

TOWN OF BENNETT, COLORADO

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2010

TOWN OF BENNETT, COLORADO

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INTRODUCTORY SECTION

TOWN OF BENNETT, COLORADO

ROSTER OF TOWN OFFICIALS

Year Ended December 31, 2010

Town Officials

Stuart McArthur - Town Administrator
Trisha Stiles - Treasurer

Elected Officials

Sue Horn - Mayor
Charles Bayley - Trustee
James Grider Lee - Trustee
Kurt Eanes - Trustee
Neal Mancuso - Trustee
Rich Pulliam - Trustee
John Small - Trustee

Management's Discussion and Analysis

Town of Bennett, Colorado
Management's Discussion and Analysis
December 31, 2010

PURPOSE

The Town of Bennett's Management Discussion and Analysis (MD&A) is designed to:

1. Assist the reader in focusing on significant financial issues;
2. Provide an overview of the Town's financial activity;
3. Identify changes in the Town's financial position;
4. Identify any material deviation from the budget;
5. Identify individual fund issues or concerns; and
6. Implement the reporting requirements of GASB 34 (Governmental Accounting Standards Board Statement 34).

The MD&A is designed to focus on the year's activities, resulting changes, and currently known facts. Please read it in conjunction with the Town's Financial Statements beginning on page 2 of that document.

INTRODUCTION

The Town of Bennett is a Statutory Rule Municipality incorporated in 1929. The type of government is Town Board with the seven (7) elected officials being responsible for all policy decisions that affect the Town's financial condition. The Town Administrator and Town Treasurer are responsible for preparing the annual budget, which is adopted by the Board by December 15th. The Town Treasurer is responsible for financial reporting to the Town Board and to the public-at-large. The Town maintains 21 separate funds, which are as follows:

1. General Fund
2. Water Fund
3. Waste Water Fund
4. Road and Bridge Fund
5. Restricted Street Fund
6. Conservation Trust Fund
7. Adams County Open Space Fund
8. Arapahoe County Open Space Fund
9. Mount View Cemetery Fund
10. Reserve Fund
11. Capital Improvement Fund
12. Water Capital Fund
13. Renewable Water Fund
14. Waste Water Capital Fund
15. Storm Drainage Impact Fee Fund

16. Parks, Recreation and Open Space Impact Fee Fund
17. Public Facilities Impact Fee Fund
18. Police Facilities Impact Fee Fund
19. Transportation Facilities Impact Fee Fund
20. Debt Service Fund
21. Bennett Community Food Bank

FINANCIAL INFORMATION

The Town's financial statements for governmental funds have been prepared using the modified accrual basis of accounting. The Town's annual audit is prepared by an accounting firm (Johnson, Holscher and Co., PC) with the contents of the audit meeting the requirements set forth by the Colorado State Auditor's Office. The financial system of the Town incorporates financial and administrative controls that ensure the safeguarding of assets and the reliability of financial reports. To ensure budgeting controls, the Town's Board of Trustees approves all major budgetary changes by passage of a Resolution amending the budget.

Financial Highlights

In 2010, the Town saw many financial changes take place. First, the budget was completely revised to accurately reflect actual expenditures in the General Fund, Water Fund, and Waste Water Fund. All funds were properly established and adopted by the Town Board. The revised budget and processes will enable the Town to better understand its financial position and plan for the future. In addition to the revised budget a five (5) year CIP plan as well as a five (5) year financial plan was created for the first time. These documents will serve as a foundation for the Town Board for future decision making.

In addition to the revised budget, the Town also revised its Chart of Accounts. The new chart of accounts is based upon a similar format for other municipalities. It is easier to understand, add to, and user friendly.

After these major changes were made, the analysis of the Town's financial system took place and it became apparent that a new system was needed that could accommodate governmental fund accounting. After much research and review of several products, United Systems Technology's ASYST software was purchased. The software is geared towards smaller municipalities similar to Bennett and was very cost effective. Along with the financial software came built-in features to create better control processes for accounting. Approval processes are now being utilized for Accounts Payable and Purchase Orders. Cash management and control are all accomplished and reconciled through the financial system.

Through all of these changes, the Town's major funds also saw growth in 2010. Cost savings were implemented Town-wide and those savings attributed to the growth in fund balances and additional projects were undertaken.

Finally, the Town has been very successful in acquiring grant funding for capital and planning projects in 2010. At the end of December 31, 2010, a total of \$250,500 had been awarded.

Using This Annual Report

This discussion and analysis is intended to serve as an introduction to the Town of Bennett's financial statements. The Town's basic financial statements are comprised of four components:

- 1) Government-Wide Financial Statements;
- 2) Fund Financial Statements;
- 3) A general improvement district component unit financial statement; and
- 4) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Bennett uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories:

1. Governmental Funds;
2. Proprietary Funds; and
3. Component Unit Funds.

Governmental Funds

Most of the Town's basic services are reported in governmental funds, which focus on cash flows. The unrestricted balances left at year-end are available for spending in future years. The funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view as to cash, operations, and basic services provided.

The Town of Bennett maintains three governmental funds: General Fund, Capital Project Fund, and Other Governmental Funds. Information is presented in the Balance Sheet-Governmental Funds; Statement of Revenues and Expenditures; and Changes in Fund Balances-Governmental Funds. Annual budget appropriations are adopted for each of these funds. Budgetary comparison statements are provided to demonstrate compliance with budgets.

Proprietary Funds

The Town's water and sewer services are reported in Proprietary Funds. They focus on overall economic position rather than year-end fund balances. Enterprise funds are the type of Proprietary Funds used to account for each of the Town's utilities. Enterprise funds are used to report the same functions presented in business-type activities in the governmental-wide financial statements, only in more detail. Information is presented in the Statement of Net Assets-Enterprise Funds; Statement of Revenues, Expenses; Changes in Net Assets – Enterprise Funds; and Statement of Cash Flows – Enterprise funds.

Component Unit Funds

General Improvement District (GID) services are reported in the component unit funds. General improvement districts are for the development and construction of infrastructure for the Antelope Hills and the Penrith Park subdivisions within the Town limits.

Notes to the Financial Statement

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the Financial Statements can be found immediately after the basic financial statements.

