

**BENNETT PARK AND RECREATION
DISTRICT**

Financial Statements

December 31, 2018

BENNETT PARK AND RECREATION DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities.....	14
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit).....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) – Budget and Actual – General Fund	19
Notes to the Financial Statements	22
Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund	39
Other Information	
Schedules of Future Debt Service Requirements	40
Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected	41



Dazzio & Associates, PC

Certified Public Accountants

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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.

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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, 2018, 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

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 schedule for the Debt Service Fund (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.

Davies & Associates, P.C.

February 28, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

BENNETT PARK AND RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2018

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, 2018. 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 2018 by \$1,618,817. Of the net position total, \$1,613,476 is classified as net investment in capital assets and \$251,396 is restricted. The District has an unrestricted net position deficit of (\$246,055).
- The District's total net position increased \$115,058. This was primarily due to the receipt of grant funds amounting to approximately \$183,000 for capital expenditures.
- The total cost of the District's programs decreased \$19,802, or 3%, compared to 2017.
- Total revenue increased \$204,519, or 31%, compared to 2017.
- The District's governmental funds reported combined ending fund balance deficit of (\$2,215), an increase of \$32,787 in comparison with the prior year.
- The General Fund reported a deficit *unassigned* fund balance of \$238,494 as of December 31, 2018. The deficit increased \$5,644 in 2018.
- The remaining amount due on the Series 2003 General Obligation Bonds of \$1,495,000 was refunded in 2018 with the issuance of a General Obligation Refunding Note amounting to \$1,576,000. The refunding will save taxpayers nearly \$41,000 over the next 14 years.
- The District made all debt service payments in 2018.

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, 2018

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, Senior, 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

BENNETT PARK AND RECREATION DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

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, 2018 and 2017. The District's assets exceeded liabilities by \$1,618,817 at the close of 2018. Total net position increased \$115,058 in 2018 and decreased \$109,263 in 2017.

The decrease is comprised of the following:

- Total assets increased \$34,757, or 1%, to \$3,661,901. This was mainly caused by the purchase of a dehumidifier and a boiler for the pool amounting to \$196,328 less depreciation on capital assets of \$174,726.
- Total liabilities decreased \$51,201 to \$1,729,240. The decrease was due to payments towards long-term debt obligations in 2018 amounting to \$53,344.

BENNETT PARK AND RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

Table 1
Bennett Park and Recreation District
Summary of Net Position

	<u>2018</u>	<u>2017</u>
Assets		
Current and Other Assets	\$ 391,242	\$ 378,087
Capital Assets	3,270,659	3,249,057
Total Assets	<u>3,661,901</u>	<u>3,627,144</u>
Liabilities		
Long-term Liabilities	1,645,442	1,704,100
Other Liabilities	83,798	76,341
Total Liabilities	<u>1,729,240</u>	<u>1,780,441</u>
Deferred Inflows of Resources	<u>313,844</u>	<u>342,944</u>
Net Position		
Net Investment in Capital Assets	1,613,476	1,583,129
Restricted	251,396	205,725
Unrestricted	<u>(246,055)</u>	<u>(285,095)</u>
Total Net Position	<u>\$ 1,618,817</u>	<u>\$ 1,503,759</u>

The largest portion of the District's assets reflects its investment of \$3,270,659 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, \$251,396 represents resources that are subject to external restrictions on how they may be used. The District's unrestricted net position was a deficit of \$246,055 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, 2018**

B. Analysis of Changes in Net Position

As presented in Table 2, the District's net position decreased \$109,263 during 2018. The decrease is mainly due to depreciation on the capital assets of the District.

Revenues increased \$204,519, or 31%, compared to 2017. Increase in revenues is partially due to increased revenues associated with capital grants from Adams County amounting to \$183,498 for the purchase of a dehumidifier and boiler for the pool.

Expenses decreased \$19,802, or 3%, in 2018 due to decreases in wages and other costs due to cost cutting efforts of the District.

