

**BENNETT PARK AND RECREATION
DISTRICT**

Financial Statements

December 31, 2019

BENNETT PARK AND RECREATION DISTRICT

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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, 2019, 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, 2019, 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 4–11 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.

Dassio & Associates, P.C.

February 27, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

BENNETT PARK AND RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

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, 2019. 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 2019 by \$1,666,733. Of the net position total, \$1,599,512 is classified as net investment in capital assets and \$270,026 is restricted. The District has an unrestricted net position deficit of (\$202,805).
- The District's total net position increased \$47,916.
- The total cost of the District's programs decreased \$31,601, or 4%, compared to 2018.
- Total revenue decreased \$98,743, or 11%, compared to 2018.
- The District's governmental funds reported combined ending fund balance of \$79,692, an increase of \$81,907 in comparison with the prior year.
- The General Fund reported a deficit *unassigned* fund balance of \$194,258 as of December 31, 2019. The deficit decreased \$63,538 in 2019.
- The District made all debt service payments in 2019.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

BENNETT PARK AND RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

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 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.

BENNETT PARK AND RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

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 a budget to actual schedule for the District's debt service fund as well as schedules presenting the District's debt requirements and a history of assessed valuation and mill levies for the past several 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, 2019 and 2018. The District's assets exceeded liabilities by \$1,666,733 at the close of 2019. Total net position increased \$47,916 in 2019 and increased \$115,058 in 2018.

The decrease is comprised of the following:

- Total assets decreased \$111,486, or 3%, to \$3,550,415. This was mainly caused by increases in cash balances of \$38,460 and property taxes receivable of \$28,757, less depreciation on capital assets of \$180,992.
- Total liabilities decreased \$188,159 to \$1,541,081. The decrease was due to payments towards long-term debt obligations in 2019 amounting to \$137,750 and reductions in accounts payable of \$50,148.

BENNETT PARK AND RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

Table 1
Bennett Park and Recreation District
Summary of Net Position

| | <u>2019</u> | <u>2018</u> |
|--------------------------------------|---------------------|---------------------|
| Assets | | |
| Current and Other Assets | \$ 451,758 | \$ 391,242 |
| Capital Assets | 3,098,657 | 3,270,659 |
| Total Assets | <u>3,550,415</u> | <u>3,661,901</u> |
| Liabilities | | |
| Long-term Liabilities | 1,507,692 | 1,645,442 |
| Other Liabilities | 33,389 | 83,798 |
| Total Liabilities | <u>1,541,081</u> | <u>1,729,240</u> |
| Deferred Inflows of Resources | <u>342,601</u> | <u>313,844</u> |
| Net Position | | |
| Net Investment in Capital Ass | 1,599,512 | 1,613,476 |
| Restricted | 270,026 | 251,396 |
| Unrestricted | <u>(202,805)</u> | <u>(246,055)</u> |
| Total Net Position | <u>\$ 1,666,733</u> | <u>\$ 1,618,817</u> |

The largest portion of the District's assets reflects its investment of \$3,098,657 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, \$270,026 represents resources that are subject to external restrictions on how they may be used. The District's unrestricted net position was a deficit of \$202,805 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, 2019**

B. Analysis of Changes in Net Position

As presented in Table 2, the District's net position increased \$47,916 during 2019.

Revenues decreased \$98,743, or 11%, compared to 2018. Decrease in revenues is partially due to decreased revenues from capital grants of \$166,996 because of grants from Adams County amounting to \$183,498 for the purchase of a dehumidifier and boiler for the pool received in 2018. Offsetting this decrease were increases in service fees of \$40,543 and \$30,968 from the forgiveness of a debt owed to the Town of Bennett for past water and sewer development fees.

Expenses decreased \$31,601, or 4%, in 2019 due partly to a decrease in interest cost resulting from the 2018 refunding of the District's 2003 General Obligation Bonds, which decreased the average interest rate on the debt from 5.00% to 3.44%.

