

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT

BASIC FINANCIAL STATEMENTS
AND AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
FOR YEAR END
DECEMBER 31, 2010

Board of Directors

Tammy Conway – Chairman
John McCaulley – Vice Chairman
Tracy Erickson – Secretary/ Treasurer
Michelle Anderson - Assistant Treasurer
Julie Helm Alt – Assistant Treasurer

Administrative Staff

Steve Russell - Director
Lanie Martin - Business/Office Manager

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

CERTIFIED PUBLIC ACCOUNTANTS

Officers and Directors
Western Eagle County Metropolitan Recreation District
Eagle, Colorado 81631

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of the Western Eagle County Metropolitan Recreation 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 Western Eagle County Metropolitan 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 Western Eagle County Metropolitan Recreation District as of December 31, 2010, 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 Western Eagle County Metropolitan Recreation District's financial statements, taken as a whole. The schedule of capital projects expenditures listed as supplemental information in the table of contents is for purposes of additional analysis and is 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.

May 10, 2011

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Established in 1980, the Western Eagle County Metropolitan Recreation District (the "District") has continually strived to provide the communities of Western Eagle County with a wide variety of quality, affordable recreational activities and facilities. The District's boundaries encompass an estimated area of 840 square miles in Eagle County, Colorado including the communities of Eagle, Edwards, Gypsum, Bond, McCoy, Cordillera, Lake Creek and Wolcott.

The Management's Discussion and Analysis of the Western Eagle County Metropolitan Recreation District's financial performance provides an overview of the District's 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 mill levy assessed by the District is 3.650 mills. These levies are assessed on all taxable properties within the District boundaries located in Eagle County.
- General Revenues accounted for \$3,395,635 or 61% of all revenues. These general revenues include taxes, grants, interest and other revenues not related to specific programs. Program specific revenues, in the form of charges for services, operating and capital grants and contributions, amounted to \$2,201,982 or 39% of the District's total revenues of \$5,597,617.

The District had \$3,770,698 of expenses. Of these expenses, \$2,201,982 were offset by program specific revenues. General Revenues (primarily property taxes) were adequate to provide for the remaining expenses, which also included servicing of long-term debt obligations, as well as depreciation of capital assets and amortization of bond issue costs.

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.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2010

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 reported here, which include parks and recreation services, pool/ice rink operations, and administrative activities, as well as debt service interest 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 and Conservation Trust 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.

Conservation Trust Fund – The conservation trust fund accounts for funds received and restricted as to use in acquisition, development and maintenance of new conservation sites pursuant to Colorado Revised Statutes.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2010

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 prior fiscal year:

	Governmental Activities	
	2010	2009
<u>ASSETS:</u>		
Current and Other Assets	\$ 9,865,138	\$ 8,663,576
Capital Assets, Net	12,237,650	12,237,419
Bond Issue Costs, Net	191,033	205,042
Total Assets	22,293,821	21,106,037
<u>LIABILITIES:</u>		
Current & Other Liabilities	3,461,317	3,614,811
Long-term Liabilities	9,565,446	10,051,087
Total Liabilities	13,026,763	13,665,898
<u>NET ASSETS:</u>		
Invested in Capital Assets, Net of Related Debt	2,727,650	2,237,419
Restricted for Conservation Trust	55,897	50,996
Restricted for Emergencies	100,551	317,878
Unrestricted	6,382,960	4,833,846
Total Net Assets	\$ 9,267,058	\$ 7,440,139

The District's current and net assets increased over the previous fiscal year with cash amounts held for future services. In 2010 the District completed construction of the Freedom Park Field House. There was a slight decrease in deferred property taxes receivable with changes in the overall assessed valuation of the District.

Long-term liabilities decreased as the result of current year debt service payments.