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

Revenues	2018	2017
Program Revenues		
Fees and Charges for Services	\$ 195,243	\$ 233,271
Operating Grants and Contributions	106,155	103,773
Capital Grants and Contributions	183,498	-
General Revenues		
Taxes	372,341	311,192
Investment Earnings	3,488	1,575
Other	7,524	13,919
Total Revenues	<u>868,249</u>	<u>663,730</u>
Expenses		
Administration	301,961	295,346
Recreation Programs	119,873	175,466
Janitorial	29,321	34,978
Interest on Long-term Debt	127,310	89,631
Unallocated Depreciation	174,726	177,572
Total Expenses	<u>753,191</u>	<u>772,993</u>
Change in Net Position	115,058	(109,263)
Net Position - Beginning	<u>1,503,759</u>	<u>1,613,022</u>
Net Position - Ending	<u>\$ 1,618,817</u>	<u>\$ 1,503,759</u>

BENNETT PARK AND RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

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, 2018, the District's governmental funds reported combined ending fund balance *deficit* of \$2,215, an increase of \$32,787. Included in this year's total change in fund balance is a deficit of \$238,494 in the District's General Fund.

The fund balance of the District's General Fund decreased \$5,644 during 2018. Key factors are as follows:

- An increase in revenues of \$169,529, or 33.8%. The General Fund's main revenue source of recreation and aquatics revenues decreased \$37,833 from \$233,076 in 2017 to \$195,243 in 2018. The District received two grants amounting to \$163,498 for a pool dehumidifier and \$20,000 for other pool repairs. Additionally, the District received a Communities that Care Grant in the amount of \$425,000 over a 5-year period, beginning in October 2016. The purpose of the grant is to implement local evidence-based youth substance abuse prevention strategies to prevent youth initiation of substance use, by addressing common risk factors and improving protective factors across the socio ecological model within Adams County. In 2018, this generated \$79,052 and \$69,386 in revenues and expenditures, respectively.
- Expenditures also increased in 2018, increasing \$142,461 or 26.7%. Personnel expenditures decreased approximately \$85,000, or 27%. Personnel expenditures decreased due to cost cutting efforts while complying with the mandated minimum wage increase. Expenditures also increased due to costs involved with the purchase of the pool dehumidifier and pool boiler.

The fund balance of the Debt Service Fund increased from \$197,848 to \$236,279 due to the results from the refunding of the 2003 General Obligation Bonds.

General Fund Budgetary Highlights

General Fund actual revenues were \$80,779 less than budgeted and expenditures were \$68,846 less than budgeted for 2018.

BENNETT PARK AND RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

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, 2018 amounts to \$3,270,659 (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 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Recreation Center	\$ 1,554,126	\$ 1,594,563
Pool	1,530,667	1,646,612
Equipment, Furniture & Fixtures	5,866	7,882
Construction in Process	180,000	-
Total Capital Assets, Net	<u>\$ 3,270,659</u>	<u>\$ 3,249,057</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 2018 and 2017.

	<u>2018</u>	<u>2017</u>
General Obligation Bonds	\$ -	\$ 1,495,000
General Obligation Refunding Note	1,460,000	-
Deferred Bond Premium	-	2,971
Town of Bennett Development Fees	30,968	30,968
Capital Leases	149,613	167,957
Compensated Absences	4,861	7,204
Total Long-term Debt	<u>\$ 1,645,442</u>	<u>\$ 1,704,100</u>

All scheduled debt service payments were made on the District's obligations in 2018.

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

BENNETT PARK AND RECREATION DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

Next Year's Budgets and Rates

During 2018, the District continued to focus on the financial condition of the District and making decisions to improve that condition. It was also a year of change. Several new personnel were hired or moved to other areas of responsibility. Some underwent training where needed. Additionally, the District welcomed several new Board members. The new District staff and the Board of Directors met to establish goals for the District, mainly to identify ways to improve the financial condition of the District.

The focus for 2018 was to empower the recreation center and restore the programs that were both needed and supported by patrons. We were able to retain employees that were vested in making the recreation center all that it could possibly be. These key employees were instrumental in the foundation that was laid, and influential in maintaining the standard of service. We were interested in giving good, clean and precise information for all that we had to offer, made certain that we under promised and over delivered, and shared the information with all residents along the I-70 Corridor. The community responded by participating with their time, energy, and their financial support.

The internal audits that were conducted throughout the year brought awareness to inconsistencies that were quickly corrected. The audits brought to light some imbalances, that were balanced, and the end result was that all accounts had current information and delinquent accounts were flagged for payment.

