

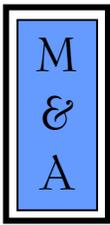
**Vail Park and Recreation District
dba Vail Recreation District
Vail, Colorado**

**Financial Statements
December 31, 2015**

**Vail Park and Recreation District
dba Vail Recreation District
Financial Statements
December 31, 2015**

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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, 2015, 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

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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, 2015, 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.
July 28, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Vail Park and Recreation District dba Vail Recreation District

Management's Discussion and Analysis December 31, 2015

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, 2015.

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.

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	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 5,848,024	\$ 5,099,130	624,554	1,810,910	6,472,578	6,910,040
Capital assets	546,044	780,096	5,628,628	5,497,413	6,174,672	6,277,509
Total Assets	6,394,068	5,879,226	6,253,182	7,308,323	12,647,250	13,187,549
Liabilities & Deferred Inflows:						
Current liab & def inflows	2,913,153	2,579,217	570,539	551,108	3,483,692	3,130,325
Long-term liabilities	-	-	985,000	1,205,000	985,000	1,205,000
Total Liab & Def Inflows	2,913,153	2,579,217	1,555,539	1,756,108	4,468,692	4,335,325
Net Position:						
Net investment in capital assets	546,044	780,096	4,376,156	4,087,413	4,922,200	4,867,509
Restricted	108,597	110,705	-	-	108,597	110,705
Unrestricted	2,826,274	2,409,208	321,487	1,464,802	3,147,761	3,874,010
Total Net Position	\$ 3,480,915	\$ 3,300,009	4,697,643	5,552,215	8,178,558	8,852,224

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 2015, capital assets accounted for 49% 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	
	2014	2014	2014	2014	2014	2014
Revenues:						
Program revenues:						
Charges for services	\$ 990,783	\$ 1,065,460	2,272,216	2,009,950	3,262,999	3,075,410
Operating grants & contributions	-	-	26,508	26,459	26,508	26,459
Capital grants & contributions	-	-	-	-	-	-
General revenues:						
Property taxes	2,455,789	2,453,231	256,652	297,209	2,712,441	2,750,440
Other taxes	135,951	137,708	14,186	16,332	150,137	154,040
Interest and other revenue	38,081	33,765	(6,680)	(7,274)	31,401	26,491
Total Revenues	3,620,604	3,690,164	2,562,882	2,342,676	6,183,486	6,032,840
Expenses:						
Administration	720,721	742,099	-	-	720,721	742,099
Sports programs	488,488	526,423	-	-	488,488	526,423
Gymnastics	209,371	222,785	-	-	209,371	222,785
Community programs	460,758	436,027	-	-	460,758	436,027
Public relations	242,900	219,116	-	-	242,900	219,116
Outdoor programs	104,637	98,979	-	-	104,637	98,979
Park maintenance	241,656	213,660	-	-	241,656	213,660
Facilities maintenance	127,493	120,641	-	-	127,493	120,641
Interest expense	-	361	65,557	76,203	65,557	76,564
Ice arena	-	-	852,327	846,334	852,327	846,334
Golf	-	-	2,241,279	1,993,379	2,241,279	1,993,379
Tennis	-	-	166,467	115,248	166,467	115,248
Loss on disposal of fixed assets	198,674	-	736,824	-	935,498	-
Transfers	645,000	1,700,000	(645,000)	(1,700,000)	-	-
Total Expenses	3,439,698	4,280,091	3,417,454	1,331,164	6,857,152	5,611,255
Change in Net Position	180,906	(589,927)	(854,572)	1,011,512	(673,666)	421,585
Net Position - Beginning	3,300,009	3,889,936	5,552,215	4,540,703	8,852,224	8,430,639
Net Position - Ending	\$ 3,480,915	\$ 3,300,009	4,697,643	5,552,215	8,178,558	8,852,224

Governmental activities: Net position of the governmental activities increased \$180,906 during 2015 after a decrease of \$589,927 during 2014. This change is largely due to the District transferring accumulating funds to the Business Type Activities for capital projects during 2014.

Business-type activities: Net position of the business-type activities decreased by \$854,572 during 2015 after an increase of \$1,011,512 during 2014. The decrease is largely due to a net loss on deletion of fixed assets that were removed as part of the golf clubhouse reconstruction project.

