

**CARBON VALLEY PARK
AND RECREATION DISTRICT
Weld County, Colorado**

**FINANCIAL STATEMENTS
December 31, 2014**



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Carbon Valley Park and Recreation District
Weld County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Carbon Valley Park and Recreation District as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Carbon Valley Park and Recreation District, as of December 31, 2014, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Special Revenue Fund – Conservation Trust Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carbon Valley Park and Recreation District's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, for the Debt Service Fund (the Supplementary Information) and the Schedule of Debt Service Requirements to Maturity and the Summary 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 was derived from and relates 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 Supplemental 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.

Dargio & Platt, LLC

July 24, 2015

BASIC FINANCIAL STATEMENTS

CARBON VALLEY PARK AND RECREATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 105,191
Cash and investments - Restricted	779,569
Receivable - County Treasurer	10,590
Property taxes receivable	2,571,235
Deposit	2,500
Prepaid expenditures	70,281
Capital assets, nondepreciable	185,847
Capital assets, net	9,268,172
Total assets	<u>12,993,385</u>
DEFERRED OUTFLOWS OF RESOURCES	
Cost of bond refunding	380,245
Total deferred outflows of resources	<u>380,245</u>
LIABILITIES	
Accounts payable	103,278
Payroll liabilities	45,875
Accrued interest payable	28,694
Noncurrent liabilities	
Due within one year	657,918
Due in more than one year	6,066,681
Total liabilities	<u>6,902,446</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	2,571,235
Total deferred inflows of resources	<u>2,571,235</u>
NET POSITION	
Net investment in capital assets	3,109,665
Restricted for:	
Emergency reserves	86,500
Debt service	642,545
Conservation Trust Fund	54,072
Unrestricted	7,167
Total net position	<u>\$ 3,899,949</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**CARBON VALLEY PARK AND RECREATION DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Administration	\$ 1,475,673	\$ -	\$ -	\$ 126,346	\$ (1,349,327)
Swimming pool, recreation and sports program	1,698,235	973,774	13,945	2,201	(708,315)
Interest and other costs related to long-term debt	219,064	-	-	-	(219,064)
Total governmental activities	<u>\$ 3,392,972</u>	<u>\$ 973,774</u>	<u>\$ 13,945</u>	<u>\$ 128,547</u>	<u>(2,276,706)</u>
General revenues:					
Property taxes					2,576,339
Specific ownership taxes					218,108
Net investment income					1,436
Other income					34,042
Total general revenues					<u>2,829,925</u>
Change in net position					553,219
Net position - Beginning					3,346,730
Net position - Ending					<u>\$ 3,899,949</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**CARBON VALLEY PARK AND RECREATION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014**

	General Fund	Debt Service Fund	Conservation Trust Fund	Total Governmental Funds
ASSETS				
Cash and investments	\$ 105,191	\$ -	\$ -	\$ 105,191
Cash and investments - Restricted	86,500	638,997	54,072	779,569
Receivable - County Treasurer	7,042	3,548	-	10,590
Prepaid expenditures	70,281	-	-	70,281
Property taxes receivable	1,708,587	862,648	-	2,571,235
Deposit	2,500	-	-	2,500
TOTAL ASSETS	\$ 1,980,101	\$ 1,505,193	\$ 54,072	\$ 3,539,366
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 103,278	\$ -	\$ -	\$ 103,278
Payroll liabilities	45,875	-	-	45,875
Total liabilities	149,153	-	-	149,153
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	1,708,587	862,648	-	2,571,235
Total deferred inflows of resources	1,708,587	862,648	-	2,571,235
FUND BALANCE				
Nonspendable	70,281	-	-	70,281
Restricted for:				
Emergency reserves	86,500	-	-	86,500
Debt service	-	642,545	-	642,545
Conservation Trust Fund	-	-	54,072	54,072
Unassigned	(34,420)	-	-	(34,420)
Total fund balances	122,361	642,545	54,072	818,978
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,980,101	\$ 1,505,193	\$ 54,072	

Amounts reported for governmental activities in the statement of net position are different because:

Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.	380,245
Cost of bond refunding	380,245
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,454,019
Long-term liabilities, including bonds and capital leases payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(28,694)
Bonds payable	(5,025,000)
Bond premium	(241,204)
Capital lease payable	(1,458,395)
Net position of governmental activities	\$ 3,899,949

These financial statements should be read only in connection with the accompanying notes to the financial statements.

