

**BENNETT PARK AND RECREATION
DISTRICT**

Financial Statements

December 31, 2012

BENNETT PARK AND RECREATION DISTRICT

ANNUAL FINANCIAL REPORT

Year Ended December 31, 2012

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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, 2012, 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.

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, 2012, 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.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bennett Park and Recreation District's financial statements as a whole. The supplementary and other information as listed in the table of contents are presented for purposes of additional analysis and legal compliance and are not a required part of the 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 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.

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 24, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

BENNETT PARK AND RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2012

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, 2012. 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 2012 by \$2,122,641. Of the net position total, \$2,154,018 is classified as net investment in capital assets and \$140,586 is restricted. The District has an unrestricted net position deficit of \$171,963.
- The District's total net position decreased by \$114,048. This was primarily due to depreciation on capital assets of \$182,942.
- The total cost of the District's programs increased \$15,897, or 2%, compared to 2011.
- Total revenue increased \$63,765, or 12%, compared to 2011 due to increases in fees and charges, capital grants, and property taxes levied for debt service.
- The District's governmental funds reported combined ending fund balance deficit of \$24,199, a decrease of \$28,173 in comparison with the prior year.
- The General Fund reported a deficit *unassigned* fund balance of \$164,785 as of December 31, 2012.

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.

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).

BENNETT PARK AND RECREATION DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

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 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 for the past five years.

BENNETT PARK AND RECREATION DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

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, 2012 and 2011. The District's assets exceeded liabilities by \$2,122,641 at the close of 2012. Total net position decreased \$114,048 in 2012.

The decrease is comprised of the following:

- Total assets decreased \$232,779, or 5%, to \$4,469,463. This included a decrease in property taxes receivable of \$31,227 combined with a decrease in capital assets of \$172,742 due to depreciation on capital assets.
- Total liabilities decreased \$118,731, or 5%, to \$2,346,822. The decrease was due to a decrease in deferred property tax revenues of \$31,227 combined with scheduled payments of debt service obligations of \$80,000.

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

	<u>2012</u>	<u>2011</u>
Assets		
Current and other assets	\$ 360,281	\$ 420,318
Capital assets	4,109,182	4,281,924
Total assets	<u>4,469,463</u>	<u>4,702,242</u>
Liabilities		
Long-term liabilities	1,961,652	2,015,191
Other liabilities	385,170	450,362
Total liabilities	<u>2,346,822</u>	<u>2,465,553</u>
Net Position		
Net Investment in capital asset	2,154,018	2,239,972
Restricted	140,586	121,473
Unrestricted	(171,963)	(124,756)
Total net assets	<u>\$ 2,122,641</u>	<u>\$ 2,236,689</u>

BENNETT PARK AND RECREATION DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

The largest portion of the District's assets reflects its investment of \$4,109,182 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, \$140,586 represents resources that are subject to external restrictions on how they may be used. The District's unrestricted net position was a deficit of \$171,963 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, 2012

B. Analysis of Changes in Net Position

As presented in Table 2, the District's net position decreased \$114,048 during 2012. The decrease is mainly due to depreciation on the capital assets of the District.

Revenues increased \$63,765, or 12%, compared to 2011. The increase was due primarily to increases in property taxes levied for debt service of \$36,253 and capital grant revenues for locker room and landscaping enhancements amounting to \$15,933.

Expenses increased \$15,897, or 2%, compared to 2011.

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

Revenues	2012	2011
Program revenues		
Fees and Charges for Services	\$ 233,300	\$ 228,345
Operating Grants and Contribution	19,325	16,716
Capital Grants and Contributions	15,933	-
General Revenues		
Taxes	302,779	265,785
Investment Earnings	388	400
Other	32,211	28,925
Total revenues	<u>603,936</u>	<u>540,171</u>
Expenses		
Administration	152,669	136,689
Recreation	248,574	100,524
Aquatics	-	135,741
Janitorial	28,741	34,469
Interest on Long-term Debt	105,058	108,973
Unallocated Depreciation	182,942	185,691
Total expenses	<u>717,984</u>	<u>702,087</u>
Change in Net Position	<u>(114,048)</u>	<u>(161,916)</u>
Net Position - Beginning	<u>2,236,689</u>	<u>2,398,605</u>
Net Position - Ending	<u>\$ 2,122,641</u>	<u>\$ 2,236,689</u>

BENNETT PARK AND RECREATION DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

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, 2012, the District's governmental funds reported combined ending fund balance *deficit* of \$24,199, an increase of \$28,173. Included in this year's total change in fund balance is a deficit of \$147,447 in the District's General Fund.