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, unreserved fund balance 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 \$413,201 during 2015 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 \$2,967,504. Of this balance, \$1,884 is nonspendable, \$108,618 is restricted for emergencies as required by TABOR, \$1,800,000 is assigned for future capital projects, and the remaining \$1,057,002 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 \$2,298,724 only covered 71% of the \$3,260,073 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 \$4,697,643; however, \$4,376,156 of this net position is invested in capital assets, net of related debt, leaving the proprietary fund with an unrestricted net position balance of \$321,487.

Budget variances: No budget amendments were required during 2015 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 capital assets decreased by \$102,837 as a result of capital additions being less than depreciation expense and capital 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 D12 and D13 of this report.

Long-term debts: During 2015 the District continued to make scheduled payments on its long-term debt. Details of the District's long term obligations are contained on pages D13 to D14 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, 2015**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents - Unrestricted	2,970,644	865	2,971,509
Cash and cash equivalents - Restricted	-	294,096	294,096
Receivables, net	66,087	24,032	90,119
Due from County Treasurer	12,131	-	12,131
Internal balances	9,870	(9,870)	-
Deposits and prepaid expenses	1,884	1,256	3,140
Property taxes receivable	2,787,408	281,771	3,069,179
Golf inventory	-	32,404	32,404
Capital assets, net	546,044	5,628,628	6,174,672
Total Assets	<u>6,394,068</u>	<u>6,253,182</u>	<u>12,647,250</u>
Liabilities:			
Accounts payable	64,489	18,121	82,610
Accrued interest payable	-	21,088	21,088
Unearned revenue	28,623	3,175	31,798
Accrued compensated absences:			
Due within one year	32,633	26,384	59,017
Revenue bonds payable:			
Due within one year	-	220,000	220,000
Due in more than one year	-	985,000	985,000
Total Liabilities	<u>125,745</u>	<u>1,273,768</u>	<u>1,399,513</u>
Deferred Inflow of Resources:			
Unavailable property tax revenue	2,787,408	281,771	3,069,179
Total deferred inflow of resources	<u>2,787,408</u>	<u>281,771</u>	<u>3,069,179</u>
Net Position:			
Net investment in capital assets	546,044	4,376,156	4,922,200
Restricted for emergencies	108,618	-	108,618
Unrestricted	2,826,253	321,487	3,147,740
Total Net Position	<u>3,480,915</u>	<u>4,697,643</u>	<u>8,178,558</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, 2015**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental activities:							
General administration	720,721	-	-	-	(720,721)	-	(720,721)
Sports programs	488,488	377,835	-	-	(110,653)	-	(110,653)
Gymnastics	209,371	167,229	-	-	(42,142)	-	(42,142)
Community programs	460,758	357,394	-	-	(103,364)	-	(103,364)
Public relations	242,900	-	-	-	(242,900)	-	(242,900)
Outdoor programs	104,637	88,325	-	-	(16,312)	-	(16,312)
Park maintenance	241,656	-	-	-	(241,656)	-	(241,656)
Facilities maintenance	127,493	-	-	-	(127,493)	-	(127,493)
Total Governmental Activities	<u>2,596,024</u>	<u>990,783</u>	<u>-</u>	<u>-</u>	<u>(1,605,241)</u>	<u>-</u>	<u>(1,605,241)</u>
Business-type activities:							
Ice arena	852,327	644,495	-	-	-	(207,832)	(207,832)
Golf	2,241,279	1,584,638	26,508	-	-	(630,133)	(630,133)
Tennis	166,467	43,083	-	-	-	(123,384)	(123,384)
Interest on long-term debt	65,557	-	-	-	-	(65,557)	(65,557)
Total Business-type Activities	<u>3,325,630</u>	<u>2,272,216</u>	<u>26,508</u>	<u>-</u>	<u>-</u>	<u>(1,026,906)</u>	<u>(1,026,906)</u>
Total	<u>5,921,654</u>	<u>3,262,999</u>	<u>26,508</u>	<u>-</u>	<u>(1,605,241)</u>	<u>(1,026,906)</u>	<u>(2,632,147)</u>
General Revenues:							
Property taxes					2,455,789	256,652	2,712,441
Specific ownership taxes					135,951	14,186	150,137
Delinquent taxes and interest					3,794	-	3,794
Investment income					34,287	1,020	35,307
Miscellaneous					-	(7,700)	(7,700)
Net (loss) gain on the sale of assets					(198,674)	(736,824)	(935,498)
Transfers					(645,000)	645,000	-
Total General Revenues					<u>1,786,147</u>	<u>172,334</u>	<u>1,958,481</u>
Change in Net Position					<u>180,906</u>	<u>(854,572)</u>	<u>(673,666)</u>
Net Position - Beginning					<u>3,300,009</u>	<u>5,552,215</u>	<u>8,852,224</u>
Net Position - Ending					<u>3,480,915</u>	<u>4,697,643</u>	<u>8,178,558</u>