CARBON VALLEY PARK AND RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2014

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Conservation Trust Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 1,713,302	\$ 863,037	\$ -	\$ 2,576,339
Specific ownership taxes	145,042	73,066	-	218,108
Lottery fund income	-	-	126,346	126,346
Net investment income	734	600	102	1,436
Charges for services				
Recreation and sports program	524,882	-	-	524,882
Punch card/Pass Revenue	405,163	-	-	405,163
Concession Revenue	13,337	-	-	13,337
Rental Revenue	30,392	-	-	30,392
Fundraising revenue	13,945	-	-	13,945
Grants and donations	2,201	-	-	2,201
Miscellaneous income	9,276	-	-	9,276
Other income	24,766	-	-	24,766
Total revenues	<u>2,883,040</u>	<u>936,703</u>	<u>126,448</u>	<u>3,946,191</u>
EXPENDITURES				
Administration	831,031	-	-	831,031
Advertising	3,686	-	-	3,686
Automobile expense	7,126	-	-	7,126
Contribution/donations	100	-	-	100
Dues and subscriptions	1,202	-	-	1,202
Education and training expense	9,354	-	-	9,354
Equipment expense	35,342	-	-	35,342
Insurance	147,849	-	-	147,849
Legal and accounting	138,397	-	-	138,397
Miscellaneous expense	70,851	-	-	70,851
County Treasurer's fees	25,748	12,970	-	38,718
Repairs and maintenance	54,476	-	-	54,476
Travel	5,072	-	-	5,072
Recreation Center	1,193,053	-	-	1,193,053
Senior Program	48,319	-	-	48,319
Athletic Programs	126,734	-	-	126,734
Ballfield Maintenance	65,070	-	-	65,070
Debt service				
Lease expense	135,405	-	-	135,405
Lease Interest expense	43,270	-	-	43,270
Bond principal	-	485,000	-	485,000
Bond interest	-	180,787	-	180,787
Capital Improvements	-	-	111,107	111,107
Total expenditures	<u>2,942,085</u>	<u>678,757</u>	<u>111,107</u>	<u>3,731,949</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(59,045)</u>	<u>257,946</u>	<u>15,341</u>	<u>214,242</u>
NET CHANGE IN FUND BALANCES	(59,045)	257,946	15,341	214,242
FUND BALANCES - BEGINNING OF YEAR	<u>181,406</u>	<u>384,599</u>	<u>38,731</u>	<u>604,736</u>
FUND BALANCES - END OF YEAR	<u>\$ 122,361</u>	<u>\$ 642,545</u>	<u>\$ 54,072</u>	<u>\$ 818,978</u>

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**CARBON VALLEY PARK AND RECREATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2014**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - Total governmental funds	\$	214,242
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Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Depreciation expense		(265,059)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payment - Bonds		485,000
Amortization of bond premium		45,304
Amortization of cost of refunding		(71,420)
Principal payment - Capital lease		135,405

Some revenues/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.

Accrued interest on liabilities - Change in liability		9,747
Changes in net position of governmental activities	\$	553,219

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**CARBON VALLEY PARK AND RECREATION DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2014**

