FOOTHILLS PARK & RECREATION DISTRICT
Jefferson County, Colorado

FINANCIAL STATEMENTS
December 31, 2014

TABLE OF CONTENTS

	PAGE(S)
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3- 11
Basic Financial Statements	
District-wide Financial Statements	
Statements of Net Position	12
Statements of Revenues, Expenses, and Changes in Fund Net Position	13
Statements of Cash Flows	14 - 15
Notes to the Financial Statements	16 - 30
Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Funds Available – Actual and Budget (Non GAAP Budgetary Basis) – Enterprise Fund December 31, 2014	31
Reconciliation of Non GAAP Budgetary Basis (Actual) to Statement of Revenues, Expenses and Changes in Fund Net Position – December 31, 2014	32
History of District Assessed Valuation, Mill Levies and Property Tax Collections	33

JOHN CUTLER
& ASSOCIATES

Board of Directors
Foothills Park and Recreation District
Jefferson County, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Foothills 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 basic financial statements of the District, 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 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 expression an opinion on ht effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation 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 business-type activities and each major fund of the Foothills Park and Recreation District, as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows, thereof 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 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 Foothills Park and Recreation District's basic financial statements. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information are fairly stated in all material respects in relation to the financial statements as a whole.

John Cutler & Associates, LLC

May 14, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Foothills Park & Recreation District's ("the District") annual financial report presents our analysis of the District's financial performance during the fiscal year ended December 31, 2014. Comparative total data for the prior year has been presented in the accompanying management discussion and analysis and financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented. Please read the management's discussion and analysis in conjunction with the financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- On November 14, 2014, the District closed the sale of 4.999 acres of vacant land located at S. Wadsworth Blvd. and W. Coal Mine Ave., Jefferson County, Colorado to Emerus Development Company, LLC. The District realized a gain of $1.077 million, net of commissions and closing costs, from this sale.

- The District's cash and cash equivalents and total investments increased $1.301 million primarily from the $1.140 million in net proceeds received for the sale of land and other assets.

- The District's total debt decreased $2.902 million due to principal repayment of District's debt.

- The District's net position (total assets plus deferred outflows of resources minus total liabilities and deferred inflows of resources) increased $3.212 million. At December 31, 2014, the net position unrestricted balance was $9.504 million.

- In 2014, the District completed additions and improvements to the Ridge playground, funded by a Jefferson County Open Space grant and SB35 monies and a new 18 hole disc golf course at Fehringer Ranch also partially funded by a Jefferson County Open Space Grant.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts:

- Management's Discussion and Analysis
- Financial Statements
- Supplementary Information

The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District use accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

Statement of Net Position

The Statement of Net Position provides information about the District's investments in resources and obligations. It also provides the basis for evaluating the capital structure of the District and assessing the short and long-term debt of the District.

Statement of Revenues, Expenses, and Changes in Fund Net Position

This statement measures the results of the District's operation over the past year and can be used to determine the percentage of the District's costs that are recovered through its user fees as well as other expenditures and revenues.

Statement of Cash Flows

The primary purpose of this statement is to provide information about the District's cash receipts and payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It also provides answers to such questions regarding the source of cash, usage of cash, and the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position report information about the District's activities in a way that can help answer the question about the District's finances. The District's Net Position is another source to determine the financial health or financial position of the District. Over time, increases in the District's net position are an indicator that the District's financial health is improving. However, one should also consider other non-financial factors such as changes in economic conditions, population growth, or changes in governmental legislation.

A summary of the District's Statements of Net Position as presented below:

Statement of Net Position

Net Position

	2014	2013	2013 to 2014 $ Change	2013 to 2014 % Change
Current and Other Assets	$ 18,619,149	$ 16,983,326	$ 1,635,823	9.63%
Capital Assets	69,669,873	70,804,013	(1,134,140)	-1.60%
Total Assets	88,289,022	87,787,339	501,683	0.57%
Current Liabilities	4,252,221	4,004,118	248,103	6.20%
Long-Term Liabilities	27,292,656	30,246,398	(2,953,742)	-9.77%
Total Liabilities	31,544,877	34,250,516	(2,705,639)	-7.90%
Deferred Inflows of Resources	6,865,867	6,870,827	(4,960)	-0.07%
Net Invested in Capital Assets	39,785,709	38,018,204	1,767,505	4.65%
Emergency Reserves	589,000	581,000	8,000	1.38%
Unrestricted Amounts	9,503,569	8,066,792	1,436,777	17.81%
Total Net Position	$ 49,878,278	$ 46,665,996	$ 3,212,282	6.88%

As can be seen from the chart above, Total Net Position increased $3.212 million, or 6.88% in 2014. Emergency Reserves reflects amounts restricted for TABOR reserves. The Board of Directors of the District ("the Board") established a general reserve fund in an amount equal to 9% of the District's annual operating budget which includes the TABOR reserves. The Board has not restricted or committed any of these unrestricted funds for any specific purpose except for cash flow, emergency and other purposes as determined by the Board. At December 31, 2014, the District had a general reserve fund of $1,766,000, which includes the TABOR reserves of $589,000.

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Changes in Fund Net Position provides answers as to the nature and source of these changes.

As part of our analysis, we provide a summary of the District's Statement of Revenues, Expenses and Changes in Fund Net Position as presented below:

Statement of Revenues, Expenses and Changes in Fund Net Position

	2014	2013	2013 to 2014 $ Change	2013 to 2014 % Change
Operating Revenues Fees and Charges	$ 14,118,367	$ 13,518,774	$ 599,593	4.44%
Operating Expenditures	(18,210,571)	(17,769,709)	(440,862)	2.48%
Net Loss From Operations	(4,092,204)	(4,250,935)	158,731	-3.73%
Non-Operating Revenues (Expenditures)				
Property and Specific Ownership Taxes	7,372,506	7,341,775	30,731	0.42%
Conservation Trust	448,217	494,934	(46,717)	-9.44%
Grants and Contributions	330,882	275,826	55,056	19.96%
Grants and Contributions Expenditures	(115,122)	(93,490)	(21,632)	23.14%
Facilities & Equipment Repair and Replacements	(680,947)	(688,274)	7,327	-1.06%
Interest Expense	(1,171,894)	(1,291,961)	120,067	-9.29%
Gain on Sale of Capital Assets	17,631	1,713,155	(1,695,524)	-98.97%
Gain on Sale of Assets	1,122,443	43,854	1,078,589	2459.50%
Insurance Proceeds	17,325	-	17,325	n/a
Other Income	69,125	63,948	5,177	8.10%
Other Expenditures	(105,680)	(340,220)	234,540	-68.94%
Total Non-Operating Revenues	7,304,486	7,519,547	(215,061)	-2.86%
Change in Net Position	3,212,282	3,268,612	(56,330)	-1.72%
Net Position, Beginning of Year	46,665,996	43,397,384	3,268,612	7.53%
Net Position, End of Year	$ 49,878,278	$ 46,665,996	$ 3,212,282	6.88%

Comparison of Revenue and Expenses – 2014 to 2013

Operating Revenues derived from Fees and Charges for Services were $14.118 million compared to $13.519 million in 2014 and 2013, respectively, an increase of $0.600 million, or 4.44%. Most of the District's programs experienced growth in 2014 with the exception of the Recreation Facilities which decreased slightly. The more significant growth in operating revenues was as follows: Children's Programs - $0.089 million, or 3.92%; Ice Arena - $0.131 million or 6.85%; and Recreational Programs - $0.117 million, or 5.73%. Golf operating revenues increased $0.246 million, or 5.59%, as compared to 2013 mostly due to more rain in the spring and fall of 2013 which had a detrimental impact to golf revenue last year.