The overall total net assets of the District as of December 31, 2010 were \$9,267,058 of which \$55,897 represents restricted Conservation Trust monies and \$100,551 represents statutorily required emergency reserves.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2010

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 fiscal year:

	2010	2009
<u>REVENUES:</u>		
PROGRAM REVENUES:		
Recreation Program Revenues	\$ 100,286	\$ 230,816
Eagle Pool/Ice Rink Revenues	452,038	430,117
Gypsum Recreation Center Revenues	1,002,167	1,027,108
Freedom Park Field House Revenues	551,259	130,141
Capital Grants and Contributions	96,232	716,965
GENERAL REVENUES:		
Property Taxes	3,270,068	2,953,691
Specific Ownership Taxes	111,388	120,161
Interest and Other Income	14,179	137,018
Total Revenues	5,597,617	5,746,017
 <u>PROGRAM EXPENSES:</u>		
Administration	527,357	565,305
Recreation Programs	377,158	931,791
Eagle Pool/Ice Rink	601,887	517,702
Gypsum Recreation Center	1,042,616	1,059,810
Freedom Park Field House	715,102	331,867
Conservation Trust	91,619	100,000
Debt Service	414,959	429,188
Total Expenses	3,770,698	3,935,663
CHANGE IN NET ASSETS	\$ 1,826,919	\$ 1,810,354

The District's revenues include property taxes assessed in the prior year and collected in the current year to support both general operations and debt service. The District's program expenses consist of operational expenses, depreciation expense on capital assets, amortization expense of bond issue costs, and interest expense on General Obligation Bonds. Current year capital grants and contributions consist of Conservation Trust lottery monies. Overall net assets increased \$1,826,919 from the prior fiscal year.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2010

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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Administration	\$ 527,357	\$ 565,305	\$ 527,357	\$ 565,305
Recreation Programs	377,158	931,791	276,872	83,975
Eagle Pool/Ice Rink	601,887	517,702	149,849	87,585
Gypsum Recreation Center	1,042,616	1,059,810	40,449	32,702
Freedom Park Field House	715,102	331,867	163,843	201,726
Conservation Trust	91,619	100,000	(4,613)	35
Debt Service	414,959	429,188	414,959	429,188
Total Expenses	<u>\$ 3,770,698</u>	<u>\$ 3,935,663</u>	<u>\$ 1,568,716</u>	<u>\$ 1,400,516</u>

For all programs provided by the District, the dependence on taxes and other general revenues is apparent. Approximately 42% and 36% of program services were supported through taxes and other general revenues in 2010 and 2009, respectively. 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 \$5,028,286 to \$6,377,439 during the current fiscal year. This represents current period revenues (financial resources) over current period expenditures (financial uses). The ending fund balance of \$6,377,439 is the amount of net resources available for future spending. Most financial resources are from property and specific ownership taxes, as well as program fees and bond proceeds. The majority of expenses are directly related to providing recreation programs for the District and debt service.

The Conservation Trust Fund ending fund balance increased from \$53,996 to \$58,646 during the current fiscal year. This represents the excess of current period revenues (financial resources) over current period expenditures (financial uses). The ending fund balance of \$58,646 is the amount of net resources available for future conservation trust purposes.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 December 31, 2010

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.

General Fund Resources (Inflows)

The District's general fund final budgetary revenues and other financing sources in the amount of \$5,501,348 did not meet budget expectations of \$5,955,627 by \$454,279, or 7.6%. This is the result of property taxes, interest income and program specific revenues did not meet budgetary expectations, which is reflective of the overall current economy. It is not anticipated that these variances will have a significant impact on future services.

General Fund Charges to Appropriations (Outflows)

The District's general fund final budgetary expenditures and other financing uses of \$4,152,195 were \$1,281,353 less than the final appropriated balance of \$5,433,548. Significant savings occurred in budgeted administrative expenditures, Gypsum Recreation Center expenditures and unused appropriations for capital expenditures in the amount of \$913,659.

General Fund Unappropriated Fund Balance

The General Fund ending unappropriated budgetary fund balance carryover to fiscal year 2011 is \$6,377,439.

* * *

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 \$12,237,650 invested in capital assets of governmental activities. The following reflects the balances at the current and prior fiscal year-end:

<u>Capital Assets (Net of Depreciation and Amortization):</u>	<u>2010</u>	<u>2009</u>
Construction-in Progress	\$ -	\$ 7,162,375
Freedom Park Field House	7,350,377	-
Field House Equipment	229,126	195,931
Pool and Ice Rink Facility and Equipment	2,412,933	2,449,614
Athletic Fields and Equipment	1,840,454	2,007,116
Gypsum Recreation Center Equipment	14,201	23,896
General Recreation Equipment	8,368	7,741
Building	290,124	297,450
Office and Other Equipment	<u>92,067</u>	<u>93,296</u>
 Total Capital Assets	 <u>\$ 12,237,650</u>	 <u>\$ 12,237,419</u>

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2010

DEBT ADMINISTRATION

At December 31, 2010, the District had \$9,510,000 of general long-term debt obligations outstanding and \$55,446 accrued for compensated absences. See *Note 4 – Long-term Debt* for a detail of the terms and annual requirements to amortize the District's long-term debt.