Government-Wide Financial Analysis

This financial report for the year ending December 31, 2010, for Town of Bennett reflects the implementation of GASB 34. GASB 34 requires governments to report the information found in the Basic Financial Statements and to include a presentation of comparative data from the prior period as it becomes available with the passage of time.

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Town of Bennett's assets exceeded liabilities by \$5,398,286 at the close of 2010.

<u>Governmental Activities</u>	<u>Statement of Net Assets</u>		
	<u>2009</u>	<u>2010</u>	<u>Change</u>
Assets			
Current Assets	\$ 867,673	\$ 1,093,039	\$ 225,366
Property and Equipment	1,552,954	1,456,259	(96,695)
Other Assets	-0-	- 0 -	- 0 -
Total Assets	2,420,627	2,549,298	128,671

Liabilities

Liabilities	280,260	355,280	75,020
Long-Term Liabilities	-0-	- 0 -	- 0 -
Total Liabilities	280,260	355,280	75,020

Net Assets

Invested in Capital Assets			
Net of Related Debt	1,552,954	1,456,259	(96,695)
Restricted/Emergencies	50,890	57,103	6,213
Unrestricted	536,523	680,656	144,132
Total Net Assets	\$ 2,140,367	\$ 2,194,018	\$ 53,651

Governmental Activities

The largest of the Town's net assets (66.4%) reflects its investment in property and equipment (land, buildings and systems, infrastructure, and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to residents and businesses; consequently, these assets are not available for future spending. The remaining balance of net assets of \$680,656 is unrestricted and may be used to meet the Town's ongoing obligations to residents, businesses, and creditors.

Statement of Net Assets**Business Type Activities****Assets**

	<u>2009</u>	<u>2010</u>	<u>Change</u>
Current Assets	\$ 251,471	\$ 649,322	\$ 397,851
Property and Equipment	3,227,557	3,131,421	(96,136)
Other Assets	22,599	22,479	(120)
Total Assets	3,501,627	3,803,222	301,595

Liabilities

Liabilities	53,053	55,334	2,281
Long-Term Liabilities	477,634	543,620	65,986
Total Liabilities	530,687	598,954	68,267

Net Assets

Invested in Capital Assets			
Net of Related Debt	2,669,805	2,499,220	(170,585)
Unrestricted	301,135	705,048	403,913
Total Net Assets	\$ 2,970,940	\$ 3,204,268	\$ 233,328

<u>Component Unit Activities</u>	Statement of Net Assets		
	<u>2009</u>	<u>2010</u>	<u>Change</u>
Assets			
Current Assets	\$ 291,894	\$ 267,932	\$ (23,962)
Property and Equipment	-0-	-0-	-0-
Other Assets	-0-	-0-	-0-
Total Assets	291,894	267,932	(23,962)
Liabilities			
Liabilities	228,829	230,345	1,516
Long-Term Liabilities	4,075,000	4,010,000	(65,000)
Total Liabilities	4,303,829	4,240,345	(63,484)
Net Assets			
Invested in Capital Assets			
Net of Related Debt	-0-	-0-	-0-
Restricted/Emergencies	-0-	-0-	-0-
Unrestricted	(4,011,935)	(3,972,413)	39,522
Total Net Assets	\$ (4,011,935)	\$ (3,972,413)	\$ 39,522

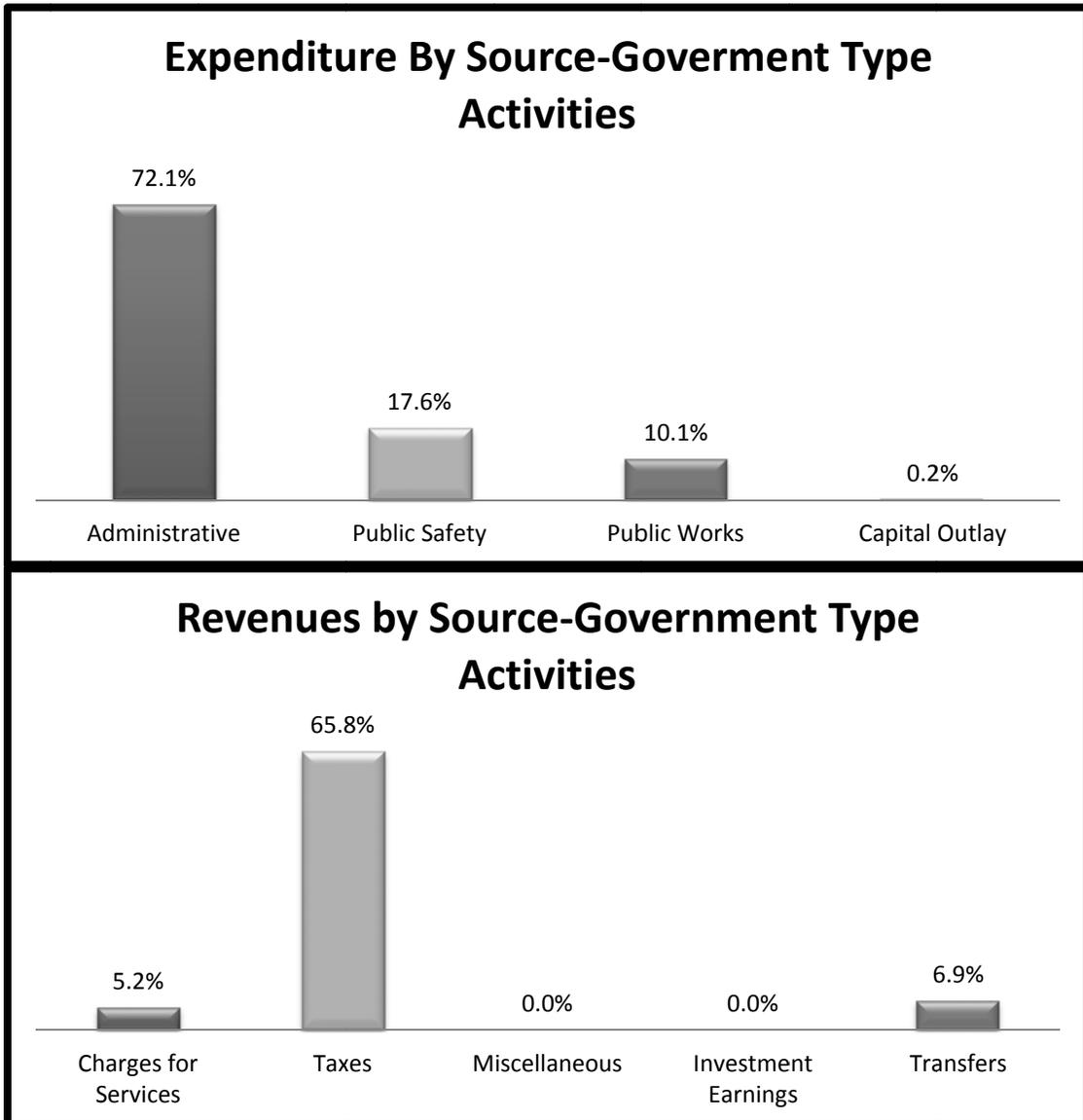
Statement of Activities

Governmental Activities

For 2010, the Town had a Change in Net Assets by \$53,651. The following condensed table of changes in net assets illustrates changes for Governmental Activities for 2010.