The fund balance of the District's General Fund decreased \$42,981 during 2012. Key factors are as follows:

- An increase in revenues of \$27,518, or 7.0%. The General Fund's main revenue source of recreation and aquatics revenues increased \$4,955 from \$228,345 in 2011 to \$233,300 in 2012. Additionally, the District received grants amounting to \$15,933 to improve the locker room areas and landscaping.
- An increase in expenditures amounting to \$32,744 or 7.6%. A portion of the increase is due to an adjustment for prior unbilled natural gas charges of approximately \$17,400. Wages increased only 3%.

The fund balance of the Debt Service Fund increased from \$108,440 to \$123,248. The District made all scheduled bond payments during 2012.

General Fund Budgetary Highlights

General Fund Revenues were \$15,264 less than budgeted and expenditures were \$29,143 more than budgeted for 2012 for a total negative variance of \$44,407. The General Fund experienced excess expenditures over revenues for the years ended December 31, 2012 and 2011 in the amount of \$42,981 and \$37,755, respectively.

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, 2012 amounts to \$4,109,182 (net of accumulated depreciation). This investment in capital assets includes buildings, improvements and machinery and equipment.

BENNETT PARK AND RECREATION DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

The following table provides comparative information on the District's net capital assets for 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Recreation Center	\$ 1,796,748	\$ 1,826,730
Pool	2,305,257	2,436,986
Equipment, Furniture & Fixtures	7,177	18,208
Total Capital Assets, Net	<u>\$ 4,109,182</u>	<u>\$ 4,281,924</u>

Additional information on capital assets can be found in the notes to the financial statements (Note 4).

B. Debt Administration

The following tables provide comparative information on the District's long-term debt for 2012 and 2011:

	<u>2012</u>	<u>2011</u>
General Obligation Bonds	\$ 1,775,000	\$ 1,800,000
"B" Interest Registered Coupons	-	55,000
Deferred Premium	4,481	4,783
Town of Bennett Development Fees	30,968	30,968
Capital Lease	235,408	248,008
Total Long-term Debt	<u>\$ 2,045,857</u>	<u>\$ 2,138,759</u>

The District made its scheduled principal and interest payments related to the General Obligation Bonds, the "B" Interest Registered Coupons and the capital lease.

Additional information on the District's long-term obligations can be found in the notes to the financial statements (Note 6).

Next Year's Budgets and Rates

The budget for the year of 2012 was not met due to over spending. 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.

Administrative operations are continually being reduced 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.

BENNETT PARK AND RECREATION DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

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

1. In 2013, the District budgeted to collect \$102,200 in General Fund property tax revenues, based upon a 3.5 mill levy assessed against a total valuation for assessment of \$29,211,440. This November, we are planning to ask voters to increase the operations mill levy by at least two (2) mills; thus raising our current mill levy from 3.5 to 5.5. This is estimated to increase property tax revenues for operations by approximately \$60,000 beginning in 2014. We are currently considering refinancing the District's outstanding General Obligation Bonds in the hope of reducing the required debt service mill levy.
2. Increase our Facility Rentals.
 - a. We are working with local athletic clubs and churches to use our facility after hours.
 - b. We are also in encouraging conversations with local clinics to use our facility for physical therapy.
3. Continue requesting grants for capital projects.
4. Increase our donations.
 - a. We have requested annual financial support from the Town of Bennett. In 2013, we received a donation of \$10,000 from the town.
5. Continue our effort to increase classes and programs, while keeping the cost minimal by using sub-contractor instructors.
6. Increase our adult and youth league costs.
7. Increase our "out of district" membership rates and fees.