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, 2015**

Assets:

Cash and cash equivalents - Unrestricted	2,970,644
Due from County Treasurer	12,131
Due from Enterprise Fund	9,870
Accounts receivable	66,087
Property taxes receivable	2,787,408
Inventory and prepaid expenses	1,884
Total Assets	<u><u>5,848,024</u></u>

Liabilities:

Accounts payable	64,489
Unearned revenue	28,623
Total Liabilities	<u><u>93,112</u></u>

Deferred Inflow of Resources:

Unavailable property tax revenue	2,787,408
Total Deferred Inflow of Resources	<u><u>2,787,408</u></u>

Fund Balances:

Nonspendable	1,884
Restricted for emergencies	108,618
Assigned for capital projects	1,800,000
Unassigned	1,057,002
Total Fund Balances	<u><u>2,967,504</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 \$1,284,797 net of accumulated depreciation of \$738,753. 546,044

Long-term liabilities, including accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. (32,633)

Net Position of Governmental Activities 3,480,915

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, 2015**

Revenues:	
Property taxes	2,455,789
Specific ownership taxes	135,951
Delinquent interest and taxes	3,794
Sports programs	377,835
Gymnastics	167,229
Outdoor programs	88,325
Community programs	357,394
Investment and other income	34,287
Total Revenues	<u>3,620,604</u>
Expenditures:	
General administration	627,664
Sports programs	470,069
Gymnastics	203,708
Community programs	441,036
Public relations	246,239
Outdoor programs	73,128
Park maintenance	195,198
Facilities maintenance	126,376
Treasurer's fees	73,791
Capital outlay	111,194
Total Expenditures	<u>2,568,403</u>
Excess (Deficiency) of Revenues Over Expenditures	1,052,201
Other Financing Sources (Uses):	
Sale of assets	6,000
Advance repayments	(17,887)
Transfers to other fund	(627,113)
Total Other Financing Sources (Uses)	<u>(639,000)</u>
Change in Fund Balance	413,201
Fund Balance - Beginning	<u>2,554,303</u>
Fund Balance - Ending	<u><u>2,967,504</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, 2015

Net Change in Fund Balance of the Governmental Fund	413,201
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>	
<p>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 the loss on the sale of assets of \$204,674 and depreciation of \$99,609 exceeded by current year capital outlay of \$70,231.</p>	(234,052)
<p>Decreases in accrued compensated absences do not consume current financial resources and, therefore, are not reported in the funds.</p>	<u>1,757</u>
Change in Net Position of Governmental Activities	<u><u>180,906</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, 2015**

Assets:

Current Assets:

Cash and cash equivalents - Unrestricted	865
Cash and cash equivalents - Restricted	294,096
Accounts receivable, net	24,032
Property tax receivable	281,771
Prepaid expense	1,256
Golf inventory	32,404
Total Current Assets	<u>634,424</u>

Non-current Assets:

Capital assets:	
Property and equipment	12,722,216
Accumulated depreciation	<u>(7,093,588)</u>
Net capital assets	<u>5,628,628</u>
Total Non-current Assets	<u>5,628,628</u>
Total Assets	<u>6,263,052</u>

Liabilities:

Current Liabilities:

Accounts payable	18,121
Due to General Fund	9,870
Accrued interest payable	21,088
Accrued compensated absences	26,384
Unearned revenue	3,175
Revenue bonds payable - Current	<u>220,000</u>
Total Current Liabilities	<u>298,638</u>

Non-current Liabilities:

Revenue bonds payable	<u>985,000</u>
Total Non-current Liabilities	<u>985,000</u>

Deferred Inflow of Resources:

Unavailable property tax revenue	<u>281,771</u>
Total Deferred Inflow of Resources	<u>281,771</u>