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

| Revenues | 2019 | 2018 |
|------------------------------------|---------------------|---------------------|
| Program Revenues | | |
| Fees and Charges for Services | \$ 235,786 | \$ 195,243 |
| Operating Grants and Contributions | 137,214 | 106,155 |
| Capital Grants and Contributions | 20,997 | 183,498 |
| General Revenues | | |
| Taxes | 336,273 | 372,341 |
| Investment Earnings | 3,481 | 3,488 |
| Other | 4,787 | 7,524 |
| Special item - Debt Forgiveness | 30,968 | - |
| Total Revenues | <u>769,506</u> | <u>868,249</u> |
| Expenses | | |
| Administration | 166,265 | 148,651 |
| Building Operations | 117,379 | 113,245 |
| Communities that Care | 81,460 | 69,386 |
| Recreation Programs | 115,540 | 119,873 |
| Interest and Related Charges | | |
| on Long-term Debt | 59,954 | 127,310 |
| Unallocated Depreciation | 180,992 | 174,726 |
| Total Expenses | <u>721,590</u> | <u>753,191</u> |
| Change in Net Position | 47,916 | 115,058 |
| Net Position - Beginning | <u>1,618,817</u> | <u>1,503,759</u> |
| Net Position - Ending | <u>\$ 1,666,733</u> | <u>\$ 1,618,817</u> |

BENNETT PARK AND RECREATION DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

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, 2019, the District's governmental funds reported combined ending fund balance of \$79,692, an increase of \$81,907. Included in this year's total change in fund balance is a deficit of \$178,158 in the District's General Fund.

The fund balance of the District's General Fund increased \$60,336 during 2019. Key factors are as follows:

- Excluding capital grants of \$20,997 and \$183,498 received in 2019 and 2018, respectively, revenues increased \$64,603, or 13% in 2019. The General Fund's main revenue source of recreation and aquatics revenues increased \$40,543 from \$195,243 in 2018 to \$235,786 in 2019. 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 2019, this generated \$89,106 and \$79,485 in revenues and expenditures, respectively.
- Expenditures, excluding capital, also increased in 2019, increasing \$23,460 or 5%. Personnel expenditures increased approximately \$6,000, or 2%. Personnel expenditures decreased due to cost cutting efforts while complying with the mandated minimum wage increase. Other increases were due to normal increases in cost for supplies and services.

The fund balance of the Debt Service Fund increased from \$236,279 to \$257,850 due to taxes collected in excess of the principal and interest requirements of the 2018 General Obligation Note.

BENNETT PARK AND RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

General Fund Budgetary Highlights

General Fund actual revenues were \$26,366 more than budgeted and expenditures were \$25,210 less than budgeted for 2019.

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, 2019 amounts to \$3,098,657 (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 2019 and 2018.

| | <u>2019</u> | <u>2018</u> |
|---------------------------------|---------------------|---------------------|
| Recreation Center | \$ 1,513,689 | \$ 1,554,126 |
| Pool | 1,581,118 | 1,530,667 |
| Equipment, Furniture & Fixtures | 3,850 | 5,866 |
| Construction in Process | - | 180,000 |
| Total Capital Assets, Net | <u>\$ 3,098,657</u> | <u>\$ 3,270,659</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 2019 and 2018.

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------|---------------------|---------------------|
| General Obligation Refunding Note | \$ 1,369,000 | \$ 1,460,000 |
| Town of Bennett Development Fees | - | 30,968 |
| Capital Leases | 130,145 | 149,613 |
| Compensated Absences | 8,547 | 4,861 |
| Total Long-term Debt | <u>\$ 1,507,692</u> | <u>\$ 1,645,442</u> |

All scheduled debt service payments were made on the District's obligations in 2019.