ECONOMIC CONDITIONS AND OUTLOOK

In 2010, the District continued its policy of providing extended recreation services for the residents within the District's boundaries consistent with available resources, as well as operations of the Gypsum Recreation Center, the Eagle Pool and Ice Rink facilities and the Freedom Park Field House, a 57,000 square foot facility providing recreational services and programs to District residents, construction of which was completed in 2010. The District provides opportunities for its constituents to partake in a variety of recreational activities and programs including such sports as swimming, soccer, ice hockey, tennis, gymnastics, lacrosse, volleyball, basketball and football. The District also offers opportunities for outdoor education and a variety of programs for youth. The District's 2010 budget strategy was to levy an operating mill levy to cover the shortfall in fees collected compared to the general operating costs (including debt service and capital expenditures) of the District. The District has established its general fund to include all of the activities of the District. For the purposes of meeting all general operating expenses of the District during the next budget year, the District has levied a tax of 3.650 mills upon each dollar of the total 2010 assessed valuation of taxable property within the District.

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:

WECMRD-Administration Office
52 Lungren Blvd.
Gypsum, CO 81631
Phone: (970) 777-8888
Fax: (970) 777-8889
Email: wecmrd@wecmrd.org

Mailing Address
P.O. Box 375
Gypsum, CO 81637

GOVERNMENT - WIDE FINANCIAL STATEMENTS

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
STATEMENT OF NET ASSETS
December 31, 2010

	<u>Governmental Activities</u>
ASSETS	
Equity in Pooled Cash & Cash Equivalents	\$ 6,486,780
Receivables:	
Accounts Receivable	37,749
County Treasurer	8,350
Contributions Receivable	-
Property Taxes	3,332,259
Capital Assets:	
Depreciable Capital Assets, Net	12,237,650
Bond Issue Costs (Net of Accumulated Amortization of \$89,155)	<u>191,033</u>
TOTAL ASSETS	<u>22,293,821</u>
LIABILITIES :	
Accounts Payable	77,471
Accrued Interest Payable	32,264
Accrued Liabilities	1,323
Deferred Rent Income	18,000
Deferred Property Taxes	3,332,259
Long-term Obligations:	
Due Within One Year	505,000
Due In More Than One Year	<u>9,060,446</u>
TOTAL LIABILITIES	<u>13,026,763</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	2,727,650
Restricted for Conservation Trust	55,897
Restricted for Emergencies	100,551
Unrestricted	<u>6,382,960</u>
TOTAL NET ASSETS	<u>\$ 9,267,058</u>

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

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2010

		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:					
Administration	\$ 527,357	\$ -	\$ -	\$ -	\$ (527,357)
Community Recreation	377,158	100,286	-	-	(276,872)
Eagle Pool & Ice Rink	601,887	452,038	-	-	(149,849)
Gypsum Recreation Center	1,042,616	971,413	30,754	-	(40,449)
Freedom Park Field House	715,102	551,259	-	-	(163,843)
Conservation Trust	91,619	-	-	96,232	4,613
Debt Service:					
Interest on Long-Term Debt	400,950	-	-	-	(400,950)
Amortization of Bond Costs	14,009	-	-	-	(14,009)
TOTAL PRIMARY GOVERNMENT	\$ 3,770,698	\$ 2,074,996	\$ 30,754	\$ 96,232	(1,568,716)
GENERAL REVENUES:					
					3,270,068
					111,388
					14,159
					20
					3,395,635
					1,826,919
					7,440,139
					\$ 9,267,058