Net Position:

Net investment in capital assets	4,376,156
Unrestricted	<u>321,487</u>
Total Net Position	<u>4,697,643</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, 2015**

Operating Revenues:	
Charges for Services:	
Dobson Arena	644,495
Golf	1,143,394
Golf pro shop	198,657
Golf food and beverage	242,587
Tennis	43,083
Total Charges for Services	<u>2,272,216</u>
Intergovernmental:	
Lottery revenue	26,508
Total Intergovernmental	<u>26,508</u>
Total Operating Revenues	<u>2,298,724</u>
Operating Expenses:	
Dobson Arena	852,327
Golf	1,880,958
Golf pro shop - cost of goods sold	97,984
Golf food and beverage	173,732
Golf food and beverage - cost of goods sold	88,605
Tennis	166,467
Total Operating Expenses	<u>3,260,073</u>
Operating (Loss)	<u>(961,349)</u>
Non-operating Revenues (Expenses):	
Transfer from General Fund	645,000
Property tax revenue	256,652
Specific ownership revenue	14,186
Treasurer's fees	(7,700)
Interest revenue	1,020
Gain (loss) on disposal of assets	(736,824)
Interest expense	(65,557)
Total Non-operating Revenues (Expenses)	<u>106,777</u>
Change in Net Position	(854,572)
Net Position - Beginning	<u>5,552,215</u>
Net Position - Ending	<u><u>4,697,643</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, 2015**

Cash Flows From Operating Activities:	
Cash received from customers	2,241,969
Cash received from other governments	26,508
Cash paid to employees and contract labor	(954,117)
Cash paid for goods and services	<u>(1,696,120)</u>
Net Cash Provided (Used) by Operating Activities	<u>(381,760)</u>
Cash Flows From Non-Capital Financing Activities:	
Cash received from property taxes	256,652
Cash received from specific ownership taxes	14,186
Cash paid for treasurer's fees	(7,700)
Transfers in	<u>645,000</u>
Net Cash Provided by Non-Capital Financing Activities	<u>908,138</u>
Cash Flows From Capital and Related Financing Activities:	
Cash paid for capital assets	(1,467,671)
Cash paid for interest on capital debt	(69,144)
Cash paid for principal on capital debt	<u>(205,000)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,741,815)</u>
Cash Flows From Investing Activities:	
Interest received	<u>1,020</u>
Net Cash Provided by Capital and Related Financing Activities	<u>1,020</u>
Net Change in Cash and Cash Equivalents	<u>(1,214,417)</u>
Cash and Cash Equivalents - Beginning	<u>1,509,378</u>
Cash and Cash Equivalents - Ending	<u><u>294,961</u></u>
Financial Statement Captions:	
Cash and cash equivalents - unrestricted	865
Cash and cash equivalents - restricted	<u>294,096</u>
Cash and Cash Equivalents - Ending	<u><u>294,961</u></u>
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating (loss)	<u>(961,349)</u>
Adjustments to Reconcile:	
Depreciation expense	599,632
(Increase) decrease in accounts receivable	(21,142)
(Increase) decrease in inventory	25,846
(Increase) decrease in prepaid expense	(31)
Increase (decrease) in accounts payable	(11,406)
Increase (decrease) in due to General Fund	(7,353)
Increase (decrease) in deferred revenue	(9,105)
Increase (decrease) in accrued compensated absences	<u>3,148</u>
Total Adjustments	<u>579,589</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(381,760)</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, 2015**

Assets:	
Cash and cash equivalents	76,353
Total Assets	<u>76,353</u>
Net Position:	
Held in trust for future earnings	50,000
Held in trust for scholarships	<u>26,353</u>
Total Net Position	<u><u>76,353</u></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, 2015

Additions:	
Contributions	12,115
Investment income	<u>22</u>
Total Additions	<u>12,137</u>
Deductions:	
Bank fees	-
Recreation awards	<u>1,337</u>
Total Deductions	<u>1,337</u>
Change in Net Position	10,800
Net Position - Beginning	<u>65,553</u>
Net Position - Ending	<u><u>76,353</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, 2015**

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, 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, 2015
(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, 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, 2015
(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, 2015
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash and Cash Equivalents

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.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance was established at December 31, 2015, 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, 2015 are recorded as prepaid expenses.

