

VAIL PARK AND RECREATION DISTRICT
d/b/a VAIL RECREATION DISTRICT
BOARD OF DIRECTORS

5:00 P.M.
Thursday, June 27, 2019
Town of Vail, Council Chambers
AGENDA
REGULAR MEETING

1. Call to Order
2. Changes to Agenda;
3. Approval of Minutes;
 - a. April 25, 2019
4. Public Input (for matters not otherwise on Agenda/3 minute time limit/no disrupting, pursuant to § 18-9-108, C.R.S.);
5. Executive Session;
 1. §24-6-402(4) (b), C.R.S., "Conferences with an attorney for the public entity for the purposes of receiving legal advice on specific legal questions."- Possible Development of Employee Housing on a Portion of the Vail Golf Course
6. New Business and Special Orders;
 - a. Presentation and Acceptance of 2018 Audit-Mr. Dan Cudahy
 - b. Capital Projects Update-Mr. Scott O'Connell
 - c. Civic Area Plan Update-Mr. Mike Ortiz
 - d. Recreation Subcommittee Update-Mr. Tom Saalfeld
7. Unfinished Business;
 - a. None
8. Officers, Committees, Staff, and Professional Consultants;
 - a. May 2019 Financials-Mr. Eric Weaver
 - b. Executive Director Input
 - c. Board Member Input
9. Adjournment

RECORD OF PROCEEDINGS

Minutes of the Regular Meeting
Of the Board of Directors

Vail Park and Recreation District
dba Vail Recreation District
April 25, 2019

A Regular Meeting of the Board of Directors of the Vail Recreation District, Town of Vail, Eagle County, Colorado, was held on April 25, 2019 at 5:00 p.m. at the Vail Town Council Chambers, Town of Vail, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

1. MEMBERS PRESENT

1.1. Bill Suarez, Kim Newbury Rediker, Jason Plante, Roland Kjesbo

2. MEMBERS ABSENT AND EXCUSED

2.1. Tom Saalfeld

3. STAFF PRESENT

3.1. Jessie Klehfoth, Mike Ortiz, Scott Todd, Scott O'Connell

4. OTHERS PRESENT

4.1. None

5. CONSULTANTS PRESENT

5.1. Eric Weaver

6. CALL TO ORDER

6.1. Director Suarez called the meeting to order at 5:00 p.m.

7. CHANGES TO AGENDA

7.1. None

8. APPROVAL OF MEETING MINUTES

8.1. By motion duly made and seconded it was unanimously RESOLVED to approve the minutes of the March 28, 2019 regular meeting with Director Newbury Rediker abstaining due to absence.

9. PUBLIC INPUT FOR MATTERS NOT OTHERWISE ON AGENDA

9.1. None

10. CAPITAL PROJECTS UPDATE

RECORD OF PROCEEDINGS

Vail Recreation District April 25, 2019 Meeting Minutes

- 10.1. Mr. Scott O'Connell gave an update on Vail Recreation District capital projects including the starter building construction, driving range renovation, golf course bridges, tee box updates and the golf maintenance storage building.
- 10.2. After some discussion, the board thanked Mr. O'Connell for his presentation and hard work.

11. GOLF COURSE CONDITIONS UPDATE

- 11.1. Mr. Scott Todd gave an overview of golf course conditions he has observed over the spring so far this year. Overall, he said the golf course is in great shape and to stay tuned for the tentative opening schedule.
- 11.2. After some discussion, the board thanked Mr. Todd for his presentation and hard work.

12. MARCH 2019 FINANCIALS

- 12.1. Mr. Eric Weaver gave an overview of year-to-date financials through March. His opinion was that the year was off to a good start. Mr. Weaver stated revenues are 2% ahead of budget, and expenses are 4% favorable, mainly related to staffing. Capital budget forecasts are also favorable, and VRD hasn't needed to use contingency funds for these projects so far.

13. EXECUTIVE DIRECTOR INPUT

- 13.1. Mr. Ortiz reviewed highlights from the director reports located in the Board packet. He spoke about successes and programs in the marketing, golf maintenance, sports, community programming, pickleball, gymnastics and parks departments.
- 13.2. Mr. Ortiz also mentioned that Jonny Stevens will be taking over pickleball operations while Jerry is out for a few weeks on medical leave.
- 13.3. Mr. Ortiz also mentioned that Bill Wright passed away, and VRD will be moving forward with calling the tennis center the Bill Wright Vail Tennis Center on all future marketing and apparel. Mr. Wright left a great legacy for the Vail tennis program.
- 13.4. Mr. Ortiz stated VRD will be putting a storage container at the town public works lot for the sports department storage needs.
- 13.5. Mr. Ortiz stated that town council wants to meet with VRD board to sign the golf course lease.
- 13.6. Mr. Ortiz stated there was not much new to report on the Civic Area Plan. He attended the last open house. The second stage of public input is almost over, he reminded users to get on the EngageVail.com website to give input. Mr. Ortiz thanked Mr. Weaver on a great job putting together maintenance and operation costs for Dobson to give to the planners and community development department.

RECORD OF PROCEEDINGS

Vail Recreation District April 25, 2019 Meeting Minutes

- 13.7. Mr. Ortiz said the fencing and net project at the athletic field is being engineered and that the maintenance staff will put the geese sanctuary signs up on the golf course when it opens.
- 13.8. Director Plante asked about clubhouse punch items. Mr. Ortiz said a grease trap vent needs to be installed, and they will try to do that between when golf ends and Nordic starts.
- 13.9. Mr. Ortiz also reminded the Board that in future conversations and negotiations, any construction projects impact VRD in two ways – it displaces users from not being able to recreate and impacts VRD’s ability to make money to maintain subsidies of programs.
14. BOARD MEMBER INPUT
- 14.1. Director Newbury Rediker asked if Nordic rental equipment was going to be sold.
- 14.2. Director Plante said thank you to Mr. Todd for all his hard work. Mr. Ortiz said Mr. Todd has learned a lot.
- 14.3. Director Suarez thought there was a great turnout for the gymnastics spring show last week and gave kudos to the whole group. He also thanked Mr. Ortiz for mentioning Bill Wright’s passing, Mr. Wright started the Vail tennis program back in the ‘70s. He also thanked Mr. Todd for all his work, and said the new golf course bridges are beautiful.
15. ADJOURNMENT
- 15.1. Upon a motion duly made and seconded it was unanimously RESOLVED to adjourn the Regular Meeting of the Vail Recreation District Board of Directors.

Respectfully Submitted,
Jessie Klehfoth
Secretary to the Meeting



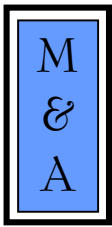
**Financial Statements
December 31, 2018**

Vail Park and Recreation District
dba Vail Recreation District
Financial Statements
December 31, 2018

Preliminary Draft

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Vail Recreation District**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Vail Recreation District (the "District"), as of and for the year ended December 31, 2018, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinions.

Member: American Institute of Certified Public Accountants

Vail Park and Recreation District dba Vail Recreation District

Management's Discussion and Analysis December 31, 2018

As management of the Vail Park and Recreation District dba the Vail Recreation District ("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.

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 basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The 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.

The Statement of Net Position presents information on all the District's assets, liabilities, and deferred inflows, 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.

The Statement of Activities presents information showing how the government'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 (i.e. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include administration, sports programs, gymnastics, community programs, public relations, outdoor programs, park maintenance, and facilities maintenance. The business-type activities of the District include golf, tennis and the ice arena. The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Vail Recreation District**

Opinions

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

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B 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 Management's Discussion and Analysis in Section B 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.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The individual fund budgetary comparison information found in Section F is presented for purposes of additional analysis and is not a required part of the financial statements. The individual fund budgetary comparison information found in Section F is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

Report date pending

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements (continued)

Governmental funds (continued): The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page E1 of this report to demonstrate compliance with this budget.

Proprietary fund: The District maintains a proprietary fund commonly known as the enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the golf course, Dobson Arena, and tennis.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the District.

The basic proprietary fund financial statements can be found on pages C6 through C8 of this report. The District adopts an annual appropriated budget for its Proprietary Fund. A budgetary comparison statement has been provided for the Proprietary Fund on page F1 of this report to demonstrate compliance with this budget.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found starting on page D1 of this report.

Government-wide Financial Analysis

**Vail Recreation District's
Net Position**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 8,107,832	\$ 7,591,261	926,309	897,789	9,034,141	8,489,050
Capital assets	623,409	684,370	5,583,191	5,009,179	6,206,600	5,693,549
Total Assets	8,731,241	8,275,631	6,509,500	5,906,968	15,240,741	14,182,599
Liabilities & Deferred Inflows:						
Current liab & def inflows	4,392,486	4,328,976	887,558	852,170	5,280,044	5,181,146
Long-term liabilities		-	265,000	515,000	265,000	515,000
Total Liab & Def Inflows	4,392,486	4,328,976	1,152,558	1,367,170	5,545,044	5,696,146
Net Position:						
Net investment in capital assets	623,409	684,370	5,059,178	4,206,767	5,682,587	4,891,137
Restricted	299,826	235,921	270,475	273,338	570,301	509,259
Unrestricted	3,415,520	3,026,364	27,289	59,693	3,442,809	3,086,057
Total Net Position	\$ 4,338,755	\$ 3,946,655	5,356,942	4,539,798	9,695,697	8,486,453

The largest portion of the District's assets is reflected as net investment in capital assets (i.e. land, buildings, machinery, and equipment). At the end of 2018, capital assets accounted for 41% of the total assets. The District uses these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining assets 3% of the governmental activities annual budget is restricted for use in the event of an emergency.