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

FUND FINANCIAL STATEMENTS

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

	General Fund	Special Revenue Conservation Trust Fund	Total Governmental Funds
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 6,386,755	\$ 100,025	\$ 6,486,780
Receivables:			
Accounts Receivable	37,749	-	37,749
County Treasurer	8,350	-	8,350
Internal Balances	41,379	(41,379)	-
Property Taxes	3,332,259	-	3,332,259
 TOTAL ASSETS	\$ 9,806,492	\$ 58,646	\$ 9,865,138
 LIABILITIES:			
Accounts Payable	\$ 77,471	\$ -	\$ 77,471
Accrued Liabilities	1,323	-	1,323
Deferred Rent Income	18,000	-	18,000
Deferred Property Tax	3,332,259	-	3,332,259
 TOTAL LIABILITIES	3,429,053	-	3,429,053
 FUND BALANCES:			
Reserved for Conservation Trust	-	55,897	55,897
Reserved for Emergencies	97,802	2,749	100,551
Unreserved	6,279,637	-	6,279,637
 TOTAL FUND BALANCES	6,377,439	58,646	6,436,085
 TOTAL LIABILITIES AND FUND BALANCES	\$ 9,806,492	\$ 58,646	\$ 9,865,138

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

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2010

TOTAL GOVERNMENTAL FUND BALANCES \$ 6,436,085

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	\$ 15,169,986	
Less Accumulated Depreciation	<u>(2,932,336)</u>	12,237,650

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

Bond Issue Costs	\$ 280,188	
Less Accumulated Amortization	<u>(89,155)</u>	191,033

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

Accrued Interest on Bonds	\$ (32,264)	
Current Portion of Long-term Debt	<u>(505,000)</u>	(537,264)

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

(9,060,446)

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 9,267,058

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

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended December 31, 2010

	General Fund	Special Revenue Conservation Trust Fund	Total Governmental Funds
REVENUES:			
Property Taxes	\$ 3,270,068	\$ -	\$ 3,270,068
Specific Ownership Tax	111,388	-	111,388
Community Recreation Program Fees	100,286	-	100,286
Eagle Pool & Ice Rink Revenue	452,038	-	452,038
Gypsum Recreation Center Revenue	1,002,167	-	1,002,167
Freedom Park Field House	551,259	-	551,259
State Lottery Funds	-	96,232	96,232
Interest Income	14,122	37	14,159
Miscellaneous	20	-	20
	<u>5,501,348</u>	<u>96,269</u>	<u>5,597,617</u>
EXPENDITURES:			
Administrative	489,155	-	489,155
Eagle Pool & Ice Rink Operations	538,950	-	538,950
Gypsum Recreation Center	1,032,921	-	1,032,921
Freedom Park Field House	608,688	-	608,688
Facilities	-	-	-
Community Recreation Programs	180,137	-	180,137
CAPITAL OUTLAY			
Capital Projects & Improvements	410,141	91,619	501,760
DEBT SERVICE			
Bond Series 2003 – Principal	340,000	-	340,000
Bond Series 2008 – Principal	150,000	-	150,000
Bond Series 2003 – Interest	241,103	-	241,103
Bond Series 2008 – Interest	161,100	-	161,100
	<u>4,152,195</u>	<u>91,619</u>	<u>4,243,814</u>
Net Change in Fund Balances	1,349,153	4,650	1,353,803
FUND BALANCE – BEGINNING	<u>5,028,286</u>	<u>53,996</u>	<u>5,082,282</u>
FUND BALANCE – ENDING	<u>\$ 6,377,439</u>	<u>\$ 58,646</u>	<u>\$ 6,436,085</u>

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

WESTERN EAGLE COUNTY METROPOLITAN 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, 2010

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 1,353,803

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

Governmental Funds report current year capital asset acquisitions 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 capitalized assets exceeded depreciation in the current year:

Capitalized Assets	\$	379,781	
Depreciation		<u>(379,550)</u>	231

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 amortization in the current year:

(14,009)

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

490,000

Compensated absences not payable from current resources are not reported as expenditures of the current year. In the Statement of Activities these costs represent expenses of the current year. This is the amount by which accrued vacation increased this year.

(4,359)

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	\$	33,517	
Current Year Accrued Interest		<u>(32,264)</u>	<u>1,253</u>

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,826,919

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

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Western Eagle County Metropolitan 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 Western Eagle County Metropolitan Recreation District (the “District”), a political subdivision of the State of Colorado, was formed in 1980 for the purpose of providing recreational facilities for the residents and taxpayers of Western Eagle County.

