

**BENNETT PARK AND RECREATION
DISTRICT**

Financial Statements

December 31, 2013

BENNETT PARK AND RECREATION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bennett Park and Recreation District
Adams County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bennett Park and Recreation District, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 from 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Bennett Park and Recreation District, as of December 31, 2013, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Bennett Park and Recreation District will continue as a going concern. As discussed in Note 3 to the financial statements, the District failed to make its full December debt service payment on the General Obligation Bonds. The required payments were made by the insurer of the bonds, thereby establishing a balance due from the District to the insurance company. The General Fund has also experienced significant excess expenditures over revenues for the past three years. This has resulted in the General Fund utilizing funds earmarked for bonded debt service to subsidize operations. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion

or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bennett Park and Recreation District's basic financial statements. The budget to actual schedules for the debt service and capital projects funds (the Supplementary Information) and the schedules of future debt service requirements and the schedule of assessed valuation, mill levy and property taxes collected (the Other Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Other Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Dargis & Platt, LLC

May 16, 2014

BENNETT PARK AND RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2013

As management of the Bennett Park and Recreation District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of 2013 by \$1,861,714. Of the net position total, \$1,942,042 is classified as net investment in capital assets and \$147,706 is restricted. The District has an unrestricted net position deficit of (\$228,034).
- The District's total net position decreased \$170,234. This was primarily due to depreciation on capital assets of \$176,945.
- The total cost of the District's programs decreased \$870 compared to 2012.
- Total revenue decreased \$55,316, or 9%, compared to 2012 due to decreases in property taxes levied for debt service.
- The District's governmental funds reported combined ending fund balance deficit of (\$66,215), a decrease of \$42,016 in comparison with the prior year.
- The General Fund reported a deficit *unassigned* fund balance of \$213,921 as of December 31, 2013. In November, following an unsuccessful election to increase the District's operating mill levy, the District closed the aquatics facility (with the exception of the continuous pool) in an effort to reduce costs.
- The District failed to make the December 1, 2013 debt service payment on the 2003 General Obligation Bonds totaling \$24,415. These payments were made by a bond insurance company, resulting in a balance payable from the District to the insurance company of the same amount.

Overview of the Financial Statements

This discussion and analysis are 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.

BENNETT PARK AND RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2013

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 of the District's assets and liabilities, with the difference between the two 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 District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include Administrative, Recreation, Aquatics and Janitorial services.

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.

Governmental funds. *Governmental funds* are used to account for essentially the same functions 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 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. Both the governmental funds balance sheet and

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund and the Debt Service Fund, which are considered to be major funds.

The District adopts an annual appropriated budget for all of its funds. Budgetary comparison statements and schedules have been provided for all funds to demonstrate compliance with the 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.

Supplementary and Other Information. In addition to the basic financial statements and the accompanying notes, this report also presents budget to actual schedules for the District's debt service and capital projects funds as well as schedules presenting the District's debt requirements and a history of assessed valuation and ill levies for the past five years.

Government-wide Financial Analysis

A. Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The analysis below focuses on the net position and changes in net position of the District's governmental activities.

Table 1 presents an analysis of the District's net position as of December 31, 2013 and 2012. The District's assets exceeded liabilities by \$1,861,714 at the close of 2013. Total net position decreased \$170,234 in 2013 and \$114,048 in 2012.

The decrease is comprised of the following:

- Total assets decreased \$152,597, or 3%, to \$4,226,173. This included an increase in property taxes receivable of \$13,800 combined with a decrease in capital assets of \$159,995 due to depreciation on capital assets.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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- Total liabilities increased \$3,837 to \$2,102,459. The increase was due to an increase in current liabilities of \$44,536 combined with decrease in long-term liabilities of \$40,699.

**Table 1
Bennett Park and Recreation District
Summary of Net Position**

	<u>2013</u>	<u>2012</u>
Assets		
Current and other assets	\$ 276,986	\$ 269,588
Capital assets	<u>3,949,187</u>	<u>4,109,182</u>
Total assets	<u>4,226,173</u>	<u>4,378,770</u>
Liabilities		
Long-term liabilities	1,920,953	1,961,652
Other liabilities	<u>181,506</u>	<u>136,970</u>
Total liabilities	<u>2,102,459</u>	<u>2,098,622</u>
Deferred Inflows of Resources	<u>262,000</u>	<u>248,200</u>
Net Position		
Net Investment in capital assets	1,942,042	2,063,325
Restricted	147,706	140,586
Unrestricted	<u>(228,034)</u>	<u>(171,963)</u>
Total net assets	<u>\$ 1,861,714</u>	<u>\$ 2,031,948</u>

The largest portion of the District's assets reflects its investment of \$3,949,187 in capital assets (e.g., buildings and equipment). Net Capital assets are reported less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, \$147,706 represents resources that are subject to external restrictions on how they may be used. The District's unrestricted net position was a deficit of \$228,034 at the end of the year. The deficit amount was a result of the accumulation of capital asset depreciation over the amount paid on the related debt.

BENNETT PARK AND RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2013

B. Analysis of Changes in Net Position

As presented in Table 2, the District's net position decreased \$170,234 during 2013. The decrease is mainly due to depreciation on the capital assets of the District.

Revenues decreased \$55,316, or 9%, compared to 2012. The decrease was due primarily to decreases in property taxes levied for debt service of \$41,802.