We will reduce expenditures by doing the following:

1. Reduce our hours of operations. Currently we have school hours and summer hours. Our school 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 opened 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 by \$15,000 to \$20,000.
2. In the spirit of going "green" we are looking at halogen light bulb alternatives.
3. A portion of our instructional staff is willing to donate their time when teaching. We are also implementing a program that allows the instructors to teach a class, in trade for childcare.
4. Increase our volunteers in both programs and leagues.
5. General staff reduction where possible.

BENNETT PARK AND RECREATION DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

The Board of Directors are committed to bringing the District's budget in balance. We believe that through the changes listed above and continually looking at cost saving options we will be able to achieve our budget goal.

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, 2012

Assets	
Cash and Investments	\$ 19,862
Cash with County Treasurer	1,526
Property Taxes Receivable	248,200
Unamortized Bond Issue Costs	90,693
Capital Assets, Net of Accumulated Depreciation	<u>4,109,182</u>
Total Assets	<u>4,469,463</u>
Liabilities	
Accounts Payable	45,587
Deferred Property Taxes	248,200
Accrued Interest Payable	7,178
Noncurrent Liabilities:	
Due Within One Year	84,205
Due In More Than One Year	<u>1,961,652</u>
Total Liabilities	<u>2,346,822</u>
Net Position	
Net Investment in Capital Assets	2,154,018
Restricted	
Debt Service	123,248
Labor Emergencies	11,500
Conservation Trust Fund	5,838
Unrestricted	<u>(171,963)</u>
Total Net Position	<u>\$ 2,122,641</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, 2012

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Administration	\$ 152,669	\$ -	\$ -	\$ 4,683	\$ (147,986)
Recreation Programs	248,574	233,300	18,738	11,250	14,714
Janitorial	28,741	-	-	-	(28,741)
Interest on Long-term Debt	105,058	-	587	-	(104,471)
Unallocated Depreciation	182,942	-	-	-	(182,942)
Total	\$ 717,984	\$ 233,300	\$ 19,325	\$ 15,933	(449,426)

General Revenues:

Property Taxes	283,652
Specific Ownership Taxes	19,127
Unrestricted Investment Earnings	388
Miscellaneous	32,211
Total General Revenues	335,378
Change in Net Position	(114,048)
Net Position - Beginning	2,236,689
Net Position - Ending	\$ 2,122,641

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

BENNETT PARK AND RECREATION DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2012

	General	Debt Service	Total Governmental Funds
Assets			
Cash and Investments	\$ -	\$ 19,862	\$ 19,862
Cash with County Treasurer	1,526	-	1,526
Due from Other Funds	-	103,386	103,386
Property Taxes Receivable	102,200	146,000	248,200
Total Assets	\$ 103,726	\$ 269,248	\$ 372,974
Liabilities			
Accounts Payable	\$ 45,587	\$ -	\$ 45,587
Due to Other Funds	103,386	-	103,386
Deferred Property Taxes	102,200	146,000	248,200
Total Liabilities	251,173	146,000	397,173
Fund Balances (Deficit)			
Restricted for Debt Service	-	123,248	123,248
Restricted for TABOR Emergencies	11,500	-	11,500
Restricted for Conservation Trust Fund	5,838	-	5,838
Unassigned (Deficit)	(164,785)	-	(164,785)
Total Fund Balances (Deficit)	(147,447)	123,248	(24,199)
Total Liabilities and Fund Balances (Deficit)	\$ 103,726	\$ 269,248	\$ 372,974