Our fund-raising took a back seat as there were other priorities that required time and attention. Our equipment needed maintained, there was equipment that needed removed and no longer had the ability to be repaired. The projects from two grants that were allocated also needed time, energy and organization between the staff and contractors.

The rekindled relationships with the Town of Bennett and The Bennett School District were monumental in regard to partnering and sharing the wealth with the community. The communication allowed for growth in both transparency and commonality in addition to developing goals between the entities. Partnering in projects with the Town enhanced the communication and participation amongst the town residents. This union was embraced and a welcomed presence throughout the civic center hub.

We were able to bring in trainers that wanted to improve the health quality of the entire eastern plains. The word spread like wild fire and we have found new revenue that is substantial in comparison.

We are looking to have more residual income with our facility rentals and actively pursue those potential renters.

BENNETT PARK AND RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

Looking forward to 2019, we have already applied for a grant in 2019 to replace two heaters for the smaller pools; we have sights on some cosmetic improvements, and we have our vendors looking for new equipment for our members.

We have new income on the horizon with the housing development coming in by the numbers and are anxious to see what the new year brings. Our path is bright, and our expectations are, to be steady and still in our growth, all the while providing exceptional customer service for those who want to share their time with us here at Bennett Park and Recreation District.

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, 2018

Assets	
Cash and Investments - Restricted	\$ 62,623
Due from County Treasurer	2,518
Accounts Receivable	12,257
Property Taxes Receivable	313,844
Capital Assets Not Being Depreciated	180,000
Capital Assets, Net of Accumulated Depreciation	<u>3,090,659</u>
Total Assets	<u><u>3,661,901</u></u>
Liabilities	
Accounts Payable	79,613
Accrued Interest Payable	4,185
Noncurrent Liabilities	
Due Within One Year	143,336
Due In More Than One Year	<u>1,502,106</u>
Total Liabilities	<u><u>1,729,240</u></u>
Deferred Inflows of Resources	
Unavailable Revenue - Property Taxes	<u>313,844</u>
Net Position	
Net Investment in Capital Assets	1,613,476
Restricted	
Debt Service	232,094
Labor Emergencies	19,300
Conservation Trust Fund	2
Unrestricted	<u>(246,055)</u>
Total Net Position	<u><u>\$ 1,618,817</u></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, 2018**

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Administration	\$ 301,770	\$ -	\$ 99,779	\$ -	\$ (201,991)
Recreation Programs	120,064	195,243	6,376	183,498	265,053
Janitorial	29,321	-	-	-	(29,321)
Interest and Related Charges on Long-term Debt	127,310	-	-	-	(127,310)
Unallocated Depreciation	174,726	-	-	-	(174,726)
Total	\$ 753,191	\$ 195,243	\$ 106,155	\$ 183,498	(268,295)

General Revenues	
Property Taxes - Operating	147,954
Property Taxes - Debt Service	194,451
Specific Ownership Taxes	29,936
Net Investment Income	3,488
Other	7,524
Total General Revenues	383,353
Change in Net Position	115,058
Net Position - Beginning	1,503,759
Net Position - Ending	\$ 1,618,817

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

BENNETT PARK AND RECREATION DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018**

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
Assets			
Cash and Investments - Restricted	\$ -	\$ 62,623	\$ 62,623
Due from County Treasurer	2,518	-	2,518
Accounts Receivable	12,257	-	12,257
Due from Other Funds	-	173,656	173,656
Property Taxes Receivable	149,409	164,435	313,844
Total Assets	<u>\$ 164,184</u>	<u>\$ 400,714</u>	<u>\$ 564,898</u>
Liabilities			
Accounts Payable	\$ 79,613	\$ -	\$ 79,613
Due to Other Funds	173,656	-	173,656
Total Liabilities	<u>253,269</u>	<u>-</u>	<u>253,269</u>
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	149,409	164,435	313,844
Fund Balances (Deficit)			
Restricted for Debt Service	-	236,279	236,279
Restricted for TABOR Emergencies	19,300	-	19,300
Restricted for Conservation Trust Fund	2	-	2
Unassigned (Deficit)	(257,796)	-	(257,796)
Total Fund Balances (Deficit)	<u>(238,494)</u>	<u>236,279</u>	<u>(2,215)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 164,184</u>	<u>\$ 400,714</u>	<u>\$ 564,898</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, 2018**