Vail Recreation District's
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,711,037	\$ 1,270,439	3,180,367	3,098,910	4,891,404	4,369,349
Operating grants & contributions	-	-	28,888	28,090	28,888	28,090
Capital grants & contributions	-	-	-	-	-	-
General revenues:						
Property taxes	4,088,915	2,793,153	284,326	274,656	4,373,241	3,067,809
Other taxes	227,172	158,965	15,769	15,209	242,941	174,174
Interest and other revenue	89,843	85,661	1,008	(6,090)	90,851	79,571
Total Revenues	6,116,967	4,308,218	3,510,358	3,410,775	9,627,325	7,718,993
Expenses:						
Administration	870,800	903,482	-	-	870,800	903,482
Sports programs	557,366	544,456	-	-	557,366	544,456
Gymnastics	303,022	260,718	-	-	303,022	260,718
Community programs	561,588	512,244	-	-	561,588	512,244
Public relations	256,918	259,681	-	-	256,918	259,681
Nature center	70,217	70,884	-	-	70,217	70,884
Nordic center	579,213	348,763	-	-	579,213	348,763
Park maintenance	260,302	267,786	-	-	260,302	267,786
Facilities maintenance	160,166	144,874	-	-	160,166	144,874
Interest expense	-	-	29,638	42,150	29,638	42,150
Ice arena	-	-	1,174,238	1,043,902	1,174,238	1,043,902
Golf	-	-	3,260,593	3,177,660	3,260,593	3,177,660
Tennis	-	-	207,057	176,486	207,057	176,486
Miscellaneous	-	-	8,532	-	8,532	-
Loss on disposal of fixed assets	5,275	7,938	113,156	-	118,431	7,938
Transfers	2,100,000	715,000	(2,100,000)	(715,000)	-	-
Total Expenses	5,724,867	4,035,826	2,693,214	3,725,198	8,418,081	7,761,024
Change in Net Position	392,100	272,392	817,144	(314,423)	1,209,244	(42,031)
Net Position - Beginning	3,946,655	3,674,263	4,539,798	4,854,221	8,486,453	8,528,484
Net Position - Ending	\$ 4,338,755	\$ 3,946,655	5,356,942	4,539,798	9,695,697	8,486,453

Governmental activities: Net position of the governmental activities increased by \$392,100 and \$272,392, in 2018 and 2017, respectively. In both years this is largely due to the District accumulating funds for upcoming capital projects.

Business-type activities: Net position of the business-type activities increased by \$817,144 during 2018 after a decrease of \$314,423 during 2017. The increase in 2018 is largely due to the transfer made by the general fund to cover large capital additions and the decrease in 2017 was largely due to depreciation expense being more than capital additions.

Financial Analysis of the District's Funds

As mentioned early, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The ending fund balance of General Fund increased by \$459,940 during 2018 which is rolled forward for spending in future years.

Financial Analysis of the District's Funds (Continued)

As of the end of the current fiscal year, the District's general fund reported an ending fund balance of \$3,775,325. Of this balance, \$138,778 is nonspendable, \$299,826 is restricted for emergencies as required by TABOR, \$1,900,000 is assigned for future capital projects, and the remaining \$1,436,721 is unassigned.

Proprietary funds: The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

The Enterprise Fund operating revenues of \$3,209,255 only covered 69% of the \$4,641,888 in operational expenses. This deficit, which is made larger by debt service costs, was covered by property taxes collected to pay the debt service as well as a transfer from the General Fund.

As of the end of the current fiscal year, the District's proprietary fund reported an ending net position balance of \$5,356,942; however, \$5,059,178 of this net position is invested in capital assets, net of related debt, \$270,475 is restricted for debt service, leaving the proprietary fund with an unrestricted net position balance of \$27,289.

Budget variances: No budget amendments were required during 2018, as several capital projects were deferred to future years. Details of the variances by department can be seen on page E1 of this report for the General Fund and page F1 for the Proprietary Fund.

Capital assets: The District's net capital assets increased by \$513,051, as a result of significant additions to the golf club during the year, most of which have no depreciation in 2018 since they are classified as construction in progress at year-end. Additionally, capital additions exceeded deletions. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements on pages D13 and D14 of this report.

Long-term debts: During 2018 the District continued to make scheduled payments on its long-term debt. Details of the District's long-term obligations are contained on pages D14 to D15 of this report.

Request 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 the Vail Recreation District, 700 S. Frontage Road, E., Vail, Colorado 81657, phone (970) 479-2279.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Vail Park and Recreation District
 dba Vail Recreation District
 Statement of Net Position
 December 31, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents - Unrestricted	3,448,170	162,319	3,610,489
Cash and cash equivalents - Restricted	-	297,660	297,660
Receivables, net	348,938	26,229	375,167
Due from County Treasurer	22,007	-	22,007
Internal balances	10,048	(10,048)	-
Deposits and prepaid expenses	1,000	97,428	98,428
Property taxes receivable	4,139,891	271,397	4,411,288
Inventory	137,778	81,324	219,102
Capital assets, net	623,409	5,583,191	6,206,600
Total Assets	<u>8,731,241</u>	<u>6,509,500</u>	<u>15,240,741</u>
Liabilities:			
Accounts payable	180,323	246,847	427,170
Accrued interest payable	-	9,013	9,013
Unearned revenue	12,293	71,622	83,915
Accrued compensated absences:			
Due within one year	59,979	38,679	98,658
Revenue bonds payable:			
Due within one year	-	250,000	250,000
Due in more than one year	-	265,000	265,000
Total Liabilities	<u>252,595</u>	<u>881,161</u>	<u>1,133,756</u>
Deferred Inflow of Resources:			
Unavailable property tax revenue	4,139,891	271,397	4,411,288
Total deferred inflow of resources	<u>4,139,891</u>	<u>271,397</u>	<u>4,411,288</u>
Net Position:			
Net investment in capital assets	623,409	5,059,178	5,682,587
Restricted for emergencies	299,826	-	299,826
Restricted for debt service	-	270,475	270,475
Unrestricted	3,415,520	27,289	3,442,809
Total Net Position	<u>4,338,755</u>	<u>5,356,942</u>	<u>9,695,697</u>

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

Vail Park and Recreation District
 dba Vail Recreation District
 Statement of Activities
 For the Year Ended December 31, 2018

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General administration	870,800	-	-	-	(870,800)	-	(870,800)
Sports programs	557,366	417,922	-	-	(139,444)	-	(139,444)
Gymnastics	303,022	202,255	-	-	(100,767)	-	(100,767)
Community programs	561,588	419,979	-	-	(141,609)	-	(141,609)
Public relations	256,918	-	-	-	(256,918)	-	(256,918)
Nature center	70,217	18,693	-	-	(51,524)	-	(51,524)
Nordic center	579,213	652,188	-	-	72,975	-	72,975
Park maintenance	260,302	-	-	-	(260,302)	-	(260,302)
Facilities maintenance	160,166	-	-	-	(160,166)	-	(160,166)
Total Governmental Activities	3,619,592	1,711,037	-	-	(1,908,555)	-	(1,908,555)
Business-type activities:							
Ice arena	1,174,238	834,696	-	-	-	(339,542)	(339,542)
Golf	3,260,593	2,231,004	28,888	-	-	(1,000,701)	(1,000,701)
Tennis	207,057	114,667	-	-	-	(92,390)	(92,390)
Interest on long-term debt	29,638	-	-	-	-	(29,638)	(29,638)
Total Business-type Activities	4,671,526	3,180,367	28,888	-	-	(1,462,271)	(1,462,271)
Total	8,291,118	4,891,404	28,888	-	(1,908,555)	(1,462,271)	(3,370,826)
General Revenues:							
Property taxes				4,088,915	284,326	4,373,241	
Specific ownership taxes				227,172	15,769	242,941	
Delinquent taxes and interest				7,112	-	7,112	
Investment and other income				82,731	1,008	83,739	
Miscellaneous				-	(8,532)	(8,532)	
Net (loss) gain on the sale of assets				(5,275)	(113,156)	(118,431)	
Transfers				(2,100,000)	2,100,000	-	
Total General Revenues				2,300,655	2,279,415	4,580,070	
Change in Net Position				392,100	817,144	1,209,244	
Net Position - Beginning				3,946,655	4,539,798	8,486,453	
Net Position - Ending				4,338,755	5,356,942	9,695,697	