Expenses increased just \$870 in 2013.

Table 2
Bennett Park and Recreation District
Summary of Changes in Net Position

Revenues	2013	2012
Program revenues		
Fees and Charges for Services	\$ 222,146	\$ 233,300
Operating Grants and Contributions	47,166	19,325
Capital Grants and Contributions	17,065	15,933
General Revenues		
Taxes	260,692	302,779
Investment Earnings	40	388
Other	1,511	32,211
Total revenues	<u>548,620</u>	<u>603,936</u>
Expenses		
Administration	227,864	152,669
Recreation	186,312	248,574
Janitorial	28,698	28,741
Interest on Long-term Debt	99,035	105,058
Unallocated Depreciation	<u>176,945</u>	<u>182,942</u>
Total expenses	<u>718,854</u>	<u>717,984</u>
Change in Net Position	(170,234)	(114,048)
Net Position - Beginning, as restated	<u>2,031,948</u>	<u>2,145,996</u>
Net Position - Ending	<u><u>\$ 1,861,714</u></u>	<u><u>\$ 2,031,948</u></u>

BENNETT PARK AND RECREATION DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

Financial Analysis of the Government's Funds

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

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable resources*. This information is necessary to assess the District's financing requirements. Types of governmental funds reported by the District include the General Fund and the Debt Service Fund.

At December 31, 2013, the District's governmental funds reported combined ending fund balance *deficit* of \$66,215, a decrease of \$42,016. Included in this year's total change in fund balance is a deficit of \$203,076 in the District's General Fund. In November 2013, the District closed a large portion of the aquatics facility.

The fund balance of the District's General Fund decreased \$55,629 during 2013. Key factors are as follows:

- A decrease in revenues of \$12,939, or 3.1%. The General Fund's main revenue source of recreation and aquatics revenues decreased \$11,154 from \$233,300 in 2012 to \$222,146 in 2013.
- Expenditures were relatively flat, decreasing just \$291. Personnel expenditures increased approximately \$3,500, or 2%. As mentioned earlier, the District closed part of the aquatics facility in November. As a result, expenditures for utility costs decreased approximately \$20,800.

The fund balance of the Debt Service Fund increased from \$123,248 to \$136,861. The District failed to make its scheduled bond payment on December 1, 2013. The shortfall amounting to \$24,415 was made by the bond insurer and is recorded as a current liability and expenditure in 2013.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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General Fund Budgetary Highlights

General Fund Revenues were \$33,644 less than budgeted and expenditures were \$35,250 more than budgeted for 2013 for a total negative variance of \$68,894. The General Fund experienced excess expenditures over revenues for the years ended December 31, 2013 and 2012 in the amount of \$55,629 and \$42,981, respectively.

The budget for the year of 2013 was not met due to over spending in three different areas:

- Legal fees and County election costs increased due to the November ballot question
- Increase in the minimum wage from \$7.64 to \$7.78 per hour
- Increase in liability insurance due to a correction in rate by the Colorado Special Districts Property and Liability Pool

Capital Assets and Debt Administration

A. Capital assets

As can be seen from the table below, the District's investment in capital assets as of December 31, 2013 amounts to \$3,949,187 (net of accumulated depreciation). This investment in capital assets includes buildings, improvements and machinery and equipment.

The following table provides comparative information on the District's net capital assets for 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Recreation Center	\$ 1,756,311	\$ 1,796,748
Pool	2,173,528	2,305,257
Equipment, Furniture & Fixtures	19,348	7,177
Total Capital Assets, Net	<u>\$ 3,949,187</u>	<u>\$ 4,109,182</u>

Additional information on capital assets can be found in the notes to the financial statements (Note 5).

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B. Debt Administration

The following tables provide comparative information on the District's long-term debt for 2013 and 2012.

	<u>2013</u>	<u>2012</u>
General Obligation Bonds	\$ 1,735,000	\$ 1,775,000
Deferred Bond Premium	4,179	4,481
Town of Bennett Development Fees	30,968	30,968
Capital Leases	236,998	235,408
Compensated Absences	7,067	-
Total Long-term Debt	<u>\$ 2,014,212</u>	<u>\$ 2,045,857</u>

As mentioned earlier, the District was unable to make its scheduled December 2, 2013 principal and interest payments related to the General Obligation Bonds. The scheduled payments were made on the District's capital lease obligations.

Additional information on the District's long-term obligations can be found in the notes to the financial statements (Note 7).

Next Year's Budgets and Rates

We currently are operating on the mill levy that was approved for phase 1 of our facility. When phase 2 was implemented, no mill levy increase was requested. With the growth of the facility, including the pool, revenues did not keep pace with our increases expenses. In November 2013, a mill levy increase was requested from our voters but was rejected.

The largest pool in our aquatic facility was closed November 10, 2013. We are continually reducing our aquatic operations and administrative operations in order to meet our budget and still meet the community needs. At this time, we are continuing our effort to meet our annual budget.

In order to increase revenues, we are doing the following:

- In 2014, we are in communication with local commercial companies for grants or endowments.
- Continue to increase facility rentals.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2013

- Continue our ongoing requests for operating grants. We have requested annual financial support from the Town of Bennett. In 2013, we received a donation of \$10,000 from the Town.
- Continue our effort to increase classes and programs, while keeping the cost minimal by using volunteers.
- We are currently considering refinancing the District's outstanding General Obligation Bonds in the hope of reducing the required debt service mill levy.

