

CROWN MOUNTAIN PARK AND RECREATION DISTRICT

Financial Statements and Report of Independent Certified Public
Accountants

December 31, 2010

CONTENTS

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS.....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	3
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET ASSETS.....	9
STATEMENT OF ACTIVITIES	10
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS.....	11
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	12
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	13
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES.....	14
NOTES TO FINANCIAL STATEMENTS.....	15
REQUIRED SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	28
ADDITIONAL SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE – CAPITAL IMPROVEMENT FUND.....	29
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND	30

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

March 16, 2011

To the Board of Directors
Crown Mountain Park and Recreation District

We have audited the accompanying financial statements of the governmental activities and each major fund of the Crown Mountain Park and Recreation District (the "District"), as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Crown Mountain Park and Recreation District as of December 31, 2010, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the budgetary comparison schedule – general fund 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.

March 16, 2011
Crown Mountain Park and Recreation District
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The budgetary comparisons for the capital improvement fund and the debt service fund are presented for purposes of additional analysis and are not a required part of the financial statements. The budgetary comparison schedules for the capital improvement fund and the debt service fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Beckstead & Co., LLC

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

December 31, 2010

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 was established for the purpose of financing, constructing and managing recreation and park facilities on the former Mount Sopris Tree Farm property in El Jebel. The plan also permits the District to develop and manage other park and recreation facilities and programs as might be approved by the District Board of Directors and residents within the District. The District developed and manages the park under a long-term lease from Eagle County, which retained ownership of the property.

This discussion and analysis of the District's financial performance provides an overview of financial activities for the fiscal year ended December 31, 2010. 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 property tax levied for collection in 2010 to service the District's debt is 0.925 mills, and the mill levy to support operations is 1.00 mills. In addition, at the November 2009 election voters passed a one time levy of 0.36 mills for collection in 2010 for the purpose of preparing a capital master plan for facilities including, but not limited to, a recreation center. These levies were assessed on all taxable properties within the District's boundaries located in both Pitkin and Eagle Counties.
- In total, the District's *overall* net assets increased \$389,640 from the previous fiscal year. This increase is primarily due to a surplus of property taxes collected over expenses incurred in providing services to the District's constituents. A portion of this surplus was used to make the principal payments on the District's long term debt and a portion was accumulated and held in fund balance in anticipation of property tax revenues declining in future years.
- Traditionally the District's focus has been on providing recreational facilities rather than programs. General Revenues which include taxes, grants and interest make up substantially all of the District's revenues and have been used to fund the cost of operating the facilities and to pay the District's debt service.

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 statements 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.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2010

Additional supplemental information has also been included to enhance the reader's understanding of the financial statements.

REPORTING ON THE DISTRICT AS A WHOLE

Statement of Net Assets and Statement of Activities

The Statement of Net Assets and Statement of Activities view the District from the perspective of the District as a whole as opposed to looking at individual funds and asks the question, "How did we do financially during the current fiscal year?"

These statements include all assets and liabilities using the full accrual basis of accounting similar to the accounting system used by most private sector companies. The accrual 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. However, it is also necessary to consider other factors such as changes in the District's property tax base and the condition of the infrastructure 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:

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2010

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.

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>2010</u>	<u>2009</u>	Increase (Decrease)
<u>ASSETS:</u>			
Current and Other Assets	\$ 1,978,414	\$ 1,937,446	\$ 40,968
Capital Assets, Net	5,877,061	5,926,983	(49,922)
Unamortized Bond Issue Costs	<u>145,023</u>	<u>156,862</u>	<u>(11,839)</u>
Total Assets	<u>8,000,498</u>	<u>8,021,291</u>	<u>(20,793)</u>
<u>LIABILITIES:</u>			
Current and Other Liabilities	1,036,444	1,171,878	(135,434)
Long-Term Obligations:			
Due within One Year	290,000	275,000	15,000
Due in More Than One Year	<u>4,025,000</u>	<u>4,315,000</u>	<u>(290,000)</u>
Total Liabilities	<u>5,351,444</u>	<u>5,761,878</u>	<u>(410,434)</u>
<u>NET ASSETS:</u>			
Invested in Capital Assets, Net of Related Debt	1,562,061	1,336,983	225,078
Restricted for Emergencies	16,225	9,925	6,300
Unrestricted	<u>1,070,768</u>	<u>912,505</u>	<u>158,263</u>
Total Net Assets	<u>\$ 2,649,054</u>	<u>\$ 2,259,413</u>	<u>\$ 389,641</u>

The District's financial position, as measured by Net Assets, improved during 2010.