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, 2012

Total Fund Balance (Deficit) for Governmental Funds		\$ (24,199)
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 of \$209,805 accumulated depreciation	\$ 1,796,748	
Swimming Pool, Net of \$329,323 accumulated depreciation	2,305,257	
Equipment and Furniture, Net of \$67,882 accumulated depreciation	7,177	4,109,182
Bond issue costs are not financial resources and, therefore, are not reported in the funds		
		90,693
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, 2012 are:		
General Obligation Bonds Payable	\$ (1,775,000)	
Issuance Premium (to be amortized as interest expense)	(4,481)	
Town of Bennett Development Fees	(30,968)	
Capital Lease Obligation	(235,408)	(2,045,857)
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due		
		(7,178)
Net Position of Governmental Activities		\$ 2,122,641

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, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues			
Property Taxes	\$ 99,278	\$ 184,374	\$ 283,652
Specific Ownership Taxes	19,127	-	19,127
Conservation Trust Fund	18,738	-	18,738
Recreation Revenues	233,300	-	233,300
Grant Revenue	15,933	-	15,933
Net Investment Income	388	587	975
Other	32,211	-	32,211
Total Revenues	<u>418,975</u>	<u>184,961</u>	<u>603,936</u>
Expenditures			
Current:			
Administration	149,596	3,073	152,669
Recreation	104,385	-	104,385
Aquatics	154,389	-	154,389
Janitorial	28,741	-	28,741
Debt Service:			
Principal	12,600	80,000	92,600
Interest	12,245	87,080	99,325
Total Expenditures	<u>461,956</u>	<u>170,153</u>	<u>632,109</u>
Excess Revenues Over (Under) Expenditures	(42,981)	14,808	(28,173)
Fund Balances (Deficit) - Beginning	(104,466)	108,440	3,974
Fund Balances (Deficit) - Ending	<u>\$ (147,447)</u>	<u>\$ 123,248</u>	<u>\$ (24,199)</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, 2012**

Net Change in Fund Balance - Governmental Funds		\$	(28,173)
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 capital outlays (\$10,200) exceeded depreciation expense (\$182,942) in the current period.			(172,742)
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.			
Repayments of principal:			
General Obligation Refunding Bonds			80,000
Capital Lease Obligation			12,600
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	\$	79	
Amortization of bond premium		302	381
		<hr/>	
Governmental funds report the effect of bond issuance costs when debt is first issued whereas these amounts are deferred and amortized in the Statement of Activities.			
Amortization of Issuance Costs			(6,114)
Change in Net Position of Governmental Activities		\$	<u><u>(114,048)</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, 2012

(With Comparative Actual Totals for the Year Ended December 31, 2011)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2011 Actual
Revenues				
Property Taxes	\$ 97,799	\$ 99,278	\$ 1,479	\$ 101,661
Specific Ownership Tax	20,000	19,127	(873)	16,003
Conservation Trust Fund	15,300	18,738	3,438	16,123
Admissions	48,500	31,389	(17,111)	34,197
Program Fees	85,500	79,239	(6,261)	81,287
Room Rentals	25,000	10,899	(14,101)	20,876
Memberships	126,300	111,773	(14,527)	91,985
Grant Revenue	-	15,933	15,933	-
Advertising	5,000	5,148	148	2,913
Vending and Sales	5,000	2,055	(2,945)	2,526
Contributions	5,400	11,727	6,327	10,559
Net Investment Income	440	388	(52)	400
Insurance Reimbursement	-	4,030	4,030	-
Other	-	9,251	9,251	12,927
Total Revenues	434,239	418,975	(15,264)	391,457
Expenditures				
Current				
Administration:				
Personnel Services	75,500	75,820	(320)	66,944
Accounting and Administration	5,000	7,435	(2,435)	8,270
Audit	4,800	3,900	900	5,200
Bank and Credit Card Fees	500	5,310	(4,810)	5,146
Advertising	3,500	10,020	(6,520)	3,704
Copier	2,700	2,950	(250)	858
Dues and Subscriptions	1,500	108	1,392	4,302
Insurance	15,000	14,763	237	12,919
Legal Fees	10,000	8,054	1,946	12,823
Meeting and Travel	500	1,947	(1,447)	269
Office Supplies	2,800	1,139	1,661	1,224
Postage	400	301	99	187
Equipment Rental	-	3,888	(3,888)	-
Repairs and Maintenance	2,500	655	1,845	33
Small Equipment, Signs and Supplies	500	49	451	2,473
Telephone and Internet	2,550	2,565	(15)	2,531