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

FUND FINANCIAL STATEMENTS

Vail Park and Recreation District
 dba Vail Recreation District
 Balance Sheet
 Governmental Fund -- General Fund
 December 31, 2018

Assets:	
Cash and cash equivalents - Unrestricted	3,448,170
Due from County Treasurer	22,007
Due from Enterprise Fund	10,048
Accounts receivable	348,938
Property taxes receivable	4,139,891
Inventory	137,778
Deposits and prepaid expenses	1,000
Total Assets	<u><u>8,107,832</u></u>
Liabilities:	
Accounts payable	180,323
Unearned revenue	12,293
Total Liabilities	<u><u>192,616</u></u>
Deferred Inflow of Resources:	
Unavailable property tax revenue	4,139,891
Total Deferred Inflow of Resources	<u><u>4,139,891</u></u>
Fund Balances:	
Nonspendable	138,778
Restricted for emergencies	299,826
Assigned for capital projects	1,900,000
Unassigned	1,436,721
Total Fund Balances	<u><u>3,775,325</u></u>
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds. Net capital assets represents capitalized costs of \$1,386,967 net of accumulated depreciation of \$623,409.	623,409
Long-term liabilities, including accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(59,979)</u>
Net Position of Governmental Activities	<u><u>4,338,755</u></u>

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

**Vail Park and Recreation District
dba Vail Recreation District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund -- General Fund
For the Year Ended December 31, 2018**

Revenues:	
Property taxes	4,088,915
Specific ownership taxes	227,172
Delinquent interest and taxes	7,112
Sports programs	417,922
Gymnastics	202,255
Nature center	18,693
Nordic center	652,188
Community programs	419,979
Investment and other income	82,731
Total Revenues	<u>6,116,967</u>
Expenditures:	
General administration	734,771
Sports programs	542,273
Gymnastics	284,409
Community programs	536,688
Public relations	252,891
Nature center	67,962
Nordic center	546,094
Park maintenance	211,963
Facilities maintenance	146,835
Treasurer's fees	122,920
Capital outlay	120,611
Total Expenditures	<u>3,567,417</u>
Excess (Deficiency) of Revenues Over Expenditures	2,549,550
Other Financing Sources (Uses):	
Sale of assets	10,390
Advance repayments	9,994
Transfers to other fund	(2,109,994)
Total Other Financing Sources (Uses)	<u>(2,089,610)</u>
Change in Fund Balance	459,940
Fund Balance - Beginning	<u>3,315,385</u>
Fund Balance - Ending	<u><u>3,775,325</u></u>

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

Vail Park and Recreation District
 dba Vail Recreation District
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balance of the Governmental Funds
 To the Statement of Activities
 For the Year Ended December 31, 2018

Net Change in Fund Balance of the Governmental Fund	459,940
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 current year depreciation of \$121,665 exceeded current year capital outlay of \$76,369, and the net book value of sold assets of \$15,665.	(60,961)
Decreases in accrued compensated absences do not consume current financial resources and, therefore, are not reported in the funds.	<u>(6,879)</u>
Change in Net Position of Governmental Activities	<u><u>392,100</u></u>

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

Vail Park and Recreation District
 dba Vail Recreation District
 Statement of Net Position
 Proprietary Fund
 December 31, 2018

Assets:

Current Assets:

Cash and cash equivalents - Unrestricted	162,319
Cash and cash equivalents - Restricted	297,660
Accounts receivable, net	26,229
Property tax receivable	271,397
Prepaid expense	97,428
Inventory	81,324
Total Current Assets	<u>936,357</u>

Non-current Assets:

Capital assets:	
Property and equipment	13,676,718
Accumulated depreciation	(8,093,527)
Net capital assets	<u>5,583,191</u>
Total Non-current Assets	<u>5,583,191</u>
Total Assets	<u>6,519,548</u>

Liabilities:

Current Liabilities:

Accounts payable	246,847
Due to General Fund	10,048
Accrued interest payable	9,013
Accrued compensated absences	38,679
Unearned revenue	71,622
Revenue bonds payable - Current	250,000
Total Current Liabilities	<u>626,209</u>

Non-current Liabilities:

Revenue bonds payable	265,000
Total Non-current Liabilities	<u>265,000</u>

Deferred Inflow of Resources:

Unavailable property tax revenue	271,397
Total Deferred Inflow of Resources	<u>271,397</u>

Net Position:

Net investment in capital assets	5,059,178
Restricted for debt service	270,475
Unrestricted	27,289
Total Net Position	<u>5,356,942</u>

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

**Vail Park and Recreation District
dba Vail Recreation District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2018**

Operating Revenues:	
Charges for Services:	
Dobson Arena	834,696
Golf	908,541
Golf pro shop	276,948
Golf food and beverage	1,045,515
Tennis	114,667
Total Charges for Services	<u>3,180,367</u>
Intergovernmental:	
Lottery revenue	28,888
Total Intergovernmental	<u>28,888</u>
Total Operating Revenues	<u>3,209,255</u>
Operating Expenses:	
Dobson Arena	1,174,238
Golf	2,043,681
Golf pro shop - cost of goods sold	151,042
Golf food and beverage	788,852
Golf food and beverage - cost of goods sold	277,018
Tennis	207,057
Total Operating Expenses	<u>4,641,888</u>
Operating (Loss)	<u>(1,432,633)</u>
Non-operating Revenues (Expenses):	
Transfer from General Fund	2,100,000
Property tax revenue	284,326
Specific ownership revenue	15,769
Treasurer's fees	(8,532)
Interest revenue	1,008
Gain (loss) on disposal of assets	(113,156)
Interest expense	(29,638)
Total Non-operating Revenues (Expenses)	<u>2,249,777</u>
Change in Net Position	817,144
Net Position - Beginning	<u>4,539,798</u>
Net Position - Ending	<u><u>5,356,942</u></u>

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

Vail Park and Recreation District
 dba Vail Recreation District
 Statement of Cash Flows
 Proprietary Fund
 For the Year Ended December 31, 2018

Cash Flows From Operating Activities:	
Cash received from customers	3,155,003
Cash received from other governments	28,888
Cash paid to employees and contract labor	(670,483)
Cash paid for goods and services	<u>(3,321,058)</u>
Net Cash Provided (Used) by Operating Activities	<u>(807,650)</u>
Cash Flows From Non-Capital Financing Activities:	
Cash received from property taxes	284,326
Cash received from specific ownership taxes	15,769
Cash paid for treasurer's fees	(8,532)
Transfers in	<u>2,100,000</u>
Net Cash Provided by Non-Capital Financing Activities	<u>2,391,563</u>
Cash Flows From Capital and Related Financing Activities:	
Cash paid for capital assets	(1,370,698)
Cash paid for interest on capital debt	(33,838)
Cash paid for principal on capital debt	<u>(240,000)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,644,536)</u>
Cash Flows From Investing Activities:	
Interest received	<u>1,008</u>
Net Cash Provided by Capital and Related Financing Activities	<u>1,008</u>
Net Change in Cash and Cash Equivalents	<u>(59,615)</u>
Cash and Cash Equivalents - Beginning	<u>519,594</u>
Cash and Cash Equivalents - Ending	<u><u>459,979</u></u>
Financial Statement Captions:	
Cash and cash equivalents - unrestricted	162,319
Cash and cash equivalents - restricted	<u>297,660</u>
Cash and Cash Equivalents - Ending	<u><u>459,979</u></u>
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating (loss)	<u>(1,432,633)</u>
Adjustments to Reconcile:	
Depreciation expense	683,530
(Increase) decrease in accounts receivable	(22,053)
(Increase) decrease in inventory	6,286
(Increase) decrease in prepaid expense	(96,090)
Increase (decrease) in accounts payable	42,147
Increase (decrease) in due to General Fund	9,994
Increase (decrease) in unearned revenue	(3,311)
Increase (decrease) in accrued compensated absences	<u>4,480</u>
Total Adjustments	<u>624,983</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(807,650)</u></u>

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

Vail Park and Recreation District
dba Vail Recreation District
Statement of Fiduciary Net Position
Youth Recreation Private Purpose Trust Fund
December 31, 2018

Assets:	
Cash and cash equivalents	114,952
Accounts receivable	<u>4,000</u>
Total Assets	<u>118,952</u>
Net Position:	
Held in trust for future earnings	50,000
Held in trust for scholarships	<u>68,952</u>
Total Net Position	<u>118,952</u>

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

Vail Park and Recreation District
 dba Vail Recreation District
 Statement of Changes in Fiduciary Net Position
 Youth Recreation Private Purpose Trust Fund
 For the Year Ended December 31, 2018

Additions:	
Contributions	21,126
Investment income	<u>1,874</u>
Total Additions	<u>23,000</u>
Deductions:	
Recreation awards	<u>4,000</u>
Total Deductions	<u>4,000</u>
Change in Net Position	19,000
Net Position - Beginning	<u>99,952</u>
Net Position - Ending	<u><u>118,952</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2018

I. Summary of Significant Accounting Policies

The Vail Park and Recreation District, dba Vail Recreation District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide recreational facilities and services within its boundaries. The District is located in Eagle County, Colorado.