	Budgeted Amounts Original/ Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 1,717,967	\$ 1,713,302	\$ (4,665)
Specific ownership taxes	96,425	145,042	48,617
Net investment income	3,000	734	(2,266)
Charges for services			
Recreation and sports program	505,500	524,882	19,382
Punch card/Pass Revenue	415,000	405,163	(9,837)
Concession Revenue	42,000	13,337	(28,663)
Rental Revenue	30,700	30,392	(308)
Fundraising revenue	19,000	13,945	(5,055)
Grants and donations	12,000	2,201	(9,799)
Miscellaneous income	16,000	9,276	(6,724)
Other income	24,767	24,766	(1)
Total revenues	<u>2,882,359</u>	<u>2,883,040</u>	<u>681</u>
EXPENDITURES			
Administration	674,720	831,031	(156,311)
Advertising	3,000	3,686	(686)
Automobile expense	14,000	7,126	6,874
Contribution/donations	2,000	100	1,900
Dues and subscriptions	3,500	1,202	2,298
Education and training expense	18,000	9,354	8,646
Equipment expense	10,000	35,342	(25,342)
Insurance	122,000	147,849	(25,849)
Legal and accounting	148,500	138,397	10,103
Miscellaneous expense	60,000	70,851	(10,851)
County Treasurer's fees	27,931	25,748	2,183
Repairs and maintenance	70,000	54,476	15,524
Travel	10,000	5,072	4,928
Lease expense	84,191	135,405	(51,214)
Lease Interest expense	-	43,270	(43,270)
Recreation Center	1,520,700	1,193,053	327,647
Senior Program	129,500	48,319	81,181
Athletic Programs	251,900	126,734	125,166
Ballfield Maintenance	39,300	65,070	(25,770)
Total expenditures	<u>3,189,242</u>	<u>2,942,085</u>	<u>247,157</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(306,883)</u>	<u>(59,045)</u>	<u>247,838</u>
OTHER FINANCING SOURCES (USES)			
Line of credit proceeds	200,000	-	(200,000)
Line of credit repayment	(200,000)	-	200,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(306,883)	(59,045)	247,838
FUND BALANCES - BEGINNING OF YEAR	393,885	181,406	(212,479)
FUND BALANCES - END OF YEAR	<u>\$ 87,002</u>	<u>\$ 122,361</u>	<u>\$ 35,359</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**CARBON VALLEY PARK AND RECREATION DISTRICT
SPECIAL REVENUE FUND - CONSERVATION TRUST FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2014**

	Budgeted Amounts Original/ Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net investment income	\$ -	\$ 102	\$ 102
Lottery fund income	125,000	126,346	1,346
Total revenues	<u>125,000</u>	<u>126,448</u>	<u>1,448</u>
EXPENDITURES			
Capital maintenance and improvements	111,000	111,107	(107)
Total expenditures	<u>111,000</u>	<u>111,107</u>	<u>(107)</u>
NET CHANGE IN FUND BALANCES	14,000	15,341	1,341
FUND BALANCES - BEGINNING OF YEAR	-	38,731	38,731
FUND BALANCES - END OF YEAR	<u>\$ 14,000</u>	<u>\$ 54,072</u>	<u>\$ 40,072</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CARBON VALLEY PARK & RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - DEFINITION OF REPORTING ENTITY

Carbon Valley Park and Recreation District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized in 1983 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 the County of Weld County, Colorado. The District's service area is located in Weld County, Colorado including the communities of Frederick, Firestone, Dacono and the surrounding rural area. The District was established to construct and maintain parks and recreation facilities.

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 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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes.

The statement of net position reports all financial and capital resources of the District. The difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues 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 revenues are reported instead as general revenues. Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

CARBON VALLEY PARK & RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and user fees. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue – Conservation Trust Fund is used to account for conservation trust revenues and expenditures incurred for eligible costs.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

When both restricted and unrestricted resources are available for use, it is the government'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 of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The District's Board of Directors can 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.

CARBON VALLEY PARK & RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Interest earnings are allocated periodically to the participating funds based upon each fund's average equity balance in total cash and investments.

Investments are carried at fair value.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by 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 Treasurer collects 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 generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as a deferred inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. 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 the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Building and improvements	7-50 years
Equipment	5-10 years
Vehicles	7 years

CARBON VALLEY PARK & RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Original Issue Discount/Premium

In the government-wide financial statements, bond discounts and premiums are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 expensed when incurred as debt service expenditures.