<u>Governmental Activities</u>	<u>Changes in Net Assets</u>		
	<u>2009</u>	<u>2010</u>	<u>Change</u>
Revenues			
Charges for Service	\$ 88,009	\$ 107,172	\$ 19,163
Operating Grants	-0-	-0-	-0-
General Revenues			
Taxes	1,532,583	1,345,547	(187,036)
Miscellaneous/Other	74,582	449,854	375,272
Unrestricted Grants	-0-	-0-	-0-
Interest	1,152	855	(297)
Transfers	-0-	141,034	141,034
Total Revenue	1,696,326	2,044,462	348,136
Expenses			
Administrative	680,770	1,435,342	754,572
Public Safety	354,976	349,850	(5,126)
Public Works	664,556	200,885	(463,671)
Capital Outlay	-0-	4,734	4,734
Total Expenses	1,700,302	1,990,811	290,509
Change in Net Assets	\$ (3,976)	\$ 53,651	\$ 57,627

The following two charts illustrate the Governmental Activities revenues and expenses for 2010.



Business-type Activities

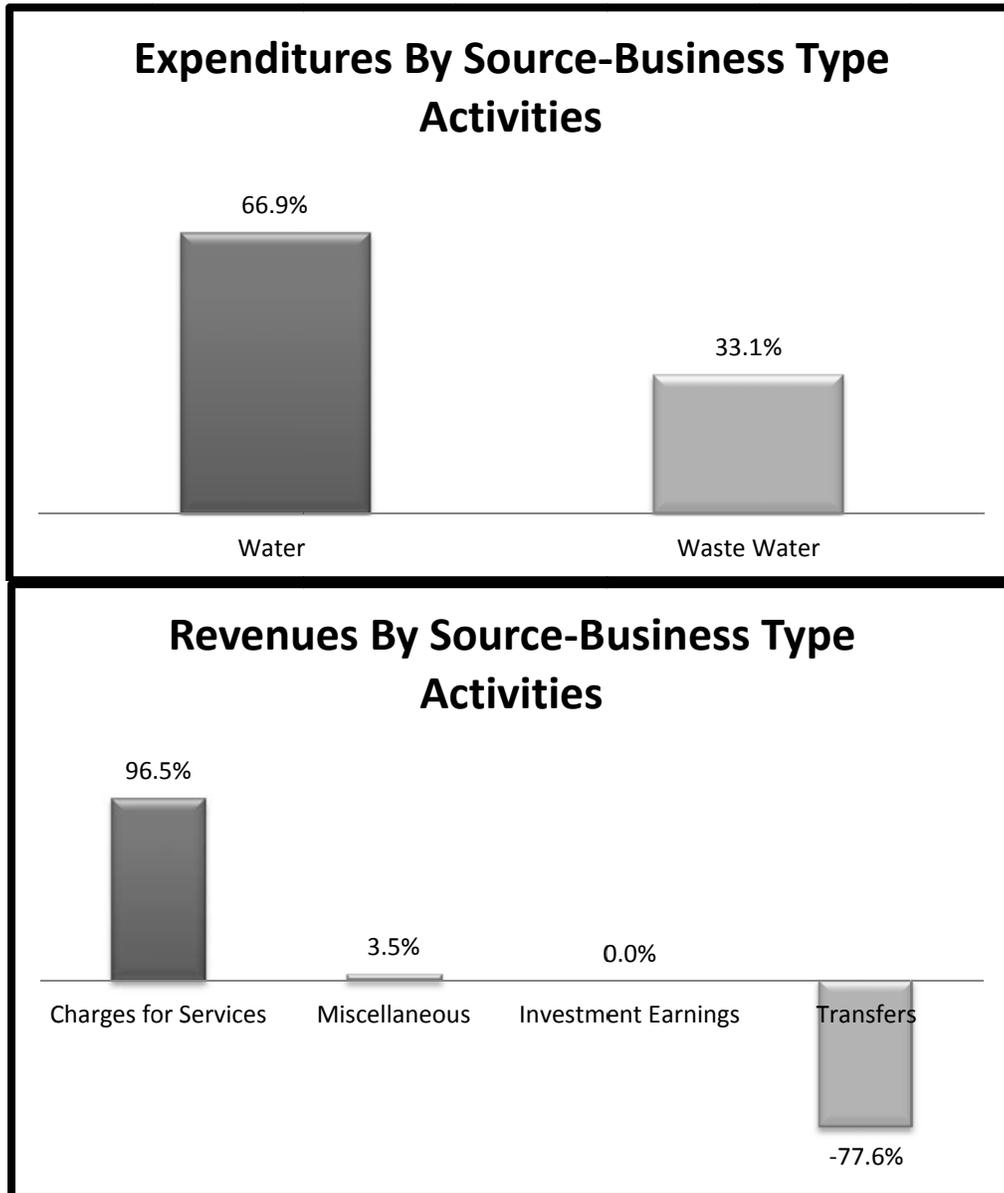
The following condensed table of changes in net assets compares changes in net assets for Business-type Activities for 2009 and 2010.