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, 2019

Next Year's Budgets and Rates

The District has appropriated \$550,251 for spending in the 2020 fiscal year budget. It is anticipated that beginning fund balances, property tax revenue, specific ownership tax revenue, recreation fees and grants revenue will be sufficient to cover these expenditures. Below is a summary of revenues and expenditures budgeted for 2020:

| | 2020 Budget |
|-----------------------------------|------------------------|
| Revenues: | |
| Taxes | \$ 232,352 |
| Fees and Charges | 210,500 |
| Communities that Care | 85,000 |
| Grants | 60,000 |
| Conservation Trust | 22,000 |
| Miscellaneous | 9,660 |
| Total Revenues | <u>619,512</u> |
| Expenditures: | |
| Administration | 148,500 |
| Building Operations | 106,500 |
| Communities that Care | 85,000 |
| Recreation | 80,101 |
| Senior Recreation | 32,400 |
| Aquatics | 70,600 |
| Debt Service | 27,150 |
| Total Expenditures | <u>550,251</u> |
| Net Change in Fund Balance | <u>\$ 69,261</u> |

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, 2019

| | |
|---|----------------------------|
| Assets | |
| Cash and Investments - Restricted | \$ 101,083 |
| Due from County Treasurer | 1,955 |
| Accounts Receivable | 6,119 |
| Property Taxes Receivable | 342,601 |
| Capital Assets, Net of Accumulated Depreciation | 3,098,657 |
| Total Assets | <u>3,550,415</u> |
| Liabilities | |
| Accounts Payable | 29,465 |
| Accrued Interest Payable | 3,924 |
| Noncurrent Liabilities | |
| Due Within One Year | 117,186 |
| Due In More Than One Year | 1,390,506 |
| Total Liabilities | <u>1,541,081</u> |
| Deferred Inflows of Resources | |
| Unavailable Revenue - Property Taxes | 342,601 |
| Net Position | |
| Net Investment in Capital Assets | 1,599,512 |
| Restricted | |
| Debt Service | 253,926 |
| Tabor Emergencies | 16,100 |
| Unrestricted | (202,805) |
| Total Net Position | <u><u>\$ 1,666,733</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, 2019**

| Function/Program Activities | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|-------------------|---------------------------------|---|---|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Administration | \$ 166,265 | \$ - | \$ 23,336 | \$ - | \$ (142,929) |
| Building Operations | 117,379 | - | - | 20,997 | (96,382) |
| Communities that Care | 81,460 | - | 89,106 | - | 7,646 |
| Recreation Programs | 115,540 | 235,786 | 24,772 | - | 145,018 |
| Interest and Related Charges on Long-term Debt | 59,954 | - | - | - | (59,954) |
| Unallocated Depreciation | 180,992 | - | - | - | (180,992) |
| Total | \$ 721,590 | \$ 235,786 | \$ 137,214 | \$ 20,997 | (327,593) |

| | |
|---------------------------------|---------------------|
| General Revenues | |
| Property Taxes - Operating | 147,855 |
| Property Taxes - Debt Service | 162,714 |
| Specific Ownership Taxes | 25,704 |
| Net Investment Income | 3,481 |
| Other | 4,787 |
| Special item - Debt Forgiveness | 30,968 |
| Total General Revenues | 375,509 |
| Change in Net Position | 47,916 |
| Net Position - Beginning | 1,618,817 |
| Net Position - Ending | \$ 1,666,733 |

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

BENNETT PARK AND RECREATION DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019**

| | <u>General</u> | <u>Debt Service</u> | <u>Total</u> |
|---|-------------------|-------------------------|-------------------|
| Assets | | | |
| Cash and Investments - Restricted | \$ - | \$ 101,083 | \$ 101,083 |
| Due from County Treasurer | 1,955 | - | 1,955 |
| Accounts Receivable | 6,119 | - | 6,119 |
| Due from Other Funds | - | 156,767 | 156,767 |
| Property Taxes Receivable | 199,352 | 143,249 | 342,601 |
| Total Assets | <u>\$ 207,426</u> | <u>\$ 401,099</u> | <u>\$ 608,525</u> |
| Liabilities | | | |
| Accounts Payable | \$ 29,465 | \$ - | \$ 29,465 |
| Due to Other Funds | 156,767 | - | 156,767 |
| Total Liabilities | <u>186,232</u> | <u>-</u> | <u>186,232</u> |
| Deferred Inflows of Resources | | | |
| Unavailable Revenue - Property Taxes | 199,352 | 143,249 | 342,601 |
| Fund Balances (Deficit) | | | |
| Restricted for Debt Service | - | 257,850 | 257,850 |
| Restricted for TABOR Emergencies | 16,100 | - | 16,100 |
| Unassigned (Deficit) | (194,258) | - | (194,258) |
| Total Fund Balances (Deficit) | <u>(178,158)</u> | <u>257,850</u> | <u>79,692</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit) | <u>\$ 207,426</u> | <u>\$ 401,099</u> | <u>\$ 608,525</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, 2019**