Operating Expenses in 2014 were $18.211 million compared to $17.770 million in 2013, an increase of $0.441 million, or 2.48%. Operating Expenses increased due to general inflationary trends in all major operating centers, with the exception of Parks and Regional Parks whose expenditures decreased $0.030 million, or 0.78%, mostly due to a decrease in water usage as result of regular rain experienced through the summer months of 2014. General and Administrative Services increased $0.106 million, or 6.59%, mostly related to the Mill-levy election costs incurred for the election held in November 2014.

Assessed property valuations within the District which is exclusively in Jefferson County ("the County") did not recover from the economic downturn as fast as expected. Assessed property valuations declined $0.219 million, or 0.02%, in 2014 reducing property taxes collected by $0.005 million. This decline in property taxes collected was offset by $0.028 million of additional ownership taxes collected by the County. Conservation Trust revenues decreased $0.047 due to lower state lottery ticket sales and more governmental entities sharing in the allocation of the Conservation Trust proceeds funded by lottery ticket sales. Grants and Contributions increased $0.055 million mostly due to higher Jefferson County Open Space Grant funds and SB35 funds received in 2014 as compared to 2013. This year's grants funded the $0.217 million additions and improvements made to the Ridge Playground. Interest expense decreased $0.120 million mostly due to refunding the Certificates of Participation Bonds Series 2002 and 2004 in 2013 at lower interest rates. Bond Issuance Costs decreased $0.226 million as the District had no new or refunded bonds issued during 2014. The District realized a gain of $1.077 million from the sale of 4.999 acres of vacant land located at W. Coal Mine Ave. and S. Wadsworth Blvd., Jefferson County, Colorado to Emerus Development Company, LLC.

At the present time, approximately 77.53% of the District's total operations are covered by fees and charges from programs and facilities and the remaining 22.47% come from property and specific ownership taxes and other sources. The District's parks, greenbelts and trails are costly to maintain and account for $3.259 million of the $4.092 million operating loss the District incurred in 2014. The District's pools and recreation centers are also costly to operate and were subsidized $2.016 million from other revenue sources besides the fees and charges paid by the users of these facilities in 2014. Of the $7.372 million of taxes collected, $2.060 million were designated to make principal and interest payments on General Obligation Debt and $5.312 million were designated to offset operating losses and other debt principle and interest payments owed as a result of financing the construction of the District's Peak Community Wellness Center, the Edge Ice Arena, and the Foothills Sports Arena.

The following table shows the amount and percent that operating costs are recovered through operating revenues including fees and charges:

Cost Recovery Through Fees and Charges

			2013 to 2014	
	2014	**2013**	**$ Change**	**% Change**
Operating Revenues	$ 14,118,367	$ 13,518,774	$ 599,593	4.44%
Operating Expenses	$ 18,210,571	$ 17,769,709	$ 440,862	2.48%
% Cost Recovery Through Operating Fees and Charges	77.53%	76.08%		

Comparison of Revenue and Expenses – 2014 Actual to 2014 Budget

Operating Revenues were $14.118 million compared to budget of $13.554 million or $0.565 million favorable to plan. With the exception of the Recreation Centers, most of the Districts other facilities and programs performed favorably to plan. Operating revenues exceeded plan as follows: Aquatics by $0.035 million, or 3.52%; Children's Programs by $0.073 million, or 3.19%; Golf by $0.178 million, or 3.98%; Ice Arena by $0.097 million or 4.97%; Recreation Programs by $0.130 million or 6.37% and Parks by $0.048 million, or 9.75% as a result of growth in patron visits and participation in the District's various program offerings.

Operating Expenses were $16.021 million compared to budget of $16.561 million or $0.540 million less than planned. Over the last seven years the District has been very effective in creating an organization which encourages management and employees to control expenditures and to create efficiencies within their departments. Operating Expenditures have only increased $0.408 million or 2.62% over the last seven years even with increasing program costs associated with increasing Operating Revenues which have grown $1.829 million, or 14.9% over the same period.

Non-Operating Revenues were $3.341 million compared to budget of $3.007 million or $0.334 million favorable to plan mostly due to the $1.140 million in net proceeds received for the sale of land and other assets in 2014. The District used $0.901 million of cash reserves to fund additional Facilities & Equipment Repair and Replacements in 2014.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014, the District had invested $69.670 million in net capital assets, which represents a broad range of infrastructure including parks, recreation centers, golf courses, maintenance and administration facilities, vehicles, and equipment. The District's net capital assets decreased by $1.134 million from net capital assets at the end of 2013 primarily due to the current year's depreciation of its capital assets. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Change in Capital Assets (Net of Depreciation)

	2014	2013	2013 to 2014 $ Change	2013 to 2014 % Change
Land	$ 20,298,205	$ 20,298,205	$ -	0.00%
Water Rights	276,784	276,784	-	0.00%
Buildings	30,562,200	31,511,864	(949,664)	-3.01%
Improvements	17,032,347	17,195,459	(163,112)	-0.95%
Furniture, Fixtures and Equipment	1,159,693	1,199,830	(40,137)	-3.35%
Vehicles	340,644	288,822	51,822	17.94%
Construction in Progress	-	33,049	(33,049)	-100.00%
Total Capital Assets	$ 69,669,873	$ 70,804,013	$ (1,134,140)	-1.60%

Long-Term Debt

The District paid $2.902 million in debt principal repayments during 2014 and at December 31, 2014 had $29.884 million in short and long-term debt. More detailed information about the District's long-term debt is presented in Note 5 to the financial statements. Below is a summary of changes in long-term debt:

Changes in Long-Term Debt

	2014	2013	2013 to 2014 $ Change	2013 to 2014 % Change
General Obligation Bonds:				
District	$ 10,935,000	$ 12,576,000	$ (1,641,000)	-13.05%
Certificates of Participation:				
Building Authority	8,810,000	8,830,000	(20,000)	-0.23%
District	9,440,000	10,560,000	(1,120,000)	-10.61%
Golf Course Revenue Bonds:				
District	1,150,000	1,320,000	(170,000)	-12.88%
Unamortized Deferred Cost of Refunding	(1,164,165)	(1,303,811)	139,646	-10.71%
Unamortized Bond Premium (Discount)	713,329	803,620	(90,291)	-11.24%
Total Long-Term Debt	$ 29,884,164	$ 32,785,809	$ (2,901,645)	-8.85%

