

CROWN MOUNTAIN PARK AND RECREATION DISTRICT

**BASIC FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2009

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**MONAHAN
LAMPMAN
& HAYS, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

Officers and Directors
Crown Mountain Park and Recreation District
El Jebel, Colorado 81623

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of the Crown Mountain Park and Recreation District, as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Crown Mountain Park and Recreation District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Crown Mountain Park and Recreation District as of December 31, 2009, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the budgetary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Crown Mountain Park and Recreation District's financial statements, taken as a whole. The individual fund budgetary comparison schedules listed as other supplemental information in the table of contents are for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.



MONAHAN, LAMPMAN & HAYS, P.C.

March 29, 2010

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Crown Mountain Park and Recreation District (the "District") was authorized by voters in November 2002 and formally established in 2003. The 2002 vote also approved a \$5.1 million bond issue. The District's service plan establishes the development and management of the former Mount Sopris Tree Farm property in El Jebel for park and recreation purposes as the primary responsibility of the District. The plan also calls for the District to manage recreational programs and services within the District's boundaries. The District will develop and manage the park under a long-term lease from Eagle County, whom retains ownership of the property.

The discussion and analysis of the Crown Mountain Park and Recreation District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

FINANCIAL HIGHLIGHTS

- The current mill levy to support the District's debt is 0.925 mills, and the mill levy to support operating expenses is 1.00 mills. In addition, at the November 2009 election, voters passed a one time levy of 0.36 mills for the purpose of preparing a capital master plan for facilities including, but not limited to, a recreation center. These levies are assessed on all taxable properties within the District boundaries located in both Pitkin and Eagle Counties.
- In total, the District's *overall* net assets increased \$264,111 from the previous fiscal year. This increase is primarily due to investment in long-term capital assets and the reduction of outstanding long-term debt obligations.
- General Revenues accounted for \$862,209, or 93%, of all revenues. These general revenues include taxes, grants, interest and other revenues not related to specific programs. Program specific revenues in 2009 consisted of capital grants and contributions and user fees, which accounted for \$67,354, or 7% of the total revenues of \$929,563.
- The District had \$665,452 of expenses, of which \$3,776 was paid by user fees. Capital grants in the amount of \$63,578 were used for capital outlay. General revenues (primarily property taxes) were adequate to provide for the remaining expenses which also include servicing of long-term debt obligations and depreciation of capital assets.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two types of information on the same statement that present different views of the District:

- *Government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- *Fund financial statements* that focus on *individual parts* of the District government, reporting the District's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Additional supplemental information has also been included to enhance the reader's understanding of the financial statements.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2009

REPORTING ON THE DISTRICT AS A WHOLE

Statement of Net Assets and Statement of Activities

While this report contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the current fiscal year?"

The statement of net assets and statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid. The focus of the government-wide financial statements is on the overall financial position and activities of the District; therefore, the statement of net assets and the statement of activities are constructed around the concept of an overall primary reporting government, which includes all funds of the District.

The statement of net assets and the statement of activities report the District's *net assets* and changes in those assets. The District's net assets – the difference between assets and liabilities – are one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net assets is one indicator of whether its *financial health* is improving or deteriorating. Other non-financial factors, however, such as changes in the District's property tax base and the condition of the infrastructure, are needed to assess the *overall health* of the District.

In the statement of net assets and the statement of activities, the District's operations are reported as a "Governmental Activity." Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. All of the District's programs and services are currently reported here, which include parks and recreation services, as well as debt service and other fiscal charges.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant funds – not the District as a whole. The District's major governmental funds include the General Fund, the Capital Improvement Fund and the Debt Service Fund. Unlike government-wide financial statements, the focus of the fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental funds – The District's activity is reported as a governmental fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. The funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is provided in reconciliations following the fund financial statements. The District maintains the following governmental funds:

General Fund – The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Capital Improvement Fund – The capital improvement fund provides for the acquisition of lands, construction of major capital improvements, and acquisition of more expensive pieces of equipment.

Debt Service Fund -- The debt service fund is used to account for financial resources to be used for the payment of principal and interest on general obligation indebtedness.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2009

THE DISTRICT AS A WHOLE

Statement of Net Assets

The perspective of the Statement of Net Assets is of the District as a whole. Following is a summary of the District's net assets for the current and previous fiscal year:

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>
<u>ASSETS:</u>			
Current and Other Assets	\$ 1,937,446	\$ 1,574,044	\$ 363,402
Capital Assets, Net	5,926,983	5,964,693	(37,710)
Unamortized Bond Issue Costs	<u>156,862</u>	<u>168,700</u>	<u>(11,838)</u>
Total Assets	<u>8,021,291</u>	<u>7,707,437</u>	<u>313,854</u>
<u>LIABILITIES:</u>			
Current and Other Liabilities	1,171,878	847,135	324,743
Long-Term Obligations:			
Due within One Year	275,000	275,000	-
Due in More Than One Year	<u>4,315,000</u>	<u>4,590,000</u>	<u>(275,000)</u>
Total Liabilities	<u>5,761,878</u>	<u>5,712,135</u>	<u>49,743</u>
<u>NET ASSETS:</u>			
Invested in Capital Assets, Net of Related Debt	1,336,983	1,099,693	237,290
Restricted for Emergencies	9,925	8,392	1,533
Unrestricted	<u>912,505</u>	<u>887,217</u>	<u>25,288</u>
Total Net Assets	<u>\$ 2,259,413</u>	<u>\$ 1,995,302</u>	<u>\$ 264,111</u>

Current assets and liabilities increased due to an increase in deferred property taxes to be collected in 2010, which is a result of an increase in the overall assessed valuation of the District, as well as a one time levy of approximately \$181,500 approved by voters at the November 2009 election.