Total Fund Balance (Deficit) - Governmental Funds \$ 79,692

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Those assets consist of:

| | | |
|------------------------------|--------------|-----------|
| Recreation Building, Net | \$ 1,513,689 | |
| Swimming Pool, Net | 1,581,118 | |
| Equipment and Furniture, Net | <u>3,850</u> | 3,098,657 |

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 Noye Payable | (1,369,000) | |
| Capital Lease Obligations | (130,145) | |
| Compensated Absences | <u>(8,547)</u> | (1,507,692) |

| | |
|---|----------------|
| Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due | <u>(3,924)</u> |
|---|----------------|

Net Position - Governmental Activities \$ 1,666,733

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, 2019

| | General | Debt Service | Total |
|--|---------------------|-------------------------|------------------|
| Revenues | | | |
| Property Taxes | \$ 147,855 | \$ 162,714 | \$ 310,569 |
| Specific Ownership Taxes | 25,704 | - | 25,704 |
| Conservation Trust Fund | 23,336 | - | 23,336 |
| Recreation Fees and Revenues | 235,786 | - | 235,786 |
| Intergovernmental Revenue | 30,997 | - | 30,997 |
| Grant Revenue | 89,106 | - | 89,106 |
| Contributions | 14,772 | - | 14,772 |
| Net Investment Income | 1,091 | 2,390 | 3,481 |
| Other | 4,787 | - | 4,787 |
| Total Revenues | 573,434 | 165,104 | 738,538 |
| Expenditures | | | |
| Current | | | |
| Administration | 164,554 | 2,449 | 167,003 |
| Building Operations | 117,379 | - | 117,379 |
| Communities that Care | 79,485 | - | 79,485 |
| Recreation | 39,890 | - | 39,890 |
| Senior Recreation | 3,192 | - | 3,192 |
| Aquatics | 81,448 | - | 81,448 |
| Debt Service | | | |
| Principal | 19,468 | 91,000 | 110,468 |
| Interest | 7,682 | 50,084 | 57,766 |
| Total Expenditures | 513,098 | 143,533 | 656,631 |
| Net Change in Fund Balances | 60,336 | 21,571 | 81,907 |
| Fund Balances (Deficit) - Beginning | (238,494) | 236,279 | (2,215) |
| Fund Balances (Deficit) - Ending | \$ (178,158) | \$ 257,850 | \$ 79,692 |

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, 2019**

| | |
|---|-------------------------|
| Net Change in Fund Balances - Governmental Funds | \$ 81,907 |
| 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 | 8,990 |
| Depreciation Expense | (180,992) |
| The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to the governmental funds. However, issuing debt increases long-term liabilities on the statement of net position, so these transactions have no effect on net position. | |
| Repayments of principal: | |
| General Obligation Refunding Note | 91,000 |
| Capital Lease Obligations | 19,468 |
| Town of Bennett Development Fees - Forgiveness of Debt | 30,968 |
| 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 | 261 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | |
| Adjustment to compensated absences liability | <u>(3,686)</u> |
| Change in Net Position - Governmental Activities | <u><u>\$ 47,916</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, 2019