Total Fund Balance (Deficit) - Governmental Funds		\$ (2,215)
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:		
Construction in Process	\$ 180,000	
Recreation Building, Net	1,554,126	
Swimming Pool, Net	1,530,667	
Equipment and Furniture, Net	<u>5,866</u>	3,270,659
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 year-end are:		
General Obligation Bonds Payable	(1,460,000)	
Town of Bennett Development Fees	(30,968)	
Capital Lease Obligations	(149,613)	
Compensated Absences	<u>(4,861)</u>	(1,645,442)
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due		<u>(4,185)</u>
Net Position - Governmental Activities		<u><u>\$ 1,618,817</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 (DEFICIT)
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018**

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
Revenues			
Property Taxes	\$ 147,954	\$ 194,451	\$ 342,405
Specific Ownership Taxes	29,936	-	29,936
Conservation Trust Fund	20,727	-	20,727
Recreation Fees and Revenues	195,243	-	195,243
Intergovernmental Revenue	183,498	-	183,498
Grant Revenue	79,052	-	79,052
Contributions	6,376	-	6,376
Net Investment Income	1,022	2,466	3,488
Other	7,524	-	7,524
Total Revenues	<u>671,332</u>	<u>196,917</u>	<u>868,249</u>
Expenditures			
Current			
Administration	302,289	2,922	305,211
Recreation	45,734	-	45,734
Senior Recreation	9,475	-	9,475
Aquatics	263,007	-	263,007
Janitorial	29,321	-	29,321
Debt Service			
Principal	18,344	116,000	134,344
Interest	8,806	65,199	74,005
Loan Issue Costs	-	55,365	55,365
Total Expenditures	<u>676,976</u>	<u>239,486</u>	<u>916,462</u>
Excess Revenues Over (Under) Expenditures	<u>(5,644)</u>	<u>(42,569)</u>	<u>(48,213)</u>
Other Financing Sources			
Refunding Loan Proceeds	-	1,576,000	1,576,000
Payment to Current Refunding Escrow	-	(1,495,000)	(1,495,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>81,000</u>	<u>81,000</u>
Net Change in Fund Balances	<u>(5,644)</u>	<u>38,431</u>	<u>32,787</u>
Fund Balances (Deficit) - Beginning	<u>(232,850)</u>	<u>197,848</u>	<u>(35,002)</u>
Fund Balances (Deficit) - Ending	<u>\$ (238,494)</u>	<u>\$ 236,279</u>	<u>\$ (2,215)</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, 2018

Net Change in Fund Balances - Governmental Funds	\$ 32,787
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.	
Capital Outlay	196,328
Depreciation Expense	(174,726)
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.	
Proceeds from Refunding Note	(1,576,000)
Repayments of principal:	
General Obligation Refunding Bonds	1,495,000
General Obligation Refunding Note	116,000
Capital Lease Obligations	18,344
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	2,011
Amortization of bond premium	2,971
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	2,343
Change in Net Position - Governmental Activities	<u><u>\$ 115,058</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 BALANCE (DEFICIT) - BUDGET AND ACTUAL**

GENERAL FUND

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Year Ended December 31, 2017)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual
Revenues				
Property Taxes	\$ 148,186	\$ 147,954	\$ (232)	\$ 122,656
Specific Ownership Tax	20,000	29,936	9,936	27,435
Conservation Trust Fund	16,000	20,727	4,727	20,112
Recreation Fees and Revenues:				
Admissions	30,000	24,564	(5,436)	28,675
Program Fees	80,000	34,829	(45,171)	71,142
Room Rentals	20,000	19,260	(740)	15,926
Memberships	125,000	116,590	(8,410)	117,333
Intergovernmental Revenue	205,000	183,498	(21,502)	3,750
Communities that Care Grant	85,000	79,052	(5,948)	63,799
Special Events	2,500	5,532	3,032	8,525
Advertising	2,000	1,000	(1,000)	500
Vending and Sales	2,500	992	(1,508)	1,327
Contributions	15,000	6,376	(8,624)	16,112
Net Investment Income	925	1,022	97	749
Insurance Reimbursement	-	-	-	3,324
Other	-	-	-	438
Total Revenues	752,111	671,332	(80,779)	501,803
Expenditures				
Current				
Administration:				
Personnel Services	89,386	78,316	11,070	86,520
Accounting and Administration	12,600	15,597	(2,997)	6,378
Audit	4,000	4,000	-	4,000
Bank and Credit Card Fees	5,000	5,113	(113)	4,897
Advertising	2,000	645	1,355	1,200
Copier	-	35	(35)	-
Dues and Subscriptions	3,000	3,590	(590)	3,411
Insurance	23,000	22,963	37	20,178
Legal Fees	8,000	6,942	1,058	10,006
Meeting and Travel	-	60	(60)	449
Office Supplies	1,500	1,367	133	2,294
Postage	450	106	344	248