Compensated Absences

Obligations associated with the District's vacation policy are recorded as a liabilities and expenses when earned to the extent that such benefits vest to the employee, in the government-wide financial statements. The amount of accrued and unpaid balance due under this policy is considered a long-term liability. The District has no liability for accrued compensated absences at December 31, 2014.

Fund Equity

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.
- *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.

CARBON VALLEY PARK & RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2014, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 105,191
Cash and investments - restricted	<u>779,569</u>
Total cash and investments	<u>\$ 884,760</u>

Cash and investments as of December 31, 2014, consist of the following:

Deposits with financial institutions	\$ 479,435
Investments	<u>405,325</u>
Total cash and investments	<u>\$ 884,760</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels 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 102% of the aggregate uninsured deposits.

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, 2014, the District’s cash deposits had a bank balance of \$523,589 and a carrying balance of \$479,435.

**CARBON VALLEY PARK & RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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 those noted with an asterisk (*) below, 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.

Revenue bonds of local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

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 U.S. 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

As of December 31, 2014, the District had the following investments:

Investment	Maturity	Fair Value
Colorado Local Government Liquid Asset Trust (Colostrust)	Weighted average under 60 days	<u>\$ 405,325</u>

CARBON VALLEY PARK & RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (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 repurchase agreements collateralized by certain obligations of U.S. government agencies. 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. The Trust is rated AAAM by Standard & Poor's.

CARBON VALLEY PARK & RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2014, follows:

	<u>Balance at December 31, 2013</u>	<u>Additions</u>	<u>Deletions/ Adjustment</u>	<u>Balance at December 31, 2014</u>
Governmental Activities:				
Capital assets, nondepreciable:				
Land	\$ 185,847	\$ -	\$ -	\$ 185,847
Total capital assets, nondepreciable	<u>185,847</u>	<u>-</u>	<u>-</u>	<u>185,847</u>
Capital assets, being depreciated:				
Building and improvements	11,692,836	-	-	11,692,836
Equipment	500,414	-	-	500,414
Vehicles	108,535	-	-	108,535
Total capital assets, being depreciated	<u>12,301,785</u>	<u>-</u>	<u>-</u>	<u>12,301,785</u>
Less accumulated depreciation for:				
Building and improvements	(2,180,677)	(240,309)	-	(2,420,986)
Equipment	(480,429)	(19,985)	-	(500,414)
Vehicles	(107,448)	(4,765)	-	(112,213)
Total accumulated depreciation	<u>(2,768,554)</u>	<u>(265,059)</u>	<u>-</u>	<u>(3,033,613)</u>
Total capital assets, being depreciated, net	<u>9,533,231</u>	<u>(265,059)</u>	<u>-</u>	<u>9,268,172</u>
Governmental activities capital assets, net	<u>\$ 9,719,078</u>	<u>\$ (265,059)</u>	<u>\$ -</u>	<u>\$ 9,454,019</u>

Depreciation expense for the year ended December 31, 2014, was charged to the swimming pool, recreation and sports program activities.

CARBON VALLEY PARK & RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2014:

	<u>Balance at December 31, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2014</u>	<u>Due Within One Year</u>
General obligation bonds,					
Series 2010 issue	\$ 5,510,000	\$ -	\$ 485,000	\$ 5,025,000	\$ 495,000
Bond premium	286,508	-	45,304	241,204	42,874
Capital leases,					
2009 lease	1,549,655	-	114,108	1,435,547	97,196
2012 lease	44,145	-	21,297	22,848	22,848
	<u>\$ 7,390,308</u>	<u>\$ -</u>	<u>\$ 665,709</u>	<u>\$ 6,724,599</u>	<u>\$ 657,918</u>

General Obligation Bonds

\$6,180,000 General Obligation Refunding Bonds, Series 2010, dated August 31, 2010, with interest of 0.75% to 4.00%. Interest is payable semi-annually on June 1 and December 1, beginning on December 1, 2010. The bonds are subject to redemption prior to maturity, at the option of the District, without redemption premium, beginning December 1, 2020. Proceeds of the bonds were used to advance refund a portion of the District's outstanding General Obligation Bonds, Series 2002, and to pay the costs of issuing the bonds.

