

**BENNETT PARK AND RECREATION
DISTRICT**

Financial Statements

December 31, 2011

BENNETT PARK AND RECREATION DISTRICT

ANNUAL FINANCIAL REPORT

Year Ended December 31, 2011

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INDEPENDENT AUDITOR'S REPORT

To the 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 (the District) as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information and the 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 17, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

BENNETT PARK AND RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011

Our discussion and analysis of the Bennett Park and Recreation District's (the District) financial performance provides an overview of the District's financial activities for the year ended December 31, 2011. Please read it in conjunction with the District's financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of 2011 by \$2,236,689. Of the net asset total, \$2,239,972 is classified as invested in capital assets, net of related debt and \$121,473 is restricted. The District has an unrestricted net asset deficit of \$124,756.
- The District's total net assets decreased by \$161,916. This was primarily due to depreciation on capital assets of \$185,691.
- The total cost of the District's programs decreased \$6,968, or 1%, compared to 2010.
- Total revenue decreased \$1,181,224, or 27%, compared to 2010 due to decreases in capital grant revenues.
- The District's governmental funds reported combined ending fund balances of \$3,974, an increase of \$20,824 in comparison with the prior year.
- The General Fund reported a deficit *unassigned* fund balance of \$117,499 as of December 31, 2011.

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 assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, 2011**

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.

Government-wide Financial Analysis

A. Analysis of Net Assets

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

Table 1 presents an analysis of the District's net assets as of December 31. The District's assets exceeded liabilities by \$2,236,689 at the close of 2011. Total net assets decreased \$161,916 in 2011.

BENNETT PARK AND RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

The increase is comprised of the following:

- Total assets decreased \$142,240, or 3%, to \$4,702,242. This included an increase in property taxes receivable of \$29,467 combined with a decrease in capital assets of \$185,691 due to depreciation on capital assets.
- Total liabilities increased \$19,676, or 1%, to \$2,465,553. The increase was due to an increase in deferred property tax revenues of \$29,467 combined with scheduled payments of debt service obligations of \$11,992.

Table 1
Bennett Park and Recreation District
Summary of Net Assets

	<u>2011</u>	<u>2010</u>
Assets		
Current and other assets	\$ 420,318	\$ 376,867
Capital assets	4,281,924	4,467,615
Total assets	<u>4,702,242</u>	<u>4,844,482</u>
Liabilities		
Long-term liabilities	2,015,191	2,066,781
Other liabilities	450,362	379,096
Total liabilities	<u>2,465,553</u>	<u>2,445,877</u>
Net assets		
Invested in capital assets, net of related debt	2,239,972	2,422,712
Restricted	121,473	64,129
Unrestricted	(124,756)	(88,236)
Total net assets	<u>\$ 2,236,689</u>	<u>\$ 2,398,605</u>

The largest portion of the District's assets reflects its investment of \$4,281,924 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 assets, \$121,473 represents resources that are subject to external restrictions on how they may be used. The District's unrestricted net assets totaled (\$124,756) 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, 2011**

B. Analysis of Changes in Net Assets

As presented in Table 2, the District's net assets decreased \$161,916 during 2011. The decrease is mainly due to depreciation on the capital assets of the District.

Revenues decreased approximately \$1,181,224 (69%) compared to 2010. The decrease was due primarily to decrease in capital grant revenues received in 2010 for construction of the swimming pool.

Expenses decreased \$6,968 (1%) compared to 2010. In an effort to reduce operating costs, expenses other than depreciation decreased \$72,832 during 2011.

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

Revenues	2011	2010
Program revenues:		
Fees and Charges for Services	\$ 228,345	\$ 229,864
Operating Grants and Contributions	16,716	15,907
Capital Grants and Contributions	-	1,194,699
General Revenues:		
Taxes	265,785	269,055
Investment Earnings	400	469
Other	28,925	11,401
Total revenues	<u>540,171</u>	<u>1,721,395</u>
Expenses		
Administration	136,689	169,241
Recreation	100,524	146,650
Aquatics	135,741	147,069
Janitorial	34,469	18,255
Interest on Long-term Debt	108,973	108,013
Unallocated Depreciation	185,691	119,827
Total expenses	<u>702,087</u>	<u>709,055</u>
Change in Net Assets	(161,916)	1,012,340
Net Assets - Beginning	2,398,605	1,386,265
Net Assets - Ending	<u>\$ 2,236,689</u>	<u>\$ 2,398,605</u>

BENNETT PARK AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

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.