(Continued)

BENNETT PARK AND RECREATION DISTRICT

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

GENERAL FUND

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Year Ended December 31, 2017)

(Continued)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual
Administration (Continued):				
Equipment Rental	\$ 2,695	\$ 3,912	\$ (1,217)	\$ 3,918
Repairs and Maintenance	5,305	10,103	(4,798)	9,923
Small Equipment and Supplies	7,000	-	7,000	7,047
Telephone and Internet	4,750	3,944	806	5,120
County Treasurer's Fees	2,230	2,227	3	1,843
Utilities	60,000	70,205	(10,205)	59,486
Other	23,306	3,778	19,528	2,145
Communities that Care Grant	85,000	69,386	15,614	61,796
Subtotal Administration	339,222	302,289	36,933	290,859
Recreation:				
Personnel Services	67,000	37,360	29,640	72,195
Dues and Subscriptions	100	111	(11)	80
Marketing	600	61	539	95
Meeting and Travel	-	-	-	348
Office Supplies	50	-	50	41
Program Supplies	2,000	4,914	(2,914)	1,944
Professional Services	-	930	(930)	-
Repairs and Maintenance	400	2,229	(1,829)	447
Small Equipment and Supplies	1,000	71	929	665
Subtotal Recreation	71,350	45,734	25,616	75,815
Senior Recreation:				
Personnel Services	35,000	9,465	25,535	38,382
Marketing	400	-	400	55
Meeting and Travel	-	-	-	300
Office Supplies	-	-	-	173
Program Supplies	100	-	100	29
Small Equipment and Supplies	-	10	(10)	-
Subtotal Senior Recreation	35,500	9,475	26,025	38,939

(Continued)

BENNETT PARK AND RECREATION DISTRICT

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

GENERAL FUND

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Year Ended December 31, 2017)

(Continued)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual
Aquatics:				
Personnel Services	\$ 40,100	\$ 56,680	\$ (16,580)	\$ 45,373
Chemicals	4,500	3,651	849	5,308
Dues and Subscriptions	150	-	150	212
Program Supplies	350	497	(147)	1,705
Marketing	300	-	300	10
Meeting and Travel	-	985	(985)	1,705
Repairs and Maintenance	200,000	201,194	(1,194)	6,464
Small Equipment and Supplies	200	-	200	986
Subtotal Aquatics	245,600	263,007	(17,407)	61,763
Janitorial:				
Personnel Services	-	697	(697)	20,630
Building Maintenance	5,000	-	5,000	4,068
Equipment Parts and Repairs	-	-	-	191
Janitorial Supplies	-	1,624	(1,624)	3,489
Contract Cleaning	22,000	27,000	(5,000)	6,600
Subtotal Janitorial	27,000	29,321	(2,321)	34,978
Debt Service				
Capital Lease Principal	18,344	18,344	-	21,956
Capital Lease Interest	8,806	8,806	-	10,205
Subtotal Debt Service	27,150	27,150	-	32,161
Total Expenditures	745,822	676,976	68,846	534,515
Net Change in Fund Balance	6,289	(5,644)	(11,933)	(32,712)
Fund Balance - Beginning	(194,776)	(232,850)	(38,074)	(200,138)
Fund Balance - Ending	\$ (188,487)	\$ (238,494)	\$ (50,007)	\$ (232,850)

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, 2018**

Note 1 – Definition of Reporting Entity

The Bennett Park and Recreation District (the District), is a quasi-municipal corporation and political subdivision of the State of Colorado was organized by order and decree of the District Court of Adams County on January 2, 2001 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by Adams County on May 22, 2000 and revised on June 19, 2002. The District was organized for the purpose of providing recreational facilities and programs for its citizens. 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.