(With Comparative Actual Totals for the Year Ended December 31, 2018)

| | Original and Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2018 Actual |
|-------------------------------|--|---------------------------|---|------------------------|
| Revenues | | | | |
| Property Taxes | \$ 149,409 | \$ 147,855 | \$ (1,554) | \$ 147,954 |
| Specific Ownership Tax | 29,000 | 25,704 | (3,296) | 29,936 |
| Conservation Trust Fund | 21,000 | 23,336 | 2,336 | 20,727 |
| Recreation Fees and Revenues: | | | | |
| Admissions | 30,000 | 26,066 | (3,934) | 24,564 |
| Program Fees | 55,000 | 55,566 | 566 | 34,829 |
| Room Rentals | 17,000 | 24,586 | 7,586 | 19,260 |
| Memberships | 117,000 | 129,568 | 12,568 | 116,590 |
| Intergovernmental Revenue | 17,500 | 30,997 | 13,497 | 183,498 |
| Communities that Care Grant | 85,000 | 89,106 | 4,106 | 79,052 |
| Special Events | 6,500 | 3,480 | (3,020) | 5,532 |
| Advertising | 1,500 | 500 | (1,000) | 1,000 |
| Vending and Sales | 2,000 | 807 | (1,193) | 992 |
| Contributions | 15,000 | 14,772 | (228) | 6,376 |
| Net Investment Income | 1,159 | 1,091 | (68) | 1,022 |
| Total Revenues | 547,068 | 573,434 | 26,366 | 671,332 |
| Expenditures | | | | |
| Current | | | | |
| Administration | | | | |
| Personnel Services | 87,300 | 90,501 | (3,201) | 78,316 |
| Accounting | 13,000 | 13,550 | (550) | 15,597 |
| Audit | 4,000 | 4,000 | - | 4,000 |
| Bank and Credit Card Fees | 4,500 | 5,104 | (604) | 5,113 |
| Advertising | 500 | 405 | 95 | 645 |
| Copier | - | 3 | (3) | 35 |
| Dues and Subscriptions | 2,200 | 6,611 | (4,411) | 3,590 |
| Insurance | 20,000 | 26,671 | (6,671) | 22,963 |
| Legal Fees | 5,000 | 4,703 | 297 | 6,942 |
| Meeting and Travel | 500 | (13) | 513 | 60 |
| Office Supplies | 1,000 | 2,729 | (1,729) | 1,367 |
| Postage | 192 | 2 | 190 | 106 |

(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, 2019

(With Comparative Actual Totals for the Year Ended December 31, 2018)

(Continued)

| | Original and Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2018 Actual |
|-------------------------------------|--|---------------------------|---|------------------------|
| Administration (Continued) | | | | |
| Equipment Rental | \$ 5,000 | \$ 4,460 | \$ 540 | \$ 3,912 |
| Small Equipment and Supplies | 500 | 174 | 326 | - |
| County Treasurer's Fees | 2,259 | 2,225 | 34 | 2,227 |
| Other | 12,000 | 3,429 | 8,571 | 3,778 |
| Subtotal Administration | 157,951 | 164,554 | (6,603) | 148,651 |
| Building Operations | | | | |
| Personnel Services | - | 2,530 | (2,530) | 697 |
| Building Maintenance | 4,000 | 11,095 | (7,095) | 10,103 |
| Utilities | 60,000 | 73,223 | (13,223) | 70,205 |
| Telephone and Internet | 5,000 | 3,783 | 1,217 | 3,944 |
| Equipment Parts and Repairs | - | 240 | (240) | - |
| Janitorial Supplies | - | 2,812 | (2,812) | 1,624 |
| Contract Cleaning | 27,000 | 23,696 | 3,304 | 27,000 |
| Subtotal Building Operations | 96,000 | 117,379 | (21,379) | 113,573 |
| Communities that Care (CTC) | | | | |
| Personnel Services | 55,363 | 59,073 | (3,710) | 53,002 |
| Accounting | 6,400 | 2,450 | 3,950 | 2,400 |
| Advertising | - | - | - | 891 |
| Dues and Subscriptions | - | - | - | 180 |
| Telephone | 1,440 | 1,566 | (126) | 1,333 |
| Program Supplies | 17,577 | 15,241 | 2,336 | 8,576 |
| Office Supplies | - | 10 | (10) | 928 |
| Small Equipment and Supplies | 1,720 | - | 1,720 | - |
| Training | 2,500 | 1,145 | 1,355 | 807 |
| Professional Services | - | - | - | 1,269 |
| Subtotal CTC | 85,000 | 79,485 | 5,515 | 69,386 |
| Recreation | | | | |
| Personnel Services | 64,900 | 24,313 | 40,587 | 37,360 |
| Community Events | - | 528 | (528) | - |
| Dues and Subscriptions | - | 625 | (625) | 111 |