A. Governmental funds

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, 2011, the District's governmental funds reported combined ending fund balance of \$3,974, an increase of \$20,824. Included in this year's total change in fund balance is a deficit of \$104,466 in the District's General Fund.

The fund balance of the District's General Fund decreased \$37,755 during 2011. Key factors are as follows:

- An increase in revenues of \$19,780, or 5%. The General Fund's main revenue source of recreation and aquatics revenues decreased \$1,519 from \$229,864 in 2010 to \$228,345 in 2011.
- A decrease in expenditures amounting to \$60,107 or 12%. This was due to the extensive costs reductions in 2011. Included in the decrease was the District's first capital lease payment of \$24,844.

The fund balance of the Debt Service Fund increased from \$49,861 to \$108,440. Although the fund balance increased, it was mainly because the District did not make the scheduled \$40,000 "B" Interest Coupon payment. The payment will be made on June 1, 2012.

General Fund Budgetary Highlights

General Fund Revenues were \$129,884 less than budgeted and expenditures were \$92,129 less than budgeted for 2011 for a total negative variance of \$37,755. The General Fund experienced excess expenditures over revenues for the years ended December 31, 2011 and 2010 in the amount of \$37,755 and \$117,642, 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, 2011 amounts to \$4,281,924 (net of accumulated depreciation). This investment in capital assets includes buildings, improvements and machinery and equipment. There were no capital additions in 2011.

BENNETT PARK AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

The following tables provide comparative information on the District's net capital assets for 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Recreation Center	\$ 1,826,730	\$ 1,866,657
Pool	2,436,986	2,568,715
Equipment, Furniture & Fixtures	18,208	32,243
Total Capital Assets, Net	<u>\$ 4,281,924</u>	<u>\$ 4,467,615</u>

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

B. Debt Administration

At the end of 2011, the District had total long-term debt of \$2,147,824 as follows:

	<u>2011</u>	<u>2010</u>
General Obligation Bonds	\$ 1,800,000	\$ 1,800,000
"B" Interest Registered Coupons	55,000	51,771
Deferred Premium	4,783	5,085
Town of Bennett Development Fees	30,968	30,968
Capital Lease	248,008	260,000
Total Long-term Debt	<u>\$ 2,138,759</u>	<u>\$ 2,147,824</u>

The District made its scheduled interest payments related to the General Obligation Bonds in the amount of \$87,080. However, the scheduled "B" Interest Registered Coupons payment of \$40,000 was not made. To avoid default, the District entered into a forbearance and waiver agreement with the owner of the Coupons to pay the December 1, 2011 payment on June 1, 2012. Additionally, the District did not make any payments towards the Town of Bennett Development Fees obligation.

The District made its scheduled capital lease payments.

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

Property Taxes

The District has budgeted to collect \$97,800 in property tax revenues during 2012 in the General Fund, based upon a 3.500 mill levy assessed against a total valuation for assessment of \$27,942,560. In the Debt Service Fund, the District has budgeted to collect \$181,627 in property tax revenue, based upon a 6.500 mill levy.

BENNETT PARK AND RECREATION DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011**

Specific Ownership

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the county as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The forecast assumes that the District's share will be equal to approximately what has actually been received in the prior two years.

Conservation Trust Funds

Conservation Trust Funds come from net Lottery proceeds and are distributed quarterly. These funds may be used for acquisition, development and maintenance of new conservation sites, capital improvements or maintenance for recreational purposes on any public site, and the operation of a system of television relay and translator facilities and the use, acquisition, equipping, and maintenance of land, buildings and other recreation facilities thereon.

Operating Revenues and Expenditures

The District's recreation center opened in the middle of October 2007. Revenue from admissions, memberships, programs, etc. for 2012 has been based upon the revenues received in 2011 and the anticipated expansion of ongoing recreation programs. Expenditures contemplated by the District in 2012 will consist of expenditures for the operation and maintenance of the District's recreation center as well as budgeted debt service payments.

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 District at PO Box 379, Bennett, Colorado, 80102.