Capital assets in the amount of \$74,124 were added during 2009 and water/sewer lines with a value of \$29,135 were transferred to the Mid-Valley Metropolitan District. Capital assets were depreciated in the amount of \$82,698.

During 2009, the District paid \$275,000 toward its long-term debt principal obligations.

The District's financial position, as measured by Net Assets, improved during 2009.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2009

THE DISTRICT AS A WHOLE - CONTINUED

Statement of Activities

The perspective of the Statement of Activities is also of the District as a whole. The statement of activities reflects the cost of program services and the charges for services and sales, grants and contributions offsetting those services. The following detail reflects the total cost of services supported by program revenues and general property taxes, as well as other general revenues, resulting in the overall change in net assets for the current and previous fiscal year:

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>
<u>REVENUES:</u>			
PROGRAM REVENUES			
Capital Grants and Contributions	\$ 63,578	\$ 51,285	\$ 12,293
Charges for Services	3,776	2,895	881
GENERAL REVENUES:			
Property Taxes	824,810	809,262	15,548
Specific Ownership Taxes	30,773	37,718	(6,945)
Interest and Other Income	<u>6,626</u>	<u>21,953</u>	<u>(15,327)</u>
Total Revenues	<u>929,563</u>	<u>923,113</u>	<u>6,450</u>
<u>PROGRAM EXPENSES:</u>			
Parks & Recreation	465,025	374,545	90,480
Interest on Long-term Debt	188,289	196,319	(8,030)
Other Costs of Long-term Debt	<u>12,138</u>	<u>12,139</u>	<u>(1)</u>
Total Expenses	<u>665,452</u>	<u>583,003</u>	<u>82,449</u>
CHANGE IN NET ASSETS	<u>\$ 264,111</u>	<u>\$ 340,110</u>	<u>\$ (75,999)</u>

The District's revenues include property and specific ownership taxes assessed in 2008 and collected in 2009 to support both general operations and debt service. The District's program expenses consist of operational expenses, depreciation expense on capital assets and interest expense on general obligation bonds. Parks and recreation expenses approximated those of the prior year.

During 2009, the District collected \$824,810 in property taxes, of which \$458,228 has been collected for debt service on the District's bonds, and the remaining \$366,582 is for general operating expenses of the District. Increases in property taxes over the prior year are the result of increased assessed valuations of total properties within the District's boundaries. Specific ownership tax collections, which are a function of the number of registered vehicles in the District, are beyond the control of management. Interest earnings have decreased due to decreased investments which is reflective of the state of the economy.

During 2009, the District received capital grants and contributions of \$48,314 in Conservation Trust Fund Lottery dollars and \$15,264 in GOCO grant funding which were used to fund current year capital outlay.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 December 31, 2009

THE DISTRICT AS A WHOLE - CONTINUED

As indicated above, the statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following table summarizes the information from the statement of activities, reflecting the total cost of program services, and the remaining net cost of program services which are supported by taxes and other general revenues:

	<u>Total Cost of Service</u>		<u>Net Cost of Services</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Parks & Recreation	\$ 465,025	\$ 374,545	\$ 397,671	\$ 371,650
Interest on Long-term Debt	188,289	196,319	188,289	196,319
Other Costs of Long-term Debt	<u>12,138</u>	<u>12,139</u>	<u>12,138</u>	<u>12,139</u>
 Total Expenses	 <u>\$ 665,452</u>	 <u>\$ 583,003</u>	 <u>\$ 598,098</u>	 <u>\$ 580,108</u>

The dependence on taxes and other general revenues is apparent. In years 2009 and 2008, nearly all of the District's services were supported through taxes and other general revenues, while capital grant funding was used for related capital outlay purposes. The community as a whole is the primary support for the District's activities.

THE DISTRICT'S FUNDS

The fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending.

The fund level financial statements are reported on the modified accrual basis of accounting. At the fund level, under the modified accrual basis of accounting, depreciable assets and their related depreciation expense are not reflected as they are not a current period financial resource or use. In addition, at the fund level, inflows from operating loans are presented as a revenue item while outflows for capital outlay and debt service payments are presented as an expenditure item, as these items represent current period financial resources and uses.

The General Fund ending fund balance increased from \$516,783 to \$541,203 during the current fiscal year. This represents the excess of current period revenues (financial resources) over current period expenditures (financial uses). Most financial resources are from property and specific ownership taxes. The majority of expenses are directly related to providing administrative services related to recreation programs of the District and parks maintenance expenditures. The ending fund balance of \$541,203 is the amount of net resources available for future spending, subject to TABOR emergency reserves of \$9,925.

