98,600	98,600	92,256	6,344
Other operating - general	113,595	113,595	121,333	(7,738)
Capital outlay	242,922	242,922	171,455	71,467
Total operating expenses	1,985,041	1,985,041	1,896,856	88,185
Operating income	(75,516)	(75,516)	168,694	244,210
Nonoperating revenues (expenses):				
Miscellaneous income	--	--	948	948
Total nonoperating revenues	--	--	948	948
Interfund Transfers			0	--
Net income/(loss)	\$ (75,516)	\$ (75,516)	\$ 169,642	\$ 245,158
Reconciliation to GAAP Basis				
Capital outlay			(171,455)	
Depreciation			439,312	
Loss on disposal of assets			-	
Total reconciliation to GAAP Basis			267,857	
Net income/(loss) on GAAP Basis			(98,215)	
Net position - beginning of year			6,558,606	
Net position - end of year			\$ 6,460,391	

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