The District was able to maintain an adequate debt coverage ratio on the Golf Course Revenue Bonds outstanding as shown below:

Debt Coverage Ratio-Golf Revenue Bonds

			2013 to 2014	
	2014	**2013**	**$ Change**	**% Change**
Golf Operating Revenue	$ 4,639,679	$ 4,393,913	$ 245,766	5.59%
Golf Operating Expenses (Excluding (Depreciation and Debt Payments)	3,198,227	3,032,201	166,026	5.48%
Golf Net Earnings Before Depreciation and Debt Payments	$ 1,441,452	$ 1,361,712	$ 79,740	5.86%
Golf Revenue Bonds Annual Debt Service Requirements for the Respective Fiscal Year	$ 216,464	$ 212,096	$ 4,.368	2.06%
Debt Coverage Ratio	6.66	6.42		

The required ratio is 1.50 of the debt service requirements on the golf course revenue bonds for the respective fiscal year.

ECONOMIC FACTORS

The District has seen a significant increase in the number of patron visits to our facilities and to our various programs. Many of our facilities and programs are near capacity. The District anticipates fee revenue and other operational revenue sources to remain relatively flat for the foreseeable future. Any increase in revenue will be from fee increases or new programs. The need for fee increases will continue to be evaluated on an annual basis and be based on competitive rates for the markets we serve. The District's golf rounds and related revenues are expected to remain flat for the near future, primarily due to the number of golf courses in our area competing for the same customers. Golf revenues are expected to meet future golf operating expenditures. It is expected that property assessed valuations and tax revenues associated with these property valuations will see a healthy increase in 2016 but future years are anticipated to grow more slowly. Little new development is expected to take place in the District resulting in minimal potential for increases in the assessed valuation due to growth related to new construction.

Costs for facility and program operations are expected to increase at historical inflation rates of 2.5% per year. We also expect utility and fuel costs to rise at rates much higher than inflation, more in the range of 5% per year.

The District has made every effort to find new revenue streams and to be more efficient with the funds available. Little more can be done to cut costs without impacting the services we provide to our constituents.

Budgets will continue to be strained with the District's expectations that revenue streams will remain relatively flat and all major operating costs are expected to increase due to general inflationary trends in the foreseeable future. Few funds are available to replace and repair aging property and equipment.

REQUEST FOR INFORMATION

This financial report provides a general overview of Foothills Park & Recreation District's finances. Questions concerning any of the information provided in this report or to request additional financial information should be addressed to the attention of Director of Administrative Services at Foothills Park & Recreation District, 6612 S Ward Street, Littleton, Colorado 80127.

FOOTHILLS PARK AND RECREATION DISTRICT
STATEMENTS OF NET POSITION
December 31, 2014 and 2013

	2014	2013
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 8,953,104	$ 7,652,446
Receivables	463,964	348,814
Property Taxes Receivables	6,865,867	6,870,827
Inventories	243,514	223,861
Prepaid Expenses	322,067	379,513
Total Current Assets	16,848,516	15,475,461
Capital Assets		
Non-Depreciable	20,574,989	20,608,038
Depreciable (Net of Accumulated Depreciation)	49,094,884	50,195,975
Total Capital Assets (Net of Accumulated Depreciation	69,669,873	70,804,013
Other Assets		
Restricted Long-Term Investments	884,675	878,620
Nonrestricted Long-Term Investments	745,385	498,000
Investment in Bergen Ditch and Reservoir Co. and Bergen Land Co.	130,661	124,245
Deposits	9,912	7,000
Total Other Assets	1,770,633	1,507,865
Total Assets	88,289,022	87,787,339
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts Payables	653,195	523,241
Interest Payable	106,622	112,996
Accrued Payroll Payable	167,277	145,610
Long-Term Debt Payable (Current Portion)	3,009,600	2,951,000
Revenues Received in Advance	315,527	271,271
Total Current Liabilities	4,252,221	4,004,118
Other Liabilities		
Compensated Absences Payable	418,092	411,589
Long-Term Debt Payable	26,874,564	29,834,809
Total Other Liabilities	27,292,656	30,246,398
Total Liabilities	31,544,877	34,250,516
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Taxes	6,865,867	6,870,827
Total Deferred Inflows of Resources	6,865,867	6,870,827
Total Liabilities and Deferred Inflows of Resources	38,410,744	41,121,343
NET POSITION		
Net Investment in Capital Assets	39,785,709	38,018,204
Emergency Reserves	589,000	581,000
Unrestricted Amounts	9,503,569	8,066,792
Total Net Position	49,878,278	46,665,996
Total Liabilities and Net Position	$ 88,289,022	$ 87,787,339

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

FOOTHILLS PARK AND RECREATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Years Ended December 31, 2014 and 2013

	2014	2013	Change	% Change
OPERATING REVENUES				
Fees and Charges:				
Aquatics	$ 1,020,960	$ 1,012,901	8,059	0.80%
Children's Programs	2,369,324	2,280,055	89,269	3.92%
Golf (Pledged for Payment of Revenue Bonds)	4,639,679	4,393,913	245,766	5.59%
Ice Arena	2,050,242	1,918,878	131,364	6.85%
Recreation Centers	1,295,362	1,299,379	(4,017)	-0.31%
Recreation Programs	2,164,498	2,047,138	117,360	5.73%
Parks and Regional Parks	542,649	532,816	9,833	1.85%
General and Administrative	35,653	33,694	1,959	5.81%
Total Operating Revenues	14,118,367	13,518,774	599,593	4.44%
OPERATING EXPENSES				
Aquatics	1,604,340	1,575,089	29,251	1.86%
Children's Programs	1,729,857	1,705,202	24,655	1.45%
Golf	3,476,536	3,360,454	116,082	3.45%
Ice Arena	1,586,235	1,504,539	81,696	5.43%
Recreation Centers	2,728,358	2,668,440	59,918	2.25%
Recreation Programs	1,566,254	1,513,197	53,057	3.51%
Parks and Regional Parks	3,801,791	3,831,762	(29,971)	-0.78%
General and Administrative	1,717,200	1,611,026	106,174	6.59%
Total Operating Expenses	18,210,571	17,769,709	440,862	2.48%
NET LOSS FROM OPERATIONS	(4,092,204)	(4,250,935)		
NON-OPERATING REVENUES (EXPENSES)				
Property and Specific Ownership Taxes	7,372,506	7,341,775	30,731	0.42%
Conservation Trust	448,217	494,934	(46,717)	-9.44%
Grants	330,882	275,826	55,056	19.96%
Grants Expenditures	(115,122)	(93,490)	(21,632)	23.14%
Facilities & Equipment Repairs and Replacements	(680,947)	(688,274)	7,327	-1.06%
Investment Income	29,514	20,877	8,637	41.37%
Interest Expense	(1,171,894)	(1,291,961)	120,067	-9.29%
Interest Expense Subsidy	33,195	34,214	(1,019)	-2.98%
Bond Issuance Cost	-	(226,291)	226,291	-100.00%
Gain on Investment in Bergen Ditch and Reservoir Co. and Bergen Land Co.	6,416	8,857	(2,441)	-27.56%
Gain on Sale of Capital Assets	17,631	1,713,155	(1,695,524)	-98.97%
Gain on the Sale of Assets	1,122,443	43,854	1,078,589	2459.50%
Proceeds from Insurance	17,325	-	17,325	#DIV/0!
Other Expense	(105,680)	(113,929)	8,249	-7.24%
Total Non-Operating Revenues (Expenses)	7,304,486	7,519,547	(215,061)	-2.86%
CHANGE IN NET POSITION	3,212,282	3,268,612	(56,330)	-1.72%
NET POSITION, Beginning of Year	46,665,996	43,397,384	3,268,612	7.53%
NET POSITION, End of Year	$ 49,878,278	$ 46,665,996	$ 3,212,282	6.88%