BASIC FINANCIAL STATEMENTS

BENNETT PARK AND RECREATION DISTRICT

STATEMENT OF NET ASSETS

December 31, 2011

Assets	
Cash and Investments	\$ 42,875
Cash with County Treasurer	1,209
Property Taxes Receivable	279,427
Unamortized Bond Issue Costs	96,807
Capital Assets, Net of Accumulated Depreciation	<u>4,281,924</u>
Total Assets	<u>4,702,242</u>
Liabilities	
Accounts Payable	40,110
Deferred Property Taxes	279,427
Accrued Interest Payable	7,257
Noncurrent Liabilities:	
Due Within One Year	123,568
Due In More Than One Year	<u>2,015,191</u>
Total Liabilities	<u>2,465,553</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	2,239,972
Restricted:	
Debt Service	108,440
Labor Emergencies	10,943
Conservation Trust Fund	2,090
Unrestricted	<u>(124,756)</u>
Total Net Assets	<u>\$ 2,236,689</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, 2011

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Administration	\$ 138,919	\$ -	\$ -	\$ -	\$ (138,919)
Recreation	100,524	228,345	16,123	-	143,944
Aquatics	135,741	-	-	-	(135,741)
Janitorial	32,239	-	-	-	(32,239)
Interest on Long-term Debt	108,973	-	593	-	(108,380)
Unallocated depreciation	185,691	-	-	-	(185,691)
Total	\$ 702,087	\$ 228,345	\$ 16,716	\$ -	(457,026)

General Revenues:

Property Taxes	249,782
Specific Ownership Taxes	16,003
Unrestricted Investment Earnings	400
Miscellaneous	28,925
Total General Revenues	295,110
Change in Net Assets	(161,916)
Net Assets - Beginning	2,398,605
Net Assets - Ending	\$ 2,236,689

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

BENNETT PARK AND RECREATION DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Investments	\$ -	\$ 42,875	\$ 42,875
Cash with County Treasurer	1,209	-	1,209
Due from Other Funds	-	66,390	66,390
Property Taxes Receivable	97,800	181,627	279,427
Total Assets	<u>\$ 99,009</u>	<u>\$ 290,892</u>	<u>\$ 389,901</u>
Liabilities			
Accounts Payable	\$ 39,285	\$ 825	\$ 40,110
Due to Other Funds	66,390	-	66,390
Deferred Property Taxes	97,800	181,627	279,427
Total Liabilities	<u>203,475</u>	<u>182,452</u>	<u>385,927</u>
Fund Balances			
Restricted for Debt Service	-	108,440	108,440
Restricted for TABOR Emergencies	10,943	-	10,943
Restricted for Conservation Trust Fund	2,090	-	2,090
Unassigned (Deficit)	(117,499)	-	(117,499)
Total Fund Balances (Deficit)	<u>(104,466)</u>	<u>108,440</u>	<u>3,974</u>
Total Liabilities and Fund Balances (Deficit)	<u>\$ 99,009</u>	<u>\$ 290,892</u>	<u>\$ 389,901</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 ASSETS
December 31, 2011

Total Fund Balance for Governmental Funds		\$ 3,974
Total net assets reported for governmental activities in the statement of net assets 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 \$169,623 accumulated depreciation	\$ 1,826,730	
Swimming Pool, Net of \$197,594 accumulated depreciation	2,436,986	
Equipment and Furniture, Net of \$56,851 accumulated depreciation	18,208	4,281,924
Bond issue costs are not financial resources and, therefore, are not reported in the funds		
		96,807
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 assets.		
Balances at December 31, 2011 are:		
General Obligation Bonds Payable	\$ (1,800,000)	
Supplemental "B" Interest Registered Coupons	(55,000)	
Issuance Premium (to be amortized as interest expense)	(4,783)	
Town of Bennett Development Fees	(30,968)	
Capital Lease Obligation	(248,008)	(2,138,759)
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due		
		(7,257)
Net Assets of Governmental Activities		\$ 2,236,689

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, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues			
Property Taxes	\$ 101,661	\$ 148,121	\$ 249,782
Specific Ownership Taxes	16,003	-	16,003
Conservation Trust Fund	16,123	-	16,123
Recreation Revenues	228,345	-	228,345
Net Investment Income	400	593	993
Other	28,925	-	28,925
Total Revenues	<u>391,457</u>	<u>148,714</u>	<u>540,171</u>
Expenditures			
Current:			
Administration	135,864	3,055	138,919
Recreation	100,524	-	100,524
Aquatics	135,741	-	135,741
Janitorial	32,239	-	32,239
Debt Service:			
Principal	11,992	-	11,992
Interest	12,852	87,080	99,932
Total Expenditures	<u>429,212</u>	<u>90,135</u>	<u>519,347</u>
Excess Revenues Over (Under) Expenditures	<u>(37,755)</u>	<u>58,579</u>	<u>20,824</u>
Fund Balances - Beginning	<u>(66,711)</u>	<u>49,861</u>	<u>(16,850)</u>
Fund Balances - Ending	<u>\$ (104,466)</u>	<u>\$ 108,440</u>	<u>\$ 3,974</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, 2011**