We will reduce expenditures by doing the following:

- Remain on reduced hours of operations and eliminate full-time hours for the summer. Our hours are 5:30am to 11:00am, and then reopening at 4:00pm to 8:00pm. This change in time has allowed us to be open during peak times, thus optimizing our hours of operation. In the summer, traditionally, we have changed our hours and open from 5:30am to 8:00pm with no mid-day closures. By choosing to close in the summer, we will save a considerable amount in staff payroll costs as well as utilities costs. This is estimated to decrease our payroll costs by \$15,000 to \$20,000.
- In the spirit of going "green" we are looking at halogen light bulb alternatives.
- We have also decreased the amount of time our Desert Air dehumidifier unit operates by 2/3.
- A portion of our instructional staff is willing to continue to donate their time when teaching. We have also implemented a program that allows the instructors to teach a class, in trade for childcare.

The Board of Directors is committed to bringing the District's budget in balance. We believe that through the changes listed above and continually considering other cost saving options, we will be able to achieve our budget goals.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Bennett Park and Recreation District at PO Box 379, Bennett, Colorado, 80102.

BASIC FINANCIAL STATEMENTS

BENNETT PARK AND RECREATION DISTRICT

**STATEMENT OF NET POSITION
December 31, 2013**

Assets	
Cash and Investments	\$ 12,103
Cash with County Treasurer	1,295
Other Receivables	1,588
Property Taxes Receivable	262,000
Capital Assets, Net of Accumulated Depreciation	3,949,187
Total Assets	<u>4,226,173</u>
Liabilities	
Accounts Payable	56,786
Due to Insurance Company for Bond Payment	24,415
Accrued Interest Payable	7,046
Noncurrent Liabilities	
Due Within One Year	93,259
Due In More Than One Year	1,920,953
Total Liabilities	<u>2,102,459</u>
Deferred Inflows of Resources	
Unavailable Revenue - Property Taxes	262,000
Net Position	
Net Investment in Capital Assets	1,942,042
Restricted	
Debt Service	136,861
Labor Emergencies	10,800
Conservation Trust Fund	45
Unrestricted	(228,034)
Total Net Position	<u>\$ 1,861,714</u>

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

BENNETT PARK AND RECREATION DISTRICT

**STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013**

<u>Function/Program Activities</u>	Expenses	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Administration	\$ 227,864	\$ -	\$ -	\$ -	\$ (227,864)
Recreation Programs	186,312	222,146	47,154	17,065	100,053
Janitorial	28,698	-	-	-	(28,698)
Interest on Long-term Debt	99,035	-	12	-	(99,023)
Unallocated Depreciation	176,945	-	-	-	(176,945)
Total	\$ 718,854	\$ 222,146	\$ 47,166	\$ 17,065	(432,477)
General Revenues					
Property Taxes					242,387
Specific Ownership Taxes					18,305
Unrestricted Investment Earnings					40
Miscellaneous					1,511
Total General Revenues					<u>262,243</u>
Change in Net Position					(170,234)
Net Position - Beginning, as Restated					<u>2,031,948</u>
Net Position - Ending					<u>\$ 1,861,714</u>

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

BENNETT PARK AND RECREATION DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Investments	\$ -	\$ 12,103	\$ 12,103
Cash with County Treasurer	1,295	-	1,295
Other Receivables	1,588	-	1,588
Due from Other Funds	-	149,173	149,173
Property Taxes Receivable	103,000	159,000	262,000
Total Assets	<u>\$ 105,883</u>	<u>\$ 320,276</u>	<u>\$ 426,159</u>
Liabilities			
Accounts Payable	\$ 56,786	\$ -	\$ 56,786
Due to Insurance Company for Bond Payment	-	24,415	24,415
Due to Other Funds	149,173	-	149,173
Total Liabilities	<u>205,959</u>	<u>24,415</u>	<u>230,374</u>
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	103,000	159,000	262,000
Fund Balances (Deficit)			
Restricted for Debt Service	-	136,861	136,861
Restricted for TABOR Emergencies	10,800	-	10,800
Restricted for Conservation Trust Fund	45	-	45
Unassigned (Deficit)	(213,921)	-	(213,921)
Total Fund Balances (Deficit)	<u>(203,076)</u>	<u>136,861</u>	<u>(66,215)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 105,883</u>	<u>\$ 320,276</u>	<u>\$ 426,159</u>

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

BENNETT PARK AND RECREATION DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2013**

Total Fund Balance (Deficit) for Governmental Funds		\$ (66,215)
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Those assets consist of:		
Recreation Building, Net	\$ 1,756,311	
Swimming Pool, Net	2,173,528	
Equipment and Furniture, Net	<u>19,348</u>	3,949,187
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.		
Balances at December 31, 2013 are:		
General Obligation Bonds Payable	\$ (1,735,000)	
Bond Premium	(4,179)	
Town of Bennett Development Fees	(30,968)	
Capital Lease Obligations	(236,998)	
Compensated Absences	<u>(7,067)</u>	(2,014,212)
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due		<u>(7,046)</u>
Net Position of Governmental Activities		<u><u>\$ 1,861,714</u></u>