The District is not financially accountable for any other District organization, nor is the District a component unit of any other primary governmental entity.

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 net position reports all financial and capital resources of the District, the difference between the assets and deferred outflows, and liabilities and deferred inflows of the District being reported as net position.

BENNETT PARK AND RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2018

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*.

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. Revenues 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 revenues in the year for which they are levied. Other items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 revenues to be available if they are collected within 60 days after year-end. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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.

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

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.

The District has amended its annual budget for the year ended December 31, 2018.

Deficit Fund Balance

The District has accumulated a deficit fund balance in the General Fund in the amount of \$238,494. 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.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments. Investments are carried at fair value.

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, 2018**

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:

Recreation Center Building	50 years
Aquatics Center (Swimming Pool)	20 years
Equipment, Furniture and Fixtures	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, 2018**

Long Term Obligations

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the issue using the percentage of current principal payments to total debt issue. Debt issuance costs, except any portion related to prepaid insurance costs, are expensed when incurred.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 number 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, because 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, 2018**

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 consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

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.

For government -wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balances

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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 balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned fund balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

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

BENNETT PARK AND RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

from those estimates. An example of such an estimate that has been made by management is depreciation expense.

Note 3 – Cash and Investments

At December 31, 2018 the District had the following cash and investments:

Cash Deposits	\$ 7,890
Investments	<u>54,733</u>
	<u>\$ 62,623</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 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 uninsured but collateralized. The State Commissioners 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, 2018, the District's deposits amounting to \$31,323 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 obligations of the United States, certain U.S. government agency securities and Local Government Investment Pools, which are

BENNETT PARK AND RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

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

At December 31, 2018, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government	Weighted Average	
Liquid Asset Trust (Colotrust)	Under 60 days	<u>\$ 54,733</u>

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Note 4 – Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2018 follows.

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Construction in Process	\$ -	\$ 180,000	\$ -	\$ 180,000
Capital Assets Being Depreciated				
Recreation Center	2,006,553	-	-	2,006,553
Pool	2,634,580	16,328	-	2,650,908
Equipment, Furniture & Fixtures	96,722	-	-	96,722
Total Capital Assets Being Depreciated	4,737,855	16,328	-	4,754,183
Less Accumulated Depreciation for				
Recreation Center	(411,990)	(40,437)	-	(452,427)
Pool	(987,968)	(132,273)	-	(1,120,241)
Equipment, Furniture & Fixtures	(88,840)	(2,016)	-	(90,856)
Total Accumulated Depreciation	(1,488,798)	(174,726)	-	(1,663,524)
Total Capital Assets, Net	<u>\$ 3,249,057</u>	<u>\$ 21,602</u>	<u>\$ -</u>	<u>\$ 3,270,659</u>

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Note 5 – Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2018, is as follows:

Due to / from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service Fund	General Fund	<u>\$173,656</u>

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, 2018.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Refunding Note, Series 2018	\$ -	\$ 1,576,000	\$ 116,000	\$ 1,460,000	\$ 91,000
General Obligation Bonds, Series 2003	1,495,000	-	1,495,000	-	-
Deferred Premium	2,971	-	2,971	-	-
Capital Lease Obligations:					
Building Improvements, 2010	162,171	-	16,945	145,226	17,803
Recreation Equipment, 2016	5,786	-	1,399	4,387	1,665
Town of Bennett Development Fees	30,968	-	-	30,968	30,968
Compensated Absences	7,204	3,520	5,863	4,861	1,900
Total	<u>\$ 1,704,100</u>	<u>\$ 1,579,520</u>	<u>\$ 1,638,178</u>	<u>\$ 1,645,442</u>	<u>\$ 143,336</u>

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

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

On November 1, 2003, the District issued \$1,800,000 General Obligation Bonds, Series 2003 (the Series 2003 Bonds). The Series 2003 Bonds were issued to fund the construction of the Bennett Recreation Center. The Series 2003 Bonds consist of \$385,000 of serial bonds due annually in varying amounts from 2012 through 2018, a term bond in the original amount of \$615,000 due on December 1, 2023 and a term bond 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 5.0%.