<u>Business-type Activities</u>	<u>Changes in Net Assets</u>		
	<u>2009</u>	<u>2010</u>	<u>Change</u>
Revenues			
Charges for Service	\$ 930,806	\$ 1,108,653	\$ 177,847
Operating Grants	-0-	-0-	-0-
Miscellaneous/Other	41,254	40,172	(1,082)
Unrestricted Grants	-0-	-0-	-0-
Interest	(4,625)	412	5,037
Transfers	-0-	(141,034)	(141,034)
Total Revenue	967,435	1,008,203	40,768
Expenses			
Water Operations	651,305	518,565	(132,740)
Sewer Operations	315,584	256,310	(59,274)
Total Expenses	966,889	774,875	192,014
Change in Net Assets	\$ 546	\$ 233,328	\$ 232,782

Business-type Activities

Net assets in Business-type activities increased by \$233,328 for 2010.

The following two charts illustrate the Business-type Activities revenues and expenses.



Statement of Net Assets for Government and Business Type Activities

	2009	2010	Change
Net Assets – Beginning of Year	\$5,114,737	5,111,307	\$(3,340)
Net Assets – End of Year	\$5,111,307	5,398,286	\$286,979

THE TOWN’S FUNDS

The Town of Bennett uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds are accounted for using the modified accrual basis of accounting, and the balance of spendable resources (unreserved fund balance) is shown at year end. The unreserved fund balance serves as a useful measure of a government’s net resources available for spending at year end.

The individual major funds are discussed below, by category.

General Fund. The General Fund is the chief operating fund of the Town of Bennett. It accounts for all general services provided by the Town, excluding utilities.

Capital Project Funds. The Capital Project Fund accounts for general government capital projects and outlays. It is primarily financed by impact fees (Park, Recreation and Open Space, Public Facilities, Police Facilities, Storm Drainage, Transportation Facilities, and Antelope Hills Water System Improvements), tap and plant improvement fees (Water and Sewer), and transfers from other Town Funds.

Proprietary Funds. The Town’s Water and Waste Water Funds are used to account for those operations that are financed and operated in a manner similar to private business, in that fees are charged to external users for goods and services.

Capital Assets

As of December 31, 2010, the Town has a range of capital assets including land, buildings and improvements, vehicles, equipment, infrastructure, water and wastewater plants, utility lines and storm drainage ditches.

	Capital Assets – Governmental Activities		
	2009 Governmental Activities	2010 Governmental Activities	Governmental Activities Change
Land	\$ 710,906	\$ 710,926	\$ 20
Buildings	519,376	519,376	-0-
Infrastructure	1,012,660	1,012,660	-0-
Equipment	<u>448,685</u>	<u>457,254</u>	<u>8,569</u>
Total	2,691,627	2,700,216	8,589
Accumulated Depreciation	(1,138,673)	(1,243,957)	(105,284)
Capital Assets, Net	\$ 1,552,954	\$ 1,456,259	\$ (96,695)

	Capital Assets – Business-Type Activities		
	2009 Business-Type Activities	2010 Business-Type Activities	Business-Type Activities Change
Land/Water Rights	\$ 282,792	\$ 296,671	\$ 13,879
Buildings	28,116	30,141	2,025
Infrastructure	4,554,595	4,576,115	21,520
Equipment	<u>242,307</u>	<u>255,782</u>	<u>13,475</u>
Total	5,107,810	5,158,709	50,899
Accumulated Depreciation	(1,880,253)	(2,027,287)	(147,034)
Capital Assets, Net	\$ 3,227,557	\$ 3,131,421	\$ (96,136)

Debt Administration

As of December 31, 2010, the Town had a final outstanding debt of \$543,620. The remaining balance for the 1983 Adams County Note was paid in 2010 and Governmental Activities no longer have any outstanding debt. The breakdown is as follows:

	2009	2010	Addition	Reduction
Governmental Activities	\$1,000	\$1,000	\$-0-	\$1,000
Business-type Activities	\$514,061	\$576,867	\$99,057	26,889

SUMMARY OF FINANCIAL CONDITION

2011 Budget

The Town of Bennett improved its financial position to a more strong position even during a continued economic downturn. In addition to growth in all fund balances, the Town was able to accomplish many projects and tasks in 2010. These accomplishments were possible through a complete budget revision and many increases in effectiveness and efficiencies. Through the many areas of savings, those dollars were able to be redirected to other area including building and facility maintenance, planning efforts, and a financial system purchase. The 2011 Budget reflects the Town's ongoing commitment to a continued level of services and maintenance of Town infrastructure as top priorities.

At the time of this analysis, sales tax revenues are ahead in 2010 by 18%. Economic indicators are beginning to show signs of greater improvement and many economists are projecting a continued upward trend. Property Tax revenues for Adams County saw another decline for 2011. Property taxes are expected to decline during the 2011 assessment approximately 15-20%, but will hopefully be offset by the addition of the Loves Travel Stop. The original 2011 budget anticipated ending 2011 with a General Fund balance of approximately \$352,290 or 23.6 % of operating expenditures. Due to revisions during this audit and the anticipated additional revues, these figures will be adjusted in August 2011.

Personnel and Benefits

The 2011 proposed budget authorizes 13 full-time positions and 2 part-time positions; a total of 14 FTE. The 2011 Budget reflects a 1% annual adjustment for all employees and a 2% merit increase in July. Based upon CML salary survey information and the City of Aurora pay scales, salaries, and wages are for Town of Bennett staff in the bottom end-range. Those employees not meeting the range were adjusted accordingly in 2011.

New benefits introduced this year include Short-term Disability, Long-term Disability, and Life Insurance for all full-time employees. These are good additional benefits that cost a minimal amount. Health insurance premiums increased at the end of 2010 by 20% and are covered in the 2011 budget. With the rising cost of health insurance premiums for small group insurance expected at 25% over the next four (4) years, other alternatives will need to be researched.

Water System and Waste Water System

The Board commissioned a study to address the future demands on business funds that include the water system, wastewater system, and preparation for impending State and Federal regulations. A rate increase for monthly user consumption, tap fees, and plant investment fees was completed in 2008 and implemented in January 2009. The rate for Waste Water is based on the winter quarter average usage in 2010.

However, with the revision to the Town's budget structure in 2010, these rates will need to be looked at for future years to adequately cover expenses and capital improvements.

Requests for Information

This financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have questions about this report or need additional information, contact the Town Treasurer, 355 4th Street, Bennett, CO, 80102-7806 or call (303) 644-4506.