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

BENNETT PARK AND RECREATION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues			
Property Taxes	\$ 99,815	\$ 142,572	\$ 242,387
Specific Ownership Taxes	18,305	-	18,305
Conservation Trust Fund	20,570	-	20,570
Recreation Revenues	222,146	-	222,146
Intergovernmental Revenue	17,065	-	17,065
Contributions	26,584	-	26,584
Net Investment Income	40	12	52
Other	1,511	-	1,511
Total Revenues	<u>406,036</u>	<u>142,584</u>	<u>548,620</u>
Expenditures			
Current			
Administration	221,855	2,841	224,696
Recreation	83,029	-	83,029
Aquatics	99,384	-	99,384
Janitorial	28,698	-	28,698
Debt Service			
Principal	15,360	40,000	55,360
Interest	13,339	86,130	99,469
Capital Outlay	16,950	-	16,950
Total Expenditures	<u>478,615</u>	<u>128,971</u>	<u>607,586</u>
Excess Revenues Over (Under) Expenditures	<u>(72,579)</u>	<u>13,613</u>	<u>(58,966)</u>
Other Financing Sources			
Capital Lease Proceeds	16,950	-	16,950
Net Change in Fund Balances	<u>(55,629)</u>	<u>13,613</u>	<u>(42,016)</u>
Fund Balances (Deficit) - Beginning	<u>(147,447)</u>	<u>123,248</u>	<u>(24,199)</u>
Fund Balances (Deficit) - Ending	<u>\$ (203,076)</u>	<u>\$ 136,861</u>	<u>\$ (66,215)</u>

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

BENNETT PARK AND RECREATION DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013**

Net Change in Fund Balances - Governmental Funds	\$	(42,016)
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 and reported as depreciation expense. This is the amount by which depreciation expense of \$176,945 exceeded capital outlays of \$16,950 current period.		
		(159,995)
The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to the governmental funds. However, issuing debt increases long-term liabilities on the statement of net position, so these transactions have no effect on net position.		
Capital Lease Proceeds		(16,950)
Repayments of principal:		
General Obligation Refunding Bonds		40,000
Capital Lease Obligations		15,360
Interest expense in the statement of activities differs from the amount reported in governmental funds because of additional accrued and accreted interest, amortization of bond premiums and issue costs.		
Decrease in accrued interest on long-term debt	\$	132
Amortization of bond premium		302
		<u>434</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Adjustment to compensated absences liability		<u>(7,067)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(170,234)</u></u>

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

BENNETT PARK AND RECREATION DISTRICT

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2013

(With Comparative Actual Totals for the Year Ended December 31, 2012)

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2012 Actual</u>
Revenues				
Property Taxes	\$ 102,240	\$ 99,815	\$ (2,425)	\$ 99,278
Specific Ownership Tax	14,500	18,305	3,805	19,127
Conservation Trust Fund	17,000	20,570	3,570	18,738
Admissions	50,500	27,433	(23,067)	31,389
Program Fees	80,000	78,142	(1,858)	79,239
Room Rentals	25,000	17,131	(7,869)	10,899
Memberships	122,000	99,440	(22,560)	111,773
Intergovernmental Revenue	-	17,065	17,065	15,933
Advertising	5,000	600	(4,400)	5,148
Vending and Sales	5,000	911	(4,089)	2,055
Contributions	10,000	26,584	16,584	11,727
Net Investment Income	440	40	(400)	388
Insurance Reimbursement	-	-	-	4,030
Other	8,000	-	(8,000)	9,251
Total Revenues	439,680	406,036	(33,644)	418,975
Expenditures				
Current				
Administration:				
Personnel Services	78,000	81,859	(3,859)	75,821
Accounting and Administration	3,900	5,317	(1,417)	7,435
Audit	3,900	3,900	-	3,900
Bank and Credit Card Fees	5,000	5,295	(295)	5,310
Advertising	6,000	5,163	837	10,020
Copier	3,000	-	3,000	2,950
Dues and Subscriptions	1,000	975	25	108
Insurance	14,500	17,179	(2,679)	14,763
Legal Fees	2,000	12,338	(10,338)	8,054
Meeting and Travel	2,000	3,639	(1,639)	1,947
Office Supplies	1,200	580	620	1,139
Postage	250	417	(167)	301
Equipment Rental	-	5,142	(5,142)	3,888
Repairs and Maintenance	50	10,817	(10,767)	655

(Continued)

BENNETT PARK AND RECREATION DISTRICT

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2013

(With Comparative Actual Totals for the Year Ended December 31, 2012)