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

FOOTHILLS PARK AND RECREATION DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	$ 14,044,561	$ 13,803,064
Payments to Suppliers	(5,871,900)	(6,011,279)
Payments to Employees	(9,952,992)	(9,631,269)
Net Cash Used by Operating Activities	(1,780,331)	(1,839,484)
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES		
Property and Specific Ownership Taxes	7,372,506	7,341,775
Receipts from Conservation Trust Fund	448,217	494,934
Grants and Contributions Received, Net of Expenditures	215,760	182,336
Facilities & Equipment Repairs and Replacements	(680,947)	(688,274)
Other Expenditures	(105,680)	(70,075)
Net Cash Provided by Non-Capital Financing Activities	7,249,856	7,260,696
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest Expense Paid on Bonds and Leases	(1,095,718)	(1,227,525)
Acquisition of Capital Assets	(1,055,722)	(784,508)
Proceeds from the Sale of Assets	1,122,443	-
Proceeds from the Sale of Capital Assets	17,731	1,976,040
Proceeds from Insurance	17,325	-
Principal Payments on Capital Leases	-	(419,342)
Principal Payments on Long-Term Debt	(2,951,000)	(2,992,400)
Proceeds from Issuance of Refunded Bond Debt	-	9,598,229
Payment to Refunded Bond Escrow Agent	-	(9,201,505)
Bond Issuance Costs	-	(226,291)
Net Cash Used by Capital and Related Financing Activities	(3,944,941)	(3,277,302)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	(253,440)	(1,376,620)
Interest on Investments	29,514	20,877
Net Cash Provided (Used) by Investing Activities	(223,926)	(1,355,743)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,300,658	788,167
CASH AND CASH EQUIVALENTS, Beginning of Year	7,652,446	6,864,279
CASH AND CASH EQUIVALENTS, End of Year	$ 8,953,104	$ 7,652,446

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

(Continued)

FOOTHILLS PARK AND RECREATION DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2014 and 2013
(Continued)

	2014	2013
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Loss	$ (4,092,204)	$ (4,250,935)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	2,189,762	2,210,663
Effect of changes in operating assets and liabilities:		
Receivables	(115,150)	312,738
Inventories	(19,653)	5,618
Prepaid Expense	57,446	(108,764)
Deposits	(2,912)	-
Accounts Payable	129,954	(66,848)
Accrued Payroll Payable	21,667	24,554
Compensated Absences Payable	6,503	61,938
Revenues Received in Advance	44,256	(28,448)
Total Adjustments	2,311,873	2,411,451
NET CASH USED IN OPERATING ACTIVITIES	$ (1,780,331)	$ (1,839,484)

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

NOTE 1: DEFINITION OF REPORTING ENTITY

Financial Reporting Entity

Foothills Park & Recreation District is a governmental unit (special district) operating in accordance with Colorado Statute. The District is governed by a five-member elected Board of Directors. The District was established to provide park and recreation facilities and programs in southern Jefferson County.

In accordance with Governmental Accounting Standards, the District has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for the organizations that make up its legal entity. It is also financially responsible for legally separate organizations if the District officials appoint a voting majority of the organization's governing body and, either it is able to impose its will on that organization or there is a potential for the organization to provide benefits to or, to impose specific financial burdens on the District. The District may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Component Unit

The Foothills Park & Recreation District Building Authority (the Building Authority) is governed by a board that consists of a voting majority appointed by the governing board of the District. In addition, the District is financially accountable for the Building Authority, and the Building Authority is financially dependent upon the District. The Building Authority is consolidated into the financial statements of the District. The Building Authority does not issue separate financial statements.

Joint Venture

The Bergen Ditch and Reservoir Company (Bergen Ditch) and Bergen Ditch Land Company (Bergen Land) are corporations owned and controlled by various governmental entities and private individuals. The purpose of Bergen Ditch is to own and operate a water ditch system known as the Bergen Ditch. The District has a 23.8% ownership interest in both companies. In addition, the District leases another 24.8% of shares with voting interests in Bergen Ditch from Jefferson County. The District's Executive Director and Director of Parks, Planning and Construction served on the Board of Directors of Bergen Ditch in 2014. The District's share in this joint venture is included as an investment on the financial statements. The financial statements for Bergen Ditch and Bergen Land are available at 9329 Lark Sparrow Trail, Highlands Ranch, CO 80126.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Foothills Park & Recreation District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial principles. The following is a summary of the significant policies.

Measurement Focus

The proprietary fund type is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the Statement of Net Position.

Basis of Accounting

The District uses the accrual basis of accounting, where revenues are recognized when they are earned and measurable, and expenses are recognized in the period incurred.

Proprietary Fund

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to patrons for admissions to recreation facilities, rental of recreation facilities, fees paid for participation in recreation programs, and green fees for usage of the District's golf courses. All revenues not meeting this definition are reported as non-operating revenues and expenses.

Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value.

Inventory and Prepaid Expenses

Merchandise inventory held for resale is recorded at cost using the average cost method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Restricted Assets

It is the District's policy to first use restricted, if any, and then unrestricted resources when an expense is incurred for purposes for which restricted and unrestricted amounts are available.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the Jefferson County Assessor, generally as of November 30th of each year.

The levy is normally set by December 15th by certification to the Jefferson County Commissioners to put the tax lien on the individual properties as of January 1st of the following year.

The Jefferson County Treasurer (Treasurer) collects the determined taxes during the ensuing calendar year. The taxes are payable by April, or in equal installments in February and June at the taxpayer's election. Delinquent taxpayers are notified in August, and tax sales are in November.

The Treasurer remits the taxes collected monthly to the District. Property taxes receivable not collected within 30 days of year-end have been recorded as deferred revenue. Since property taxes are levied in December for the next calendar year's operations, the total levy is reported as property taxes receivable and deferred property taxes.