On February 13, 1991, the Board of Vail Metropolitan Recreation District passed a resolution to change the name of the District to the Vail Park and Recreation District. On the same date, the Board passed a resolution for the District to do business as the Vail Recreation District.

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

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

The District has no component units, and it is not a component unit of any other entity.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

1. Government-wide Financial Statements

Government-wide financial statements report on information of all of the non-fiduciary activities of the District. The District's general administration, sports programs, gymnastics, community programs, public relations, outdoor programs, nordic center operations, park maintenance, and facilities maintenance functions are classified as governmental activities. The District's ice arena, golf, and tennis functions are classified as business-type activities.

Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the District's governmental functions and business-type activities. The governmental functions are also supported by general government revenues (property and specific ownership taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the governmental function or a business-type activity. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants while the capital grants and contributions column reflects capital-specific grants and contributions received.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following governmental fund:

The *General Fund* accounts for all financial resources not required to be accounted for in another fund. The District's general administration, sports programs, gymnastics, community programs, public relations, outdoor programs, nordic center operations, park maintenance, and facilities maintenance functions are accounted for in the General Fund.

The District reports the following proprietary fund:

The *Enterprise Fund* accounts for the District's ice arena, golf, and tennis activities.

Additionally, the District reports the following fiduciary fund which is not included in the government-wide statements since the resources of the fund are not available to the District:

The *Youth Recreation Private-Purpose Trust Fund* is used to account for a trust established that stipulates only earnings, and not principal, may be spent for youth recreation purposes.

Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2018
(Continued)

I. **Summary of Significant Accounting Policies (continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. **Long-term Economic Focus and Accrual Basis**

Governmental and business-type activities in the government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. **Current Financial Focus and Modified Accrual Basis**

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

3. **Financial Statement Presentation**

Amounts reported as program revenues include 1) charges to customers and applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's proprietary fund is ice arena, golf, and tennis charges for services. Operating expenses for the proprietary fund includes operating expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2018
(Continued)

I. **Summary of Significant Accounting Policies (continued)**

D. **Financial Statement Accounts**

1. **Cash, Cash Equivalents and Investments**

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

Restricted cash and cash equivalents represent amounts restricted by bond indentures.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District generally limits investments to the following type of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 60 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

2. **Receivables**

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance was established at December 31, 2018, as the District considered all receivables to be collectible.

3. **Property Taxes**

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as unavailable revenue.

4. **Prepaid Expenses**

Payments made to vendors for services that will benefit periods beyond December 31, 2018 are recorded as prepaid expenses.

Vail Park and Recreation District
 dba Vail Recreation District
 Notes to the Financial Statements
 December 31, 2018
 (Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Interfund Receivables and Payables

Balances at year-end between funds are reported as “due from/to other fund” in the fund financial statements and are reported in the government-wide financial statements as “internal balances”.

6. Capital Assets

Capital assets, which include land, buildings, improvements, and equipment, are reported in the proprietary fund and the government-wide financial statements. Capital assets are defined by the District as assets and leasehold improvements with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets and leasehold improvements are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital expenditures for leasehold improvement projects are capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the asset.

As stated in Note V.B., the Town of Vail owns the facilities maintained and operated by the District. The District capitalizes expenditures on the facilities that meet the cost and useful life criteria above as leasehold improvements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 30
Equipment	10 - 20

7. Inventory

Inventory is valued a cost, which approximates market, using the first-in/first-out (FIFO) method. The cost of inventory is recorded as an expense when consumed rather than when purchased.

8. Compensated Absences

It is the District’s policy to permit employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Long-term Obligations

In the government-wide and proprietary fund financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

10. Fund Balance

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of targeted reserve positions and management calculates targets and reports them annually to Board of Directors.

Vail Park and Recreation District
 dba Vail Recreation District
 Notes to the Financial Statements
 December 31, 2018
 (Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category at December 31, 2018.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resource (revenue) until that time. The District has one type of item which qualifies for reporting in this category. Accordingly, the item, unavailable property tax revenue, is deferred and recognized as an inflow of resource in the period that the amounts become available and earned.

E. Other Significant Policies

1. Use of Estimates

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

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental funds Balance Sheet and the government-wide Statement of Net Position

The governmental funds Balance Sheet includes a reconciliation between *fund balance – governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position.

B. Explanation of certain differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between *net change in fund balances of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities.

Vail Park and Recreation District
 dba Vail Recreation District
 Notes to the Financial Statements
 December 31, 2018
 (Continued)

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

Annually the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental fund is adopted on a basis consistent with U.S. GAAP.

As required by Colorado statutes, the District follows required timetables in preparing, approving, and enacting its budget for the ensuing year. The following is a summary of the budget calendar for the 2018 budget year:

- (1) For the 2018 budget, prior to August 25, 2017, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2017 only once by a single notification to the District.
- (2) On or before October 15, 2017, the District's accountant submitted to the District's 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.
- (3) For the 2018 budget, prior to December 15, 2017, the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes as computed in the proposed budget.
- (4) 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.
- (5) 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 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.
- (6) All appropriations lapse at a year-end.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2017 were collected in 2018 and taxes certified in 2018 will be collected in 2019. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2018
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. 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.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years

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 spending (excluding bonded debt service) for the fiscal year ended December 31, 2018.

The District has reserved a portion of its December 31, 2018 year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$299,826, which is the approximate required reserve.

On May 7, 1996, the District's voters approved the following ballot question: "Shall Vail Park and Recreation District be authorized to collect, retain and spend all revenues and other funds collected from any source, effective January 1, 1996 and continuing thereafter; provided that the District's general property tax levy shall not be increased without voter approval; and shall the revenues be spent for recreational services as a voter-approved revenue change and an exception to the limits which would otherwise apply?"

On May 7, 2002, the District's voters approved the following ballot question: "Shall Vail Park and Recreation District be authorized to collect, retain, and spend all revenues and other funds, received from all sources, including without limitation the District's existing general operating property tax rate of 2.76 mills, which rate shall not be increased without voter approval, commencing January 1, 2002 and continuing thereafter until repealed, to be spent for general operations and capital improvements as a voter-approved revenue change, offset and exception to the limits with would otherwise apply under Article X, Section 20 of the Colorado Constitution or any other law, and as a permanent waiver of the 5.5% limitation under Section 29-1-301, C.R.S.?"

**Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2018
(Continued)**

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

On May 4, 2004, the District's voters approved the following ballot question: "Shall Vail Park and Recreation District taxes be increased \$282,000 annually in the first full fiscal year, or by such amount as may be raised by the imposition of an additional ad valorem property tax rate of 0.527 mills commencing with the collection year beginning January 1, 2005 and continuing for a limited time thereafter for operating purposes restricted to the debt service on the District's enterprise revenue bond, series 2001, payable through the District's 2020 fiscal year at which time this additional mill levy authorization shall terminate; and shall the district be authorized to collect, retain and spend all tax revenue collected from such incremental property tax rate as a voter-approved revenue change, off-set and exception to the limits which would otherwise apply under Article X, Section 20 of the Colorado Constitution or any other law and as a permanent waiver of the 5.5% limitation under section 29-1-301, C.R.S.?"

On November 7, 2017, the District's voters approved the following ballot question: "Shall Vail Park and Recreation District ("VRD") taxes be increased by \$1,093,026 in 2018, and by such amounts as may be collected annually thereafter from a total levy of 3.760 mills (an increase of 1.000 mills, resulting in an expected 2018 annual tax increase of \$36 for a house worth \$500,000) for operating and capital expenses, including:

- To reduce the need for VRD to raise fees,
- To address the current major repair backlog to facilities and equipment, and
- To make VRD operations and facilities more environmentally friendly;

With VRD's entire operating mill levy rate subject to adjustment to offset refunds, abatement and changes to the percentage of actual valuation used to determine assessed valuation?"

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

At December 31, 2018 the District had no authorized but unissued debt.

IV. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was \$524,522 at year end.

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

Vail Park and Recreation District
 dba Vail Recreation District
 Notes to the Financial Statements
 December 31, 2018
 (Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2018, the District had the following recurring fair value measurements:

<u>Investments by Fair Value Level</u>	<u>12/31/2018</u>	<u>Fair Value Measurement Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 294,589	\$ 294,589	\$ -	\$ -
	\$ 294,589	\$ 294,589	\$ -	\$ -
<u>Investments Measured at Net Asset Value</u>				
COLOTRUST	3,085,967			
Money Market Mutual Fund	3,071			
	<u>3,089,038</u>			
Total Investments	<u>\$ 3,383,627</u>			

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Credit Risk. The District's investment policy limits investments to those authorized by State statutes as listed in Note 1C. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

Local Government Investment Pool – At December 31, 2018, the County had invested \$3,085,967 in the Colorado Government Liquid Asset Trust ("COLOTRUST"), referred to as the Trust. The Trust is an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds for investment purposes, and is registered with the State Securities Commissioner. It operates similarly to money market funds and each share is equal in value to \$1. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. The majority of securities owned by the Trust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify investments owned by the Trust. The Trust investments consist of U.S. Treasury and U.S. agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. agency securities. These investments are not categorized because the underlying securities cannot be determined.