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FINANCIAL SECTION

Honorable Mayor and Board of Trustees
Town of Bennett, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the Town of Bennett, Colorado (the Town) as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bennett's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the 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, business-type activities, the aggregate discretely presented component units, and each major fund of the Town of Bennett, as of December 31, 2010, and the respective change in financial position and, where applicable, cash flows thereof 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 budgetary comparison information shown as required supplementary information in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information as presented in the table of contents is presented for purposes of additional analysis and legal compliance and is not a required part of the basic financial statements. The other supplementary 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 respects in relation to the basic financial statements taken as a whole.

Johnson, Holscher & Company, P.C.

Centennial.CO
June 25, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Member of the American Institute of Certified Public Accountants
Member of the Private Companies Practice Section

6464 South Quebec Street, Suite 450
Centennial, CO 80111
(303) 694-2727
Fax (303) 694-3172

Basic Financial Statements

TOWN OF BENNETT, COLORADO

STATEMENT OF NET ASSETS

December 31, 2010

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	COMPONENT UNITS IMPROVEMENT DISTRICTS
ASSETS				
CURRENT ASSETS				
Cash and Cash Invested	\$ 543,084	\$ 506,662	\$ 1,049,746	\$ 97,296
Taxes Receivable	5,383	-	5,383	170,636
Accounts Receivable	540,177	142,660	682,837	-
Due from Other Funds	4,395	-	4,395	-
TOTAL CURRENT ASSETS	1,093,039	649,322	1,742,361	267,932
PROPERTY AND EQUIPMENT				
Land and Water Rights	710,926	282,792	993,718	-
Construction in Progress	-	13,879	13,879	-
Water Plant	-	3,508,703	3,508,703	-
Buildings	519,376	30,141	549,517	-
Equipment	-	255,782	255,782	-
Lines and Connections	-	410,806	410,806	-
Sewer Ponds	-	656,605	656,605	-
Streets, Curbs & Gutters	335,600	-	335,600	-
Parks & Curbs	677,060	-	677,060	-
Street/Park Equipment	457,254	-	457,254	-
Less Accumulated Depreciation	(1,243,957)	(2,027,287)	(3,271,244)	-
NET PROPERTY AND EQUIPMENT	1,456,259	3,131,421	4,587,680	-
OTHER ASSETS				
Restricted Cash	-	22,479	22,479	-
TOTAL ASSETS	2,549,298	3,803,222	6,352,520	267,932
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable and Other Liabilities	118,666	1,769	120,435	8,755
Payroll deductions	(4,138)	2,545	(1,593)	-
Other Liabilities	189	2,960	3,149	-
Accrued Interest Payable	-	6,515	6,515	-
Compensated Absences	12,740	8,298	21,038	-
Deferred Revenue	223,428	-	223,428	166,590
Due to Other Funds	4,395	-	4,395	-
Current Portion - Loan	-	5,387	5,387	55,000
Current Portion - Notes	-	27,860	27,860	-
TOTAL CURRENT LIABILITIES	355,280	55,334	410,614	230,345
LONG-TERM LIABILITIES				
Loan	-	233,125	233,125	4,010,000
Notes	-	310,495	310,495	-
TOTAL LONG-TERM LIABILITIES	-	543,620	543,620	4,010,000
TOTAL LIABILITIES	355,280	598,954	954,234	4,240,345
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,456,259	2,499,220	3,955,479	-
Restricted for Emergencies	57,103	-	57,103	-
Unrestricted	680,656	705,048	1,385,704	(3,972,413)
TOTAL NET ASSETS	\$ 2,194,018	\$ 3,204,268	\$ 5,398,286	\$ (3,972,413)

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

TOWN OF BENNETT, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2010

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			COMPONENT UNITS
	EXPENSES	CHARGES FOR SERVICES	PRIMARY GOVERNMENT		TOTAL	
			GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITIES		
Government Activities						
Administrative	\$ 344,071	\$ 48,053	\$ (296,018)	\$ -	\$ (296,018)	\$ -
Board of Trustees	51,779	-	(51,779)	-	(51,779)	-
Public Improvement Services	435,666	-	(435,666)	-	(435,666)	-
Municipal Court	29,433	26,767	(2,666)	-	(2,666)	-
Public Safety	349,850	-	(349,850)	-	(349,850)	-
Town Manager/Planning	246,722	10,350	(236,372)	-	(236,372)	-
Public Works	200,885	-	(200,885)	-	(200,885)	-
Parks and Recreation	168,249	-	(168,249)	-	(168,249)	-
Community Center	117,188	22,002	(95,186)	-	(95,186)	-
Building Inspection	37,660	-	(37,660)	-	(37,660)	-
Code Enforcement	3,574	-	(3,574)	-	(3,574)	-
Capital Outlay	4,734	-	(4,734)	-	(4,734)	-
Debt Service	1,000	-	(1,000)	-	(1,000)	-
TOTAL GOVERNMENT ACTIVITIES	1,990,811	107,172	(1,883,639)	-	(1,883,639)	-
Business - Type Activities						
Current:						
Water Operations	518,565	751,736	-	233,171	233,171	-
Sewer Operations	256,310	356,917	-	100,607	100,607	-
TOTAL BUSINESS - TYPE ACTIVITIES	774,875	1,108,653	-	333,778	333,778	-
TOTAL PRIMARY GOVERNMENT	\$ 2,765,686	\$ 1,215,825	(1,883,639)	333,778	(1,549,861)	-
COMPONENT UNITS						
General Improvement Districts	\$ 183,413	\$ -	-	-	-	(183,413)
GENERAL REVENUES						
Taxes:						
Property Taxes			239,229	-	239,229	147,913
Specific Ownership Taxes			11,057	-	11,057	11,377
Sales and Use Tax			1,031,192	-	1,031,192	-
Other Taxes			14,934	-	14,934	-
Franchise and Royalty			49,135	-	49,135	-
Miscellaneous			449,854	40,172	490,026	5,000
Unrestricted Investment Earnings			855	412	1,267	3,644
Transfers			(36,188)	(141,034)	(177,222)	-
TOTAL GENERAL REVENUES			1,760,068	(100,450)	1,659,618	167,934
CHANGE IN NET ASSETS			(123,571)	233,328	109,757	(15,479)
NET ASSETS - Beginning of Year			2,317,589	2,970,940	5,288,529	(4,011,935)
Prior Period Adjustment			-	-	-	55,001
NET ASSETS - Beg. of Year, Restated			2,317,589	2,970,940	5,288,529	(3,956,934)
NET ASSETS - End of Year			\$ 2,194,018	\$ 3,204,268	\$ 5,398,286	\$ (3,972,413)