Capital Assets

Capital Assets include property, improvements to property, buildings, equipment, and water rights with an initial individual value of $5,000 or greater. All capital assets are valued at historical cost or at an estimated historical cost if actual historical cost was not available. Donated assets are valued at their estimated fair values on the date donated.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED*)*

Depreciation begins in the year of the completion for assets under construction. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over estimated useful lives ranging from 5 to 50 years.

Compensated Absences

Accumulated unpaid vacation amounts are accrued. District employees with 1-4 years of full-time service can accumulate up to 120 vacation hours, 5-9 years of full time service can accumulate up to 180 vacation hours, and 10 or more years of full-time service can accumulate up to 240 vacation hours. Accrued vacation is paid to employees upon termination of employment.

Amortization

Bond and Certificate of Participation Original Issue Premium and/or Discount

In the proprietary fund, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. The amortization amount related to the bond premiums and/or discounts is a component of interest expense and the unamortized balances are reflected as an addition or reduction of bonds payable, respectively.

Deferred Cost on Bond and Certificate of Participation Refunding

The deferred costs on the bond and certificate of participation refundings are being amortized using the straight-line method, which approximates the interest method, over the shorter of the life of the new or life of the defeased bonds or certificates of participation. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a reduction of bonds payable.

Budgets

In accordance with State Budget Law, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate funds for the ensuing year. The District's Board of Directors can modify the budget and appropriation resolutions upon completion of notification and publication requirements. The appropriation is at the total fund level and lapses at year-end. The Building Authority's budget is included within the District's budget.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications and Comparative Data

Certain prior year amounts have been reclassified to conform to the current year presentation. Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented in all statements because such inclusion would make certain statements unduly complex and difficult to understand.

NOTE 3: CASH AND INVESTMENTS

Cash Deposits

Colorado statutes require that the District use eligible public depositories, as defined by the Public Deposit Protection Act (PDPA) of 1975. Under the Act, the depository is required to pledge collateral having a market value at all times equal to at least 102% of the aggregate public deposits held by the depository not insured by federal deposit insurance. Eligible collateral, as defined by the Act, primarily includes obligations or guarantees by the U.S. Government, the State of Colorado, or any political subdivision thereof, and obligations evidenced by notes secured first by lien mortgages or deeds of trust on real property. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group.

At December 31, 2014, the District's cash deposits had a carrying balance of $1,422,543. The District's cash deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with PDPA. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned.

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

Investments

Colorado statutes specify in which instruments the District may invest. These instruments are:

Certain money market funds
Certain marketable repurchase agreements
Certain marketable reverse repurchase agreements
Certain guaranteed investment contracts
Bankers' acceptances of certain banks
Certain corporate bonds
General obligation and revenue bonds of U.S. local government entities
Obligations of the United States and certain U.S. government agency securities
Local government investment pools

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from prevailing market interest rates, the District primarily invests in Local Government Investment Pools which have a weighted average maturity of not more than 90 days. The District's investment policy states that investments with maturities longer than three or five years depending on the investment require approval from the Board of Directors.

At December 31, 2014, the District had the following investments and maturities:

	2014	
Investment Type	Fair Value	Maturities
Money Market Funds	$ 3,098,381	Less than 12 Months
Local Government Investment Pools	4,423,555	Less than 12 Months
Federal Agency Bonds	247,385	More than 12 Months
Bank Certificates of Deposits	498,000	Less than 12 Months
Bank Certificates of Deposits	884,675	More than 12 Months
Total	$ 9,151,996	

Credit Risk

In order to minimize credit risk the District follows the State Statutes by investing only in the instruments noted above.

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

At December 31, 2014, the District had $3,094,719 and $3,662 invested in Firstbank Colorado and UMB Bank money market investment accounts, respectively, $4,423,555 invested in Colorado Liquid Asset Trust Fund, $247,385 in Federal Home Loan Banks Bonds, and $1,382,675 in bank certificates of deposits, with $884,675 of that amount representing restricted investments purchased through UMB Bank to satisfy our 2013 COPs bond reserve requirements.

Colorado Liquid Asset Trust Fund (COLOTRUST) is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The trusts operate similarly to a money market fund with each share maintaining a value of $1.00. Investments consist of U.S. Treasury bills, notes and repurchase agreements collateralized by U.S. Treasury securities. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held in the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. The investments in COLOTRUST are rated AAAm by Standard and Poor's.

Concentration of Credit Risk

The District had no investment in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total District investments at December 31, 2014.

Summary of District Cash, Cash Equivalents and Investments

Cash deposits and investments at December 31, 2014 are summarized as follows:

	2014
Petty Cash	$ 8,625
Cash Deposits	1,422,543
Investments	9,151,996
Total Cash Deposits and Investments	$ 10,583,164

Cash deposits and investments are reflected on the December 31, 2014 statement of cash flows as follows:

	2014
Cash and Cash Equivalents	$ 8,953,104
Non-Restricted Investments	745,385
Restricted Investments	884,675
Total Cash Deposits and Investments	$ 10,583,164

NOTE 4: CAPITAL ASSETS AND DEPRECIATION

A summary of changes in Capital Assets for 2014 is as follows:

	JANUARY 1, 2014 BALANCE	INCREASES	DECREASES	DECEMBER 31, 2014 BALANCE
Capital Assets, Not Being Depreciated				
Land:				
District	$ 19,548,205	$ -	$ -	$ 19,548,205
Building Authority	750,000	-	-	750,000
Water Rights	276,784	-	-	276,784
Construction in Progress:				
District	33,049	-	(33,049)	-
Total Capital Assets, Not Being Depreciated	20,608,038	-	(33,049)	20,574,989
Capital Assets, Being Depreciated				
Buildings:				
District	26,838,925	-	-	26,838,925
Building Authority	16,292,285	-	-	16,292,285
Improvements				
District	34,049,826	729,269	(17,582)	34,761,513
Furniture, Fixtures and Equipment:				
District	6,814,591	254,635	(120,862)	6,948,364
Building Authority	290,208	-	-	290,208
Vehicles				
District	1,478,450	104,867	(16,423)	1,566,894
Total Capital Assets, Being Depreciated	85,764,285	1,088,771	(154,867)	86,698,189
Less Accumulated Depreciation for:				
Buildings:				
District	(7,261,743)	(537,332)	-	(7,799,075)
Building Authority	(4,357,603)	(412,331)	-	(4,769,934)
Improvements:				
District	(16,854,367)	(892,381)	17,582	(17,729,166)
Furniture, Fixtures and Equipment:				
District	(5,659,608)	(269,103)	120,762	(5,807,949)
Building Authority	(245,361)	(25,570)	-	(270,931)
Vehicles:				
District	(1,189,628)	(53,045)	16,423	(1,226,250)
Total Accumulated Depreciation	(35,568,310)	(2,189,762)	154,767	(37,603,305)
Capital Assets, Being Depreciated, Net	50,195,975	(1,100,991)	(100)	49,094,884
Net Capital Assets	$ 70,804,013	$ (1,100,991)	$ (33,149)	$ 69,669,873