(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, 2012

(With Comparative Actual Totals for the Year Ended December 31, 2011)

(Continued)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2011 Actual
Administration (Continued):				
County Treasurer's Fees	\$ 2,398	\$ 1,493	\$ 905	\$ 1,531
Utilities	18,500	8,128	10,372	7,150
Other	50	1,071	(1,021)	300
Subtotal Administration	148,698	149,596	(898)	135,864
Recreation:				
Personnel Services	63,400	66,920	(3,520)	66,886
Community Events and Programs	1,000	3,446	(2,446)	983
Copier	-	-	-	266
Dues and Subscriptions	-	300	(300)	-
Marketing	-	3,863	(3,863)	1,627
Meeting and Travel	200	258	(58)	-
Office Supplies	-	192	(192)	322
Program Supplies	4,000	1,113	2,887	6,076
Repairs and Maintenance	-	2,389	(2,389)	1,471
Small Equipment, Signs and Supplies	1,000	294	706	1,075
Equipment Rental	-	1,227	(1,227)	-
Telephone and Internet	-	-	-	369
Utilities	18,500	24,383	(5,883)	21,449
Subtotal Recreation	88,100	104,385	(16,285)	100,524
Aquatics:				
Personnel Services	108,750	82,464	26,286	78,254
Chemicals	6,500	5,970	530	7,842
Copier	-	-	-	266
Dues and Subscriptions	500	-	500	615
Program Supplies	500	178	322	549
Marketing	-	38	(38)	1,707
Meeting and Travel	-	54	(54)	643
Repairs and Maintenance	2,000	13,945	(11,945)	2,005
Small Equipment, Signs and Supplies	500	2,975	(2,475)	594
Telephone and Internet	-	-	-	369
Utilities	18,500	48,765	(30,265)	42,897
Subtotal Aquatics	137,250	154,389	(17,139)	135,741

(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, 2012

(With Comparative Actual Totals for the Year Ended December 31, 2011)

(Continued)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2011 Actual
Janitorial:				
Personnel Services	\$ 19,420	\$ 15,431	\$ 3,989	\$ 21,079
Building Repairs and Maintenance	10,000	8,498	1,502	5,300
Equipment Parts and Repairs	-	-	-	411
Janitorial Supplies	4,500	4,812	(312)	5,449
Subtotal Janitorial	<u>33,920</u>	<u>28,741</u>	<u>5,179</u>	<u>32,239</u>
Debt Service				
Capital Lease Principal	12,600	12,600	-	11,992
Capital Lease Interest	12,245	12,245	-	12,852
Subtotal Debt Service	<u>24,845</u>	<u>24,845</u>	<u>-</u>	<u>24,844</u>
Total Expenditures	<u>432,813</u>	<u>461,956</u>	<u>(29,143)</u>	<u>429,212</u>
Excess Revenues Over (Under) Expenditures	1,426	(42,981)	(44,407)	(37,755)
Fund Balance - Beginning	<u>(6,183)</u>	<u>(104,466)</u>	<u>(98,283)</u>	<u>109,211</u>
Fund Balance - Ending	<u>\$ (4,757)</u>	<u>\$ (147,447)</u>	<u>\$ (142,690)</u>	<u>\$ (104,466)</u>

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, 2012**

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 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.

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

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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.

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, 2012, expenditures exceeded appropriations in the General Fund by \$29,461. This may be a violation of Colorado Revised Statutes.

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

Deficit Fund Balance

The District has accumulated a deficit fund balance in the General Fund in the amount of \$147,447. 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.

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

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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 revenue in the year they are levied and measurable. The deferred property tax revenue is recorded as revenue in the year it is available or collected (the year it is levied for).