The Capital Improvement Fund ending fund balance decreased from \$204,729 to \$222,907 during the current fiscal year. This represents current period investment in capital assets (financial uses) in excess of current period revenues (financial resources), which is being funded by prior period bond issue proceeds and accumulated interest earnings. The ending fund balance of \$222,907 represents the amount of net resources in the Capital Improvement Fund available for future capital investment.

The Debt Service Fund ending fund balance decreased from \$21,150 to \$16,466 during the current fiscal year. The ending fund balance is reserved for future debt service.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 December 31, 2009

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's procedures in establishing budgetary data reflected in the financial statements are summarized in *Note 1 (D)* of the financial statements. No amended budgets were adopted by the District during fiscal year 2009.

General Fund Resources (Inflows)

The District's general fund final budgetary revenues and other financing sources in the amount of \$435,256 did not meet budget expectations of \$450,531 by \$15,275. This was primarily due to decreased interest earnings on the District's deposits and overall tax collections not meeting budget expectations.

General Fund Charges to Appropriations (Outflows)

The District's general fund final budgetary expenditures and other financing uses of \$330,836 were \$472,074 less than the final appropriated balance of \$802,910. Significant savings occurred in budgeted expenditures for parks maintenance and unused appropriations for elections and contingencies/appropriated fund balances. The District had not budgeted for the unanticipated special election ballot issue.

General Fund Unappropriated Fund Balance

The General Fund ending unappropriated budgetary fund balance carryover to fiscal year 2010 is \$541,203.

* * *

The Board of Directors and management strive to budget appropriate amounts for each line item. This year's budget variations are not expected to have a significant effect on future services or liquidity.

CAPITAL ASSETS

At the end of 2009, the District had a total of \$5,926,983 invested in capital assets of governmental activities. The following reflects the balances of the current and prior fiscal year:

<u>Capital Assets (Net of Depreciation and Amortization):</u>	<u>2009</u>	<u>2008</u>
Park Development/Improvements	\$ 5,499,467	\$ 5,509,908
Buildings	391,683	406,449
Vehicles and Equipment	31,451	41,915
Office Furniture and Equipment	<u>4,382</u>	<u>6,421</u>
Total Capital Assets	<u>\$ 5,926,983</u>	<u>\$ 5,964,693</u>

Current year depreciation expense in the amount of \$82,698 was recorded in Parks and Recreation on the government-wide statement of activities. Park Development/Improvements includes capitalized planning, development, organizational and overhead costs from the current and previous fiscal years.

DEBT ADMINISTRATION

At December 31, 2009, the District had \$4,590,000 of general long-term obligations outstanding. See *Note 5 – Long-term Liabilities* for a detail of the terms and annual requirements to amortize the District's long-term debt.

ECONOMIC CONDITIONS AND OUTLOOK

At this time, the District does not anticipate any events that would have a significant financial impact to the District in future years.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2009

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact the:

Crown Mountain Park and Recreation District Manager
Eagle County Community Building
0020 Eagle County Road
El Jebel, CO 81623
Tel: (970) 963-6030
Fax: (970) 963-6032

GOVERNMENT - WIDE FINANCIAL STATEMENTS

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
STATEMENT OF NET ASSETS
December 31, 2009

	<u>Governmental Activities</u>
ASSETS	
Equity in Pooled Cash & Cash Equivalents	\$ 777,548
Receivables:	
County Treasurer	2,315
Property Taxes	1,152,060
Prepaid Expenses	5,523
Capital Assets (Net of Accumulated Depreciation of \$270,373)	5,926,983
Bond Issue Costs (Net of Accumulated Amortization of \$79,910)	<u>156,862</u>
TOTAL ASSETS	<u><u>8,021,291</u></u>
LIABILITIES :	
Accounts Payable	4,014
Wages and Taxes Payable	796
Accrued Interest Payable	15,008
Deferred Property Taxes	1,152,060
Long-term Obligations:	
Due Within One Year	275,000
Due In More Than One Year	<u>4,315,000</u>
TOTAL LIABILITIES	<u><u>5,761,878</u></u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	1,336,983
Restricted for Emergencies	9,925
Unrestricted	<u>912,505</u>
TOTAL NET ASSETS	<u><u>\$ 2,259,413</u></u>

The accompanying notes are an integral part of these financial statements.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2009

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
Expenses	Charges For Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
GOVERNMENTAL ACTIVITIES:					
Parks & Recreation	\$ 465,025	\$ 3,776	\$ -	\$ 63,578	\$ (397,671)
Interest on Long-Term Debt	188,289	-	-	-	(188,289)
Other Costs of Long-Term Debt	<u>12,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,138)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 665,452</u>	<u>\$ 3,776</u>	<u>\$ -</u>	<u>\$ 63,578</u>	<u>(598,098)</u>
GENERAL REVENUES:					
					824,810
					30,773
					6,412
					<u>214</u>
					<u>862,209</u>
					264,111
					<u>1,995,302</u>
					<u>\$ 2,259,413</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009