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

TOWN OF BENNETT, COLORADO

BALANCE SHEET GOVERNMENTAL FUNDS

December 31, 2010

	GENERAL	CONSERVATION TRUST	RESTRICTED STREET	ROAD & BRIDGE	CEMETARY	TOTAL
ASSETS						
Cash and equivalents	\$ 435,363	\$ 25,851	\$ -	\$ 10,386	\$ 71,484	\$ 543,084
Accounts receivable	535,053	-	-	5,124	-	540,177
Due from other funds	4,395	-	-	-	-	4,395
Cash with Fiscal Agent	5,383	-	-	-	-	5,383
TOTAL ASSETS	\$ 980,194	\$ 25,851	\$ -	\$ 15,510	\$ 71,484	\$ 1,093,039
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 118,677	\$ -	\$ -	\$ (11)	\$ -	\$ 118,666
Payroll Deductions	(3,222)	-	-	(414)	(502)	(4,138)
Compensated Absences	12,740	-	-	-	-	12,740
Due to Other Funds	-	4,395	-	-	-	4,395
Other Liabilities	189	-	-	-	-	189
Deferred revenue	223,428	-	-	-	-	223,428
TOTAL LIABILITIES	351,812	4,395	-	(425)	(502)	355,280
FUND BALANCES						
Reserved for Amendment 1	57,103	-	-	-	-	57,103
Unreserved	571,279	21,456	-	15,935	71,986	680,656
TOTAL FUND BALANCES	628,382	21,456	-	15,935	71,986	737,759
TOTAL LIABILITIES AND FUND BALANCES	\$ 980,194	\$ 25,851	\$ -	\$ 15,510	\$ 71,484	\$ 1,093,039
Total Fund Balances						\$ 737,759
Capital assets used in governmental activities are not resources and are not reported in the funds:						
Capital Assets						2,700,216
Accumulated Depreciation						(1,243,957)
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES						\$ 2,194,018

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

TOWN OF BENNETT, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended December 31, 2010

	GENERAL	CONSERVATION TRUST	RESTRICTED STREET	ROAD & BRIDGE	CEMETARY	TOTAL
REVENUES						
Taxes	\$ 1,296,412	\$ -	\$ -	\$ -	\$ -	\$ 1,296,412
Intergovernmental	74,837	11,879	-	88,586	-	175,302
Franchise and Royalty	49,135	-	-	-	-	49,135
Licences and Permits	48,053	-	-	-	-	48,053
Building Revenue	22,002	-	-	-	-	22,002
Planning and Zoning	10,350	-	-	-	-	10,350
Court Fines and Fees	26,767	-	-	-	-	26,767
Miscellaneous revenue	252,800	-	864	-	20,888	274,552
Interest earnings	607	41	10	-	197	855
TOTAL REVENUES	1,780,963	11,920	874	88,586	21,085	1,903,428
EXPENDITURES						
Administrative	344,062	-	-	9	-	344,071
Board Of Trustees	51,779	-	-	-	-	51,779
Public Improvement Services	435,666	-	-	-	-	435,666
Municipal Court	29,433	-	-	-	-	29,433
Public Safety	358,439	-	-	-	-	358,439
Town Manager/Planning	246,722	-	-	-	-	246,722
Public Works	-	-	7,406	89,195	-	96,601
Parks and Recreation	144,683	4,395	-	-	19,171	168,249
Community Center	117,188	-	-	-	-	117,188
Building Inspection	37,660	-	-	-	-	37,660
Code Enforcement	3,574	-	-	-	-	3,574
Capital Outlay	-	-	-	4,734	-	4,734
Debt Service	1,000	-	-	-	-	1,000
TOTAL EXPENDITURES	1,770,206	4,395	7,406	93,938	19,171	1,895,116
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,757	7,525	(6,532)	(5,352)	1,914	8,312
OTHER FINANCING SOURCES (USES)						
Transfers In	177,222	-	-	-	-	177,222
Transfers (Out)	(57,475)	-	-	21,287	-	(36,188)
NET CHANGE IN FUND BALANCES	130,504	7,525	(6,532)	15,935	1,914	149,346
FUND BALANCES, BEGINNING	497,878	13,931	6,532	-	70,072	588,413
FUND BALANCES, ENDING	\$ 628,382	\$ 21,456	\$ -	\$ 15,935	\$ 71,986	\$ 737,759

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds	\$ 149,346
Principal payments on debt are reported as expenditures in the funds: Principal Payments on Outstanding Debt:	1,000
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities: Acquisition of Capital Assets Depreciation Expense	8,589 <u>(105,284)</u>
Change in Net Assets - Governmental Activities	<u>\$ 53,651</u>

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

TOWN OF BENNETT, COLORADO

STATEMENT OF NET ASSETS
ENTERPRISE FUNDS

December 31, 2010

	WATER	SEWER	TOTAL
ASSETS			
CURRENT ASSETS			
Cash	\$ 346,342	\$ 160,320	\$ 506,662
Receivables	93,694	48,966	142,660
TOTAL CURRENT ASSETS	440,036	209,286	649,322
RESTRICTED ASSETS			
Cash	22,479	-	22,479
FIXED ASSETS			
Land and Water Rights	264,284	18,508	282,792
Construction in Progress	13,879	-	13,879
Water Plant	3,508,703	-	3,508,703
Buildings	-	30,141	30,141
Equipment	215,741	40,041	255,782
Lines and Connections	-	410,806	410,806
Sewer Ponds	-	656,605	656,605
	4,002,607	1,156,101	5,158,708
Less: accumulated depreciation	(1,609,700)	(417,587)	(2,027,287)
NET FIXED ASSETS	2,392,907	738,514	3,131,421
TOTAL ASSETS	2,855,422	947,800	3,803,222
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES			
Accounts payable	1,684	85	1,769
Payroll deductions	1,917	628	2,545
Accrued interest payable	4,148	2,367	6,515
Compensated absences	5,590	2,708	8,298
Other Liabilities	2,960	-	2,960
Current portion of long-term debt:			
Loan payable	5,387	-	5,387
Notes payable	16,384	11,476	27,860
TOTAL CURRENT LIABILITIES	38,070	17,264	55,334
LONG-TERM LIABILITIES - NET OF CURRENT MATURITIES			
Loan payable	233,125	-	233,125
Notes payable	84,646	225,849	310,495
TOTAL LIABILITIES	355,841	243,113	598,954
NET ASSETS			
Invested in Capital Assets, Net of related Debt	2,015,295	483,925	2,499,220
Unrestricted	484,286	220,762	705,048
TOTAL NET ASSETS	\$ 2,499,581	\$ 704,687	\$ 3,204,268