(Continued)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2012 Actual
Administration (Continued):				
Small Equipment, Signs and Supplies	\$ 3,000	\$ 1,179	\$ 1,821	\$ 49
Telephone and Internet	3,000	2,731	269	2,565
County Treasurer's Fees	1,800	1,499	301	1,493
Utilities	57,000	60,448	(3,448)	81,275
Other	1,800	3,377	(1,577)	1,071
Subtotal Administration	187,400	221,855	(34,455)	222,744
Recreation:				
Personnel Services	72,000	60,604	11,396	66,920
Community Events and Programs	-	1,723	(1,723)	3,446
Dues and Subscriptions	-	1,575	(1,575)	300
Insurance	-	518	(518)	-
Marketing	-	2,620	(2,620)	3,863
Meeting and Travel	-	-	-	258
Office Supplies	-	557	(557)	192
Program Supplies	3,000	5,067	(2,067)	1,113
Professional Services	-	1,517	(1,517)	20
Repairs and Maintenance	5,000	8,641	(3,641)	2,369
Small Equipment, Signs and Supplies	-	-	-	294
Equipment Rental	-	207	(207)	1,227
Subtotal Recreation	80,000	83,029	(3,029)	80,002
Aquatics:				
Personnel Services	84,000	79,203	4,797	82,464
Chemicals	8,000	6,894	1,106	5,970
Dues and Subscriptions	650	82	568	-
Program Supplies	1,100	845	255	178
Marketing	-	-	-	38
Meeting and Travel	400	390	10	54
Repairs and Maintenance	5,000	11,219	(6,219)	13,945
Small Equipment, Signs and Supplies	500	-	500	2,975
Equipment Rental	-	751	(751)	-
Subtotal Aquatics	99,650	99,384	266	105,624

(Continued)

BENNETT PARK AND RECREATION DISTRICT

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2013

(With Comparative Actual Totals for the Year Ended December 31, 2012)

(Continued)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2012 Actual
Janitorial:				
Personnel Services	\$ 22,520	\$ 22,346	\$ 174	\$ 15,431
Building Repairs and Maintenance	5,000	792	4,208	8,498
Equipment Parts and Repairs	1,000	-	1,000	-
Janitorial Supplies	6,000	5,560	440	4,812
Subtotal Janitorial	34,520	28,698	5,822	28,741
Debt Service				
Capital Lease Principal	13,238	15,360	(2,122)	12,600
Capital Lease Interest	11,607	13,339	(1,732)	12,245
Subtotal Debt Service	24,845	28,699	(3,854)	24,845
Total Expenditures	426,415	461,665	(35,250)	461,956
Net Change in Fund Balance	13,265	(55,629)	(68,894)	(42,981)
Fund Balance - Beginning	(114,590)	(147,447)	(32,857)	(104,466)
Fund Balance - Ending	\$ (101,325)	\$ (203,076)	\$ (101,751)	\$ (147,447)

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

BENNETT PARK AND RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2013

Note 1 – Definition of Reporting Entity

The Bennett Park and Recreation District (the District), is a quasi-municipal corporation which was organized on January 2, 2001 and is governed pursuant to provisions of the Colorado Special District Act. The District was organized for the purpose of providing recreational facilities and programs for its inhabitants. The District is located in the Town of Bennett in Adams County, Colorado.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

Note 2 – Summary of Significant Accounting Policies

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Governmental activities are normally supported by taxes, intergovernmental revenue and fees and charges.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using *the economic resources measurement focus* and the *accrual basis of accounting*. Revenue are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. Property taxes and certain service fees associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of long-term obligation principal, interest and related costs (other than proprietary fund debt).

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors may modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Excess of expenditures over appropriations

For the year ended December 31, 2013, expenditures exceeded appropriations in the General Fund by \$35,250. This may be a violation of Colorado Revised Statutes.

Deficit Fund Balance

The District has accumulated a deficit fund balance in the General Fund in the amount of \$203,076. This may be a violation of the State of Colorado's local government budget law. The District is planning on reducing this deficit by increasing program revenues and decreasing expenditures.

Cash and Investments

Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest which include: obligations of the United States and certain U.S. government agency securities, general obligation and revenue bonds of U.S. local government entities, bankers acceptances of certain banks, commercial paper, certain corporate bonds, written repurchase agreements collateralized by certain authorized securities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Interfund Receivables and Payables

Due to and Due from Other Funds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”.

Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets defined by the District as assets include improvements to buildings and equipment with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

Building	50 years
Aquatics Center (Swimming Pool)	20 years
Machinery and equipment	5-15 years

Property Taxes

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessors generally as of January 1 of each year. The levy is normally set December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurers collect the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and sales of the tax liens on delinquent properties are normally held in November or December. The County Treasurers remit the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. Property taxes are recorded as revenue in the year it is available or collected (the year it is levied for).

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Long Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premiums and discounts. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight method and charged to interest expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, even if withheld from the actual new proceeds received, are reported as debt services expenditures, in both the government-wide statements and fund financial statements.

Deferred Outflows/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 until then.

In addition to liabilities, the statement of net position and the governmental funds balance sheet 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 resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, one item, unavailable revenue – property tax, is reported in both the government-wide statement of net position and the governmental funds balance sheet. This amount is deferred and recognized as inflow of resources in the period that the amounts become available.

Compensated Absences

It is the District's policy to allow employees to accumulate unused vacation leave up to a certain maximum amount of hours, depending on years of service. All such benefits are accrued when incurred in the government-wide financial statements. A liability for this amount is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are generally liquidated by the General Fund. All unpaid vacation balances are paid at the hourly rate when the employee retires, resigns or is terminated.

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Net Position and Fund Equity

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets is intended to reflect the portion of net position that are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted net position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation.

Unrestricted net position represents assets that do not have any third party limitations on their use.

Fund Balances

Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The following classifications describe the relative strength of the spending constraints:

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted - Fund balances are reported as restricted when there are constraints placed on their use that are either: a) externally imposed by creditors (such as through debt covenant), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

The District reports the following restricted fund balances:

Restricted for Debt Service

Represents the portion of fund balance that is legally restricted to payment of principal and interest on long-term debt maturing in future years.