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.

**Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2015
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Capital Assets (continued)

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:

Assets	Years
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.

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.

**Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2015
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Fund Balance (continued)

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.

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, 2015.

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.

**Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2015
(Continued)**

I. Summary of Significant Accounting Policies (continued)

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.

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 2015 budget year:

- (1) For the 2015 budget, prior to August 25, 2014, 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, 2014 only once by a single notification to the District.
- (2) On or before October 15, 2014, 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.

**Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2015
(Continued)**

III. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

- (3) For the 2015 budget, prior to December 15, 2014, 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 2014 were collected in 2015 and taxes certified in 2015 will be collected in 2016. 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.

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, 2015.

**Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2015
(Continued)**

III. Stewardship, Compliance, and Accountability (continued)

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

The District has reserved a portion of its December 31, 2015 year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$108,618, 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 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 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.?"

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, 2015 the District had no authorized but unissued debt.

**Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2015
(Continued)**

IV. Detailed Notes on All Funds

A. Deposits and Investments

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

Colorado statutes specify instruments that local governments may invest, and include:

- Obligations of the U.S. and certain U.S. government agencies securities
- Certain international agency securities
- General obligation and revenue bonds for U.S. local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Interest Rate Risk. The District limits its investments to savings accounts and investment pools (explained below) where each share is equal to one dollar and the District avoids interest rate risk.

Credit Risk. State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. 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 invests most funds in 2a7-like pools and thus avoids a concentration of credit risk.

Investment Pools

The District has invested \$2,373,733 in the Colorado Local Government Liquid Asset Trust ("COLOTRUST"), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank.

The custodian's internal records identify the investments owned by COLOTRUST. The District does not categorize its participation in COLOTRUST because the investment is not evidenced by securities specifically identifiable to the District.

Vail Park and Recreation District
 dba Vail Recreation District
 Notes to the Financial Statements
 December 31, 2015
 (Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

<u>Type</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Checking and savings		\$ 891,872		
<i>Investments:</i>				
COLOTRUST	AAA _m	2,373,733	2,373,733	
		<u>\$ 3,265,605</u>		

Financial Statement Captions:

Cash and cash equivalents - unrestricted	\$ 2,971,509
Cash and cash equivalents - restricted	294,096
	<u>\$ 3,265,605</u>

B. Interfund Receivables, Payables, and Transfers

Transfers for 2015 were as follows:

<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Amount</u>
General Fund	Enterprise Fund	<u>\$ 645,000</u>

The transfer was made to cover an operating cash shortfall.

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**Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2015
(Continued)**

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 197,598	-	(197,598)	-
Total capital assets, not being depreciated	<u>197,598</u>	<u>-</u>	<u>(197,598)</u>	<u>-</u>
Capital assets, being depreciated:				
Building and improvements	538,592	-	(8,512)	530,080
Equipment	732,063	70,231	(47,577)	754,717
Total capital assets, being depreciated	<u>1,270,655</u>	<u>70,231</u>	<u>(56,089)</u>	<u>1,284,797</u>
Less accumulated depreciation for:				
Building and improvements	(276,178)	(25,122)	8,195	(293,105)
Equipment	(411,979)	(74,488)	40,819	(445,648)
Total accumulated depreciation	<u>(688,157)</u>	<u>(99,610)</u>	<u>49,014</u>	<u>(738,753)</u>
Total capital assets, being depreciated, net	<u>582,498</u>	<u>(29,379)</u>	<u>(7,075)</u>	<u>546,044</u>
Governmental Activities Capital Assets, Net	<u>\$ 780,096</u>	<u>(29,379)</u>	<u>(204,673)</u>	<u>546,044</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 507,406	-	(507,406)	-
Total capital assets, not being depreciated	<u>507,406</u>	<u>-</u>	<u>(507,406)</u>	<u>-</u>
Capital assets, being depreciated:				
Building and improvements	11,729,433	1,278,000	(1,741,099)	11,266,334
Equipment	1,599,604	189,671	(333,393)	1,455,882
Total capital assets, being depreciated	<u>13,329,037</u>	<u>1,467,671</u>	<u>(2,074,492)</u>	<u>12,722,216</u>
Less accumulated depreciation for:				
Building and improvements	(7,083,127)	(482,021)	1,511,872	(6,053,276)
Equipment	(1,255,903)	(117,611)	333,202	(1,040,312)
Total accumulated depreciation	<u>(8,339,030)</u>	<u>(599,632)</u>	<u>1,845,074</u>	<u>(7,093,588)</u>
Total capital assets, being depreciated, net	<u>4,990,007</u>	<u>868,039</u>	<u>(229,418)</u>	<u>5,628,628</u>
Business-type Activities Capital Assets, Net	<u>\$ 5,497,413</u>	<u>868,039</u>	<u>(736,824)</u>	<u>5,628,628</u>