Net Change in Fund Balance - Governmental Funds		\$	20,824
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 (\$-0-) exceeded depreciation expense (\$185,691) in the current period.			
			(185,691)
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 assets, so these transactions have no effect on net assets.			
Repayments of principal:			
Capital Lease Obligation			11,992
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.			
Amortization of bond premium	\$	302	
Accretion of B-Coupon Debt		(3,229)	(2,927)
		<u> </u>	
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			<u>(6,114)</u>
Change in Net Assets of Governmental Activities		\$	<u><u>(161,916)</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, 2011

(With Comparative Totals for the Year Ended December 31, 2010)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2010 Actual
Revenues				
Property Taxes	\$ 101,728	\$ 101,661	\$ (67)	\$ 98,081
Specific Ownership Tax	17,000	16,003	(997)	16,529
Conservation Trust Fund	18,275	16,123	(2,152)	15,333
Admissions	35,000	34,197	(803)	38,574
Program Fees	152,500	81,287	(71,213)	77,884
Room Rentals	22,500	20,876	(1,624)	13,171
Memberships	143,000	91,985	(51,015)	97,254
Special Events	5,000	-	(5,000)	2,981
Advertising	2,000	2,913	913	2,403
Vending and Sales	5,000	2,526	(2,474)	3,566
Contributions / Donations	5,000	10,559	5,559	5,432
Net Investment Income	2,000	400	(1,600)	469
Other	12,338	12,927	589	-
Total Revenues	521,341	391,457	(129,884)	371,677
Expenditures				
Current				
Administration:				
Personnel Services	98,720	66,944	31,776	92,000
Accounting and Administration	9,000	8,270	730	8,625
Audit	5,000	5,200	(200)	4,300
Bank and Credit Card Fees	4,000	5,146	(1,146)	4,320
Advertising	-	3,704	(3,704)	-
Copier	900	858	42	699
Dues and Subscriptions	750	4,302	(3,552)	717
Insurance	15,000	12,919	2,081	5,463
Legal Fees	22,500	12,823	9,677	20,868
Meeting and Travel	500	269	231	730
Office Supplies	2,500	1,224	1,276	2,772
Postage	600	187	413	405
Repairs and Maintenance	2,500	33	2,467	1,932

(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, 2011

(With Comparative Totals for the Year Ended December 31, 2010)

(Continued)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2010 Actual
Administration (Continued):				
Small Equipment, Signs and Supplies	\$ 2,000	\$ 2,473	\$ (473)	\$ 296
Telephone and Internet	750	2,531	(1,781)	903
County Treasurer's Fees	2,100	1,531	569	1,477
Town of Bennett IGA Payments - Principal	35,881	-	35,881	4,424
Utilities	20,000	7,150	12,850	7,108
Other	500	300	200	-
Subtotal Administration	223,201	135,864	87,337	157,039
Recreation:				
Personnel Services	54,500	66,886	(12,386)	100,737
Community Events and Programs	-	983	(983)	8,439
Copier	900	266	634	1,318
Dues and Subscriptions	200	-	200	-
Marketing	-	1,627	(1,627)	6,404
Meeting and Travel	4,000	-	4,000	-
Office Supplies	2,500	322	2,178	(254)
Postage	100	-	100	-
Program Supplies	5,000	6,076	(1,076)	5,315
Repairs and Maintenance	1,050	1,471	(421)	292
Small Equipment, Signs and Supplies	1,500	1,075	425	(140)
Telephone and Internet	1,000	369	631	903
Utilities	20,000	21,449	(1,449)	21,324
Subtotal Recreation	90,750	100,524	(9,774)	144,338
Aquatics:				
Personnel Services	118,740	78,254	40,486	86,925
Chemicals	10,000	7,842	2,158	6,508
Conservation Trust Fund Expenditures	-	-	-	25,071
Copier	900	266	634	1,318
Dues and Subscriptions	500	615	(115)	70
Program Supplies	5,250	549	4,701	4,683