The District is governed by an elected Board of Directors which is responsible for setting policy, appointing personnel and adopting an annual budget in accordance with state statutes.

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.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 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 as follows:

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 statutory laws.

Conservation Trust Fund -used to account for proceeds of special revenue sources (lottery proceeds) that are legally restricted to expenditures for conservation purposes (park and recreation improvements).

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

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.

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.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

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 2010.

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.

Conservation Trust – Amounts on deposit received from lottery monies from the State of Colorado *restricted* for use in the acquisition, development and maintenance of new conservation sites pursuant to Colorado Revised Statutes.

Emergencies – Reserves *restricted* as required by statutory law (see *Note 10*), which are used to fund appropriation only after unrestricted resources are depleted.

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. They may be paid 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 Eagle County and are reported as revenue when received by the County Treasurer. 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.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

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 threshold (\$5,000) 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	5-20 years
Infrastructure	20-50 years

H. Vacation, Sick Leave and Other Compensated Absences

The District's policy is to permit full-time, non-temporary personnel to accumulate a limited amount of earned but unused vacation leave which may be paid upon separation from District service.

In accordance with the above criteria, the District has accrued a liability for compensated absences which is reflected in long-term obligations in the government-wide statement of net assets. For governmental funds, the liability for compensated absences is not reflected since it is anticipated that none of the liability will be liquidated with expendable available current financial resources.

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.

J. Fair Values of Financial Instruments

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 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.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 2 - CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. 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 collateral pools. There is no custodial credit risk for public deposits collateralized under the PDPA.

The District's bank deposits were entirely covered by federal depository insurance or collateralized under PDPA in accordance with state statute, and had bank balances of \$1,080,467.

Investments

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.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 December 31, 2010

NOTE 2 - CASH AND INVESTMENTS - continued

Deposits and Investments - continued

It is the policy of the District to invest public funds in a manner which will provide the highest investment return with the maximum security, meet the daily cash flow demands of the District, and conform to all federal, state and local statutes governing the investment of public funds. This policy applies to the investment of all financial assets and all funds of the District over which it exercises financial control.

As of December 31, 2010, the District had invested \$5,488,694 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 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. government securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Trust. As of December 31, 2010, the District had \$0 invested in COLOTRUST PRIME, and \$5,488,694 invested in COLOTRUST PLUS+.

As of December 31, 2010 the District had invested \$590 in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements & A1 rated Colorado Depositories collateralized at 102% of market value with Treasury & Agency Securities. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. Asset allocation is in full conformance with S & P guidelines.

<u>Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Agency</u>
Colostrust Accounts	\$ 5,488,694	AAAm	Standard & Poors
CSAFE	590	AAAm	Standard & Poors

Colostrust and CSAFE investments are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form.

At December 31, 2010 the District had no uncollateralized, uninsured deposits.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2010

NOTE 2 - CASH AND INVESTMENTS - continued

The District's total cash and cash equivalents at December 31, 2010 are classified below:

Checking/Savings Accounts	\$	1,079,877
Local Government Investment Pools		<u>5,489,284</u>
Total Bank Balances		6,569,161
Less Outstanding Items		<u>(82,381)</u>
Total Cash and Cash Equivalents	\$	<u>6,486,780</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 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 Prime, Colotrust Plus+ and CSafe. Colotrust and CSafe 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 the Public Depository Protection Act, 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's investments in Colotrust and CSAFE are not considered to be subject to material interest rate risk.

The District was not subject to foreign currency risk as of December 31, 2010.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 3 - CAPITAL ASSETS

A summary of changes in Capital Assets follows:

	Balance January 1, 2010	Additions	Deletions/ Reclassif.	Balance December 31, 2010
Non-depreciable Capital Assets:				
Construction-in-Progress	\$ 7,162,375	\$ 327,611	\$ (7,489,986)	\$ -
Depreciable Capital Assets:				
Office/Other Equipment	432,318	22,335	-	454,653
Building/Improvements	366,317	-	-	366,317
Pool/Ice Rink & Equip	2,830,871	26,256	-	2,857,127
Gypsum Rec Center Equip	55,445	-	-	55,445
Freedom Park Field House and Equipment	210,109	-	7,489,986	7,700,095
Athletic Fields & Parks	3,659,066	-	-	3,659,066
Recreation Equipment	73,704	3,579	-	77,283
Accumulated Depreciation	<u>(2,552,786)</u>	<u>(379,550)</u>	<u>-</u>	<u>(2,932,336)</u>
	<u>\$ 12,237,419</u>	<u>\$ 231</u>	<u>\$ -</u>	<u>\$ 12,237,650</u>