The Series 2003 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 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 Series 2003 Bonds were rated "AA" by Standard & Poor's.

2018 Refunding

On June 12, 2018, the District refunded and paid the remaining \$1,495,000 of the Series 2003 Bonds with an average interest rate ranging from 4.5% to 5.0% by the issuance of a \$1,576,000 General Obligation Refunding Note, Series 2018 with an interest rate of 3.44% and to pay the costs of issuance of the bonds. The current refunding increased the District's total debt service payments over the next 14 years by \$40,613 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$41,741.

The Series 2003 Bonds were called and paid on June 12, 2018.

\$1,576,000 General Obligation Refunding Note, Series 2018

On June 12, 2018, the District issued a \$1,576,000 General Obligation Refunding Note, Series 2018 (the Note). The Note was issued to refund the remaining principal amount due on the Series 2003 Bonds which were used to fund the construction of the Bennett Recreation Center. The Note is due on December 31, 2031, with an interest rate of 3.44%, paid semiannually on June 1 and December 1. The Note is subject to mandatory sinking fund redemption beginning on December 1, 2018 in varying amounts through maturity on December 1, 2031. The Note is subject to redemption prior to maturity, at the option of the District, in whole or in part, on any interest payment date, upon payment of par and accrued interest, without redemption premium. The Note is considered a general obligation of the District and the full faith and

BENNETT PARK AND RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

credit of the District are pledged for the punctual payment of the principal of and interest on the Note.

Annual debt service requirements to maturity for Note follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 91,000	\$ 50,224	\$ 141,224
2020	94,000	47,094	141,094
2021	97,000	43,860	140,860
2022	101,000	40,523	141,523
2023	104,000	37,049	141,049
2024-2028	576,000	129,035	705,035
2029-2031	397,000	27,624	424,624
	<u>\$ 1,460,000</u>	<u>\$ 375,409</u>	<u>\$ 1,835,409</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.

The net present value of these minimum lease payments as of December 31, 2018, follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2019	\$ 24,845
2020	24,845
2021	24,845
2022	24,845
2023	24,845
2024-2025	<u>49,691</u>
Minimum lease payments	173,916
Less: Amount representing interest	<u>(28,690)</u>
Present value of minimum lease payments	<u>\$ 145,226</u>

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Recreation Equipment

2016 Lease

On April 12, 2016, the District entered into a lease agreement in the original amount of \$7,638 to purchase exercise equipment. Lease payments are due in 60 monthly installments beginning June 1, 2016 through May 1, 2021, with interest at 17.5%. Lease payments are made by the General Fund. The net present value of these minimum lease payments as of December 31, 2018, follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2019	2,305
2020	2,305
2021	768
Minimum lease payments	5,378
Less: Amount representing interest	(991)
Present value of minimum lease payments	<u>\$ 4,387</u>

Assets acquired through capital leases are as follows:

Assets:

Building and improvements	\$ 260,000
Fitness equipment	7,638
Less: Accumulated Depreciation	<u>(115,084)</u>
	<u>\$ 152,554</u>

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, 2018, the District did not make the scheduled payments.

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Note 7 – Net Position

The District has net position consisting of three components - net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2018, the District had net investment in capital assets of \$1,613,476.

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position of \$251,396 as of December 31, 2018, as follows:

Restricted net position:

Emergency reserves	\$ 19,300
Debt service	232,094
Conservation Trust Fund	<u>2</u>
Total	<u>\$ 251,396</u>

The District has a deficit in unrestricted net position. The deficit was a result of District past operating losses.

Note 8 – 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

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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.

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

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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, will require judicial interpretation.