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

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2010

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:

	2010	2009	Increase (Decrease)
REVENUES:			
PROGRAM REVENUES			
Operating Grants and Contributions	\$ 45,746	\$ 63,578	\$ (17,832)
Charges for Services	5,044	3,776	1,268
GENERAL REVENUES:			
Property Taxes	1,146,974	824,810	322,164
Specific Ownership Taxes	34,494	30,773	3,721
Interest and Other Income	6,731	6,626	105
Total Revenues	1,238,989	929,563	309,426
PROGRAM EXPENSES:			
Parks & Recreation	657,917	465,025	192,892
Interest on Long-term Debt	179,293	188,289	(8,996)
Other Costs of Long-term Debt	12,139	12,138	1
Total Expenses	849,349	665,452	183,897
 CHANGE IN NET ASSETS	 \$ 389,640	 \$ 264,111	 \$ 125,529

The District's revenues include property and specific ownership taxes assessed in 2009 and collected in 2010 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 increased in 2010 as a result of the recreation center study.

During 2010, the District collected \$1,146,974 in property taxes, of which \$464,311 has been collected for debt service on the District's bonds, \$501,958 is for general operating expenses of the District and the remaining \$180,705 was for the recreation center study. Increases in property taxes over the prior year are primarily the result of the additional special mill levy assessed for the recreation center study. Interest earnings have decreased due to decreased interest rates which is reflective of the state of the economy.

During 2010, the District received operating grants and contributions of \$45,746 in Conservation Trust Fund Lottery dollars.

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, depreciation expense is not reflected as it is not a current period financial use. In addition, at the fund level, inflows from bond proceeds or operating loans are presented as an other financing source item while outflows for capital outlay and debt service payments are presented as expenditure items, as these items represent current period financial resources and uses.

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

December 31, 2010

The General Fund ending fund balance increased from \$541,203 to \$678,036 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 parks and recreation facilities. The ending fund balance of \$678,036 is the amount of net resources available for future spending, subject to restriction of TABOR emergency reserves of \$16,225.

The Capital Improvements Fund ending fund balance increased from \$222,907 to \$255,018 during the current fiscal year. The financing source for this fund is a transfer from the General Fund. A portion of these funds was used to pay for capital outlays with the balance being set aside for a replacement reserve. The ending fund balance of \$255,018 represents the amount of net resources in the Capital Improvement Fund available for future capital replacement or investment.

The Debt Service Fund ending fund balance increased from \$16,466 to \$23,122 during the current fiscal year. The ending fund balance is reserved for future debt service.

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 2010.

General Fund Resources (Inflows)

The District's general fund final budgetary revenues and other financing sources in the amount of \$757,674 did not meet budget expectations of \$760,628 by \$2,954. This was primarily due to lottery proceeds not meeting the budgeted amount.

General Fund Charges to Appropriations (Outflows)

The District's general fund final budgetary expenditures and other financing uses of \$540,841 were \$211,521 less than the final appropriated balance of \$752,362. Significant savings occurred in budgeted expenditures for parks maintenance and unused appropriations for elections and contingencies.

General Fund Unappropriated Fund Balance

The General Fund ending unappropriated budgetary fund balance carryover to fiscal year 2011 is \$678,036.

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 2010, the District had a total of \$5,877,061 invested in capital assets of governmental activities. This represents a decrease of \$49,944 from 2009 which is primarily the result of depreciation of the District's capital assets. Details can be seen on Page 22 of this report.

DEBT ADMINISTRATION

At December 31, 2010, the District had \$4,315,000 of general long-term obligations outstanding. This balance reflects a scheduled repayment of \$275,000 of the District's 2003 general obligation bonds. Details are shown in the Long-Term Obligations footnote on Page 22 of this report.

CROWN MOUNTAIN PARK AND RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2010

ECONOMIC CONDITIONS AND OUTLOOK

The District is anticipating a significant reduction in the assessed value of properties in the District which will result in a reduction in the property taxes the District is able to collect in future years. However, the District anticipates being able to operate with a balanced budget even considering this decrease. At this time, the District does not anticipate other events that would have a significant financial impact to the District in future years.