	<u>General Fund</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 539,461	\$ 222,907	\$ 15,180	\$ 777,548
Receivables:				
Due from County Treasurer	1,029	-	1,286	2,315
Property Taxes	685,690	-	466,370	1,152,060
Prepaid Expenses	<u>5,523</u>	<u>-</u>	<u>-</u>	<u>5,523</u>
 TOTAL ASSETS	 <u>\$ 1,231,703</u>	 <u>\$ 222,907</u>	 <u>\$ 482,836</u>	 <u>\$ 1,937,446</u>
LIABILITIES:				
Accounts Payable	\$ 4,014	\$ -	\$ -	\$ 4,014
Wages and Taxes Payable	796	-	-	796
Deferred Revenue	<u>685,690</u>	<u>-</u>	<u>466,370</u>	<u>1,152,060</u>
 TOTAL LIABILITIES	 <u>690,500</u>	 <u>-</u>	 <u>466,370</u>	 <u>1,156,870</u>
FUND BALANCES:				
Reserved for Capital Improvement	-	222,907	-	222,907
Reserved for Debt Service	-	-	16,466	16,466
Reserved for Emergencies	9,925	-	-	9,925
Unreserved	<u>531,278</u>	<u>-</u>	<u>-</u>	<u>531,278</u>
 TOTAL FUND BALANCES	 <u>541,203</u>	 <u>222,907</u>	 <u>16,466</u>	 <u>780,576</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,231,703</u>	 <u>\$ 222,907</u>	 <u>\$ 482,836</u>	 <u>\$ 1,937,446</u>

The accompanying notes are an integral part of these financial statements.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2009

TOTAL GOVERNMENTAL FUND BALANCES \$ 780,576

Amounts reported for governmental activities on the
statement of net assets are different because of the following:

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

Governmental Capital Assets	\$ 6,197,356	
Less Accumulated Depreciation	<u>(270,373)</u>	5,926,983

Bond Issue Costs capitalized in governmental activities are not financial
resources and, therefore, are not reported in the funds.

Bond Issue Costs	\$ 236,772	
Less Accumulated Amortization	<u>(79,910)</u>	156,862

Some liabilities are not due and payable in the current year and, therefore, are
not reported in the governmental funds:

Accrued Interest on Bonds	\$ 15,008	
Current Portion of Long-term Liabilities	<u>275,000</u>	(290,008)

Long-term liabilities are not due and payable in the current year; therefore,
they are not reported in the governmental funds:

(4,315,000)

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 2,259,413

The accompanying notes are an integral part of these financial statements.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2009

	General Fund	Capital Improvement	Debt Service	Total Governmental Funds
REVENUES:				
Property Taxes	\$ 366,582	\$ -	\$ 458,228	\$ 824,810
Specific Ownership Tax	13,677	-	17,096	30,773
Intergovernmental Grants	-	15,264	-	15,264
Lottery Proceeds - Conservation Trust	48,314	-	-	48,314
Interest Income	2,693	1,698	2,021	6,412
Other Income	3,990	-	-	3,990
Total Revenues	435,256	16,962	477,345	929,563
EXPENDITURES:				
Current Operating:				
Accounting	24,912	-	-	24,912
Administration	36,503	-	-	36,503
Audit	6,818	-	-	6,818
Director	78,093	-	-	78,093
Elections	20,497	-	-	20,497
Insurance - Health	18,337	-	-	18,337
Insurance - Other	8,411	-	-	8,411
Legal Expenses	3,229	-	-	3,229
Maintenance - Parks	70,738	-	-	70,738
Management/Consulting	14,981	-	-	14,981
Miscellaneous	1,040	4,660	-	5,700
Newsletter and Website	1,374	-	-	1,374
Office Expense	2,101	-	-	2,101
Payroll Taxes	2,160	-	-	2,160
Retirement	14,500	-	-	14,500
Recreation Center Study	11,651	-	-	11,651
Treasurers Fees	14,157	-	17,696	31,853
Telephone and Internet	1,334	-	-	1,334
Capital Outlay	-	74,124	-	74,124
Debt Service:				
Principal	-	-	275,000	275,000
Interest	-	-	189,033	189,033
Other Fees	-	-	300	300
Total Expenditures	330,836	78,784	482,029	891,649
Excess of Revenue Over (Under) Expenditures	104,420	(61,822)	(4,684)	37,914
OTHER FINANCING SOURCES (USES):				
Operating Transfers (Out)	(80,000)	80,000	-	-
Net Change in Fund Balances	24,420	18,178	(4,684)	37,914
FUND BALANCE - BEGINNING	516,783	204,729	21,150	742,662
FUND BALANCE - ENDING	\$ 541,203	\$ 222,907	\$ 16,466	\$ 780,576

The accompanying notes are an integral part of these financial statements.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2009

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 37,914

Amounts reported for governmental activities on the Statement of Activities are different because of the following:

Governmental Funds report capital outlays as expenditures; however, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year:

Capital Outlay	\$ 74,124	
Intergovernmental Conveyances	(29,135)	
Depreciation	<u>(82,698)</u>	(37,709)

Bond costs on the issuance of long-term debt reduce current financial resources to governmental funds; however, on the Statement of Activities, the cost is allocated over the term of the debt as amortization expense. This is the amount of bond issue cost amortization in the current year. (11,838)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 275,000

Interest expense is recognized as an expenditure in the governmental funds when it is due, and this requires the use of current financial resources; however, in the Statement of Activities interest expense is recognized as the interest accrues regardless of when it is due. This is the amount by which decreases in accrued interest exceeded increases in accrued interest.