(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, 2011
(With Comparative Totals for the Year Ended December 31, 2010)
(Continued)**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2010 Actual
Aquatics (Continued):				
Marketing	\$ 1,800	\$ 1,707	\$ 93	\$ 240
Meeting and Travel	-	643	(643)	0
Repairs and Maintenance	-	2,005	(2,005)	645
Small Equipment, Signs and Supplies	-	594	(594)	2,999
Telephone and Internet	1,000	369	631	903
Utilities	20,000	42,897	(22,897)	42,649
Subtotal Aquatics	158,190	135,741	22,449	172,011
Janitorial:				
Personnel Services	8,200	21,079	(12,879)	10,848
Building Repairs and Maintenance	10,000	5,300	4,700	1,474
Equipment Parts and Repairs	-	411	(411)	202
Janitorial Supplies	6,000	5,449	551	3,407
Subtotal Janitorial	24,200	32,239	(8,039)	15,931
Debt Service				
Capital Lease Principal	11,992	11,992	-	-
Capital Lease Interest	13,008	12,852	156	-
Subtotal Debt Service	25,000	24,844	156	-
Total Expenditures	521,341	429,212	92,129	489,319
Excess Revenues Over (Under) Expenditures	-	(37,755)	(37,755)	(117,642)
Other Financing (Uses)				
Transfers Out	-	-	-	(34,055)
Excess Revenues Over (Under) Expenditures and Other Financing Uses	-	(37,755)	(37,755)	(151,697)
Fund Balance - Beginning	35,407	(66,711)	(102,118)	109,211
Prior Period Adjustment	-	-	-	(24,225)
Fund Balance - Beginning, as Restated	35,407	(66,711)	(102,118)	84,986
Fund Balance - Ending	\$ 35,407	\$ (104,466)	\$ (139,873)	\$ (66,711)

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, 2011**

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 assets 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, 2011

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.

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

Deficit Fund Balance

The District has accumulated a deficit fund balance in the General Fund in the amount of \$104,466. 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, 2011**

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 assets, 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 Assets and Fund Equity

Net Assets

The government-wide financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Invested in capital assets (net of related debt) is intended to reflect the portion of net assets 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 Assets are 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, 2011

Unrestricted Net Assets represent 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, 2011**

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.

Note 3 – Cash and Investments

At December 31, 2011 the District had the following cash and investments:

Cash Deposits	\$ 5,649
Investments	<u>37,226</u>
	<u>\$ 42,875</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 considered to be uninsured but collateralized. The State Regulatory Commissions for banks and

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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, 2011, the District's deposits amounting to \$15,004 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 and certain U.S. government agency securities and the World Bank
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools
- Certain reverse repurchase agreements
- Certain securities lending agreements
- Certain corporate bonds

As of December 31, 2011, the District has invested \$37,226 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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, 2011 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated:				
Recreation Center	\$ 1,996,353	\$ -	\$ -	\$ 1,996,353
Pool	2,634,580	-	-	2,634,580
Equipment, Furniture & Fixtures	75,059	-	-	75,059
Total Capital Assets Being Depreciated	4,705,992	-	-	4,705,992
Less Accumulated Depreciation for:				
Recreation Center	(129,696)	(39,927)	-	(169,623)
Pool	(65,865)	(131,729)	-	(197,594)
Equipment, Furniture & Fixtures	(42,816)	(14,035)	-	(56,851)
Total Accumulated Depreciation	(238,377)	(185,691)	-	(424,068)
Total Capital Assets, Net	\$ 4,467,615	\$ (185,691)	\$ -	\$ 4,281,924

Note 5 – Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2011, is as follows:

Due to / from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service Fund	General Fund	\$66,390

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

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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, 2011:

	<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	\$ -	\$ -	\$ 1,800,000	\$ 25,000
Deferred Premium	5,085	-	302	4,783	-
"B" Interest Registered					
Coupons	51,771	3,229	-	55,000	55,000
Town of Bennett					
Development Fees	30,968	-	-	30,968	30,968
Capital Lease Obligation	260,000	-	11,992	248,008	12,600
Total	<u>\$ 2,147,824</u>	<u>\$ 3,229</u>	<u>\$ 12,294</u>	<u>\$ 2,138,759</u>	<u>\$ 123,568</u>

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

\$1,800,000 General Obligation Refunding 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 and 2024, respectively. The bonds are rated "AA" by Standard & Poor's. Repayment of both principal and interest on the bonds are insured by Radian Asset Assurance Inc.