(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, 2019

(With Comparative Actual Totals for the Year Ended December 31, 2018)

(Continued)

| | Original and Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2018 Actual |
|-----------------------------------|--|---------------------------|---|------------------------|
| Recreation (Continued) | | | | |
| Marketing | \$ - | \$ 40 | \$ (40) | \$ 61 |
| Meeting and Travel | 500 | 174 | 326 | - |
| Program Supplies | 700 | 9,488 | (8,788) | 4,914 |
| Professional Services | - | - | - | 930 |
| Repairs and Maintenance | 1,500 | 4,722 | (3,222) | 2,358 |
| Subtotal Recreation | 67,600 | 39,890 | 27,710 | 45,734 |
| Senior Recreation | | | | |
| Personnel Services | 39,157 | 2,982 | 36,175 | 9,465 |
| Marketing | 200 | 30 | 170 | - |
| Meeting and Travel | 500 | 140 | 360 | - |
| Program Supplies | 200 | 40 | 160 | 10 |
| Subtotal Senior Recreation | 40,057 | 3,192 | 36,865 | 9,475 |
| Aquatics | | | | |
| Personnel Services | \$ 44,700 | \$ 61,271 | \$ (16,571) | \$ 56,680 |
| Chemicals | 4,000 | 7,899 | (3,899) | 3,651 |
| Program Supplies | 600 | 1,962 | (1,362) | 497 |
| Meeting and Travel | - | 440 | (440) | 985 |
| Repairs and Maintenance | 7,000 | 9,876 | (2,876) | 201,194 |
| Subtotal Aquatics | 56,300 | 81,448 | (25,148) | 263,007 |
| Debt Service | | | | |
| Capital Lease Principal | 35,400 | 19,468 | 15,932 | 18,344 |
| Capital Lease Interest | - | 7,682 | (7,682) | 8,806 |
| Subtotal Debt Service | 35,400 | 27,150 | 8,250 | 27,150 |
| Total Expenditures | 538,308 | 513,098 | 25,210 | 676,976 |
| Net Change in Fund Balance | 8,760 | 60,336 | 51,576 | (5,644) |
| Fund Balance - Beginning | (211,767) | (238,494) | (26,727) | (232,850) |
| Fund Balance - Ending | \$ (203,007) | \$ (178,158) | \$ 24,849 | \$ (238,494) |

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, 2019**

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 Town).

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, 2019

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, 2019**

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.

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, 2019

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, 2019**

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, 2019**

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, 2019**

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).

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.

Deficit Fund Balance

The District has accumulated a deficit fund balance in the General Fund in the amount of \$178,158. The District is planning on reducing this deficit by increasing program revenues and decreasing expenditures.

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

BENNETT PARK AND RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019 the District had the following cash and investments:

| | | |
|---------------|----|----------------|
| Cash Deposits | \$ | 46,614 |
| Investments | | <u>54,469</u> |
| | \$ | <u>101,083</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, 2019, the District's deposits amounting to \$50,407 were insured by federal depository insurance and consequently were not exposed to custodial credit risk.

BENNETT PARK AND RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

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 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, 2019, the District had the following investments:

| <u>Investment</u> | <u>Maturity</u> | <u>Amount</u> |
|---|-----------------------------------|------------------|
| Colorado Local Government Liquid Asset Trust (Colotrust) | Weighted Average Under 60 days | <u>\$ 54,469</u> |

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 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, 2019 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 | 2,650,908 | 188,990 | - | 2,839,898 |
| Equipment, Furniture & Fixtures | 96,722 | - | - | 96,722 |
| Total Capital Assets Being Depreciated | 4,754,183 | 188,990 | - | 4,943,173 |
| Less Accumulated Depreciation for | | | | |
| Recreation Center | (452,427) | (40,437) | - | (492,864) |
| Pool | (1,120,241) | (138,539) | - | (1,258,780) |
| Equipment, Furniture & Fixtures | (90,856) | (2,016) | - | (92,872) |
| Total Accumulated Depreciation | (1,663,524) | (180,992) | - | (1,844,516) |
| Total Capital Assets, Net | \$ 3,270,659 | \$ 7,998 | \$ (180,000) | \$ 3,098,657 |