NOTE 4: CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

For the year ended December 31, 2014 depreciation expense was charged to programs as follows:

Aquatics	$ 145,991
Golf Courses	278,309
Ice Arena	263,086
Recreation Centers	706,197
Recreation Programs	20,335
Parks and Regional Parks	678,290
General and Administration	97,554
Total	$ 2,189,762

NOTE 5: LONG TERM DEBT

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

	January 1, 2014 Balance	Additions	Deletions	December 31, 2014 Balance	Current Portion
2010 General Obligation Bonds	$ 11,715,000	$ -	$ (1,555,000)	$ 10,160,000	$ 1,585,000
2012 General Obligation Bonds	861,000	-	(86,000)	775,000	89,600
2011 Revenue Bonds	1,320,000	-	(170,000)	1,150,000	175,000
2006 Certificates of Participation	8,830,000	-	(20,000)	8,810,000	20,000
2010 Certificates of Participation, Series 2010A	1,245,000	-	(230,000)	1,015,000	230,000
2010 Certificates of Participation, Taxable QECB Series 2010B	1,000,000	-	-	1,000,000	-
2013 Certificate of Participation	8,315,000	-	(890,000)	7,425,000	910,000
Compensated Absences	411,589	6,503	-	418,092	-
	33,697,589	6,503	(2,951,000)	30,753,092	3,009,600
Less deferred cost of refunding	(1,303,811)	-	139,646	(1,164,165)	-
Plus net unamortized premium (discount)	803,620	-	(90,291)	713,329	-
	$ 33,197,398	$ 6,503	$ (2,901,645)	$ 30,302,256	$ 3,009,600

General Obligation Bonds

The District issues general obligation bonds to provide funds for acquisition and construction of major capital facilities. General Obligation bonds require a vote by the District's residents and are direct obligations and pledge the full faith of the District.

NOTE 5: LONG TERM DEBT (CONTINUED)

GO Series 2010 - In 2010, the District issued a total of $15,310,000 of General Obligation Refunding Bonds, Series 2010, dated February 23, 2010. Proceeds from the sale of the bonds were used to refund a portion of the District's General Obligation Bonds, Series 2001, and to pay the costs of issuance of the Bonds. The bonds carry interest rates from 2.0% to 5.0% due semi-annually and mature serially beginning in 2010 and continue through 2020. The bond refunding saved a majority of the District taxpayers approximately $1,335,374 in gross tax dollars over the next ten years as a result of the lower interest on the refunded bonds.

GO Series 2012 - In 2012, the District issued a total of $974,700 of General Obligation Refunding Bond, Series 2012, dated March 20, 2012. Proceeds from the sale of the bond were used to refund a portion of the District's General Obligation Bonds, Series 2002, and to pay the costs of issuance of the Bonds. The Bond is subject to quarterly mandatory sinking fund redemption. The Bond matures on December 1, 2022 and bears interest at the rate of 2.73% per annum. The Bond refunding saved taxpayers in Subdistrict B (Kipling Villas) $124,568 in gross tax dollars over the next eleven years as a result of the lower interest on the refunded bonds.

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

Year Ending December 31,	Principal	Interest	Total
2015	$ 1,674,600	$ 355,058	$ 2,029,658
2016	1,712,800	316,916	2,029,716
2017	1,750,800	273,903	2,024,703
2018	1,803,900	225,744	2,029,644
2019	1,851,300	171,856	2,023,156
2020 - 2022	2,141,600	105,578	2,247,178
Total	$ 10,935,000	$ 1,449,055	$ 12,384,055

Revenue Bonds

The District issues revenue bonds where the District pledges income derived from golf course revenues to pay the debt service.

Revenue Bond Series 2011 - In 2011, the District issued a total of $1,815,000 of Revenue Refunding Bonds, Series 2011, dated June 28, 2011. Proceeds from the sale of the bonds along with $219,034 of District funds were used to refund the District's Revenue Refunding Bonds, Series 2001, and to pay the costs of issuance of the bonds. The bonds carry interest rate of 3.52% due semi-annually and mature serially beginning in 2011 and continue through 2020. The bond refunding saved the District $369,898 over the next ten years as a result of the lower interest on the refunded bonds and the pay-down of the principal balance. The Revenue Refunding Bonds, Series 2011, do not have a reserve requirement.

NOTE 5: LONG TERM DEBT (CONTINUED)

The annual debt service requirement to maturity for the revenue bond is as follows:

Year Ending December 31,	Principal	Interest	Total
2015	$ 175,000	$ 40,480	$ 215,480
2016	185,000	34,320	219,320
2017	190,000	27,808	217,808
2018	190,000	21,120	211,120
2019	200,000	14,432	214,432
2020	210,000	7,392	217,392
Total	$ 1,150,000	$ 145,552	$ 1,295,552

Certificates of Participation (COPs)

The District and the Building Authority issue certificates of participation to finance needed recreation facilities.

Building Authority COP Lease Purchase 2002 - In 2002, The Building Authority issued a total of $17,435,000 of Certificates of Participation dated October 1, 2002. These certificates carry interest rates from 3.0% to 5.0% due semi-annually. The certificates mature beginning in 2003 and continue through 2026. The proceeds from these certificates have been used to refund the 1999 COPs and to construct an ice arena. These Bonds were refunded in 2013.

Building Authority COP Lease Purchase 2004 - In 2004, the Building Authority issued a total of $4,975,000 of Certificates of Participation dated June 1, 2004. These certificates carry interest rates from 2.75% to 4.875% due semi-annually. The certificates mature beginning in 2005 and continue through 2024. The proceeds from these certificates were used to remodel a recreation center and construct an indoor sports facility. These Bonds were refunded in 2013.

Building Authority COP Lease Purchase 2006 - In 2006, the Building Authority, issued $9,135,000 of Certificates of Participation dated March 1, 2006. The certificates were issued to refund a portion of the 2002 COPs and relieve the payment demands until revenue from the facilities were able to establish themselves. These certificates mature between 2006 and 2026 and carry interest rates between 3.75% and 4.375% due semiannually.

Foothills Park & Recreation COP Lease Purchase 2010 - In 2010, the District issued $1,895,000 of Certificates of Participation Series 2010A and $1,000,000 of Certificates of Participation Taxable QECB Series 2010B both dated August 19, 2010. The District applied and was awarded by the State Governor’s Energy Office $1,000,000 of “qualified energy conservation bonds” which enabled a portion of the interest paid on the Taxable QECB 2010B certificates to be eligible for an annual cash subsidy payment from the United States Treasury.