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**Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2015
(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	\$	13,481
Sports programs		4,285
Gymnastics		3,545
Community programs		20,892
Outdoor programs		22,380
Park maintenance		35,026
Total Depreciation Expense - Governmental Activities	\$	99,609

Business-type Activities:

Ice arena	\$	220,293
Golf		342,338
Tennis		37,001
Total Depreciation - Business-type Activities	\$	599,632

D. Long-term Obligations

At December 31, 2015, 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 \$277,489 at December 31, 2015.

**Vail Park and Recreation District
dba Vail Recreation District
Notes to the Financial Statements
December 31, 2015
(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, 2015 were as follows:

Business-type activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	220,000	57,489	277,489
2017	230,000	45,676	275,676
2018	240,000	33,338	273,338
2019	250,000	20,475	270,475
2020	265,000	6,956	271,956
Total	<u>\$ 1,205,000</u>	<u>163,934</u>	<u>1,368,934</u>

3. Changes in Long-term Obligations

Long-term liability activity for the year ended December 31, 2015 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	\$ 1,410,000	-	(205,000)	1,205,000	220,000

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, 2015
(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 \$26,508 of Colorado lottery funds during 2015 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 2015, the fund expended \$1,337 in recreation awards. At December 31, 2015, the fund had \$26,353 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, 2015
(Continued)**

V. Other Information (continued)

E. Retirement Plans (continued)

1. Defined Contribution Pension Plan (continued)

Employees have the option to make voluntary contributions of up to 10% of their compensation. 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, 2015 of \$3,620,457 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 2015, the District contributed \$101,179 to this plan on behalf of participating employees while the District's employees contributed \$38,204.

The total amount of the District's employees' covered payroll at December 31, 2015 was \$1,094,282 while total full-time payroll of the District for 2015 was \$1,176,652.

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 2015 contributions include the use of \$30,000 in forfeited funds. The forfeitures and revenue sharing proceeds available for spending at December 31, 2015 totaled \$180,394.

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, 2015
(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, 2015.

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.

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, 2015
(With Comparative Actual Amounts for 2014)**

	2015		Final Budget Variance Positive (Negative)	2014
	Original and Final Budget	Actual		Actual
Revenues:				
Property taxes	2,436,074	2,455,789	19,715	2,453,231
Specific ownership taxes	115,482	135,951	20,469	134,962
Delinquent taxes and interest	4,500	3,794	(706)	2,746
Sports programs	376,348	377,835	1,487	411,981
Gymnastics	215,638	167,229	(48,409)	193,441
Outdoor programs	83,000	88,325	5,325	97,767
Community programs	345,400	357,394	11,994	362,271
Investment and other income	34,260	34,287	27	33,765
Total Revenues	3,610,702	3,620,604	9,902	3,690,164
Expenditures:				
General administration	640,918	627,664	13,254	641,972
Sports programs	482,201	470,069	12,132	510,752
Gymnastics	231,306	203,708	27,598	212,017
Community programs	435,431	441,036	(5,605)	415,409
Public relations	249,047	246,239	2,808	220,208
Outdoor programs	78,000	73,128	4,872	71,069
Park maintenance	195,636	195,198	438	161,553
Facilities maintenance	121,746	126,376	(4,630)	119,689
Capital projects	179,476	111,194	68,282	150,604
Treasurer's fees	73,712	73,791	(79)	73,720
Contingency	25,000	-	25,000	-
Debt service:				
Principal	-	-	-	39,215
Interest	-	-	-	785
Total Expenditures	2,712,473	2,568,403	144,070	2,616,993
Excess of Revenues Over Expenditures	898,229	1,052,201	153,972	1,073,171
Other Financing Sources (Uses):				
Sale of assets	-	6,000	6,000	-
Advance repayments	(18,872)	(17,887)	985	17,601
Transfers out	(1,481,128)	(627,113)	854,015	(1,717,601)
Total Other Financing (Uses)	(1,500,000)	(639,000)	861,000	(1,700,000)
Change in Fund Balance	(601,771)	413,201	1,014,972	(626,829)
Fund Balance - Beginning	2,414,073	2,554,303	140,230	3,181,132
Fund Balance - Ending	1,812,302	2,967,504	1,155,202	2,554,303