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Note 5 – Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2019, 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>\$156,767</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, 2019.

| | <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 (Direct Borrowing) | \$ 1,460,000 | \$ - | \$ 91,000 | \$ 1,369,000 | \$ 94,000 |
| Capital Lease Obligations: | | | | | |
| Building Improvements, 2010 | 145,226 | - | 17,803 | 127,423 | 18,704 |
| Recreation Equipment, 2016 | 4,387 | - | 1,665 | 2,722 | 1,982 |
| Town of Bennett Development Fees | 30,968 | - | 30,968 | - | - |
| Compensated Absences | 4,861 | 6,075 | 2,389 | 8,547 | 2,500 |
| Total | <u>\$ 1,645,442</u> | <u>\$ 6,075</u> | <u>\$ 143,825</u> | <u>\$ 1,507,692</u> | <u>\$ 117,186</u> |

\$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

BENNETT PARK AND RECREATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

premium. The Note is considered a general obligation of the District and the full faith and 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> |
|-----------|--------------------|-------------------|--------------------|
| 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 | 108,000 | 33,471 | 141,471 |
| 2025-2029 | 596,000 | 109,221 | 705,221 |
| 2030-2031 | 269,000 | 13,967 | 282,967 |
| | <u>\$1,369,000</u> | <u>\$ 325,185</u> | <u>\$1,694,185</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, 2019, follows:

| <u>Year Ending</u> <u>December 31</u> | <u>Amount</u> |
|--|-------------------|
| 2020 | \$ 24,845 |
| 2021 | 24,845 |
| 2022 | 24,845 |
| 2023 | 24,845 |
| 2024 | 24,845 |
| 2025 | 24,845 |
| Minimum lease payments | 149,070 |
| Less: Amount representing interest | (21,647) |
| Present value of minimum lease payments | <u>\$ 127,423</u> |

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019, follows:

| Year Ending December 31 | Amount |
|---|-----------------|
| 2020 | \$ 2,305 |
| 2021 | 768 |
| Minimum lease payments | 3,073 |
| Less: Amount representing interest | (351) |
| Present value of minimum lease payments | <u>\$ 2,722</u> |

Assets acquired through capital leases are as follows:

Assets:

| | |
|--------------------------------|-------------------|
| Building Improvements | \$ 260,000 |
| Recreation Equipment | 7,638 |
| Less: Accumulated Depreciation | <u>(129,612)</u> |
| | <u>\$ 138,026</u> |

Town of Bennett Intergovernmental Agreement – Development and Tap Fees

During 2005, the District entered into an intergovernmental agreement with the Town 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, 2019, the Town passed a Resolution forgiving the outstanding Water and Sewer Payments due on the agreement amounting to \$30,968 plus any accrued interest. As a result, the District has eliminated the liability from the financial statements.

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019, the District had net investment in capital assets of \$1,599,512.

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 \$270,026 as of December 31, 2019, as follows:

Restricted net position:

| | |
|--------------------|-------------------|
| Emergency reserves | \$ 16,100 |
| Debt service | <u>253,926</u> |
| Total | <u>\$ 270,026</u> |

The District has a deficit in unrestricted net position. The deficit is 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 require additional contributions from the Pool members. Any excess funds, which the Pool

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 to lease land at the Bennett Recreation Center location. The lease term expires December 31, 2026 and may be renewed at the discretion of the District for additional twenty-five year terms. Under the lease terms, the District paid a one-time nominal amount.