SUPPLEMENTARY INFORMATION

BENNETT PARK AND RECREATION DISTRICT

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

DEBT SERVICE FUND

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Year Ended December 31, 2017)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2017 Actual</u>
Revenues					
Property Taxes	\$ 195,334	\$ 195,334	\$ 194,451	\$ (883)	\$ 161,101
Net Investment Income	-	-	2,466	2,466	826
Total Revenues	<u>195,334</u>	<u>195,334</u>	<u>196,917</u>	<u>1,583</u>	<u>161,927</u>
Expenditures					
Current					
County Treasurer's Fees	2,930	2,930	2,922	8	2,353
Debt service					
Principal					
2003 GO Bonds	80,000	-	-	-	75,000
2018 GO Refunding Loan	-	116,000	116,000	-	-
Interest					
2003 GO Bonds	74,350	39,500	39,447	53	77,650
2018 GO Refunding Loan	-	25,752	25,752	-	-
Loan Issuance Costs	-	78,728	55,365	23,363	-
Total Expenditures	<u>157,280</u>	<u>262,910</u>	<u>239,486</u>	<u>23,424</u>	<u>155,003</u>
Excess Revenues Over (Under) Expenditures	<u>38,054</u>	<u>(67,576)</u>	<u>(42,569)</u>	<u>25,007</u>	<u>6,924</u>
Other Financing Sources (Uses)					
Refunding Loan Proceeds	-	1,576,000	1,576,000	-	-
Payment to Current Refunding Escrow	-	(1,495,000)	(1,495,000)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>81,000</u>	<u>81,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>38,054</u>	<u>13,424</u>	<u>38,431</u>	<u>25,007</u>	<u>6,924</u>
Fund Balance - Beginning	<u>195,468</u>	<u>197,848</u>	<u>197,848</u>	<u>-</u>	<u>190,924</u>
Fund Balance - Ending	<u>\$ 233,522</u>	<u>\$ 211,272</u>	<u>\$ 236,279</u>	<u>\$ 25,007</u>	<u>\$ 197,848</u>

See the Independent Auditor's Report

OTHER INFORMATION

BENNETT PARK AND RECREATION DISTRICT

**SCHEDULES OF FUTURE DEBT SERVICE REQUIREMENTS
December 31, 2018**

**\$1,576,000 General Obligation Refunding Note
Series 2018**

Year	Rate	Principal	Interest	Total
2019	3.44	\$ 91,000	\$ 50,224	\$ 141,224
2020	3.44	94,000	47,094	141,094
2021	3.44	97,000	43,860	140,860
2022	3.44	101,000	40,523	141,523
2023	3.44	104,000	37,049	141,049
2024	3.44	108,000	33,471	141,471
2025	3.44	111,000	29,756	140,756
2026	3.44	115,000	25,938	140,938
2027	3.44	119,000	21,982	140,982
2028	3.44	123,000	17,888	140,888
2029	3.44	128,000	13,657	141,657
2030	3.44	132,000	9,254	141,254
2031	3.44	137,000	4,713	141,713
		<u>\$ 1,460,000</u>	<u>\$ 375,409</u>	<u>\$ 1,835,409</u>

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

Rate	Principal	Interest	Total
5.00	\$ 17,803	\$ 7,042	\$ 24,845
5.00	18,704	6,141	24,845
5.00	19,651	5,194	24,845
5.00	20,645	4,200	24,845
5.00	21,691	3,154	24,845
5.00	22,789	2,056	24,845
5.00	23,943	902	24,845
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
	<u>\$ 145,226</u>	<u>\$ 28,689</u>	<u>\$ 173,915</u>

**\$7,638 Capital Lease Obligation
Recreation Equipment, 2016**

Year	Rate	Principal	Interest	Total
2019	17.50	\$ 1,665	\$ 640	\$ 2,305
2020	17.50	1,982	323	2,305
2021	17.50	740	28	768
		<u>\$ 4,387</u>	<u>\$ 991</u>	<u>\$ 5,378</u>

BENNETT PARK AND RECREATION DISTRICT

**SCHEDULE OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED
December 31, 2018**

Levy Year	Collection Year	Assessed Valuation	Mill Levy				Total Levy	Current Collection	Collection Rate
			General	Debt	Abate-ments	Total			
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	263,089	99.99%
2014	2015	29,434,910	3.500	5.400	-	8.900	261,971	259,232	98.95%
2015	2016	32,532,200	3.500	5.000	-	8.500	276,524	267,364	96.69%
2016	2017	34,105,240	3.500	4.600	0.254	8.354	284,915	283,757	99.59%
2017	2018	42,338,730	3.500	4.600	-	8.100	342,944	342,541	99.88%

Estimated for the
Year Ending
December 31,
2019

	\$42,688,190	3.500	3.852	0.000	7.352	\$313,844
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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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