Depreciation is calculated using the straight-line method. For the year ending December 31, 2010 depreciation expense in the amount of \$379,550 was allocated to the various District functions as follows:

Administration	\$ 33,843
Community Recreation	166,661
Eagle Pool/Ice Rink	62,937
Gypsum Recreation Center	9,695
Freedom Park Field House	<u>106,414</u>
Total Depreciation	<u>\$ 379,550</u>

NOTE 4 - LONG-TERM DEBT

A summary of changes in General Long-term Debt as of December 31, 2010 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Series 2003 General Obligation Bonds	\$ 6,105,000	\$ -	\$ (340,000)	\$ 5,765,000	\$ 355,000
Series 2008 General Obligation Bonds	3,895,000	-	(150,000)	3,745,000	150,000
Compensated Absences	<u>51,087</u>	<u>4,395</u>	<u>-</u>	<u>55,446</u>	<u>-</u>
Total	<u>\$10,051,087</u>	<u>\$ 4,359</u>	<u>\$ (490,000)</u>	<u>\$ 9,565,446</u>	<u>\$ 505,000</u>

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2010

NOTE 4 - LONG-TERM DEBT - continued

Series 2003 Limited Tax General Obligation Bonds

\$ 7,965,000 Limited Tax General Obligation Bonds dated August 5, 2003. The interest rate varies from 2.5% to 4.45% payable semi-annually on June 1 and December 1. Principal amounts are payable on December 1. Final maturity date is December 1, 2023. The liability is expected to be financed from governmental funds.

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	\$ 355,000	\$ 230,562	\$ 585,562
2012	365,000	218,670	583,670
2013	375,000	205,895	580,895
2014	390,000	192,395	582,395
2015	405,000	178,160	583,160
2016-2020	2,270,000	641,623	2,911,623
2021-2023	1,605,000	144,025	1,749,025
	<u>\$ 5,765,000</u>	<u>\$ 1,811,330</u>	<u>\$ 7,576,330</u>

Series 2008 Limited Tax General Obligation Bonds

\$4,035,000 Limited Tax General Obligation Bonds dated August 27, 2008. The interest rate varies from 3% to 4.75% payable semi-annually on June 1 and December 1. Principal amounts are payable on December 1. Final maturity date is December 1, 2028. The liability is expected to be financed from General Funds.

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	\$ 150,000	\$ 156,600	\$ 306,600
2012	155,000	152,100	307,100
2013	160,000	147,063	307,063
2014	165,000	141,862	306,862
2015	170,000	136,087	306,087
2016-2020	940,000	579,082	1,519,082
2021-2025	1,170,000	362,378	1,532,378
2026-2028	835,000	80,513	915,513
	<u>\$ 3,745,000</u>	<u>\$ 1,755,685</u>	<u>\$ 5,500,685</u>

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 5 - DEFERRED COMPENSATION PLAN

Plan Description

The District contributes to the United States Conference of Mayors (USCM), an Internal Revenue Code Section 457 deferred compensation program administered by Nationwide Retirement Solutions (NRS). The USCM provides retirement and death benefits for members or their beneficiaries. Plan participation is voluntary and available to any non-temporary, full-time employee of the District with 1 year of service. All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries. The annual financial report that includes financial statements and required supplementary information for the plan may be obtained by writing to Nationwide Retirement Solutions, P.O. Box 182797, Columbus, Ohio 43218-2797 or 1-877-677-3678.

Funding Policy

The USCM is funded by member contributions of up to 33-1/2% of includable compensation to a maximum level set by the Internal Revenue Service. Employee contributions are matched by the District up to 10% of the employee's wages and vest immediately with the employee when made. Any employer contributions made during the plan year apply toward the maximum deferral limits mentioned above. The District's and members' contributions to the USCM for the year ended December 31, 2010 were \$40,953 and \$46,178, or 8% and 9%, respectively, on covered payroll of \$506,634.