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

Note 10 – Tax, Spending and Debt Limitations

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

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

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

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

BENNETT PARK AND RECREATION DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019

(With Comparative Actual Totals for the Year Ended December 31, 2018)

| | Original and Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2018 Actual |
|--|--|---------------------------|---|------------------------|
| Revenues | | | | |
| Property Taxes | \$ 164,435 | \$ 162,714 | \$ (1,721) | \$ 194,451 |
| Net Investment Income | - | 2,390 | 2,390 | 2,466 |
| Total Revenues | <u>164,435</u> | <u>165,104</u> | <u>669</u> | <u>196,917</u> |
| Expenditures | | | | |
| Current | | | | |
| County Treasurer's Fees | 2,486 | 2,449 | 37 | 2,922 |
| Debt service | | | | |
| Principal - 2018 GO Refunding Loan | 95,000 | 91,000 | 4,000 | 116,000 |
| Interest - 2003 GO Bonds | - | - | - | 39,447 |
| Interest - 2018 GO Refunding Loan | 70,750 | 50,084 | 20,666 | 25,752 |
| Loan Issuance Costs | - | - | - | 55,365 |
| Total Expenditures | <u>168,236</u> | <u>143,533</u> | <u>24,703</u> | <u>239,486</u> |
| Excess Revenues Over (Under) Expenditures | <u>(3,801)</u> | <u>21,571</u> | <u>25,372</u> | <u>(42,569)</u> |
| Other Financing Sources (Uses) | | | | |
| Refunding Loan Proceeds | - | - | - | 1,576,000 |
| Payment to Current Refunding Escrow | - | - | - | (1,495,000) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>81,000</u> |
| Net Change in Fund Balance | <u>(3,801)</u> | <u>21,571</u> | <u>25,372</u> | <u>38,431</u> |
| Fund Balance - Beginning | <u>235,911</u> | <u>236,279</u> | <u>368</u> | <u>197,848</u> |
| Fund Balance - Ending | <u>\$ 232,110</u> | <u>\$ 257,850</u> | <u>\$ 25,740</u> | <u>\$ 236,279</u> |

See the Independent Auditor's Report

OTHER INFORMATION

BENNETT PARK AND RECREATION DISTRICT

**SCHEDULES OF FUTURE DEBT SERVICE REQUIREMENTS
December 31, 2019**

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

| Year | Rate | Principal | Interest | Total |
|------|------|---------------------|-------------------|---------------------|
| 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>\$ 1,369,000</u> | <u>\$ 325,185</u> | <u>\$ 1,694,185</u> |

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

| Rate | Principal | Interest | Total |
|------|-------------------|------------------|-------------------|
| 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>\$ 127,423</u> | <u>\$ 21,647</u> | <u>\$ 149,070</u> |

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

| Year | Rate | Principal | Interest | Total |
|------|-------|-----------------|---------------|-----------------|
| 2020 | 17.50 | \$ 1,982 | \$ 323 | \$ 2,305 |
| 2021 | 17.50 | 740 | 28 | 768 |
| | | <u>\$ 2,722</u> | <u>\$ 351</u> | <u>\$ 3,073</u> |

BENNETT PARK AND RECREATION DISTRICT

**SCHEDULE OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED
December 31, 2019**

| 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 | \$ 283,652 | 101.51% |
| 2012 | 2013 | 29,211,440 | 3.500 | 5.000 | - | 8.500 | 248,297 | 242,387 | 97.62% |
| 2013 | 2014 | 29,563,160 | 3.500 | 5.400 | - | 8.900 | 263,112 | 264,386 | 100.48% |
| 2014 | 2015 | 29,434,910 | 3.500 | 5.400 | - | 8.900 | 261,971 | 255,954 | 97.70% |
| 2015 | 2016 | 32,532,200 | 3.500 | 5.000 | - | 8.500 | 276,524 | 267,659 | 96.79% |
| 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 | 342,405 | 99.84% |
| 2018 | 2019 | 42,688,190 | 3.500 | 3.852 | - | 7.352 | 313,844 | 310,569 | 98.96% |

Estimated for the
Year Ending
December 31,
2020

| | | | | | |
|---------------|-------|-------|---|-------|------------|
| \$ 56,957,900 | 3.500 | 2.515 | - | 6.015 | \$ 342,601 |
|---------------|-------|-------|---|-------|------------|

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.