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

Crown Mountain Park and Recreation District
Statement of Net Assets
December 31, 2010

	Governmental Activities
Assets	
Current Assets	
Equity in pooled cash and investments	\$ 1,004,058
Due from County Treasurer	2,043
Property taxes receivable	964,897
Prepaid expenses	7,416
Total Current Assets	1,978,414
Noncurrent Assets	
Capital assets, net	5,877,061
Bond issuance costs, net	145,023
Total Assets	\$ 8,000,498
Liabilities	
Current Liabilities	
Accounts payable	\$ 56,544
Wages and taxes payable	797
Accrued interest payable	14,206
Deferred property tax revenue	964,897
Current portion of bond payable	290,000
Total Current Liabilities	1,326,444
Noncurrent Liabilities	
Bond payable, less current portion	4,025,000
Total Liabilities	5,351,444
Net Assets	
Invested in capital assets, net of related debt	1,562,061
Restricted for emergencies	16,225
Unrestricted	1,070,768
Total Net Assets	2,649,054
Total Liabilities and Net Assets	\$ 8,000,498

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

Crown Mountain Park and Recreation District
Statement of Activities
For the year ended December 31, 2010

	Expenses	Charges for Services	Operating Grants	Net Expense (Revenue)
Governmental Activities				
Parks and recreation	\$ 657,917	\$ 5,044	\$ 45,746	\$ (607,127)
Interest on long-term debt	179,293	-	-	(179,293)
Other costs of long-term debt	12,139	-	-	(12,139)
Totals	\$ 849,349	\$ 5,044	\$ 45,746	\$ (798,559)
General Revenues				
Property taxes				1,146,974
Specific ownership taxes				34,494
Interest income				6,523
Other general revenues				208
			Total General Revenues	1,188,199
			Change in Net Assets	389,640
Net Assets, beginning of year				2,259,414
Net Assets, end of year				\$ 2,649,054

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

Crown Mountain Park and Recreation District
Balance Sheets
Governmental Funds
December 31, 2010

	General	Capital Improvement	Debt Service	Total
Assets				
Equity in pooled cash and investments	\$ 726,745	\$ 255,018	\$ 22,295	\$ 1,004,058
Due from County Treasurer	1,216	-	827	2,043
Property taxes receivable	501,245	-	463,652	964,897
Prepaid expenses	7,416	-	-	7,416
Total Assets	<u>\$ 1,236,622</u>	<u>\$ 255,018</u>	<u>\$ 486,774</u>	<u>\$ 1,978,414</u>
Liabilities				
Accounts payable	\$ 56,544	\$ -	\$ -	\$ 56,544
Wages and taxes payable	797	-	-	797
Deferred revenues	501,245	-	463,652	964,897
Total Liabilities	<u>558,586</u>	<u>-</u>	<u>463,652</u>	<u>1,022,238</u>
Fund Balance				
Reserved for capital improvements	-	255,018	-	255,018
Reserved for debt service	-	-	23,122	23,122
Reserved for emergencies	16,225	-	-	16,225
Unreserved	661,811	-	-	661,811
Total Fund Balance	<u>678,036</u>	<u>255,018</u>	<u>23,122</u>	<u>956,176</u>
Total Liabilities and Fund Balance	<u>\$ 1,236,622</u>	<u>\$ 255,018</u>	<u>\$ 486,774</u>	<u>\$ 1,978,414</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, 2010

Total Fund Balance	\$ 956,176
Amounts reported for the governmental activities in the Statement of Net Assets are different because:	
Capital assets are not current financial resources, and therefore are not reported in the governmental funds balance sheet.	5,877,061
Bonds payable are not due and payable in the current period, and therefore are not reported in the governmental funds.	(4,315,000)
Accrued interest payable on outstanding bonds do not require current financial resources, and therefore are not reported in the governmental funds.	(14,206)
Bond issuance costs are not current financial resources, and therefore are not reported in the governmental funds balance sheet.	<u>145,023</u>
Total Net Assets	<u><u>\$ 2,649,054</u></u>

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 year ended December 31, 2010