Prior Year Accrued Interest	\$ 15,753	
Current Year Accrued Interest	<u>(15,009)</u>	<u>744</u>

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 264,111

The accompanying notes are an integral part of these financial statements.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Crown Mountain Park and Recreation District, herein referred to as the District, conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The District has implemented GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Significant accounting policies of the District are described below.

A. Financial Reporting Entity

The Crown Mountain Park and Recreation District was organized pursuant to provisions set forth in the Colorado Special District Act. The governing body of the District consists of a five member Board of Directors which is elected by the registered voters within the District. The purpose of the District is to create a community legacy by providing parks and recreation. The District fosters a sense of place, provides opportunities and places for community gathering, and provides diverse, equitable and safe recreation opportunities for all through creative collaboration.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization’s governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District’s financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District’s reporting entity, nor is the District a component unit of any other government. The District’s financial statements include the accounts of all District operations.

B. Basis of Presentation

GOVERNMENT-WIDE STATEMENTS

The statement of net assets and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District’s governmental activities.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

GOVERNMENT-WIDE STATEMENTS (continued)

In the statement of activities, direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

FUND FINANCIAL STATEMENTS

During the fiscal year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The District's funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations based upon the purposes for which they are to be spent and by the means by which spending activities are controlled. The various funds of the District are outlined in the following paragraphs:

Governmental Funds

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures, other financing uses, and special items) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

General Fund - used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to general statutory laws.

Capital Improvement Fund - used to account for proceeds from the General Obligation Bond that are used for major capital and equipment additions.

Debt Service Fund - used to account for accumulation of resources for, and payment of, long-term bond obligation principal, interest and related costs.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, consist of property taxes, other taxes and fines and penalties. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

FUND FINANCIAL STATEMENTS

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The District considers all revenues available if they are collected within 60 days after year-end. The following material revenue sources are considered susceptible to accrual because they are both measurable and available to finance expenditures of the current period:

- Property Taxes
- Specific Ownership Taxes

Taxpayer-assessed local property and specific ownership taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, which is recognized when due. Proceeds of general long-term liabilities are reported as other financing sources.

D. Budgets and Budgetary Accounting

The District uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 15, the District staff submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. A “Notice of Budget” is published when the budget is received.
2. Public hearings are held to obtain taxpayer comments.
3. Prior to December 15, the Board shall adopt, by resolution, the budget for the ensuing fiscal year and shall certify the tax levy to the Board of County Commissioners.
4. On or before December 31, the Board shall pass an annual appropriating resolution in which such sums of money shall be appropriated as the Board deems necessary to defray all expenses and liabilities of the District during the ensuing year.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets and Budgetary Accounting (continued)

5. The District's budgets are adopted on a basis consistent with generally accepted accounting principles for governmental entities. Annual appropriated budgets are adopted for all funds. The level of control in the budget at which expenditures exceed appropriations is at the fund level.
6. After adoption of the budget ordinance, the District may make by ordinance the following changes: a) supplemental appropriations to the extent of revenues in excess of the estimated budget; b) emergency appropriations; c) reduction of appropriations for which originally estimated revenues are insufficient.
7. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on final legally amended budgets.
8. Budget appropriations lapse at the end of each year.

The District legally adopted annual budgets for all of the District's funds for 2009. There were no amended budgets in 2009.

E. Restricted Assets/Reservations of Fund Balance

Assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. *Reservations* of fund balance arise from certain board designations of fund balance, as well as the aforementioned constraints. It is the District's policy to use restricted assets first when an expense is incurred for which both restricted and unrestricted assets are available.

Emergencies – Reserves *restricted* as required by statutory law (see *Note 12*), which are used to fund appropriation only after unrestricted resources are depleted.

Capital Improvements – Fund balance *reservations* for future capital improvements.

Debt Service – Fund balance *reservations* for future general obligation debt service.

F. Property Taxes Receivable and Deferred Revenue

Property taxes are levied on December 15, and attach as an enforceable lien on property on January 1st of the following year, payable in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th. Property taxes are levied and collected on behalf of the District by Pitkin and Eagle Counties and are reported as revenue when received by the County Treasurers. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31; however, since the taxes are not available to pay current liabilities, the receivable is recorded as deferred revenue.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets

All capital assets purchased or acquired with an original cost in excess of the capitalization thresholds set by the District are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date of the donation. Repairs and maintenance are recorded as expenditures as incurred; while additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Equipment & Furniture	5 years
Infrastructure	10-30 years

H. Compensated Absences

As the District currently only has two full-time employees, accruals for compensated absences have not been accrued on the government-wide statement activities as the amounts are immaterial in relation to the financial statements taken as a whole.

I. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE 2 - CASH AND INVESTMENTS

The District's policy in determining which items are treated as cash equivalents include cash, demand deposits, treasury bills, and other short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less. Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimates fair value.

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. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. 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. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2009

NOTE 2 - CASH AND INVESTMENTS (continued)

In order to facilitate the recording of cash transactions and maximize interest earnings, the District has pooled cash deposits for all funds. The District maintains accountability for each fund's equity in pooled cash. Interest earnings for combined funds are generally distributed based on monthly cash balances.