Bond Premiums and Issue Costs

On the government-wide statement of net position, bond premiums are included with bonds payable and issue costs are reported as deferred charges. On the government-wide statement of activities, bond premium and issue costs are being amortized over the respective terms of the bonds using the straight line method. At the governmental fund reporting level, bond premiums are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure when incurred.

Compensated Absences

The District has a policy which allows employees to accumulate unused vacation benefits up to certain maximum hours. No liability is reported for unpaid accumulated sick pay. Compensated absences are recognized as current salary costs when paid. Compensated absences are recognized as current salary costs when earned in the government-wide financial statements.

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.

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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.

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 9).

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.

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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

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, 2012, the Town implemented the provisions of GASB No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" (GASB No. 63).

GASB No. 63 provides guidance for reporting deferred outflows and deferred inflows of resources as introduced and defined in GASB Concepts Statement No. 4 "Elements of Financial Statements" (Concepts Statement No. 4). Concepts Statement No. 4 defines a deferred outflow of resources as a consumption of net assets that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net assets applicable to a future reporting period. The impact on the Town's financial statements has been to replace the term "net assets" with "net position".

Note 3 – Cash and Investments

At December 31, 2012 the District had the following cash and investments:

Cash Deposits	\$ 5,089
Investments	<u>14,773</u>
	<u>\$ 19,862</u>

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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 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, 2012, the District's deposits amounting to \$9,401 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

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2012, the District has invested \$14,773 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 and AAA by both Fitch and Moody's.

Note 4 – Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2012 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Being Depreciated:				
Recreation Center	\$ 1,996,353	\$ 10,200	\$ -	\$ 2,006,553
Pool	2,634,580	-	-	2,634,580
Equipment, Furniture & Fixtures	75,059	-	-	75,059
Total Capital Assets Being Depreciated	4,705,992	10,200	-	4,716,192
Less Accumulated Depreciation for:				
Recreation Center	(169,623)	(40,182)	-	(209,805)
Pool	(197,594)	(131,729)	-	(329,323)
Equipment, Furniture & Fixtures	(56,851)	(11,031)	-	(67,882)
Total Accumulated Depreciation	(424,068)	(182,942)	-	(607,010)
Total Capital Assets, Net	\$ 4,281,924	\$ (172,742)	\$ -	\$ 4,109,182

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

Note 5 – Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2012, is as follows:

Due to / from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service Fund	General Fund	\$103,386

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 6 – Long-Term Obligations

The following is an analysis of changes in the governmental activities long-term obligations for the year ended December 31, 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 1,800,000	\$ -	\$ 25,000	\$ 1,775,000	\$ 40,000
Deferred Premium	4,783	-	302	4,481	-
"B" Interest Registered					
Coupons	55,000	-	55,000	-	-
Town of Bennett					
Development Fees	30,968	-	-	30,968	30,968
Capital Lease Obligation	248,008	-	12,600	235,408	13,237
	<u>\$ 2,138,759</u>	<u>\$ -</u>	<u>\$ 92,902</u>	<u>\$ 2,045,857</u>	<u>\$ 84,205</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 and **\$169,273 of "B" Interest Registered Coupons** due in varying amounts through 2012. Interest on the serial and term bonds are payable semiannually at rates ranging from 3.80% to 4.5%. Interest on the "B" Interest Registered Coupons accrue through maturity at stated yield rates of 2.3% 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 redemption premium. The "B" Interest Registered Coupons are not callable. The term bonds maturing on December 31, 2023 and 2027 are subject to mandatory sinking fund redemption on December 1, 2019

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 40,000	\$ 86,130	\$ 126,130
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
2018-2022	545,000	325,850	870,850
2023-2027	950,000	152,500	1,102,500
	<u>\$ 1,775,000</u>	<u>\$ 889,853</u>	<u>\$ 2,664,853</u>

Capital Lease Obligation

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.

The net present value of these minimum lease payments as of December 31, 2012, was as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2013	\$ 24,844
2014	24,845
2015	24,845
2016	24,844
2017	24,845
2018-2022	124,221
2023-2025	74,533
Minimum lease payments	322,977
Less: Amount representing interest	(87,569)
Present value of minimum Lease Payments	<u>\$ 235,408</u>

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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, 2012, the District did not make the scheduled payments.