	General	Capital Improvement	Debt Service	Total
Revenues				
Property taxes	\$ 682,663	\$ -	\$ 464,311	\$ 1,146,974
Specific ownership taxes	20,530	-	13,964	34,494
Lottery proceeds - Conservation Trust	45,746	-	-	45,746
Interest income	3,483	1,356	1,684	6,523
Miscellaneous	5,252	-	-	5,252
Total Revenues	<u>757,674</u>	<u>1,356</u>	<u>479,959</u>	<u>1,238,989</u>
Expenditures				
Current Operating				
Accounting	20,022	-	-	20,022
Administration	35,557	-	-	35,557
Audit	6,503	-	-	6,503
Director	79,837	-	-	79,837
Elections	857	-	-	857
Insurance - health	15,997	-	-	15,997
Insurance - other	8,732	-	-	8,732
Legal	1,522	-	-	1,522
Maintenance - parks	71,811	-	-	71,811
Management and consulting	2,048	-	-	2,048
Miscellaneous	3,509	-	-	3,509
Newsletter and website	1,055	-	-	1,055
Office expense	3,149	-	-	3,149
Payroll taxes	2,023	-	-	2,023
Retirement	15,809	-	-	15,809
Recreation center study	244,492	-	-	244,492
Treasurers fees	26,330	-	17,908	44,238
Telephone and internet	1,588	-	-	1,588
Capital Outlay	-	49,245	-	49,245
Debt Service				
Principal	-	-	275,000	275,000
Interest	-	-	180,095	180,095
Other fees	-	-	300	300
Total Expenditures	<u>540,841</u>	<u>49,245</u>	<u>473,303</u>	<u>1,063,389</u>
Excess of Revenues Over (Under) Expenditures	216,833	(47,889)	6,656	175,600
Other Financing Sources (Uses)				
Operating transfers in (out)	<u>(80,000)</u>	<u>80,000</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(80,000)</u>	<u>80,000</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	136,833	32,111	6,656	175,600
Fund balances, beginning of year	<u>541,203</u>	<u>222,907</u>	<u>16,466</u>	<u>780,576</u>
Fund balances, end of year	<u><u>\$ 678,036</u></u>	<u><u>\$ 255,018</u></u>	<u><u>\$ 23,122</u></u>	<u><u>\$ 956,176</u></u>

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

Crown Mountain Park and Recreation District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the year ended December 31, 2010

Total net change in fund balances - governmental funds	\$ 175,600
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures in the year the costs are incurred; however, the government-wide financial statements report capital outlays as an addition to capital assets. The cost of capital assets is allocated to expense over the estimated useful lives of the underlying assets.</p>	
Amounts capitalized	34,245
Depreciation expense	(84,168)
<p>Governmental funds report debt principal payments as other financing uses; however, the government-wide financial statements report debt principal payments as reductions of long-term debt.</p>	
	275,000
<p>Governmental funds report debt issuance costs as expenditures in the year the related debt is issued; however, the government-wide statements defer these costs and amortize the costs to expense over the life of the debt. This amount represents the difference between the costs paid and the amount amortized during the year.</p>	
	(11,839)
<p>Accrued interest expense on long-term debt is reported in the Statement of Activities, but does not require the use of current financial resources; therefore, the change in accrued interest expense is not reported as an expenditure in the governmental funds.</p>	
	802
	\$ 389,640

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

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. 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.

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

Crown Mountain Park and Recreation District
Notes to Financial Statements
December 31, 2010

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.

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

Crown Mountain Park and Recreation District
Notes to Financial Statements
December 31, 2010

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 un-matured 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.
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.

Crown Mountain Park and Recreation District
Notes to Financial Statements
December 31, 2010

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 2010. There were no amended budgets in 2010.

E. Restricted Assets and 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 Statutory Compliance note), 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.

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:

Crown Mountain Park and Recreation District
Notes to Financial Statements
December 31, 2010

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.

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.

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.

Crown Mountain Park and Recreation District
Notes to Financial Statements
December 31, 2010

At December 31, 2010, 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 (as reflected on the bank's records, before outstanding items) on deposit of \$592,670 of which all was covered by FDIC insurance.

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.

Local Government Investment Pool (COLOTRUST)

Included in cash and cash equivalents is \$411,170 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

Crown Mountain Park and Recreation District
Notes to Financial Statements
December 31, 2010

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 be, 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, 2010, the District had \$0 invested in COLOTRUST PRIME, and \$411,170 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.

The following is a summary of cash and cash equivalents:

	<u>Fair Value</u>
Bank deposits	\$ 591,942
Petty cash	946
COLOTRUST	<u>411,170</u>
	<u>\$ 1,004,058</u>

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 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.