At December 31, 2009, all of the District's deposits were either held in deposit accounts insured by the Federal Deposit Insurance Corporation (FDIC) or in eligible depositories as required by PDPA in accordance with state statute, and had total balances on deposit of \$796,280 of which \$250,000 was covered by FDIC insurance and \$546,280 by PDPA as described above.

The District has not adopted a formal investment policy; however, the District invests public funds in a manner which will provide the highest investment return with the maximum security, meet daily cash flow demands, and conform to all federal, state and local statutes governing the investment of public funds. This applies to the investment of all financial assets of all funds of the District over which it exercises financial control. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. governmental agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee valley authority, and certain international agency securities, including the World Bank.
- General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- Bankers' acceptances of certain banks
- Certain securities lending agreements
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed Investment contracts
- Local government investment pools
- The investing local government's own securities including certificates of participation and lease obligations.

Included in total balances on deposit are Certificates of Deposit as follows:

Certificate of Deposit	Maturity Date 03/08/11	\$ 30,779
Certificate of Deposit	Maturity Date 06/10/10	\$ 20,107

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 December 31, 2009

NOTE 2 - CASH AND INVESTMENTS (continued)

Local Government Investment Pool (COLOTRUST)

Included in cash and cash equivalents is \$202,030 held 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 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. 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. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. COLOTRUST's funds are rated AAA by Standard & Poor's, Fitch's and Moody's rating services. The custodian's internal records segregate investments owned by the Trust. As of December 31, 2009, the District had \$0 invested in COLOTRUST PRIME, and \$202,030 invested in COLOTRUST PLUS+.

Investments in local government investment pools are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form.

Summary of Cash and Cash Equivalents

	Fair Value
Checking Deposits	\$ 543,364
Certificates of Deposit	50,886
Local Govt Investment Pools (COLOTRUST)	202,030
Less Outstanding Items	(18,732)
Total Cash and Investments	\$ 777,548

Risk Disclosures

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are included in the notes below.

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits District investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The District has deposits in COLOTRUST Plus+. COLOTRUST is rated AAAM by Standard & Poors.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 December 31, 2009

NOTE 2 - CASH AND INVESTMENTS (continued)

Risk Disclosures - continued

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. District policy places no limit on the amount the District may invest in any one issuer; however the District maintains general guidelines for investments to ensure proper diversification by security type and institution. All District investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by PDPA, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk disclosure requirements.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an investment policy that limits investment maturities to three years as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows as approved by the Board.

The District was not subject to foreign currency risk as of December 31, 2009.

NOTE 3 - FAIR VALUES OF FINANCIAL INSTRUMENTS

The District has a number of financial instruments, including cash and equivalents, receivables, and accounts payable, none of which are held for trading purposes. The District estimates that the fair values of its financial instruments at December 31, 2009 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

NOTE 4 - CAPITAL ASSETS

A summary of changes in Capital Assets follows:

	<u>Balance</u> 1/01/09	<u>Additions</u>	<u>Reclassifications/ Conveyances</u>	<u>Balance</u> 12/31/09
<i>Non-Depreciated:</i>				
Parks – In Progress	\$ 8,146	\$ 1,165	\$ (6,133)	\$ 3,178
Parks – Completed	4,869,729	68,023	(23,002)	4,914,750
<i>Depreciable:</i>				
Parks & Furnishings	751,203	4,935	-	756,138
Buildings	442,997	-	-	442,997
Vehicles & Equipment	61,473	-	-	61,473
Office Furniture/Equip	18,820	-	-	18,820
Accumulated Depreciation	<u>(187,675)</u>	<u>(82,698)</u>	<u>-</u>	<u>(270,373)</u>
	<u>\$ 5,964,693</u>	<u>\$ (8,575)</u>	<u>\$ (29,135)</u>	<u>\$ 5,926,983</u>

Depreciation is calculated using the straight-line method. Depreciation expense in the amount of \$82,698 was recorded for the year ending December 31, 2009.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 December 31, 2009

NOTE 5 - LONG-TERM OBLIGATIONS

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General Obligation Bonds – Series 2003	\$ 4,865,000	\$ -	\$ (275,000)	\$ 4,590,000	\$ 275,000

General Obligation Bonds - Series 2003

General Obligation Bonds in the face amount of \$5,130,000 were issued with a date of April 15, 2003. The interest rate varies from 3.0% to 4.30% payable semi-annually on June 1 and December 1. Principal is due and payable on December 1. Final maturity date is December 1, 2022. The annual requirements to amortize the long-term debt are as follows:

Year	Principal	Interest	Total
2010	\$ 275,000	\$ 180,095	\$ 455,095
2011	290,000	170,470	460,470
2012	300,000	159,740	459,740
2013	315,000	148,640	463,640
2014	325,000	137,300	462,300
2015-2019	1,810,000	492,619	2,302,619
2020-2022	1,275,000	110,540	1,385,540
	\$ 4,590,000	\$ 1,399,404	\$ 5,989,404

Remaining Authorized by Unissued Indebtedness

A majority of the qualified electors of the District authorized the issuance of indebtedness in the following amounts since organization of the District in 2002:

Authorization Date	Amount of Authorized Debt	Amount Unissued as of 12/31/09
November 2002	\$ 5,130,000	\$ -

NOTE 6 - CONTINGENCIES

During the normal course of business, the District did not incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives represent that they are not aware of any unasserted possible claims or litigation as of December 31, 2009.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2009

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors and omissions; injuries to employees; or acts of God.