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

SUPPLEMENTARY INFORMATION

**Vail Park and Recreation District
dba Vail Recreation District
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, 2015
(With Comparative Actual Amounts for 2014)**

	2015		2014	
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:				
Charges for Goods and Services:				
Dobson Ice Arena	575,555	644,495	68,940	555,584
Golf	1,087,700	1,143,394	55,694	1,186,227
Golf pro shop	174,100	198,657	24,557	230,021
Golf food and beverage	128,992	242,587	113,595	764
Tennis	37,965	43,083	5,118	37,354
Total Charges for Goods and Services	<u>2,004,312</u>	<u>2,272,216</u>	<u>267,904</u>	<u>2,009,950</u>
Intergovernmental:				
Lottery revenue	28,000	26,508	(1,492)	26,459
Total Intergovernmental	<u>28,000</u>	<u>26,508</u>	<u>(1,492)</u>	<u>26,459</u>
Total Operating Revenues	<u>2,032,312</u>	<u>2,298,724</u>	<u>266,412</u>	<u>2,036,409</u>
Operating Expenditures:				
Dobson Ice Arena	669,997	619,034	50,963	618,086
Golf	1,421,879	1,416,902	4,977	1,425,552
Golf pro shop - cost of goods sold	106,750	97,984	8,766	130,409
Golf food and beverage	131,019	173,732	(42,713)	2,384
Golf food and beverage - cost of goods sold	47,148	88,605	(41,457)	107
Tennis	67,389	66,864	525	80,141
Contingency	75,000	-	75,000	-
Total Operating Expenditures	<u>2,519,182</u>	<u>2,463,121</u>	<u>56,061</u>	<u>2,256,679</u>
Operating Income (Loss)	<u>(486,870)</u>	<u>(164,397)</u>	<u>322,473</u>	<u>(220,270)</u>
Non-operating Revenues (Expenditures):				
Investment and other income	1,500	1,020	(480)	1,647
Property tax revenue	253,994	256,652	2,658	297,209
Specific ownership tax revenue	12,050	14,186	2,136	16,332
Treasurer's fees	(7,692)	(7,700)	(8)	(8,921)
Capital outlay	(2,195,008)	(1,661,843)	533,165	(327,424)
Debt service on notes	-	-	-	(5,307)
Debt service on bonds	(274,145)	(274,144)	1	(279,275)
Total Non-operating Revenues (Expenditures)	<u>(2,209,301)</u>	<u>(1,671,829)</u>	<u>537,472</u>	<u>(305,739)</u>
Gain (Loss) Before Transfers	<u>(2,696,171)</u>	<u>(1,836,226)</u>	<u>859,945</u>	<u>(526,009)</u>
Transfers in	1,481,128	627,113	(854,015)	1,717,601
Advance repayments	18,872	17,887	(985)	(17,601)
Total Transfers	<u>1,500,000</u>	<u>645,000</u>	<u>(855,000)</u>	<u>1,700,000</u>
Change in Net Position - Budget Basis	<u>(1,196,171)</u>	<u>(1,191,226)</u>	<u>4,945</u>	<u>1,173,991</u>
Reconciliation of Budget Basis to GAAP Basis:				
Depreciation		(599,632)		(577,843)
Capitalized expenses		1,467,671		209,487
Change in accrued compensated absences		(3,148)		(2,502)
Book value of asset disposed		(736,824)		-
Note principal		-		5,203
Bond principal		205,000		200,000
Change in accrued interest payable		3,587		3,176
Total adjustments to GAAP Basis:		<u>336,654</u>		<u>(162,479)</u>
Change in Net Position - GAAP Basis		<u>(854,572)</u>		<u>1,011,512</u>
Net Position - Beginning		<u>5,552,215</u>		<u>4,540,703</u>
Net Position - Ending		<u>4,697,643</u>		<u>5,552,215</u>

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