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 PDP A, 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

Crown Mountain Park and Recreation District
Notes to Financial Statements
December 31, 2010

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, 2010.

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, 2010 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>12/31/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2010</u>
Non-depreciated:				
Parks – in progress	\$ 3,178	\$ 2,900	\$ -	\$ 6,078
Parks – completed	4,914,751	19,113	-	4,933,864
Depreciable:				
Parks and furnishings	756,138	-	-	756,138
Buildings	442,997	-	-	442,997
Vehicles and equipment	61,473	12,231	-	73,704
Office furniture and equipment	18,821	-	-	18,821
Accumulated depreciation	<u>(270,373)</u>	<u>(84,168)</u>	<u>-</u>	<u>(354,541)</u>
	<u>\$ 5,926,985</u>	<u>\$ (49,944)</u>	<u>\$ -</u>	<u>\$ 5,877,061</u>

Depreciation is calculated using the straight-line method. Depreciation expense in the amount of \$84,168 was recorded for the year ending December 31, 2010 and is included in parks and recreation activities on the Statement of Activities.

LONG-TERM OBLIGATIONS

	<u>12/31/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2010</u>	<u>Due Within One Year</u>
2003 General Obligation Bonds	\$ 4,590,000	\$ -	\$ 275,000	\$ 4,315,000	\$ 290,000

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

Crown Mountain Park and Recreation District
Notes to Financial Statements
December 31, 2010

payable on December 1. Final maturity date is December 1, 2022. The annual requirements to amortize the long-term debt are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	335,000	125,275	460,275
2016-2020	1,880,000	421,552	2,301,552
2021-2022	<u>870,000</u>	<u>56,332</u>	<u>926,332</u>
	<u>\$ 4,315,000</u>	<u>\$ 1,219,309</u>	<u>\$ 5,534,309</u>

All debt authorized by the District's voters has been issued.

CONTINGENCIES

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives represent that no claims have been asserted against the District and they are not aware of any un-asserted possible claims or litigation as of December 31, 2010.

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, 2010, the Pool made no distributions to the District.

Crown Mountain Park and Recreation District
Notes to Financial Statements
December 31, 2010

A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2009 (the latest audited information available) is as follows:

Assets	<u>\$ 30,153,631</u>
Liabilities	\$ 11,972,279
Net Assets	<u>18,181,352</u>
	<u>\$ 30,153,631</u>
Revenue	\$ 10,445,019
Investment Income and Other	<u>567,933</u>
Total Revenue	11,012,952
Expenses	<u>9,533,550</u>
Net Income	<u>\$ 1,479,402</u>

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, 2010 through December 31, 2010. A portion of the District's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (see next note). The District is also required to pay an amortization equalization disbursement (AED) equal to 2.2% of the total payroll for the calendar year 2010. Additionally, the District is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.5% of the total payroll for the calendar year 2010. If the District rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions (including 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, 2008, 2009 and 2010 were \$13,078, \$14,500, and \$15,809, equal to their required contributions for each year.

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, 2008, 2009, and 2010 was \$1,119, \$1,155, and \$1,177, equal to their required contributions for each year.

DEFINED CONTRIBUTION PENSION PLAN

Plan Description

The LGDTF members (see Defined Benefit Pension Plan note) 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. 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, 2008, 2009, and 2010, the 401(k) Plan member contributions from the District were \$8,775, \$9,062, and 9,232, respectively.

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

Crown Mountain Park and Recreation District
Notes to Financial Statements
December 31, 2010

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 five years which commenced on the date of the agreement and was then renewed for an additional five years. 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 agreed 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 ended on March 31, 2009. The lease automatically renews for successive five-year terms unless terminated by either party. The initial lease payment was due upon execution of the agreement, and all subsequent annual lease payments and assessments are 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.

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,

Crown Mountain Park and Recreation District
Notes to Financial Statements
December 31, 2010

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 reserve 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, 2010 is \$16,225.