NOTE 5: LONG TERM DEBT (CONTINUED)

The certificates were issued for the purpose of financing energy conservation projects as set forth in the Energy Performance Contracts the District entered into in 2010. The Series 2010A certificates mature between 2011 and 2019 and carry interest rates between 2.00% and 3.00% due semiannually. The Taxable QECB Series 2010B certificates due October 1, 2022 are subject to mandatory sinking fund redemptions between 2019 and 2022 and carry interest rate of 5.75% due semiannually. Net of the government interest subsidy payment the District receives from the Federal government, effective interest rate is reduced from 5.75% to 2.17%.

Foothills Park & Recreation COP Lease Purchase 2013 - In 2013, the District issued $9,300,000 of Certificates of Participation dated May 15, 2013. Proceeds from the sale of the bond were used to refund a portion of the District's Certificates of Participation Bonds, Series 2002 and 2004, and to pay the costs of issuance of the Bonds. These certificates mature between 2013 and 2028 and carry interest rates between 2.00% to 3.150% due semiannually.

The Ice Arena, Ridge Recreation Center, and the Peak administrative building are collateral for the 2006 and 2013 COPs and a portion of the Lilley Gulch Recreation Center is collateral for the 2010 COPs.

The annual debt service requirements to maturity for the certificates of participation are as follows:

Year Ending December 31,	Principal	Interest	Total
2015	$ 1,160,000	$ 670,724	$ 1,830,724
2016	1,185,000	647,124	1,832,124
2017	1,220,000	612,079	1,832,079
2018	1,260,000	575,264	1,835,264
2019	1,295,000	536,694	1,831,694
2020 - 2024	6,595,000	1,880,481	8,475,481
2025 - 2028	5,535,000	529,144	6,064,144
Total	$ 18,250,000	$ 5,451,510	$ 23,701,510

NOTE 6: COMMITMENTS

On May 30, 2014, the District entered into a purchase and sale agreement with Cornerstone Capital Investments, Inc. to sell approximately 4.65 acres of vacant land located at S. Wadsworth Blvd. and W. Coal Mine Ave., Jefferson County, Colorado for the purchase price of $815,000. The closing of the sale on this parcel will not take place until governmental approvals have been secured by Cornerstone Capital Investments Inc. As of December 31, 2014, these governmental approvals have not been secured. We expect these governmental approvals and the closing of the sale on this parcel to occur by the end of 2015.

NOTE 7: RISK MANAGEMENT AND RELATED INSURANCE ISSUES

The District is subject to various risks of loss. These risks include theft of, damage to, or destruction of assets, errors or omissions by management or the Board of Directors, job-related illnesses or injuries to employees, torts, and injury to persons or damage to property resulting from a construction project, or acts of God.

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 official's liability, boiler and machinery and workers compensation coverage to its members.

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 exceeded 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.

For 2014 there were no significant reductions in insurance coverage from the prior year for any major category of risk. The amount of settlements did not exceed the insurance coverage for each of the past three fiscal years. The amount of risk retained by the District through deductibles on the insurance policies was not material to the District.

NOTE 8: SALARY DEFERRAL PLAN

The District has a salary deferral plan (Plan) that was converted from a defined benefit plan to a defined contribution plan in 1982. Plan provisions and contribution requirements are established and may be amended by the District's Board of Directors. Full and part-time employees are eligible to participate in the plan on the first day of the month following completion of 30 days of employment if they are at least 21 years of age. Each eligible employee is allowed to defer compensation in 1% increments of their pay, but their deferral may not exceed the specific annual dollar amount determined by the Internal Revenue Service. The District may make non-elective contributions to full-time employees' account in the Plan in the amount determined by the District at its discretion. The District's contributions plus earnings become vested at a rate of 20% after the first year of employment, 40% after the second year of employment and are 100% vested after the third year of employment. District contributions for plan participants who leave employment before they are fully vested are forfeited. Participant forfeitures will be used to reduce the Employer Discretionary Contributions to the Plan for the Plan Year in which the forfeitures occur. There is no liability for benefits under the Plan beyond the District's discretionary contributions.

The District has the authority to determine the amount, if any, of discretionary contributions to the Plan. The District's discretionary contribution made in 2014 was $220,634.

NOTE 9: NET POSITION

The District has net position consisting of four components – net invested in capital assets, emergency reserve, restricted amounts, and unrestricted amounts.

Net invested in capital asset

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

The District's net invested in capital assets as of December 31, 2014 was calculated as follows:

	2014
Capital Assets	$ 69,669,873
Outstanding Debt	(30,335,000)
Unamortized Loss on Refunding	1,164,165
Unamortized Bond Debt Premium	(713,329)
Invested in Capital Asset, Net of Related Debt	$ 39,785,709

Restricted Net Assets

Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue increases, taxation, spending abilities, and debt limitations of state and 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. In May 2002, the District voters approved a ballot question to remove the revenue and spending limitations of the TABOR Amendment from the entire District.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment based on the interpretations of the amendment's language. At December 31, 2014, the District had an emergency reserve of $589,000.

NOTE 9: NET POSITION (CONTINUED)

Unrestricted Net Assets

Board General Reserve Fund Policy

In April 2000, the Board established a general reserve fund in an amount equal to 9% of the District's annual operating budget. This general reserve fund will be used for cash flow, emergency and other purposes as determined by the Board. At December 31, 2014, the District had a general reserve fund of $1,766,000, which includes the TABOR reserves of $589,000.

NOTE 10: RELATED PARTY TRANSACTIONS

The District's Executive Director and Director of Parks, Planning & Construction served on the Board of Directors of Bergen Ditch in 2014. The District owns a 23.8% interest in both the Bergen Ditch and the Bergen Land, which are valued at $130,661 as of December 31, 2014.

NOTE 11: SUBSEQUENT EVENT

On February 24, 2014, the District entered into a purchase and sale agreement with Colorado Columbine, LLC. to sell approximately 3.85 acres of vacant land located at S. Wadsworth Blvd. and Columbine Drive., Jefferson County, Colorado for the purchase price of $455,000. The closing of the sale on this parcel will not take place until governmental approvals have been secured by Colorado Columbine, LLC. We expect these governmental approvals and the closing of the sale on this parcel to occur by the end of 2015.

NOTE 12: RECONCILIATION OF REVENUES AND EXPENSES GAAP TO BUDGETARY BASIS

For financial statement presentation purposes the District is shown as an enterprise fund. Enterprise funds recognize income when earned and expenses when incurred. Depreciation is recorded on capitalized equipment. For budgetary purposes, all receipts are shown as revenue when received regardless of whether they are earned revenue or liabilities, and expenditures are recorded for all disbursements, including capital expenditures and debt service payments, regardless of the period those disbursements benefit. See Supplementary Information for Statement of Revenues and Expenditures prepared using Non-GAAP budgetary basis.