Vail Park and Recreation District
 dba Vail Recreation District
 Notes to the Financial Statements
 December 31, 2018
 (Continued)

IV. Detailed Notes of All Funds (continued)

A. Deposits and Investments (continued)

The District had the following cash and investments with the following maturities:

Type	Rating	Carrying Amount	Maturities	
			Less Than One Year	Less Than Five Years
<i>Deposits:</i>				
Checking and savings	Not Rated	\$ 524,522	\$ 524,522	\$ -
<i>Investments:</i>				
COLOTRUST	AAAm	3,085,967	3,085,967	-
Money market	Not Rated	3,071	3,071	-
Certificates of deposit	Not Rated	294,589	294,589	-
		<u>\$ 3,908,149</u>	<u>\$ 3,908,149</u>	<u>\$ -</u>

Financial Statement Captions:

Cash and cash equivalents - unrestricted	\$ 3,610,489
Cash and cash equivalents - restricted	297,660
	<u>\$ 3,908,149</u>

B. Interfund Receivables, Payables, and Transfers

Transfers for 2018 were as follows:

Transferred from:	Transferred to:	Amount
General Fund	Enterprise Fund	<u>\$ 2,100,000</u>

The transfer was made to cover an operating and capital project cash shortfall.

Interfund receivables/payables for 2018 were as follows:

Due from:	Due to:	Amount
Enterprise Fund	General Fund	<u>\$ 10,048</u>

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Vail Park and Recreation District
 dba Vail Recreation District
 Notes to the Financial Statements
 December 31, 2018
 (Continued)

Preliminary Draft

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Building and improvements	\$ 569,313	\$ -	\$ (31,401)	\$ 537,912
Equipment	859,636	76,369	(86,950)	849,055
Total capital assets, being depreciated	<u>1,428,949</u>	<u>76,369</u>	<u>(118,351)</u>	<u>1,386,967</u>
Less accumulated depreciation for:				
Building and improvements	(337,603)	(30,714)	21,961	(346,356)
Equipment	(406,976)	(90,951)	80,725	(417,202)
Total accumulated depreciation	<u>(744,579)</u>	<u>(121,665)</u>	<u>102,686</u>	<u>(763,558)</u>
Total capital assets, being depreciated, net	<u>684,370</u>	<u>(45,296)</u>	<u>(15,665)</u>	<u>623,409</u>
Governmental Activities Capital Assets, Net	<u>\$ 684,370</u>	<u>\$ (45,296)</u>	<u>\$ (15,665)</u>	<u>\$ 623,409</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 948,984	\$ -	\$ 948,984
Total capital assets, not being depreciated	<u>-</u>	<u>948,984</u>	<u>-</u>	<u>948,984</u>
Capital assets, being depreciated:				
Building and improvements	11,396,340	228,196	(619,072)	11,005,464
Equipment	1,638,672	193,518	(109,920)	1,722,270
Total capital assets, being depreciated	<u>13,035,012</u>	<u>421,714</u>	<u>(728,992)</u>	<u>12,727,734</u>
Less accumulated depreciation for:				
Building and improvements	(6,981,240)	(463,718)	508,113	(6,936,845)
Equipment	(1,044,593)	(219,812)	107,723	(1,156,682)
Total accumulated depreciation	<u>(8,025,833)</u>	<u>(683,530)</u>	<u>615,836</u>	<u>(8,093,527)</u>
Total capital assets, being depreciated, net	<u>5,009,179</u>	<u>(261,816)</u>	<u>(113,156)</u>	<u>4,634,207</u>
Business-type Activities Capital Assets, Net	<u>\$ 5,009,179</u>	<u>\$ 687,168</u>	<u>\$ (113,156)</u>	<u>\$ 5,583,191</u>

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Vail Park and Recreation District
 dba Vail Recreation District
 Notes to the Financial Statements
 December 31, 2018
 (Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

Depreciation expense was charged to functions of the District as follows:

Governmental Activities:	
General administration	\$ 9,322
Sports programs	4,987
Gymnastics	3,905
Community programs	24,683
Outdoor programs	2,255
Nordic center	30,852
Park maintenance	36,026
Facilities maintenance	9,635
Total Depreciation Expense - Governmental Activities	\$ 121,665
Business-type Activities:	
Ice arena	\$ 226,363
Golf	418,989
Tennis	38,178
Total Depreciation - Business-type Activities	\$ 683,530

D. Long-term Obligations

At December 31, 2018, the District had the following long-term obligations outstanding:

1. Enterprise Revenue Bonds, Series 2001

On September 25, 2001, the District advance refunded the Series 2000 Notes with Enterprise Revenue Bonds, Series 2001 (the "Bonds") in the principal amount of \$3,445,000. Interest is payable semiannually on March 1 and September 1 at rates varying between 2.7% and 4.75%. Proceeds of \$504,475 were received by the District in excess of the amounts necessary for refunding the Notes, issuance costs, and bond reserves and were used to complete improvements to the John Dobson Ice Arena.

Property tax collections beginning in 2006 from the election question approved by the voters on May 4, 2004 (see note III.B.) have been and will continue to be used to make all debt services payments on these bonds until the bonds are paid in full.

The District is required to maintain a debt service coverage ratio of Net Revenues after payment of expenses of the Park and Recreation Enterprise before depreciation and transfers to the annual debt service requirements of 1.5 times coverage.

The District is required to maintain a Reserve Fund in an amount equal to the least of: i) maximum aggregate annual debt service on the Bonds, ii) 125% of average annual debt service with respect to Outstanding Bonds as of such date, or iii) 10% of the original principal amount of the Bonds. The Reserve Fund requirement is \$214,583 at December 31, 2018.

Vail Park and Recreation District
 dba Vail Recreation District
 Notes to the Financial Statements
 December 31, 2018
 (Continued)

IV. Detailed Notes on All Funds (continued)

D. Long-term Obligations (continued)

2. Schedule of Debt Service Requirements

Debt service requirements at December 31, 2018 were as follows:

Business-type activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	250,000	20,475	270,475
2020	265,000	6,956	271,956
Total	<u>\$ 515,000</u>	<u>27,431</u>	<u>542,431</u>

3. Changes in Long-term Obligations

Long-term liability activity for the year ended December 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type Activities:					
Enterprise revenue bonds, Series 2001	<u>\$ 755,000</u>	<u>-</u>	<u>(240,000)</u>	<u>515,000</u>	<u>250,000</u>

V. Other Information

A. Risk Management

The District is exposed to various risks of loss related to workers compensation; general liability, unemployment, torts, theft of, damage to, and destruction of assets; and errors and omissions. In addition, the District is exposed in the ordinary course of business to the risk of injury to persons attending or operating its recreational facilities and events. The District has acquired commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.

Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2018
(Continued)

V. Other Information (continued)

B. Management Agreement

On January 24, 1989, the Town of Vail (the "Town") transferred management and the related revenue and operating costs of operations of all recreational services of the Town to the District. The agreement includes a license for the District to use the recreational facilities owned by the Town. The District is to pay all operating costs of the facilities. The agreement also provides that the Town transfer all personal property and vehicles for use during the lease. The District is to maintain this equipment. The Town is responsible for the debt service on the facilities. This agreement was amended on July 18, 2008 to better define the responsibilities for operations and cost sharing of deferred capital maintenance.

On May 3, 1994, the District's voters approved an increase in the District's mill levy and an equal decrease in the Town's mill levy by an amount approximately equal to the amount paid to the District by the Town in 1994.

C. Conservation Trust

The District received \$28,090 of Colorado lottery funds during 2018 based upon a formula considering population within the District. The funds are restricted under the State Conservation Trust Fund statutes to acquisition, development and maintenance of parks and recreation facilities. This revenue and the related expenditures are accounted for in the Enterprise Fund.

D. Youth Recreation Private-Purpose Trust Fund

In August 1997, the Slaughter family donated \$50,000 principal to remain invested in a trust fund. The income earned on the principal is to be used to provide financial aid to youth to influence the constructive development of leisure and recreation skills. The principal and income are being accounted for in a private-purpose trust fund. During 2018, the fund expended \$4,000 in recreation awards. At December 31, 2018, the fund had \$68,952 in investment and other earnings available for awards.

E. Retirement Plans

1. Defined Contribution Pension Plan

The District offers a defined contribution pension plan which covers all permanent paid employees for the District. The District established this qualified money purchase plan under IRC Section 401(a) and may amend all plan provisions.

Employees are eligible to participate in the plan from the date of employment or the effective date of the plan, January 1, 1983, whichever is later. For full-time regular employees hired prior to June 1, 1986, the plan provides for contributions to be made by the District of 17.6% of regular compensation. For employees hired after June 1, 1986, the District's contribution is 11.15% of regular compensation for the first year, and 16.15% thereafter. For full-time regular employees hired on or after January 1, 2003, the District will contribute 7.5% and match 100% of voluntary after-tax employee contributions by employees up to a maximum match of 5%.

Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2018
(Continued)

V. Other Information (continued)

E. Retirement Plans (continued)

1. Defined Contribution Pension Plan (continued)

In the event of long-term disability of an employee, the District's disability insurance will continue to make contributions for the employee through age 60 at the rate on the date of disability.

For employees hired before July 1, 1986, vesting of the District's contributions to the employees is 77.5% after the first year of employment, with an additional vesting of 7.5% per year through the fourth year, when vesting is 100%. For employees hired after June 30, 1986, vesting of the District's contributions to the employees is 20% after the first year of employment, with additional vesting of 20% per year through the fifth year, when vesting is 100%. If an employee dies, becomes disabled, or attains age 60, their entire interest in the fund becomes vested; normal retirement age is 60 with early retirement at age 50 and four years of service.

The annual pension cost is the District's contributions less forfeitures from the prior year. The District's plan investments at December 31, 2018 of \$5,414,057 are stated at market value. All earnings, losses, expenses and changes in the fair market value of the trust fund will be apportioned at least annually among the participants in proportion to each participant's current share of the Trust Investment Fund. The District has no liability for unfunded future vested employee benefits.

The trustees and administrators of the plan are the Retirement Board. The Retirement Board determines how the plan's assets are to be invested in adherence to an adopted investment policy statement.

For 2018, the District contributed \$294,841 to this plan on behalf of participating employees while the District's employees contributed \$95,904.

The District may use the plan's forfeitures and revenue sharing proceeds to pay the costs of the plan or to fund employer contributions. The District's 2018 contributions include an increase of \$13,634 to forfeited funds. The forfeitures and revenue sharing proceeds available for spending at December 31, 2018 totaled \$172,365.

2. Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2018
(Continued)

V. Other Information (continued)

E. Retirement Plans (continued)

2. Deferred Compensation Plan (continued)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries.

Plan investment purchases are determined by the plan participant and therefore, the plan's investment concentration varies between participants.

The District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

F. Commitments and Contingencies - Legal Claims

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2018.

G. Vail Gymnastics Center - Town of Vail

On March 27, 2005, the District entered into an agreement with the Town of Vail (the "Town") whereby the District will lease and operate Vail Gymnastics Center ("VGC"). The term of the agreement is for 10 years, commencing January 17, 2005 and terminating March 27, 2015. The agreement was renewed during 2015 for an additional 5 year term and can be renewed for additional 5 year terms upon written notice to the Town by the District.

The District will pay the Town an annual rental fee of \$10 for the first two terms of the agreement. In addition, the District will pay the Town \$500 monthly for a Capital Maintenance Fund to help offset the cost of major capital improvements for the VGC. The District is responsible for non-structural, non-capital repair and maintenance of the VGC. The Town is responsible for structural and major capital improvements.

H. Construction Contracts

Business-type Activities:

- A. The District entered into a construction contract with RA Nelson, LLC. ("RA Nelson"), for reconstruction of driving ranges and improvements. As of December 31, 2018, the total value of the contract, include change orders, was \$2,456,837. Of this amount \$1,101,868 had been completed and billed by RA Nelson through December 31, 2018 on the contract, with \$230,882 payable at year-end.
- B. The District entered into a construction contract with Links Land, LLC ("Links Land"), for driving range tee renovations and improvements. As of December 31, 2018, the total value of the contract was \$482,436. Work for this contract began in 2019.

REQUIRED SUPPLEMENTARY INFORMATION

Vail Park and Recreation District
 dba Vail Recreation District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Governmental Fund - General Fund
 For the Year Ended December 31, 2018
 (With Comparative Actual Amounts for 2017)

	2018		Final Budget Variance Positive (Negative)	2017
	Original and Final Budget	Actual		Actual
Revenues:				
Property taxes	3,945,434	4,088,915	143,481	2,793,153
Specific ownership taxes	184,840	227,172	42,332	154,892
Delinquent taxes and interest	3,500	7,112	3,612	4,073
Sports programs	418,896	417,922	(974)	412,317
Gymnastics	210,085	202,255	(7,830)	188,478
Nature center	14,750	18,693	3,943	16,374
Nordic center	561,000	652,188	91,188	255,305
Community programs	395,573	419,979	24,406	397,965
Investment and other income	23,000	82,731	59,731	85,661
Total Revenues	<u>5,757,078</u>	<u>6,116,967</u>	<u>359,889</u>	<u>4,308,218</u>
Expenditures:				
General administration	776,303	734,771	41,532	801,176
Sports programs	569,918	542,273	27,645	533,068
Gymnastics	283,769	284,409	(640)	254,263
Community programs	541,426	536,688	4,738	487,468
Public relations	271,612	252,891	18,721	258,814
Nature center	66,778	67,962	(1,184)	67,629
Nordic center	485,969	546,094	(60,125)	310,419
Park maintenance	240,902	211,963	28,939	220,196
Facilities maintenance	140,978	146,835	(5,857)	139,786
Capital projects	334,143	120,611	213,532	300,275
Treasurer's fees	123,227	122,920	307	83,919
Contingency	37,500	-	37,500	-
Total Expenditures	<u>3,872,525</u>	<u>3,567,417</u>	<u>305,108</u>	<u>3,457,013</u>
Excess of Revenues Over Expenditures	1,884,553	2,549,550	664,997	851,205
Other Financing Sources (Uses):				
Sale of assets	-	10,390	10,390	12,300
Advance repayments	-	9,994	9,994	(1,920)
Transfers out	(2,870,000)	(2,109,994)	760,006	(713,080)
Total Other Financing (Uses)	<u>(2,870,000)</u>	<u>(2,089,610)</u>	<u>780,390</u>	<u>(702,700)</u>
Change in Fund Balance	(985,447)	459,940	1,445,387	148,505
Fund Balance - Beginning	<u>2,972,690</u>	<u>3,315,385</u>	<u>342,695</u>	<u>3,166,880</u>
Fund Balance - Ending	<u>1,987,243</u>	<u>3,775,325</u>	<u>1,788,082</u>	<u>3,315,385</u>

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

SUPPLEMENTARY INFORMATION

Vail Park and Recreation District
dba Vail Recreation District

Preliminary Draft

Schedule of Revenues, Expenditures and Changes in Fund Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
Proprietary Fund - Enterprise Fund
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for 2017)

	2018		Final Budget Variance Positive (Negative)	2017
	Original and Final Budget	Actual		Actual
Operating Revenues:				
Charges for Goods and Services:				
Dobson Ice Arena	725,608	834,696	109,088	739,876
Golf	1,223,000	908,541	(314,459)	1,236,199
Golf pro shop	259,100	276,948	17,848	258,919
Golf food and beverage	863,597	1,045,515	181,918	783,729
Tennis and pickleball	68,750	114,667	45,917	80,187
Total Charges for Goods and Services	3,140,055	3,180,367	40,312	3,098,910
Intergovernmental:				
Lottery revenue	26,500	28,888	2,388	28,090
Total Intergovernmental	26,500	28,888	2,388	28,090
Total Operating Revenues	3,166,555	3,209,255	42,700	3,127,000
Operating Expenditures:				
Dobson Ice Arena	846,809	917,653	(70,844)	814,884
Golf	1,658,551	1,573,780	84,771	1,570,461
Golf pro shop - cost of goods sold	137,695	151,042	(13,347)	153,211
Golf food and beverage	660,027	788,852	(128,825)	649,302
Golf food and beverage - cost of goods sold	263,851	277,018	(13,167)	229,713
Tennis and pickleball	135,441	168,879	(33,438)	138,230
Contingency	112,500	-	112,500	-
Total Operating Expenditures	3,814,874	3,877,224	(62,350)	3,555,801
Operating Income (Loss)	(648,319)	(667,969)	(19,650)	(428,801)
Non-operating Revenues (Expenditures):				
Investment and other income	1,545	1,008	(537)	2,150
Property tax revenue	274,222	284,326	10,104	274,656
Specific ownership tax revenue	12,831	15,769	2,938	15,209
Treasurer's fees	(8,554)	(8,532)	22	(8,240)
Capital outlay	(2,223,985)	(1,447,352)	776,633	(287,450)
Debt service on bonds	(273,838)	(273,838)	-	(276,175)
Total Non-operating Revenues (Expenditures)	(2,217,779)	(1,428,619)	789,160	(279,850)
Gain (Loss) Before Transfers	(2,866,098)	(2,096,588)	769,510	(708,651)
Transfers in	2,870,000	2,109,994	(760,006)	713,080
Advance repayments	-	(9,994)	(9,994)	1,920
Total Transfers	2,870,000	2,100,000	(770,000)	715,000
Change in Net Position - Budget Basis	3,902	3,412	(490)	6,349
Reconciliation of Budget Basis to GAAP Basis:				
Depreciation		(683,530)		(690,970)
Capitalized expenses		1,370,698		139,783
Change in accrued compensated absences		(4,480)		(3,610)
Book value of asset disposed		(113,156)		-
Bond principal		240,000		230,000
Change in accrued interest payable		4,200		4,025
Total adjustments to GAAP Basis:		813,732		(320,772)
Change in Net Position - GAAP Basis		817,144		(314,423)
Net Position - Beginning		4,539,798		4,854,221
Net Position - Ending		5,356,942		4,539,798