Restricted for TABOR Emergencies

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

Restricted for Conservation Trust Fund

The amount reserved for Conservation Trust Fund represents the balance of funds remaining from the Conservation Trust (State Lottery) Fund proceeds.

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors through the adoption of a resolution. The Board of Directors also may modify or rescind the commitment.

Assigned - Fund balances are reported as assigned when amounts are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The District reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. An example of such an estimate that has been made by management is depreciation expense.

New Accounting Pronouncement

Effective January 1, 2013, the District implemented the provisions of GASB No. 65, "Items Previously Reported as Assets and Liabilities" (GASB No. 65).

GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets or liabilities. Some assets previously reported as assets are now reported as an outflow of resources/expenses. One of these assets is debt issuance costs. The District's beginning net position has been restated to reflect expensing of all debt issuance costs that had been previously capitalized.

The effect of this treatment is as follows:

Net position - December 31, 2012 as originally stated	\$ (2,122,641)
Restatement related to debt issuance costs	<u>(90,693)</u>
Net position - December 31, 2012, as restated	\$ <u>(2,031,948)</u>

Additionally, the District's receivable related to property taxes to be collected in 2014 is treated as a deferred inflow of resources.

Note 3 – Going Concern

As indicated in the accompanying financial statements, the District's General Fund reported a decrease in fund balance of \$55,629 during the year ended December 31, 2013. As of that date, the District's fund balance reached a deficit of \$203,076. Moreover, the General Fund reported decreases in fund balance for the years ending December 31, 2012, 2011 and 2010 of \$42,981, \$37,755 and \$151,697, respectively.

At December 31, 2013, and as described in Note 6, the General Fund has an interfund liability to the Debt Service Fund amounting to \$149,173. As further described in Note 7, the District failed to make its full debt service payment in December required by the District's outstanding

BENNETT PARK AND RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

bonds. This was primarily a result of the District's property taxes levied for debt service being used for operations. Pursuant to an agreement with the insurance company, the shortage in the debt service payment was made by the insurer of the bonds, resulting in a liability from the District to the insurance company. In 2014, the District has implemented procedures in this area so that the taxes levied for debt service are segregated so that scheduled debt service payments will be made.

The District is currently exploring ways to reduce costs where possible; including shortening the hours the recreation facility is open. In November 2013, following an unsuccessful election to increase the District's operating mill levy, the District closed the aquatics facility (with the exception of the continuous pool) in an effort to reduce costs.

The uncertainty surrounding the District's ability to adequately reduce costs in order for the District to continue to provide services, as well as increase funds in order for the General Fund to repay the interfund loan to the Debt Service Fund raises substantial doubt about the District's ability to continue as a going concern.

In any event, the District will continue to levy property taxes for both operations and debt service.

Note 4 – Cash and Investments

At December 31, 2013 the District had the following cash and investments:

Cash Deposits	\$ 9,877
Investments	<u>2,226</u>
	<u>\$ 12,103</u>

Cash Deposits

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits

BENNETT PARK AND RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2013

as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2013, the District's deposits amounting to \$10,592 were insured by federal depository insurance and consequently were not exposed to custodial credit risk.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to Local Government Investment Pools, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk.

Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors, such actions are generally associated with a debt service reserve or sinking fund requirements.

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

- Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- General obligation and revenue bonds of US local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

As of December 31, 2013, the District has invested \$2,226 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool 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 the pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes.

The District's investment in COLOTRUST is rated AAAM by Standard and Poor's.

Note 5 – Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2013 follows.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated				
Recreation Center	\$ 2,006,553	\$ -	\$ -	\$ 2,006,553
Pool	2,634,580	-	-	2,634,580
Equipment, Furniture & Fixtures	75,059	16,950	-	92,009
Total Capital Assets Being Depreciated	<u>4,716,192</u>	<u>16,950</u>	<u>-</u>	<u>4,733,142</u>
Less Accumulated Depreciation for				
Recreation Center	(209,805)	(40,437)	-	(250,242)
Pool	(329,323)	(131,729)	-	(461,052)
Equipment, Furniture & Fixtures	(67,882)	(4,779)	-	(72,661)
Total Accumulated Depreciation	<u>(607,010)</u>	<u>(176,945)</u>	<u>-</u>	<u>(783,955)</u>
Total Capital Assets, Net	<u>\$ 4,109,182</u>	<u>\$ (159,995)</u>	<u>\$ -</u>	<u>\$ 3,949,187</u>

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Note 6 – Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2013, is as follows:

Due to / from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service Fund	General Fund	\$149,173

The outstanding balance referred to above represents expenditures incurred by the General Fund that have yet to be reimbursed to the Debt Service Fund.