The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool) which is sponsored by the Special District Association of Colorado. The Pool provides property and general liability, automobile physical damage and liability, public official's liability and machinery coverage to its members. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage in the last three years. The District pays annual premiums to the Pool for liability, property, and public officials' liability 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. During the year ended December 31, 2009, the Pool made no distributions to the District.

NOTE 8 - DEFINED BENEFIT PENSION PLAN

Plan Description

The Crown Mountain Park and Recreation 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, annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the LGDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy

Plan members and the District are required to contribute to the LGDTF at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for the District is 10% of covered salary for January 1, 2009 through December 31, 2009. A portion of the District's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (*see Note 9*). The District is also required to pay an amortization equalization disbursement (AED) equal to 1.8 percent of the total payroll for the calendar year 2009 (1.40 percent of total payroll for the calendar year 2008) Additionally, the District is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.0 percent of the total payroll for the calendar year 2009 (0.5 percent for calendar year 2008). If the District rehired a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions (including the AED and SAED) on the amounts paid for the retiree; however no member contributions are required. The District's contributions to LGDTF for the years ending December 31, 2007, 2008 and 2009 were \$12,463, \$13,078 and \$14,500, equal to their required contributions for each year.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2009

NOTE 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The Crown Mountain Park and Recreation District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer post-employment healthcare plan 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 CRS, 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, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy

The District is required to contribute at a rate of 1.02% of covered salary 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 CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The portion of the District's LGDTF PERA contribution allocated to the HCTF for the years ended December 31, 2007, 2008 and 2009 was \$1,156, \$1,119 and \$1,155, equal to their required contributions for each year.

NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN

Plan Description

The LGDTF members (see Note 8) of the Crown Mountain Park and Recreation District 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 CRS, as amended assigns the authority to establish the 401(k) Plan provisions to the State Legislature.

Funding Policy

The 401(k) Plan is funded by voluntary member contributions up to a maximum limit set by the IRS (\$15,500 for calendar years 2007 and 2008). Catch-up contributions up to \$5,000 for the calendar years 2007 and 2008 were allowed for participants who had attained age 50 before the close of the plan year, subject to limitations of IRC Sec. 414. The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the CRS, as amended. For the years ended December 31, 2009 and 2008, the 401(k) Plan member contributions from the District were \$9,062 and \$8,775, respectively.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2009

NOTE 11 - INTERGOVERNMENTAL AGREEMENTS AND COMMITMENTS

Land Lease Agreement

The District entered into an intergovernmental lease agreement dated November 18, 2003, as subsequently amended, with Eagle County which is authorized pursuant to section 18 of Article XIV of the Colorado Constitution, Sections 32-1-1001, C.R.S. and other applicable laws. Eagle County has agreed to lease approximately 80.7 acres of property to the District for the purpose of providing community athletic activities and programs according to the District's service plan. The term of the lease is for 21 years commencing November 18, 2003 and shall end on November 18, 2024, unless terminated earlier. If at the conclusion of the term of the agreement the County does not elect to extend the term of the agreement, the County agrees that it shall purchase from the District all fixtures and improvements constructed on the leased premises for a mutually agreed appraised value. In the event the parties agree to extend the lease term beyond the 21 years, then the County shall not be obligated to purchase District improvements and fixtures. The District has paid the County \$1 per year for the full term of this agreement.

Shed Lease

The District entered into an intergovernmental lease agreement in April, 2005, with Eagle County which is authorized pursuant to section 18 of Article XIV of the Colorado Constitution, Sections 32-1-1001, C.R.S. and other applicable laws, to lease a shed located on property leased from Eagle County to be used as a maintenance shed for the purpose of storing vehicles, equipment and tools, and also to be used as a staff office. The term of the lease is for 5 years which shall commence on the date of the agreement. The District has paid the County \$1 per year for the full term of this agreement.

Water Rights Lease

The District entered into an intergovernmental lease agreement on May 18, 2004, with the Mid Valley Metropolitan District, a Colorado Special District, to lease water rights for irrigation and other uses on land leased from Eagle County. The District agrees to pay for leased water in the amount of \$1,500 per year, which amount shall be adjusted annually according to the Denver/Boulder Consumer Price Index adjustment of the preceding calendar year, and to pay regular and special assessments attributable to the water shares, which amount will be billed along with the annual lease amount. The initial lease term is for 5 years which shall commence on the date of the agreement and shall end on March 31, 2009. The lease will automatically renew for successive five-year terms unless terminated by either party. The District has the right to terminate the lease upon 30 days written notice during the first two years of the initial term of the lease. The initial lease payment was due upon execution of the agreement, and all subsequent annual lease payments and assessments shall be due on or before April 1, whereby any payment not made when due shall accrue interest at the rate of 1% per month. The District has further entered into an intergovernmental agreement on April 22, 2007, with the Reudi Reservoir Fryingpan-Arkansas Project, Colorado, for 38 acre-feet of water annually for the period of April 22, 2007 through April 21, 2032 with a total capital cost repayment of \$42,460. This agreement is subject to annual appropriation and does not represent a long-term obligation of the District.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2009

NOTE 12 - STATUTORY COMPLIANCE

TABOR Amendment – Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer’s Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations, which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extensions of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

The initial base for local government spending and revenue limits is December 31, 2002 fiscal year spending. Future spending and revenue limits are determined based on the prior year’s fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and revenue increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for financing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of spending (excluding bonded debt service). The required reserve at December 31, 2009 is \$9,925.