NOTE 6 - DEFINED CONTRIBUTION PENSION PLAN

Plan Description

Western Eagle County Metropolitan Recreation District contributes to the United States Conference of Mayors (USCM) Defined Contribution 401(a) Plan administered by Nationwide Retirement Solutions (NRS). The annual financial report that includes financial statements and required supplementary information for the plan may be obtained by writing to Nationwide Retirement Solutions, P.O. Box 182797, Columbus, Ohio 43218-2797 or 1-877-677-3678.

Funding Policy

The 401(a) plan is funded by employee contributions of 6% of compensation and employer contributions of 1.5% of the employee's wages. The District's and members' contributions to the 401(a) plan for the year ended December 31, 2010 were \$27,583 and \$80,290 on covered payroll of \$1,338,135, respectively.

NOTE 7 - CONTINGENCIES

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statement as December 31, 2010.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 8 - RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2010. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for 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.

NOTE 9 - INTERGOVERNMENTAL AGREEMENTS & COMMITMENTS

Eagle Pool and Ice Rink Agreement

The Western Eagle County Metropolitan Recreation District and the Town of Eagle, Colorado, entered into an agreement for the construction, ownership and operation of a recreation facility, consisting of a community swimming pool and ice rink, located in Eagle, Colorado. The recreation facility was conveyed to the District in 2003 and the Town retained full fee simple title to the ground upon which the facilities are constructed. The District is responsible for operation and maintenance of the recreation facilities.

Gypsum Community Recreation Center Agreement

The Western Eagle County Metropolitan Recreation District and the Town of Gypsum, Colorado, entered into an agreement for the construction, ownership and operation of a community recreation facility located in Gypsum, Colorado. The District is responsible for the operation and maintenance of the community recreation center and the Town retains full fee simple title to the community center and community center site. In 2010, the Recreation Center encountered a deficit in operations; therefore, as stated in the Agreement with the Town of Gypsum, a contribution in the amount of \$30,754 was made to the District from the Town during the fiscal year ended December 31, 2010.

Other Intergovernmental Agreements

The Western Eagle County Metropolitan Recreation District and other governmental entities have entered into agreements for the use of various facilities & parks located in the District boundaries. A complete listing is available at the District Administration Office.

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 10 - STATUTORY COMPLIANCE

TABOR AMENDMENT - REVENUE AND SPENDING LIMITATION

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, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing 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. In 1996, the District's electorate voted to allow the District to collect, retain, and expend revenues notwithstanding any of TABOR's restrictions. Such provisions were made effective January 1, 1997.

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 approximately \$100,551.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment. However, the entity has made certain interpretations of the Amendment's language in order to determine its compliance.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2010 through the issuance date of this report. There has been no material event noted during this period that would either impact the results reflected in this report or the District's results going forward.

REQUIRED SUPPLEMENTAL INFORMATION

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
– BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended December 31, 2010

	General Fund		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES:</u>			
Property Taxes	\$ 3,373,218	\$ 3,270,068	\$ (103,150)
Specific Ownership Taxes	134,809	111,388	(23,421)
Community Recreation Program Fees	107,350	100,286	(7,064)
Eagle Pool & Ice Rink Revenue	452,385	452,038	(347)
Gypsum Recreation Center Revenue	1,120,491	1,002,167	(118,324)
Freedom Park Field House	724,320	551,259	(173,061)
Interest Income	41,554	14,122	(27,432)
Miscellaneous Income	1,500	20	(1,480)
TOTAL REVENUES	<u>5,955,627</u>	<u>5,501,348</u>	<u>(454,279)</u>
<u>EXPENDITURES:</u>			
Administrative	627,761	489,155	138,606
Eagle Pool & Ice Rink Operations	564,474	538,950	25,524
Gypsum Recreation Center	1,147,715	1,032,921	114,794
Freedom Park Field House	687,664	608,688	78,976
Community Recreation Programs	189,930	180,137	9,793
Capital Expenditures and Improvements	1,323,800	410,141	913,659
Debt Service	892,204	892,203	1
TOTAL EXPENDITURES	<u>5,433,548</u>	<u>4,152,195</u>	<u>1,281,353</u>
Net Change in Fund Balances	522,079	1,349,153	827,074
FUND BALANCE - BEGINNING	<u>5,499,492</u>	<u>5,028,286</u>	<u>(471,206)</u>
FUND BALANCE - ENDING	<u>\$ 6,021,571</u>	<u>\$ 6,377,439</u>	<u>\$ 355,868</u>