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

**VAIL RECREATION DISTRICT
COMBINED BALANCE SHEET
December 31, 2018 and May 31, 2019**

	12/31/18					05/31/19				
	General Fund	Enterprise Fund	General Fixed Assets & LTD	Ent. Fund Fixed Assets & LTD	Total	General Fund	Enterprise Fund	General Fixed Assets & LTD	Ent. Fund Fixed Assets & LTD	Total
ASSETS										
CASH- UNRESTRICTED	3,590,758	13,100			3,603,858	5,219,143	13,900			5,233,043
INVESTMENTS- RESTRICTED		297,660			297,660		304,350			304,350
ACCOUNTS RECEIVABLE	377,576	26,229			403,805	76,597	(298)			76,299
PROPERTY TAXES RECEIVABLE	4,139,891	271,397			4,411,288	1,119,959	73,421			1,193,379
PREPAIDS, DEPOSITS & INVENTORY	138,778	166,814			305,592	59,953	207,339			267,292
DUE (TO) FROM OTHER FUND	(149,219)	149,219			0	1,020,038	(1,020,038)			0
LOAN DUE (TO) FROM OTHER FUND	10,048	(10,048)			0	10,048	(10,048)			0
BUILDINGS			537,912	11,954,448	12,492,360			537,912	11,954,448	12,492,360
EQUIPMENT			849,054	1,722,270	2,571,324			849,054	1,722,270	2,571,324
ACCUM DEPR			(763,557)	(8,093,527)	(8,857,084)			(763,557)	(8,093,527)	(8,857,084)
TOTAL ASSETS	8,107,832	914,371	623,409	5,583,191	15,228,803	7,505,738	(431,375)	623,409	5,583,191	13,280,963
LIABILITIES AND FUND EQUITY										
ACCOUNTS PAYABLE	180,323	234,909			415,232	119,744	347,864			467,608
DEFERRED PROPERTY TAXES	4,139,891	271,397			4,411,288	1,119,959	73,421			1,193,379
DEFERRED REVENUE	12,293	71,623			83,916	1,717	134,220			135,937
ACCRUED COMPENSATED ABSENCES			59,979	38,679	98,658			59,979	38,679	98,658
ACCRUED INTEREST PAYABLE				9,013	9,013				9,013	9,013
DOBSON BONDS PAYABLE				515,000	515,000				265,000	265,000
TOTAL LIABILITIES	4,332,507	577,928	59,979	562,692	5,533,106	1,241,420	555,505	59,979	312,692	2,169,595
NET ASSETS										
INV IN FIXED ASSETS, NET OF DEBT			563,430	5,020,499	5,583,929			563,430	5,270,499	5,833,929
RESTRICTED	436,362	271,956			708,318	490,225	271,956			762,181
COMMITTED & ASSIGNED FOR CAPITAL	1,900,000	-			1,900,000	3,020,000	-			3,020,000
UNASSIGNED	1,438,963	64,486			1,503,450	2,754,093	(1,258,836)			1,495,258
TOTAL NET ASSETS	3,775,325	336,442	563,430	5,020,499	9,695,697	6,264,318	(986,880)	563,430	5,270,499	11,111,368
TOTAL LIAB & NET ASSETS	8,107,832	914,371	623,409	5,583,191	15,228,803	7,505,738	(431,375)	623,409	5,583,191	13,280,963
	=	=	=	=	=	=	=	=	=	=

No assurance is provided on these financial statements; substantially all disclosures required by GAAP omitted.

VAIL RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL, BUDGET AND FORECAST FOR THE PERIODS INDICATED

Printed: 06/24/19
 Modified Accrual Basis

	2018 Prelim Actual	2019 Forecast	2019 Adopted Budget	Variance Favorable (Unfavor)	Percentage Variance Favorable (Unfavor)	5 Months Ended 05/31/19 Actual	5 Months Ended 05/31/19 Budget	Variance Favorable (Unfavor)	Percentage Variance Favorable (Unfavor)
COMBINED REVENUES									
PROPERTY AND OTHER TAXES, NET OF FEES	4,491,843	4,357,863	4,335,807	22,056	1%	3,203,642	3,149,604	54,038	2%
OTHER NON-DEPARTMENTALIZED REVENUES	122,998	159,750	78,500	81,250	104%	81,053	20,494	60,559	296%
SPORTS	417,923	420,381	423,051	(2,670)	-1%	186,159	204,904	(18,745)	-9%
GYMNASTICS	202,254	248,370	245,845	2,525	1%	88,460	82,776	5,683	7%
COMMUNITY PROGRAMMING	419,979	393,296	386,296	7,000	2%	224,799	226,244	(1,445)	-1%
NATURE CENTER	18,693	-	-	-	0%	-	-	-	0%
NORDIC CENTER	454,361	402,045	384,945	17,100	-4%	232,239	193,456	38,783	20%
GOLF COURSE	1,034,448	1,289,150	1,344,150	(55,000)	-4%	76,428	183,036	(106,608)	-58%
TENNIS	40,856	32,750	32,750	-	0%	978	2,098	(1,119)	-53%
PICKLEBALL	73,809	101,435	85,500	15,935	19%	30,302	13,028	17,274	133%
DOBSON	834,697	815,534	808,879	6,655	1%	441,827	437,221	4,606	1%
GOLF F&B / BANQUET ROOM, NET OF COGS	768,495	708,145	706,295	1,850	0%	63,606	68,335	(4,730)	-7%
TOTAL REVENUES	8,880,355	8,928,719	8,832,018	96,701	1%	4,629,492	4,581,195	48,297	1%
OPERATING EXPENSES									
ADMINISTRATION	(734,772)	(772,693)	(812,914)	40,221	5%	(383,035)	(417,460)	34,425	8%
PUBLIC RELATIONS/MARKETING	(252,889)	(378,108)	(376,858)	(1,250)	0%	(132,790)	(152,337)	19,546	13%
PARK MAINTENANCE	(211,959)	(226,831)	(227,145)	314	0%	(59,145)	(65,095)	5,950	9%
FACILITIES MAINTENANCE	(146,835)	(140,192)	(141,667)	1,475	1%	(60,227)	(62,959)	2,732	4%
SPORTS	(542,266)	(555,735)	(554,552)	(1,183)	0%	(168,703)	(182,693)	13,990	8%
GYMNASTICS	(284,410)	(318,453)	(313,104)	(5,349)	-2%	(127,137)	(122,419)	(4,718)	-4%
COMMUNITY PROGRAMMING	(536,686)	(570,892)	(558,651)	(12,241)	-2%	(164,174)	(187,798)	23,623	13%
NATURE CENTER	(67,961)	(481)	-	(481)	0%	(480)	-	(480)	0%
NORDIC CENTER	(348,267)	(350,647)	(326,779)	(23,868)	-7%	(194,329)	(176,164)	(18,166)	-10%
GOLF OPERATIONS	(642,195)	(683,024)	(679,409)	(3,615)	-1%	(110,595)	(133,639)	23,043	17%
GOLF MAINTENANCE	(931,587)	(953,480)	(950,358)	(3,123)	0%	(266,497)	(296,445)	29,949	10%
TENNIS	(94,180)	(103,404)	(102,618)	(787)	-1%	(39,747)	(46,502)	6,755	15%
PICKLEBALL	(74,698)	(96,504)	(80,312)	(16,192)	-20%	(19,388)	(19,061)	(327)	-2%
DOBSON	(917,650)	(944,520)	(933,893)	(10,628)	-1%	(404,394)	(427,933)	23,539	6%
GOLF F&B / BANQUET ROOM	(788,849)	(798,349)	(781,106)	(17,243)	-2%	(238,674)	(243,156)	4,482	2%
TOTAL EXPENSES	(6,575,204)	(6,893,313)	(6,839,365)	(53,949)	-1%	(2,369,318)	(2,533,660)	164,343	6%
CHANGE IN FUND BAL BEFORE DS & CAP	2,305,151	2,035,406	1,992,653	42,753		2,260,174	2,047,535	212,639	
DEBT SERVICE	(273,838)	(270,975)	(270,975)	-	0%	(263,519)	(263,519)	-	0%
DONATIONS, LOANS, & SALE OF ASSETS	-	-	-	-	0%	-	-	-	0%
CAPITAL EXPENDITURES	(1,567,962)	(2,060,311)	(2,767,952)	707,641	26%	(830,984)	(1,309,633)	478,648	37%
LESS UNFUNDED CAPITAL PROJECTS	-	-	-	-		-	-	-	
CONTINGENCY	-	(150,000)	(150,000)	-	0%	-	(22,500)	22,500	100%
TOTAL NET CAPITAL EXPENSES	(1,841,799)	(2,481,286)	(3,188,927)	707,641	22%	(1,094,503)	(1,595,651)	501,148	31%
CHANGE IN FUND BALANCE	463,352	(445,881)	(1,196,274)	750,394		1,165,671	451,883	713,788	
BEGINNING FUND BALANCES	3,648,416	4,111,768	3,773,417	338,350		4,111,768	3,773,417	338,350	
ENDING FUND BALANCES	4,111,768	3,665,887	2,577,143	1,088,744		5,277,439	4,225,301	1,052,138	