Note 7 – 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, inland marine, 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, 2012, the District made no reimbursements under the plan.

Note 8 – 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.

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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 9 – 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 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 and qualification as an Enterprise 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, 2012

(With Comparative Actual Totals for the Year Ended December 31, 2011)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2011 Actual
Revenues				
Property Taxes	\$ 181,627	\$ 184,374	\$ 2,747	\$ 148,121
Net Investment Income	-	587	587	593
Total revenues	<u>181,627</u>	<u>184,961</u>	<u>3,334</u>	<u>148,714</u>
Expenditures				
Current:				
County Treasurer's Fees	2,500	2,773	(273)	2,230
Miscellaneous	1,000	300	700	825
Debt service:				
Principal	80,000	80,000	-	-
Interest	87,080	87,080	-	87,080
Total Expenditures	<u>170,580</u>	<u>170,153</u>	<u>427</u>	<u>90,135</u>
Excess Revenues Over Expenditures	11,047	14,808	3,761	58,579
Fund Balance - Beginning	58,013	108,440	50,427	49,861
Fund Balance - Ending	<u>\$ 69,060</u>	<u>\$ 123,248</u>	<u>\$ 54,188</u>	<u>\$ 108,440</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, 2012
(With Comparative Actual Totals for the Year Ended December 31, 2011)**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2011 Actual
Revenues				
Open Space Grant Proceeds	\$ 65,000	\$ -	\$ (65,000)	\$ -
Net Investment Income	-	-	-	-
Total revenues	65,000	-	(65,000)	-
Expenditures				
Capital Outlay	65,000	-	65,000	-
Conservation Trust Fund Expenditures	-	-	-	-
Lease Issuance Costs	-	-	-	-
Total Expenditures	65,000	-	65,000	-
Excess Expenditures Over Revenues	-	-	-	-
Other Financing Sources				
Capital Lease Proceeds	-	-	-	-
Transfers In	-	-	-	-
Total Other Financing Sources	-	-	-	-
Excess Revenues and other Financing Sources over Expenditures	-	-	-	-
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, 2012**

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

Year	Rate	Principal	Interest	Total
2013	3.95	\$ 40,000	\$ 86,130	\$ 126,130
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>\$ 1,775,000</u>	<u>\$ 889,853</u>	<u>\$ 2,664,853</u>

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

Year	Rate	Principal	Interest	Total
2013	5.00	\$ 13,237	\$ 11,607	\$ 24,844
2014	5.00	13,908	10,937	24,845
2015	5.00	14,612	10,233	24,845
2016	5.00	15,351	9,493	24,844
2017	5.00	16,129	8,716	24,845
2018	5.00	16,945	7,899	24,844
2019	5.00	17,803	7,042	24,845
2020	5.00	18,704	6,140	24,844
2021	5.00	19,651	5,193	24,844
2022	5.00	20,645	4,199	24,844
2023	5.00	21,691	3,153	24,844
2024	5.00	22,789	2,055	24,844
2025	5.00	23,943	902	24,845
		<u>\$ 235,408</u>	<u>\$ 87,569</u>	<u>\$ 322,977</u>

BENNETT PARK AND RECREATION DISTRICT

**SCHEDULE OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED
December 31, 2012**

Levy Year	Collection Year	Assessed Valuation	Mills Levied	Total Levy	Current Collection	Collection Rate
2007	2008	\$ 22,840,410	8.710	\$ 198,940	\$ 197,918	99.49%
2008	2009	25,440,270	9.831	250,103	247,075	98.79%
2009	2010	27,893,530	9.012	251,376	250,734	99.74%
2010	2011	29,065,090	8.600	249,960	249,734	99.91%
2011	2012	27,942,560	10.000	279,426	283,521	101.47%
2012	2013	\$ 29,211,440	8.500	\$ 248,297		

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.