The bonds are general obligations of the District, secured by a pledge of the full faith and credit of the District and payable from the general ad valorem taxes which may be levied without limitation of rate and in an amount necessary to pay the bonds when due against all taxable property within the District.

The annual requirement to amortize the District's bonds is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 495,000	\$ 171,088	\$ 666,088
2016	500,000	159,950	659,950
2017	525,000	147,450	672,450
2018	530,000	133,012	663,012
2019	550,000	111,813	661,813
2020-2023	2,425,000	239,212	2,664,212
	<u>\$ 5,025,000</u>	<u>\$ 962,525</u>	<u>\$ 5,987,525</u>

CARBON VALLEY PARK & RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Capital Leases

2009 Building Lease

On May 1, 2009, the District entered into a Lease Agreement with Valley Bank & Trust for the purpose of financing a portion of the acquisition, construction and installation of a Senior Center and Gymnasium. Under the Agreement, the District agrees to sublease property from which Valley Bank & Trust has a leasehold interest in the land, the premises, building and improvements situated or to be situated on the land. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payment as of the inception date. The lease was capitalized in the amount of \$1,800,000 and bears interest at a rate of 4.00%. The District is required to make semi-annual payments due on April 1, and October 1, beginning on October 1, 2009, and ending on April 1, 2029.

2012 Equipment Lease

On December 14, 2012, the District entered into a Lease Agreement with Kansas State Bank of Manhattan for the purpose of acquiring cardiovascular equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payment as the of the inception date. The lease was capitalized in the amount of \$82,500 and bears interest at a rate of 7.05%. The District is required to make semi-annual payments beginning on January 15, 2012, and ending on December 15, 2015.

The assets acquired through capital leases are as follows:

Assets:

Building and improvements	\$ 1,800,000
Cardio equipment	82,500
Less: accumulated depreciation	<u>(284,377)</u>
Total	<u><u>\$ 1,598,123</u></u>

CARBON VALLEY PARK & RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014, were as follows:

Year ending December 31,

2015	\$ 178,667
2016	154,944
2017	154,944
2018	154,944
2019-2023	774,723
2024-2026	418,985
Total minimum lease payments	1,837,208
Less: Amount representing interest	(378,812)
Present value of minimum lease payments	\$ 1,458,397
Current portion	\$ 120,044
Long-term portion	\$ 1,338,351

Authorized Debt

The District has no remaining authorized but unissued general obligation indebtedness.

NOTE 6 - 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 is 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, 2014, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net investment in capital assets:	
Capital assets, net	\$ 9,454,019
Cost of bond refunding	380,245
Current portion of outstanding long-term obligations	(615,044)
Noncurrent portion of outstanding long-term obligations	(5,868,351)
Bond premium, net	(241,204)
Total net investment in capital assets	\$ 3,109,665

CARBON VALLEY PARK & RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 6 - NET POSITION (CONTINUED)

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of either governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position of \$753,427 as of December 31, 2014, as follows:

Restricted net position:	
Emergence reserves	\$ 86,500
Debt service	642,545
Conservation Trust Fund	<u>54,072</u>
Total restricted net position	<u>\$ 783,117</u>

The District's unrestricted net position as of December 31, 2014, totaled \$7,167.

NOTE 7 – INTERGOVERNMENTAL AGREEMENTS

City of Dacono

On November 28, 2001, the District and the City of Dacono ("City") entered into an intergovernmental agreement to set forth the general understandings of the parties regarding their relationship and their provision of recreation facilities and services within the City and the District. The District and the City acknowledge and agree that they will have the following general responsibilities with respect to the following matters of mutual interest to the District and the City:

- The City will continue to use its best efforts to require developments within the City that are not currently within the District to file a petition for inclusion with the District.
- The City will give the District the opportunity to comment on development proposals on all new developments within the City no later than 25 days prior to the Planning Commission's consideration of such development proposal.
- The City will own and develop the neighborhood, area and regional parks within the City.
- The City will continue to pay for the watering of the inside and surrounding areas of the regional parks within the City.
- The District will expend District capital improvements and maintenance funds within the City, in amounts not less than the ratio of the total assessed valuation of all taxable property within the District. This capital improvement and maintenance expenditure allocation shall not apply to bond proceeds and shall be reviewed on a three-year basis commencing in the year 2001.
- The District will operate, maintain and manage the inside (other than watering) of the sports fields and other recreational facilities within the City, including the BMX Facility. Such maintenance shall include all necessary moving and provision of porta-potties during its seasonal use. The City will provide dumpsters and trash service.