Note 7 – Long-Term Obligations

The following is an analysis of changes in the governmental activities long-term obligations for the year ended December 31, 2013.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 1,775,000	\$ -	\$ 40,000	\$ 1,735,000	\$ 45,000
Deferred Premium	4,481	-	302	4,179	-
Capital Lease Obligations					
Building Improvements	235,408	-	13,237	222,171	13,908
Recreation Equipment	-	16,950	2,123	14,827	3,383
Town of Bennett					
Development Fees	30,968	-	-	30,968	30,968
Compensated Absences	-	7,067	-	7,067	7,067
Total	<u>\$ 2,045,857</u>	<u>\$ 24,017</u>	<u>\$ 55,662</u>	<u>\$ 2,014,212</u>	<u>\$ 100,326</u>

The detail of the District's governmental activities long-term obligations are as follows:

\$1,800,000 General Obligation Bonds, dated November 1, 2003. The bonds were issued to fund the construction of the Bennett Recreation Center. The bonds consist of \$385,000 of serial bonds due annually in varying amounts from 2012 through 2018, term bonds in the original amount of \$615,000 due on December 1, 2023, term bonds in the original amount of \$800,000 due on December 1, 2027. Interest on the serial and term bonds are payable semiannually at rates ranging from 3.80% to 4.5%.

The bonds maturing on and after December 1, 2014 are subject to redemption on December 1, 2013 and on any date thereafter upon payment of par plus accrued interest thereon, without

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

redemption premium. The term bonds maturing on December 31, 2023 and 2027 are subject to mandatory sinking fund redemption on December 1, 2019 and 2024, respectively. When issued, the bonds were rated “AA” by Standard & Poor’s. Repayment of both principal and interest on the bonds are insured by Radian Asset Assurance Inc.

The District failed to make the December 1, 2013 debt service payments on the bonds, totaling \$24,415. These payments were made by Radian Asset Assurance Inc., resulting in a balance payable from the District to the insurance companies of the same amount.

Annual debt service requirements to maturity for general obligation bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 45,000	\$ 84,550	\$ 129,550
2015	55,000	82,728	137,728
2016	65,000	80,445	145,445
2017	75,000	77,650	152,650
2018	80,000	74,350	154,350
2019-2023	615,000	299,000	914,000
2024-2027	800,000	105,000	905,000
	<u>\$ 1,735,000</u>	<u>\$ 803,723</u>	<u>\$ 2,538,723</u>

Capital Lease Obligations

Building Improvements

On October 22, 2010, the District entered into a lease agreement in the original amount of \$250,000 to fund a portion of an addition to the recreation center, including a swimming pool, locker rooms, equipment rooms, storage and meeting rooms. A portion of the building constructed with the proceeds of this financing serves as security under the lease. Lease payments are due in annual installments beginning April 20, 2011 through October 20, 2025, with interest at 5%. Lease payments are made by the General Fund.

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

The net present value of these minimum lease payments as of December 31, 2013, is as follows:

Year Ending December 31	Amount
2014	\$ 24,845
2015	24,845
2016	24,845
2017	24,845
2018	24,845
2019-2023	124,221
2024-2025	<u>49,689</u>
Minimum lease payments	298,135
Less: Amount representing interest	<u>(75,964)</u>
Present value of minimum Lease Payments	<u>\$ 222,171</u>

Recreation Equipment

On January 8, 2013, the District entered into a lease agreement in the original amount of \$16,950 to purchase weight room equipment. Lease payments are due in 60 monthly installments beginning January 8, 2013 through December 8, 2017, with interest at 13%. Lease payments are made by the General Fund.

The net present value of these minimum lease payments as of December 31, 2013, follows:

Year Ending December 31	Amount
2014	\$ 5,397
2015	4,626
2016	4,626
2017	<u>4,626</u>
Minimum lease payments	19,275
Less: Amount representing interest	<u>(4,448)</u>
Present value of minimum Lease Payments	<u>\$ 14,827</u>

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Town of Bennett Intergovernmental Agreement – Development and Tap Fees

During 2005, the District entered into an intergovernmental agreement with the Town of Bennett for the payment of water and sewer development and tap fees associated with the construction of the Bennett Recreation Center in the amount of \$88,482. Per the agreement, the District would be allowed to make twenty (20) equal quarterly installments of \$4,424, beginning on March 31, 2007 and ending on December 31, 2011. Interest is assessed at a rate of bank prime plus 1%, with the rate to be adjusted each January 1 for the ensuing year. During the year ended December 31, 2013, the District did not make the scheduled payments.

Note 8 – Commitments and Contingencies

Risk Management

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for property, general and automobile liability, public officials, auto physical damage, equipment/boiler and machinery, and worker's compensation coverage. In the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds, which the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula.

Employee Health Care

The District offers a Health Care Premium Payment Reimbursement Program to its full time employees. The District may reimburse up to 25% of the employee-paid health insurance premium. For each continuous year of employment, the reimbursement may increase by an additional 5%-10% up to a maximum of 50%. During the year ended December 31, 2013, the District made no reimbursements under the plan.

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Note 9 – Land Lease

On February 12, 2002, the District entered into an Intergovernmental agreement with the Town of Bennett to lease land at the Bennett Recreation Center location. The lease term expires December 31, 2026 and may be renewed at the discretion of the District for additional twenty-five year terms. Under the lease terms, the District paid a one time nominal amount.

The lease may be terminated by either the District or the Town, at their discretion. In the event the District terminates the lease, all buildings and improvements shall become the property of the Town. Additionally, the Town may require the District, at the sole cost and expense of the District, to remove any buildings or other improvements from the property. In the event the Town terminates the lease, the Town shall pay the District the depreciated value of any buildings and other leasehold improvements that were constructed by the District, such value to be determined by an appraisal.