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
– BUDGET AND ACTUAL – SPECIAL REVENUE CONSERVATION TRUST FUND
For the Year Ended December 31, 2010

	Conservation Trust Fund		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES:</u>			
State Lottery Funds	\$ 100,000	\$ 96,232	\$ (3,768)
Interest Income	85	37	(48)
Miscellaneous Income	-	-	-
	<u>100,085</u>	<u>96,269</u>	<u>(3,816)</u>
<u>EXPENDITURES:</u>			
Maintenance Equipment	26,000	-	26,000
Fairgrounds Ball Field Improvements	4,500	-	4,500
Athletic Goals & Equipment	6,000	-	6,000
Other Cooperative Programs-Match	40,000	-	40,000
EPIR Shade Structure	4,500	-	4,500
Contingency	20,000	91,619	(71,619)
	<u>101,000</u>	<u>91,619</u>	<u>9,381</u>
Net Change in Fund Balances	(915)	4,650	5,565
FUND BALANCE - BEGINNING	<u>1,020</u>	<u>53,996</u>	<u>52,976</u>
FUND BALANCE - ENDING	<u>\$ 105</u>	<u>\$ 58,646</u>	<u>\$ 58,541</u>

OTHER SUPPLEMENTAL INFORMATION

Capital Projects Expenditures and Improvements – Budget and Actual

WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT
CAPITAL PROJECTS EXPENDITURES AND IMPROVEMENTS – BUDGET AND ACTUAL
For the Year Ended December 31, 2010

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>GENERAL FUND</u>			
Athletic Field Improvements	\$ 5,000	\$ -	\$ 5,000
Athletic Goals & Equipment	10,000	6,839	3,161
Computers/Office Equipment	15,000	767	14,233
Consulting for Capital Projects	10,000	3,893	6,107
Eagle Pool & Ice Rink Archery Equipment	1,800	1,278	522
Eagle Pool & Ice Rink BMX Track	-	9,066	(9,066)
Eagle Pool & Ice Rink Cover & Reel	4,300	3,460	840
Eagle Pool & Ice Rink Disc Golf	700	-	700
Eagle Pool & Ice Rink Equipment	5,000	1,750	3,250
Edwards Area Projects		26,504	(26,504)
Fairgrounds - Equipment	17,000	-	17,000
Fairgrounds Relocation	1,000,000	-	1,000,000
Field Mower	10,000	-	10,000
Freedom Park Fieldhouse	1,000	272,098	(271,098)
Freedom Park Field Equipment	2,500	-	2,500
Maintenance Equipment	9,000	8,956	44
Master Planning	30,000	-	30,000
Office Equipment	2,500	-	2,500
Vehicles & Equipment	50,000	16,075	33,925
Capital Reserve – EPIR	50,000	47,600	2,400
Capital Reserve – FPFH	10,000	-	10,000
Capital Reserves – GRC	10,000	-	10,000
Miscellaneous	30,000	11,855	18,145
Contingency	50,000	-	50,000
	<u>1,323,800</u>	<u>410,141</u>	<u>913,659</u>
<u>CONSERVATION TRUST FUND</u>			
Maintenance Equipment	26,000	-	26,000
Fairground Ball Field Improvements	4,500	-	4,500
Athletic Goals & Equipment	6,000	-	6,000
Other Cooperative Programs-Match	40,000	-	40,000
EPIR Shade Structure	4,500	-	4,500
Contingency	20,000	91,619	(71,619)
	<u>101,000</u>	<u>91,619</u>	<u>9,381</u>
Total Capital Expenditures and Improvements	<u>\$ 1,424,800</u>	501,760	<u>\$ 1,923,040</u>
Less Non-Capitalized Improvements and Conservation Trust Expenditures		<u>(121,979)</u>	
Total Capitalized Assets		<u>\$ 379,781</u>	