The term of this agreement will remain in effect until December 31, 2015, unless sooner terminated by mutual written agreement.

CARBON VALLEY PARK & RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 7 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Town of Frederick

On April 27, 2006, the District and the Town of Frederick (“Town”) entered into an intergovernmental agreement to set forth the general understandings of the Parties regarding their relationship and their provision of recreation facilities and services within the Town and the District. The District and the Town acknowledge and agree that they will have the following general responsibilities with respect to the following matters of mutual interest to the District and the Town:

- The Town will continue to require developments within the Town that are not currently within the District to file a petition for inclusion with the District.
- The Town will give the District the opportunity to comment on development proposals on all new developments within the Town no later than 21 days prior to the Planning Commission’s consideration of such development proposal.
- The Town will own and develop the St. Vrain Legacy Trail within the Town limits.
- The District will expend District capital improvements and maintenance funds within the Town, in amounts not less than the ratio of the total assessed valuation of all taxable property within the District. This capital improvement and maintenance expenditure allocation shall not apply to bond proceeds and shall be reviewed on a three-year basis commencing in the year 2007.
- The District will operate, maintain and manage the inside (other than watering) of mutually agreed upon sports fields and/or other recreation facilities within the Town.
- The District shall be responsible for cleaning of all areas and facilities used by it, and for the supervision of players and programs, and shall hold harmless the Town from any and all liability resulting there from.
- With respect to the Lighted Ball Field on Block 29, the District agrees to pay all power/lighting costs associated with its use. The parties agree to evenly split the cost of all water used. The District is required to perform routine maintenance on the lighted ball field to include the following: mow and water the grassed areas weekly; daily trash pickup and maintenance of facilities; and other grounds keeping as agreed upon by the Parties. The terms of the use of the facilities on Block 29 are further clarified in the July 2012 Agreement for Joint Use of Facilities between the District, the Town and the St. Vrain School District RE-1J.

The term of this agreement will remain in effect until December 31, 2021, unless sooner terminated by mutual written agreement.

Town of Firestone

On March 11, 2010, the District and the Town of Firestone (“Town”) entered into an intergovernmental agreement to set forth the general understandings of the Parties regarding their relationship and their provision of recreation facilities and services within the Town and the District. The District and the Town acknowledge and agree that they will have the following general responsibilities with respect to the following matters of mutual interest to the District and the Town:

- The Town will continue to use its best efforts to require developments within the Town that are not currently within the District to file a petition for inclusion with the District.

CARBON VALLEY PARK & RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 7 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

- The Town will give the District the opportunity to comment on development proposals on all new developments within the Town no later than 15 days prior to the Planning Commission's consideration of such development proposal.
- The Town will own and develop the Firestone Trail.
- The Town will own and develop the neighborhood, area and regional parks within the Town.
- The District will use reasonable efforts to annually expend District budgeted capital improvements and maintenance funds within the Town, in amounts not less than the ratio of the total assessed valuation of all taxable property within the District. This capital improvement and maintenance expenditure allocation shall not apply to bond proceeds and shall not be construed to require any appropriation to create any financial liability on the part of the District.
- The agreement further clarifies the joint use for specific parks with the Town.

The term of this agreement will remain in effect until December 31, 2014, unless sooner terminated by mutual written agreement. On November 20, 2013, this agreement was extended to December 31, 2014. Subsequent to year end, on January 14, 2015, this agreement was extended to December 31, 2019.