The District’s management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

REQUIRED SUPPLEMENTAL INFORMATION

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2009

	GENERAL FUND		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property Taxes	\$ 368,912	\$ 366,582	\$ (2,330)
Specific Ownership Tax	18,446	13,677	(4,769)
Lottery Proceeds - Conservation Trust	50,000	48,314	(1,686)
Interest Income	10,673	2,693	(7,980)
Other Income	2,500	3,990	1,490
TOTAL REVENUES	<u>450,531</u>	<u>435,256</u>	<u>(15,275)</u>
EXPENDITURES:			
Accounting	24,024	24,912	(888)
Administration	43,260	36,503	6,757
Audit	6,856	6,818	38
Director	80,605	78,093	2,512
Elections	-	20,497	(20,497)
Insurance - Health	24,491	18,337	6,154
Insurance - Other	6,470	8,411	(1,941)
Legal Expenses	3,120	3,229	(109)
Maintenance - Parks (\$10,000 Contingency)	134,652	70,738	63,914
Management/Consulting	15,600	14,981	619
Miscellaneous	3,120	1,040	2,080
Newsletter and Website	4,368	1,374	2,994
Office Expense	5,200	2,101	3,099
Payroll Taxes	2,560	2,160	400
Retirement	12,387	14,500	(2,113)
Recreation Center Study	20,000	11,651	8,349
Treasurer Fees	14,163	14,157	6
Telephone and Internet	4,992	1,334	3,658
Appropriated Fund Balance	397,042	-	397,042
TOTAL EXPENDITURES	<u>802,910</u>	<u>330,836</u>	<u>472,074</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(352,379)	104,420	456,799
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	5,354	-	(5,354)
Operating Transfer (Out)	(80,000)	(80,000)	-
Net Change in Fund Balances	(427,025)	24,420	451,445
FUND BALANCE – BEGINNING	<u>427,025</u>	<u>516,783</u>	<u>89,758</u>
FUND BALANCE – ENDING	<u>\$ -</u>	<u>\$ 541,203</u>	<u>\$ 541,203</u>

The accompanying notes are an integral part of these financial statements.

OTHER SUPPLEMENTAL INFORMATION

CAPITAL IMPROVEMENT FUND

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
For the Year Ended December 31, 2009

	CAPITAL IMPROVEMENT FUND		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Grants	\$ 16,000	\$ 15,264	\$ (736)
Interest Income	3,876	1,698	(2,178)
Other Income	525	-	(525)
TOTAL REVENUES	20,401	16,962	(3,439)
EXPENDITURES:			
Basketball and Tennis Courts	-	4,935	(4,935)
Bike Park	12,000	1,165	10,835
Landscaping	4,160	4,660	(500)
Maintenance Equipment	5,000	-	5,000
Picnic Areas	24,000	16,155	7,845
Playground Equipment	4,333	-	4,333
Water Rights Legal/Engineering	-	51,869	(51,869)
Appropriated Fund Balance	205,932	-	205,932
TOTAL EXPENDITURES	255,425	78,784	176,641
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(235,024)	(61,822)	173,302
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	80,000	80,000	-
Net Change in Fund Balances	(155,024)	18,178	173,202
FUND BALANCE – BEGINNING	155,024	204,729	49,705
FUND BALANCE – ENDING	\$ -	\$ 222,907	\$ 222,907

The accompanying notes are an integral part of these financial statements.

OTHER SUPPLEMENTAL INFORMATION

DEBT SERVICE FUND

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended December 31, 2008

	DEBT SERVICE FUND		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property Taxes	\$ 461,139	\$ 458,228	\$ (2,911)
Specific Ownership Tax	23,057	17,096	(5,961)
Interest Income	1,983	2,021	38
TOTAL REVENUES	486,179	477,345	(8,834)
EXPENDITURES:			
Debt Service:			
Principal	275,000	275,000	-
Interest	189,033	189,033	-
Other Charges	250	300	(50)
Treasurers Fees	17,702	17,696	6
Contingency	4,000	-	4,000
Appropriated Fund Balances	12,289	-	12,289
TOTAL EXPENDITURES	498,274	482,029	16,245
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,095)	(4,684)	7,411
OTHER FINANCING SOURCES (USES):			
Operating Transfers (Out)	(5,354)	-	5,354
Net Change in Fund Balances	(17,449)	(4,684)	12,765
FUND BALANCE – BEGINNING	17,449	21,150	3,701
FUND BALANCE – ENDING	\$ -	\$ 16,466	\$ 16,466

The accompanying notes are an integral part of these financial statements.