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

TOWN OF BENNETT, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
ENTERPRISE FUNDS**

Year Ended December 31, 2010

	WATER	SEWER	TOTAL
OPERATING REVENUES			
Customers	\$ 750,564	\$ 356,917	\$ 1,107,481
Bulk Revenue	1,172	-	1,172
TOTAL OPERATING REVENUES	751,736	356,917	1,108,653
OPERATING EXPENSES			
Administrative	28,858	23,642	52,500
Board Of Trustees	5,817	1,243	7,060
Engineering	1,120	420	1,540
Public Works	358,071	192,612	550,683
Capital Outlay	3,621	12,437	16,058
Depreciation	121,078	25,956	147,034
TOTAL OPERATING EXPENSES	518,565	256,310	774,875
NET INCOME (LOSS) FROM OPERATIONS	233,171	100,607	333,778
NON-OPERATING REVENUE (EXPENSE)			
Tap Fees	1,580	1,650	3,230
Late Penalties	6,793	-	6,793
Service on/off	60	20	80
NSF Penalties	38	266	304
Service Inspection	300	150	450
Reimbursements	1,020	-	1,020
Other Non-operating income (expense)	4,344	23,951	28,295
Interest	224	188	412
TOTAL NON-OPERATING REVENUE (EXPENSE)	14,359	26,225	40,584
INCOME (LOSS) BEFORE TRANSFERS	247,530	126,832	374,362
TRANSFERS			
Transfers In (Out)	(70,517)	(70,517)	(141,034)
CHANGE IN NET ASSETS	177,013	56,315	233,328
NET ASSETS, Beginning	2,322,568	648,372	2,970,940
NET ASSETS, Ending	\$ 2,499,581	\$ 704,687	\$ 3,204,268

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

TOWN OF BENNETT, COLORADO

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS

Year Ended December 31, 2010

	WATER FUND	SEWER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 687,387	\$ 328,725	\$ 1,016,112
Cash paid for expenses and employees	(399,952)	(231,791)	(631,743)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>287,435</u>	<u>96,934</u>	<u>384,369</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal payments	(20,634)	(6,255)	(26,889)
Debt Proceeds	-	99,057	99,057
Fixed asset acquisitions	(37,391)	(13,507)	(50,898)
Tap Fees	1,580	1,650	3,230
Late Penalties	6,793	-	6,793
Service on/off	60	20	80
NSF Penalties	38	266	304
Service Inspection	300	150	450
Reimbursements	1,020	-	1,020
Other Non-operating income (expense)	4,344	23,951	28,295
Interest	224	188	412
Transfers (Out)	(70,517)	(70,517)	(141,034)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(114,183)</u>	<u>35,003</u>	<u>(79,180)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Restricted cash	120	-	120
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>120</u>	<u>-</u>	<u>120</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	173,372	131,937	305,310
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>172,970</u>	<u>28,382</u>	<u>201,352</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 346,342</u>	<u>\$ 160,319</u>	<u>\$ 506,662</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	<u>\$ 233,171</u>	<u>\$ 100,607</u>	<u>\$ 333,778</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Depreciation	121,078	25,956	147,034
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(64,349)	(28,192)	(92,541)
(Decrease) increase in:			
Accounts payable	(5,559)	(3,169)	(8,728)
Payroll Deductions	1,838	664	2,502
Compensated absences	(724)	(340)	(1,064)
Other Liabilities	2,960	-	2,960
Accrued interest	(980)	1,408	428
Total adjustments	<u>54,264</u>	<u>(3,673)</u>	<u>50,591</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 287,435</u>	<u>\$ 96,934</u>	<u>\$ 384,369</u>

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

TOWN OF BENNETT, COLORADO

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Bennett, Colorado (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Town's accounting policies are described below.

A. Definition of the Reporting Entity

The Town of Bennett, Colorado was incorporated in 1929 in Adams County and is governed by a seven member elected Board of Trustees. As required by generally accepted accounting principles, these financial statements present the activities of the Town, which is legally separate and financially independent of other state and local governments. In conformity with GASB 14, the Town has two component units, Antelope Hills General Improvement District and Penrith Park General Improvement District; both are presented as discrete component units of the Town.

The Town provides general government, public works (road and streets), water, sewer, and parks and recreation for the geographical area organized as the Town of Bennett, Colorado. The Town contracts with Adams County, Colorado and Arapahoe County for police protection and Adams County for animal control. The Bennett Fire Protection District (not a component unit) provides fire protection.

B. Fund Accounting

The government-wide financial statement (i.e., the statement of net assets and the statement of changes in net assets) reports information on all of the activities of the Town and any component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Financial Statements

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

- The General Fund is the Town's primary operating fund. It accounts for the general operations of the Town, which includes the following departments: Legislative, Judicial, Administration, Public Safety-Police, Community Development and Public Works.
- The Conservation Trust Fund accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.
- The Restricted Street Fund accounts for expenditures designated for streets and infrastructure maintenance.
- The Cemetery Fund discloses the activity of cemetery operations.
- The Road and Bridge Fund accounts for road and bridge services and capital improvements.

The Town reports the following major business-type activity funds:

- The Water Fund accounts for the Town's water distribution system.
- The Sewer Fund accounts for the collection and disposition of the Town's solid waste refuse.

The Town has elected not to implement any FASB pronouncements issued after 1989.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

revenue as soon as all eligibility requirements imposed by the provider have been met.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on general long-term debt which is recognized when due and (2) compensated absences which are recognized when the obligations are expected to be liquidated with expendable available resources.

Those revenues susceptible to accrual are interest revenue and charges for services. Entitlement revenues are not susceptible to accrual because, generally, they are not measurable until received. Grant revenues are recognized as they are earned.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

E. Cash and Cash Equivalents

For the purposes of the statement of cash flows of the enterprise funds, cash and cash equivalents consist of operating and restricted cash and highly liquid securities with an initial maturity of three months or less.