NOTE 8 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO

The District contributes to the Local Government Division Trust Fund ("LGDTF"), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The LGDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the LGDTF. A report may be obtained by writing to PERA at 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Plan members and the District are required to contribute to the Trust at rates set by Colorado Statutes. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. For 2014, the contribution rate for members is 8.00% and for the District it is 10.00% of covered salary. A portion of the District's contribution of 1.02% of covered salary is allocated to the Health Care Trust Fund (see Note 10).

The District is also required to pay an amortization equalization disbursement (AED) equal to 2.20% of the total payroll and a supplemental amortization equalization disbursement (SAED) equal to 1.50% of the total payroll for the calendar years 2011 through 2013.

If the District rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions (including AED and SAED) on the amounts paid for the retiree. Effective January 1, 2011, working retiree contributions are required at the same 8.00% member contribution rate.

CARBON VALLEY PARK & RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 8 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

For the years ending December 31, 2012, 2013, and 2014, the District's employer contributions to the LGDTF were \$182,296, \$209,688 and \$173,676 respectively, equal to their required contribution for the year.

NOTE 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS

The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

For 2014, the District is required to contribute at a rate of 1.02% for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the C.R.S., as amended. For the years ending December 31, 2012, 2013, and 2014, the District's employer contributions to the HCTF were \$13,562, \$22,233, and \$13,971, respectively.

NOTE 10 – VOLUNTARY INVESTMENT PROGRAM

Employees of the District who are members of the LGDTF (see Note 8) may voluntarily contribute to the Voluntary Investment Program, (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the 401(k) plan. That report may be obtained online at www.copera.org or by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

The 401(k) Plan is funded by voluntary member contributions up to a maximum limit set by the IRS (\$17,500 for calendar year 2013, \$17,000 for calendar year 2012, and \$16,500 for calendar year 2011). In addition, catch-up contributions, up to \$5,500 for the calendar year were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC ss414(v). The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. For the years ending December 31, 2012, 2013, and 2014, the 401(k) Plan member contributions from the District were \$11,551, \$12,348 and \$361, respectively.

CARBON VALLEY PARK & RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Grant Programs

The District participates in various grant programs, which are subject to review by the grantor agencies. Such review could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. District management believes disallowances, if any, will be insignificant.

NOTE 12 - 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 acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2014. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official's 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 liability, property, public official's liability and workers compensation coverage. In the event aggregated 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.

NOTE 13 - 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 that apply to the State of Colorado and all local governments.

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. TABOR reserve is not provided when the District's ending fund balance is deficit.

CARBON VALLEY PARK & RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 13 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

In November 1996, the registered voters of the District voted to allow the District to collect, retain, and expend all revenues and other funds generated from its current general fund property tax mill levy of 4.427 mills, from fees and charges and all other sources, effective January 1, 1996, and continuing thereafter, and be used to provide District services as a voter approved revenue change, offset and an exception to the limits imposed by Article X, Section 20 of the Colorado Constitution, Section 29-1-301, C.R.S. This effectively removed all revenue and spending limits imposed by the Amendment.

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.

NOTE 14 – NEW PRONOUNCEMENT

The GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions (Statement No.68), which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The District provides its employees with pension benefits through a multiple employer cost-sharing defined benefit retirement program administered by the Public Employees' Retirement Association of Colorado (PERA).

Statement No. 68 requires cost-sharing employers participating in the PERA program, such as the District, to record their proportionate share, as defined in Statement No. 68, of PERA's unfunded pension liability. The District has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefits, or annual required contribution decisions made by PERA. The requirement of Statement No. 68 to record a portion of PERA's unfunded liability will negatively impact the District's future unrestricted net position. Statement No. 68 is effective for the fiscal year 2015. At this time, District management is unable to estimate the magnitude of this impact. Information regarding PERA's current funding status can be found in its Comprehensive Annual Financial Report.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