Note 10 – Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On May 7, 2002, the registered voters of the District authorized the District to collect, retain and spend all revenues it receives from its rates, fees, tolls and charges (both operating and capital in nature) for parks and recreation facilities and services and any and all other revenues it receives in 2002 and subsequent years and authorized the District to spend such revenues as

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

a voter-approved revenue change and an exception to any spending limitations which might otherwise apply, without limiting the collection and spending of other revenues of the District in any year.

The voters also authorized the District to continue to levy 3.5 mills each year for operations regardless of any revenue limitations in Section 29-1-301, C.R.S. or other State law.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

SUPPLEMENTARY INFORMATION

BENNETT PARK AND RECREATION DISTRICT

DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2013

(With Comparative Actual Totals for the Year Ended December 31, 2012)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2012 Actual
Revenues				
Property Taxes	\$ 146,057	\$ 142,572	\$ (3,485)	\$ 184,374
Net Investment Income	-	12	12	587
Total Revenues	<u>146,057</u>	<u>142,584</u>	<u>(3,473)</u>	<u>184,961</u>
Expenditures				
Current				
County Treasurer's Fees	2,191	2,141	50	2,773
Miscellaneous	1,000	700	300	300
Debt service				
Principal	40,000	40,000	-	80,000
Interest	86,130	86,130	-	87,080
Total Expenditures	<u>129,321</u>	<u>128,971</u>	<u>350</u>	<u>170,153</u>
Net Change in Fund Balance	16,736	13,613	(3,123)	14,808
Fund Balance - Beginning	58,013	123,248	65,235	108,440
Fund Balance - Ending	<u>\$ 74,749</u>	<u>\$ 136,861</u>	<u>\$ 62,112</u>	<u>\$ 123,248</u>

See Independent Auditor's Report

BENNETT PARK AND RECREATION DISTRICT

CAPITAL PROJECTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2013

(With Comparative Actual Totals for the Year Ended December 31, 2012)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2012 Actual
Revenues				
Open Space Grant Proceeds	51,750	\$ -	\$ (51,750)	\$ -
Expenditures				
Capital Outlay	51,750	-	51,750	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report

OTHER INFORMATION

BENNETT PARK AND RECREATION DISTRICT

**SCHEDULES OF FUTURE DEBT SERVICE REQUIREMENTS
December 31, 2013**

**\$1,800,000 General Obligation Bonds
Series 2003**

Year	Rate	Principal	Interest	Total
2014	4.05	\$ 45,000	\$ 84,550	\$ 129,550
2015	4.15	55,000	82,728	137,728
2016	4.30	65,000	80,445	145,445
2017	4.40	75,000	77,650	152,650
2018	4.50	80,000	74,350	154,350
2019	5.00	95,000	70,750	165,750
2020	5.00	110,000	66,000	176,000
2021	5.00	125,000	60,500	185,500
2022	5.00	135,000	54,250	189,250
2023	5.00	150,000	47,500	197,500
2024	5.00	170,000	40,000	210,000
2025	5.00	190,000	31,500	221,500
2026	5.00	210,000	22,000	232,000
2027	5.00	230,000	11,500	241,500
		<u>\$ 1,735,000</u>	<u>\$ 803,723</u>	<u>\$ 2,538,723</u>

**\$260,000 Capital Lease Obligation
Series 2010**

Rate	Principal	Interest	Total
5.00	\$ 13,908	\$ 10,937	\$ 24,845
5.00	14,612	10,233	24,845
5.00	15,351	9,494	24,845
5.00	16,129	8,716	24,845
5.00	16,945	7,900	24,845
5.00	17,803	7,042	24,845
5.00	18,704	6,140	24,844
5.00	19,651	5,193	24,844
5.00	20,645	4,199	24,844
5.00	21,691	3,153	24,844
5.00	22,789	2,055	24,844
5.00	23,943	902	24,845
	<u>\$ 222,171</u>	<u>\$ 75,964</u>	<u>\$ 298,135</u>

**\$16,950 Capital Lease Obligation
Recreation Equipment, 2013**

Year	Rate	Principal	Interest	Total
2014	13.00	\$ 3,383	\$ 2,014	\$ 5,397
2015	13.00	3,334	1,292	4,626
2016	13.00	3,794	832	4,626
2017	13.00	4,316	310	4,626
		<u>\$ 14,827</u>	<u>\$ 4,448</u>	<u>\$ 19,275</u>

BENNETT PARK AND RECREATION DISTRICT

**SCHEDULE OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED**

December 31, 2013

Levy Year	Collection Year	Assessed Valuation	Mill Levy			Total Levy	Current Collection	Collection Rate
			General	Debt	Total			
2008	2009	\$ 25,440,270	3.500	6.331	9.831	\$ 250,103	\$ 247,075	98.79%
2009	2010	27,893,530	3.500	5.512	9.012	251,376	250,734	99.74%
2010	2011	29,065,090	3.500	5.100	8.600	249,960	249,734	99.91%
2011	2012	27,942,560	3.500	6.500	10.000	279,426	283,521	101.47%
2012	2013	29,211,440	3.500	5.000	8.500	248,297	245,221	98.76%
2013	2014	\$ 29,563,160	3.500	5.400	8.900	\$ 263,112		

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Adams County Treasurer does not permit identification of specific year of levy.

Source: Adams County Assessor and Treasurer.

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