FOOTHILLS PARK & RECREATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE
ACTUAL AND BUDGET (NON GAAP BUDGETARY BASIS)
ENTERPRISE FUND
For the Year Ended December 31, 2014

	Actual	Budget	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Aquatics	$ 1,020,960	$ 986,270	$ 34,690
Children's Programs	2,369,324	2,296,000	73,324
Golf (Pledged for Payment of Revenue Bonds)	4,639,679	4,461,989	177,690
Ice Arena	2,050,242	1,953,260	96,982
Recreation Centers	1,295,362	1,303,983	(8,621)
Recreation Programs	2,164,498	2,034,795	129,703
Parks and Regional Parks	542,649	494,453	48,196
General and Administrative	35,653	22,828	12,825
Total Operating Revenues	14,118,367	13,553,578	564,789
OPERATING EXPENSES			
Aquatics	1,458,349	1,469,103	10,754
Children's Programs	1,729,857	1,779,648	49,791
Golf	3,198,227	3,244,894	46,667
Ice Arena	1,323,149	1,280,608	(42,541)
Recreation Centers	2,022,161	2,076,532	54,371
Recreation Programs	1,545,919	1,596,660	50,741
Parks and Regional Parks	3,123,501	3,316,424	192,923
General and Administrative	1,619,646	1,796,904	177,258
Total Operating Expenses	16,020,809	16,560,773	539,964
NET LOSS FROM OPERATIONS	(1,902,442)	(3,007,195)	1,104,753
NON-OPERATING REVENUES (EXPENSES)			
Funds Available	-	901,119	(901,119)
Property and Specific Ownership Taxes	7,372,506	7,361,423	11,083
Conservation Trust	448,217	420,000	28,217
Grants	330,882	46,648	284,234
Grants Expenditures	(369,134)	(84,415)	(284,719)
Facilities & Equipment Repairs and Replacements	(1,482,657)	(1,516,696)	34,039
Investment Income	29,514	31,012	(1,498)
Debt Service:			
Long-term Debt Principal and Interest	(4,073,539)	(4,079,930)	6,391
Interest Expense Subsidy	33,195	35,770	(2,575)
Proceeds from the Sale of Capital Assets	17,731	-	17,731
Proceeds from the Sale of Assets, Net of Expense	1,122,443	-	1,122,443
Proceeds from Insurance	17,325	-	17,325
Other Expense	(105,680)	(107,736)	2,056
Total Non-Operating Revenues (Expenses)	3,340,803	3,007,195	333,608
NET CHANGE IN FUNDS AVAILABLE	1,438,361	-	1,438,361
FUNDS AVAILABLE - Beginning of year	8,523,547		
FUNDS AVAILABLE - End of year	$ 9,961,908		

Funds available is computed as follows:

Current Assets	$ 16,848,516
Deposits	9,912
Restricted Long-term investments	884,675
Non-restricted Long-term investments	745,385
Current Liabilities	(4,252,221)
Compensated Absences Payable	(418,092)
Current Portion of Long-term Debt	3,009,600
Deferred Property Taxes	(6,865,867)
	$ 9,961,908

FOOTHILLS PARK & RECREATION DISTRICT
RECONCILIATION OF NON GAAP BUDGETARY BASIS (ACTUAL) TO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUND
For the Year Ended December 31, 2014

Operating Revenues (Both Budgetary Basis and GAAP)	$ 14,118,367
Operating Expenditures (Budgetary Basis)	16,020,809
Depreciation	2,189,762
Operating Expenditures (GAAP)	18,210,571
Non-operating Revenues (Expenditures) (Budgetary Basis)	3,340,803
Long-Term Debt Principal Payments	2,951,000
Amortization of Bond Premiums on Long-term Debt Refundings	90,291
Amortization of Losses on Long-term Debt Refundings	(139,646)
Gain on Investment in Bergen Ditch LLC and Bergen Land LLC	6,416
Gain of Sale of Capital Assets	(100)
Capital Outlay	1,055,722
Non-operating Revenues (Expenditures) (GAAP)	7,304,486
Change in Net Position per Statement of Revenue, Expenses and Changes in Fund Net Position	$ 3,212,282

FOOTHILLS PARK & RECREATION DISTRICT
HISTORY OF DISTRICT ASSESSED VALUATION, MILL LEVIES AND PROPERTY TAX COLLECTIONS

The following tables set forth assessed valuation, mill levy and property tax information for the District, including information regarding Subdistrict A and Subdistrict B.

History of District Assessed Valuation

Levy/Collection Year	Remaining District Property	Subdistrict A	Subdistrict B	Entire District Total (2)	Percent Change
2008/2009	$ 81,860,370	$ 868,074,570	$ 15,077,540	$ 949,934,940	1.00%
2009/2010	88,628,410	859,759,510	14,777,920	948,387,920	-0.20%
2010/2011	86,611,460	870,675,760	15,036,790	957,287,220	0.90%
2011/2012	93,539,782	838,722,343	14,826,438	932,262,125	-2.60%
2012/2013	93,763,873	837,044,119	14,856,668	930,807,992	-0.20%
2013/2014	97,435,372	833,567,974	14,442,015	931,003,346	0.02%

(1) Represents property within the District that is not within Subdistrict A or Subdistrict B.

(2) As Subdistrict B is located entirely with Subdistrict A, the assessed valuation attributable to Subdistrict B has been included in the District total as a component of Subdistrict A.

History of Mill Levies

Levy/Collection Year	District		Subdistrict A		Subdistrict B	
	General	Bond	General (1) (2)	Bond	General (1) (2)	Bond
2008/2009	4.080	0.000	1.153	2.403	4.249	8.197
2009/2010	4.082	0.000	1.108	2.389	4.302	8.043
2010/2011	4.099	0.000	1.103	2.262	4.300	8.188
2011/2012	4.081	0.000	1.134	2.331	4.300	8.329
2012/2013	4.079	0.000	1.125	2.323	4.302	7.331
2013/2014	4.080	0.000	1.140	2.339	4.300	7.634

(1) In addition to mills levied for the payment of tax credits, refunds, and abatements pursuant to state law which are included in these numbers, Subdistrict A and Subdistrict B also impose a general mill levy as shown in the above table, for payment of property taxes for expenses in connection with improvements that benefit the respective subdistrict.

(2) In addition to their respective total mills presented above, taxpayers within Subdistrict A are also responsible for the payment of property taxes attributable to the District's mill levy and taxpayers in Subdistrict B are also responsible for the payment of property taxes attributable to both the District's and Subdistrict's A mill levies.

History of Property Tax Collections

Levy/Collection Year	Total Taxes Levied	Current Tax Collections (1)	Percent of Levy Collected
2008/2009	$ 7,150,204	$ 7,133,377	99.8%
2009/2010	7,060,333	7,036,942	99.7%
2010/2011	7,042,343	7,030,795	99.8%
2011/2012	6,897,978	6,868,293	99.6%
2012/2013	6,855,722	6,837,868	99.7%
2013/2014	6,870,828	6,830,117	99.4%

(1) Figures include current and delinquent tax collections, as well as interest and/or penalties thereon. The Jefferson County Treasurer's collection fee has not been deducted.