**CARBON VALLEY PARK AND RECREATION DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2014**

	Budgeted Amounts Original/ Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 870,424	\$ 863,037	\$ (7,387)
Specific ownership taxes	48,575	73,066	24,491
Net investment income	-	600	600
Total revenues	<u>918,999</u>	<u>936,703</u>	<u>17,704</u>
EXPENDITURES			
County Treasurer's fees	14,069	12,970	1,099
Debt service			
Bond principal	485,000	485,000	-
Bond interest	275,270	180,787	94,483
Paying agent fees	2,500	-	2,500
Total expenditures	<u>776,839</u>	<u>678,757</u>	<u>98,082</u>
NET CHANGE IN FUND BALANCES	142,160	257,946	115,786
FUND BALANCES - BEGINNING OF YEAR	-	384,599	384,599
FUND BALANCES - END OF YEAR	<u>\$ 142,160</u>	<u>\$ 642,545</u>	<u>\$ 500,385</u>

OTHER INFORMATION

**CARBON VALLEY PARK AND RECREATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2014**

\$6,180,000

General Obligation Bonds, Series 2010

Dated August 31, 2010

Interest Rate 0.75% to 4.00%

Interest Payable June 1 and December 1

Principal Due December 1

Bonds and Interest Maturing in the Year Ending December 31,	Principal	Interest	Total
2015	\$ 495,000	\$ 171,088	\$ 666,088
2016	500,000	159,950	659,950
2017	525,000	147,450	672,450
2018	530,000	133,012	663,012
2019	550,000	111,813	661,813
2020	575,000	89,812	664,812
2021	600,000	74,000	674,000
2022	615,000	50,000	665,000
2023	635,000	25,400	660,400
	<u>\$ 5,025,000</u>	<u>\$ 962,525</u>	<u>\$ 5,987,525</u>

**CARBON VALLEY PARK AND RECREATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2014**

Bonds and Interest Maturing in the Year Ending December 31,	\$1,800,000 Capital Lease, 2009 Dated May 1, 2009 Interest Rate 4.00%		
	Interest and Principal Payable April 1 and October 1		
	Principal	Interest	Total
2015	\$ 97,196	\$ 57,748	\$ 154,944
2016	102,424	52,520	154,944
2017	106,562	48,382	154,944
2018	110,867	44,077	154,944
2019	115,347	39,598	154,945
2020	120,007	34,938	154,944
2021	124,855	30,090	154,945
2022	129,899	25,045	154,944
2023	135,147	19,797	154,944
2024	140,607	14,338	154,945
2025	146,287	8,657	154,944
2026	106,349	2,747	109,096
	\$ 1,435,547	\$ 377,937	\$ 1,813,484

**CARBON VALLEY PARK AND RECREATION DISTRICT
 SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
 December 31, 2014**

	\$82,500		
	Capital Lease, 2012		
	Dated December 14, 2012		
	Interest Rate 7.05%		
Bonds and Interest	Interest and Principal Payable Monthly on the 15th Day		
Maturing in the Year	Principal	Interest	Total
Ending December 31,	Principal	Interest	Total
2015	\$ 22,848	\$ 875	\$ 23,723
	<u>\$ 22,848</u>	<u>\$ 875</u>	<u>\$ 23,723</u>

**CARBON VALLEY PARK AND RECREATION DISTRICT
SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2014**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied (1) (2)</u>	<u>Total Property Taxes</u>		<u>Percentage Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2010	\$ 299,678,140	6.657	\$ 1,994,957	\$ 1,959,268	98.2%
2011	\$ 302,898,970	6.657	\$ 2,016,399	\$ 2,015,043	99.9%
2012	\$ 373,579,410	6.657	\$ 2,489,618	\$ 2,393,374	96.1%
2013	\$ 413,761,430	6.657	\$ 2,754,410	\$ 2,688,664	97.6%
2014	\$ 390,324,640	6.657	\$ 2,598,398	\$ 2,576,339	99.2%
Estimated for the year ending December 31, 2015	\$ 383,194,650	6.710	\$ 2,571,235		

(1) The total mill levy of 6.657 mills is made up of 4.427 for general operations and 2.230 for debt service.

(2) For the 2015 total mill levy of 6.710 mills is made up of 4.427 for general operations, 2.230 for debt service and 0.053 for refunds and abatements.

Note:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.