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 SUPPLEMENTARY INFORMATION

Crown Mountain Park and Recreation District
 Budgetary Comparison Schedule
 General Fund
 For the year ended December 31, 2010

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 685,691	\$ 682,663	\$ (3,028)
Specific ownership taxes	20,167	20,530	363
Lottery proceeds, Conservation Trust	50,000	45,746	(4,254)
Interest income	2,270	3,483	1,213
Other income	2,500	5,252	2,752
Total Revenues	<u>760,628</u>	<u>757,674</u>	<u>(2,954)</u>
Expenditures			
Accounting	24,985	20,022	4,963
Administration	44,990	35,557	9,433
Audit	7,091	6,503	588
Director	83,829	79,837	3,992
Elections	17,000	857	16,143
Insurance - health	25,471	15,997	9,474
Insurance - other	8,567	8,732	(165)
Legal	7,245	1,522	5,723
Maintenance - parks	143,909	71,811	72,098
Management and consulting	16,224	2,048	14,176
Miscellaneous	5,246	3,509	1,737
Newsletter and website	4,543	1,055	3,488
Office expense	5,408	3,149	2,259
Payroll taxes	2,633	2,023	610
Retirement	17,648	15,809	1,839
Recreation center study	253,753	244,492	9,261
Treasurers fees	19,381	26,330	(6,949)
Telephone and internet	5,192	1,588	3,604
Contingency	59,247	-	59,247
Total Expenditures	<u>752,362</u>	<u>540,841</u>	<u>211,521</u>
Excess of Revenues Over (Under) Expenditures	8,266	216,833	208,567
Other Financing Sources (Uses)			
Operating transfers out	<u>(79,272)</u>	<u>(80,000)</u>	<u>(728)</u>
Total Other Financing Sources (Uses)	<u>(79,272)</u>	<u>(80,000)</u>	<u>(728)</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(71,006)	136,833	207,839
Fund balances, beginning of year	454,808	541,203	86,395
Fund balances, end of year	<u>\$ 383,802</u>	<u>\$ 678,036</u>	<u>\$ 294,234</u>

ADDITIONAL SUPPLEMENTAL INFORMATION

Crown Mountain Park and Recreation District
 Budgetary Comparison Schedule
 Capital Improvement Fund
 For the year ended December 31, 2010

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest income	\$ 1,082	\$ 1,356	\$ 274
Total Revenues	1,082	1,356	274
Expenditures			
Irrigation	7,000	-	7,000
Parking lots	50,000	-	50,000
Bike park	5,000	2,900	2,100
Playground equipment	4,506	-	4,506
Snowmobile ski track	-	12,231	(12,231)
Landscaping	4,326	-	4,326
Town of Basalt trail contribution	-	15,000	(15,000)
Water rights legal and engineering	22,000	19,114	2,886
Water lease	1,500	-	1,500
Park maintenance equipment	5,000	-	5,000
Contingency	30,000	-	30,000
Total Expenditures	129,332	49,245	80,087
Excess of Revenues Over (Under) Expenditures	(128,250)	(47,889)	80,361
Other Financing Sources (Uses)			
Operating transfers in	80,000	80,000	-
Operating transfers out	-	-	-
Total Other Financing Sources (Uses)	80,000	80,000	-
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(48,250)	32,111	80,361
Fund balances, beginning of year	216,405	222,907	6,502
Fund balances, end of year	\$ 168,155	\$ 255,018	\$ 86,863

Crown Mountain Park and Recreation District
 Budgetary Comparison Schedule
 Debt Service Fund
 For the year ended December 31, 2010

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 466,371	\$ 464,311	\$ (2,060)
Specific ownership taxes	18,655	13,964	(4,691)
Interest income	201	1,684	1,483
Total Revenues	<u>485,227</u>	<u>479,959</u>	<u>(5,268)</u>
Expenditures			
Debt Service			
Principal	275,000	275,000	-
Interest	180,095	180,095	-
Other charges	300	300	-
Treasurers fees	17,927	17,908	19
Contingency	4,000	-	4,000
Total Expenditures	<u>477,322</u>	<u>473,303</u>	<u>4,019</u>
Excess of Revenues Over (Under) Expenditures	7,905	6,656	(1,249)
Other Financing Sources (Uses)			
Transfers in (out)	<u>(728)</u>	<u>-</u>	<u>728</u>
Total Other Financing Sources (Uses)	<u>(728)</u>	<u>-</u>	<u>728</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	7,177	6,656	(521)
Fund balances, beginning of year	19,358	16,466	(2,892)
Fund balances, end of year	<u>\$ 26,535</u>	<u>\$ 23,122</u>	<u>\$ (3,413)</u>