The District failed to levy sufficient property taxes for the December 1, 2011 payment of the "B" Interest Coupons. To avoid default, the District entered into a forbearance and waiver agreement with the owner of the Coupons to pay the December 1, 2011 payment on June 1, 2012.

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 80,000	\$ 87,080	\$ 167,080
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
2017-2021	485,000	349,250	834,250
2022-2026	855,000	195,250	1,050,250
2027	230,000	11,500	241,500
	<u>\$ 1,855,000</u>	<u>\$ 976,933</u>	<u>\$ 2,831,933</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, 2011, was as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2012	\$ 24,845
2013	24,844
2014	24,845
2015	24,845
2016	24,844
2017-2021	124,222
2022-2025	<u>99,377</u>
Minimum lease payments	347,822
Less: Amount representing interest	(99,814)
Present value of minimum Lease Payments	<u>\$ 248,008</u>

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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, 2011, 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, 2011, 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, 2011**

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, 2011
(With Comparative Totals for the Year Ended December 31, 2010)**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2010 Actual
Revenues				
Property Taxes	\$ 148,232	\$ 148,121	\$ (111)	\$ 154,445
Net Investment Income	610	593	(17)	574
Total revenues	<u>148,842</u>	<u>148,714</u>	<u>(128)</u>	<u>155,019</u>
Expenditures				
Current:				
County Treasurer's Fees	2,000	2,230	(230)	2,324
Miscellaneous	300	825	(525)	-
Debt service:				
Principal	40,000	-	40,000	40,000
Interest	87,080	87,080	-	87,080
Total Expenditures	<u>129,380</u>	<u>90,135</u>	<u>39,245</u>	<u>129,404</u>
Excess Revenues Over Expenditures	19,462	58,579	39,117	25,615
Fund Balance - Beginning	4,428	49,861	45,433	21
Prior Period Adjustment	-	-	-	24,225
Fund Balance - Beginning, as Restated	<u>4,428</u>	<u>49,861</u>	<u>45,433</u>	<u>24,246</u>
Fund Balance - Ending	<u>\$ 23,890</u>	<u>\$ 108,440</u>	<u>\$ 84,550</u>	<u>\$ 49,861</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, 2011
(With Comparative Totals for the Year Ended December 31, 2010)**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2010 Actual
Revenues				
Open Space Grant Proceeds	\$ -	\$ -	\$ -	\$ 1,194,676
Net Investment Income	-	-	-	23
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,194,699</u>
Expenditures				
Capital Outlay	-	-	-	1,331,351
Conservation Trust Fund Expenditures	-	-	-	65,442
Lease Issuance Costs	-	-	-	10,010
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,406,803</u>
Excess Expenditures Over Revenues	-	-	-	(212,104)
Other Financing Sources				
Capital Lease Proceeds	-	-	-	260,000
Transfers In	-	-	-	34,055
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>294,055</u>
Excess Revenues and other Financing Sources over Expenditures	-	-	-	81,951
Fund Balance - Beginning	-	-	-	(81,951)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

OTHER INFORMATION

BENNETT PARK AND RECREATION DISTRICT

**SCHEDULES OF FUTURE DEBT SERVICE REQUIREMENTS
December 31, 2011**

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

Year	Rate	Principal	Interest	Total
2012	3.80	\$ 25,000	\$ 87,080	\$ 112,080
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>\$ 1,800,000</u>	<u>\$ 976,933</u>	<u>\$ 2,776,933</u>

**\$210,000 "B" Interest Registered Coupons
Series 2003**

Yield	Principal	Interest	Total
4.50	\$ 55,000	\$ -	\$ 55,000
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
	<u>\$ 55,000</u>	<u>\$ -</u>	<u>\$ 55,000</u>

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

Year	Rate	Principal	Interest	Total
2012	5.00	\$ 12,600	\$ 12,245	\$ 24,845
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>\$ 248,008</u>	<u>\$ 99,814</u>	<u>\$ 347,822</u>

BENNETT PARK AND RECREATION DISTRICT

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

December 31, 2011

Levy Year	Collection Year	Assessed Valuation	Mills Levied	Total Levy	Current Collection	Collection Rate
2006	2007	\$ 27,461,800	7.700	211,456	177,072	83.74%
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		

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.