SUMMARY OF SIGNIFICANT VARIANCES:

OTHER REVENUES- Unbudgeted stipend paid by health insurance company and higher interest earnings on funds.
 NORDIC REVENUES- Numbers are strong with great snow conditions in the 2018/2019 season.
 GOLF REVENUES- Forecasting for revenues to be below budget due to wet spring, but lots of summer still to come.
 PICKLEBALL REVENUES- Large increase in tournament revenues and expenses not budgeted.
 ADMINISTRATION EXPENSES- Savings from outsourcing someone to assist April with accounting and HR matters.
 PUBLIC RELATIONS EXPENSES- Timing of expenses.
 COMMUNITY PROGRAMMING EXPENSES- Savings in many areas, including in labor from staff person being out and difficulties hiring staff.
 NORDIC EXPENSES- Overage largely from fat bike theft insurance deductible and fleet replacement purchases
 CAPITAL- Savings so far as have not needed contingency funds, savings currently showing as a roll-forward to 2020 but will look to reallocate unused funds.
 FUND BALANCE- Savings at end of 2018 rolled forward to 2019.

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 substantially all disclosures required by GAAP omitted.

VAIL RECREATION DISTRICT DIRECTOR REPORTS

June 27, 2019

MARKETING

- Marketing has brought on a seasonal employee, Andrew Jorgenson, to help out this summer. We are excited to have Andrew on board to help with capturing new creative assets. So far, Andrew has been attending sports events and taking photos, which are then edited and posted on Facebook. Marketing will also be focusing on shooting more video assets this year and creating new videos of programs and events for the website and advertising.
- Jessie is continuing the digital advertising for sports events, community programming, golf and tennis that have been very successful so far. We see great engagement with all our content on social media and the web and have started using some new targeting systems this year to continue to reach new and repeat customers.
- Marketing has been assisting golf, tennis and F&B on numerous collateral needs for the summer season including rack cards, signage, menus, and more.
- Almost-daily press releases are being sent for everything from racer details, gymnastics programs, Dobson reminders, golf and tennis information and summer adult leagues.
- Jessie has been helping tennis and pickleball with training on capturing more business data using MaxGalaxy. This includes getting both departments set up with new membership cards that will now help to track court usage better than past systems. The new membership cards will start to roll out this week at tennis.

GOLF

- Business at the golf course has picked up during the week of June 18. Since opening the golf course on May 17, we have had a total of 2,702 rounds played. June 20 and 21 were quite busy with the majority of play being guests. We had 182 golfers on Thursday and 174 on Friday (with quite cold weather). We have sold 39 punch cards through June 21, 17 Gold season passes and 56 Silver passes. We anticipate a spike in punch card sales beginning in July with second homeowners arriving. Our merchandise sales have been strong with a challenging start to the year with wet weather.
- The Battle Mountain Huskies and Heroes Tournament on June 14 was a success. The starter building opened on this day as well as the driving range. We staged the shotgun at the driving range for the first time. Although it requires extra staff for this set up, it went smoothly. Nathan Mead and the professional staff were instrumental in the success of the tournament.
- The State Junior Tournament of 98 juniors occurred on June 10. We had a mix of girls and boys ranging from 9 to 17 years old. The junior golfers enjoyed playing Vail Golf Club and the parents had positive feedback as well.
- Junior golf is in full swing. We have our Vail Golf Club PGA Junior League Team starting. They will compete against other junior teams in the valley. Our First Tee of the Rocky Mountains Junior Camps have begun. We had 21 beginners in our first two-day camp and seven in our intermediate three-day camp. With school getting out so late this year, we feel it affected our numbers on the second camp. New this year, we have collaborated with Eagle Ranch Golf Course to have a junior tournament series. We will each host two tournaments this summer. We are offering free instruction to the children in Small Champions. This program will be on Fridays starting July 12. Trey Johnson offered a golf etiquette class for

our young juniors who wanted to buy a Gold Junior Pass. We had six juniors go through the two-hour class.

- Our staff is complete. We have a full seasonal staff as well as 12 volunteers. We are gearing up for peak season rates, which start on June 28.
- Dan Timm has been a tremendous addition to our golf operations staff. He is learning all aspects of the operation including the golf shop, outside staff, starter and ranger.
- We have received positive verbal comments on renovated driving range and starter building.

GOLF MAINTENANCE

- Overall, the condition of the golf course, and the greens specifically, is excellent, although the main theme is soft conditions with all of the moisture we have received since early May (~15" snow fell on May 21, and 20" total for that week).
- Water! Groundwater, storm water, and a high flowing Gore Creek that has been approaching minor flood stage numbers over the last two weeks has both standing and moving water on holes 1,2,7-11, and 13. But, with moderate temperatures, we hope to escape any major creek breaches and eventually will see the course dry out. There is no predictable timeline for that though, all is weather dependent.
- Our most winter-damaged fairway, 7, was successfully grown back in with an aeration, seeding, and use of turf covers. The covers have been removed permanently but have yet to dry out enough for us to put them away for the season.
- Renovation continues on 15 tee complex, 16 back tee, and the re-alignment of the back tee on 14 will be last to commence.
- Once 15 tee complex has been sodded, we will have the option of playing from a mat on the forward tee to 15 green and abandoning hole 19. After a time of rooting and mending of the new turf on 15 tee complex, we will be able to enjoy playing from the new tees and a much improved golf hole.
- Starter building landscaping is being worked on for the ribbon cutting on June 21.
- On June 14, the range was opened full time, with use of the new mat line. The sodded tee still needs a little more time to root and mend so that we can begin hitting from the new turf.
- The renovation and re-sodding of all areas on 13, 14, and areas around and between holes 12/15/16 has been completed (other than 16 back tee); now we wait until the new turf is able to be opened to play, until then these areas are ground under repair.

SPORTS

- Despite the challenging spring weather, we are back on track as we have made up all postponed events and races.
- The whitewater series had record participation even with two snowy evenings. Thank you to all the participants, staff and partners who made the season so successful.
- Mountain biking is off to a strong start with a record number of kids at the Eagle Ranch Classic followed by even more at the rescheduled, youth only Yeti's Grind Minturn Mini. Adult participation has been steady and right on track with last year's numbers.
- Summer sports camp registrations are off to a challenging start with a very condensed schedule, due to this year's Eagle County School District calendar.
- We executed three trail running races and four mountain bike races as the hired specialists during the GoPro Mountain Games.
- All adult leagues are up and running with 33 softball teams, 13 8v8 soccer teams, 18 four-person sand volleyball teams, and two-person volleyball teams.

- We had our second trail running series event on Saturday, the Dynafit Beaver Creek Summer Solstice, benefiting the Vail Valley Charitable Fund.
- Now that our adopted North Trail has opened, we will be scheduling our trail work days.
- The fields hosted the first two large events of the summer - King of the Mountain Volleyball and the youth Vail Lacrosse Tournament. Both events were well attended, and the fields held up fairly well despite some challenging weather. Next up is the Vail Lacrosse Shootout from June 29 through July 7.
- Upcoming events, we are always looking for volunteers:
 - June 26 – East West Destination Davos Dash mountain bike race
 - July 6 – Dynafit Vail HillClimb trail running race

COMMUNITY PROGRAMMING

- Imagination Station has been busy with some very busy days in June. We have 30 to 50 people on a typical day and 70+ people on busy days. Additionally, quite a few camps are visiting with an additional 20 to 30 children. We are also staying busy with Paint Your Own Pottery. Summer hours are 10 a.m. to 5 p.m. daily, with the studio (including pottery, art, VR and sand pendulum) open 10 a.m. to 2 p.m. Monday through Friday.
- Camp Vail began Thursday, June 13. Camp Vail capacity will increase incrementally as new-hire background checks return.
- PreKamp Vail began Thursday, June 13. We began full staff and full capacity beginning June 24.
- Camp Vail Champions took place the week of June 17-21 with Camp Eco Fun staff.
- Camp Eco Fun began Monday, June 24.

PARKS

- We have had two major events, King of the Mountain and the Warrior Youth Lacrosse. During the lacrosse event we had almost an inch of rain. We managed pretty well but had some wear.
- Working on the fields getting ready for the shootout lax tournament, with a baseball camp in between.
- Still working on the grounds at the tennis center and pickleball.
- Got the irrigation on at Red Sandstone without too much damage.
- Cleaned up and washed the booth creek tennis courts.
- VRD softball, volleyball and soccer leagues are going in Vail and EagleVail respectively.
- The moisture overall has been helpful.