F. Investments

Investments are stated at fair value based on quoted market values, with the exception of money market funds and external investment pools. These are stated at cost, which is equal to fair value.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America required management to make: (1) estimates and assumptions that affect the reported amounts of assets and liabilities and (2) disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Property Taxes

Property taxes for the current year are levied and attached as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected 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 in the governmental and enterprise funds.

I. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of one or more years and for which the initial, individual value equals or exceeds the following dollar amounts:

<u>Assets Class</u>	<u>Dollar Value</u>
Land	No Minimum
Buildings	No Minimum
Building and Other Improvements	\$ 5,000
Furniture and Equipment	\$ 5,000
Infrastructure	\$ 5,000

All purchased assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings	40 years
Building and Other Improvements	20 years
Water and Sewer Systems	25 – 35 years
Furniture and Equipment	5 – 30 years
Infrastructure	15 – 40 years

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets since their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities. Prior to GASB 34, governments were not required to report general infrastructure assets.

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Liabilities

In the government-wide financial statements and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise fund type statement of net assets. Bond issuance costs, as well as applicable bond premium and discounts, are deferred and amortized over the term of the related debt using the straight-line method of amortization.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

The long-term compensated absences are serviced from revenues of the General Fund from future appropriations.

K. Accrued Liabilities for Compensated Absences

Compensated absences arise from policies concerning vacation leave. Vacation leave accumulates at specified rates for employees with over one year full-time employment.

It is the Town's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. In the government-wide statements, vacation and sick pay is accrued when incurred and reported as a liability of the governmental and business-type activities. In the governmental funds, vacation and sick pay that is expected to be liquidated with expendable, available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable, available financial resources are not reported as expenditure.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets. Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

TOWN OF BENNETT, COLORADO

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year-end, outstanding balances between funds are reported as “due to/from other funds”. Nonrecurring or nonroutine permanent transfers of equity are reported as equity transfers. All other interfund transfers are reported as transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

NOTE 2: BUDGETARY REQUIREMENTS

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds. The Enterprise funds adopt budgets on the Non-GAAP basis wherein tap fees are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenses, and depreciation expense is not budgeted. All annual appropriations lapse at fiscal year-end.

By October 15, the Budget Officer (not an elected official) of the Town submits a proposed operating budget for the fiscal year commencing the following January 1 to the Trustees (elected officials). The operating budget, for all budgeted funds, includes proposed expenditures and the means of financing.

Public hearings are held at the regular Trustee meetings to obtain taxpayer input. Prior to December 15, the budget is legally enacted through passage of a budget ordinance. The Town Treasurer is authorized to transfer budgeted amounts within a department of any fund. The Trustees must approve revisions that change total expenditures of any fund or department within a fund.

Appropriations are controlled and the budget is only amended in conformity with Colorado Revised Statutes, which require a balanced budget. Expenditures in excess of appropriations may violate Colorado Revised Statutes and must be reported to the State Auditor.

The Combined Statements of Revenues, Expenditures and Changes in Fund Balances for all fund types include comparisons to budget. Financial statements of the Proprietary Funds are presented in the accompanying Basic Financial Statements on the GAAP basis. Budget amounts, included in the financial statements, are as originally adopted or as amended by Board of Trustees.

NOTE 3: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between fund balances (total governmental funds and net assets) and governmental activities, as reported in the government-wide statement of net assets. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances and changes in net assets of governmental activities, as reported in

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

NOTE 3: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

the government-wide statement of activities. The enterprise fund statement of net assets and statement of revenues, expenses and changes in net assets also includes a reconciliation to the government-wide statement of net assets and activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis of accounting were eliminated from the government fund statements during the consolidation of governmental activities.

NOTE 4: CASH, DEPOSITS AND INVESTMENTS

The Town cash, deposits and investments at December 31, 2010 are:

<u>Type</u>	<u>Rating</u>	<u>Carrying Value</u>
Deposits:		
Demand deposits		\$ 899,795
Cash on hand		1,000
Investments:		
Colostrust	AAA by S & P	171,430
Total deposits and investments		<u>\$ 1,072,225</u>
Reconciliation to Statement of Net Assets		
Current:		
Cash and cash invested		\$ 1,049,746
Restricted cash		22,479
Cash and cash invested		<u>\$ 1,072,225</u>
 COMPONENT UNIT		
Deposits:		
Demand deposits		\$ 5,089
Investments:		
Colostrust	AAA by S & P	92,207
Total deposits and investments		<u>\$ 97,296</u>
Reconciliation to Statement of Net Assets		
Current:		
Cash and cash invested		<u>\$ 97,296</u>

A. Cash Invested

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The allowed investments include local government investment pools and obligations of the United States Government.

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

NOTE 4: CASH, DEPOSITS AND INVESTMENTS (Continued)

A. Cash Invested (Continued)

The Town maintains a cash pool that is available for use by all funds except the deferred compensation plan. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash".

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash only in eligible public depositories. Eligibility is determined by state regulations.

Amounts on deposit in excess of federal insurance levels must be collateralized by the financial institution. The eligible collateral is determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution and held in trust for all the uninsured public deposits as a group. Colorado State Statutes require the market value of the collateral to be at least 102 percent of the aggregate uninsured deposits.

B. Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

C. Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Town has no investment policy that would further limit its investment choices.

D. Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer.

The Town invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1) safety; 2) liquidity; and 3) yield. The Director of Finance is responsible for all of the investments of the Town.

The District invests in an investment pool, the Colorado Liquid Assets Trust (COLOTRUST). COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by Colorado Securities Commissioner. The pool invests in securities that are specified by the Colorado Revised Statutes (24-75-601). Authorized securities include U.S. treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools are rated AAAM by the Standard & Poor's Corporation.

At December 31, 2010, the Town had an investment of \$171,430 market and carrying value in COLOTRUST.

TOWN OF BENNETT, COLORADO

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

NOTE 5: PROPERTY TAXES

Property taxes are collected on behalf of the Town by Adams and Arapahoe Counties and then remitted to the Town. The property tax is levied and certified in November of the year prior to the year the taxes are collected. Property taxes become an enforceable lien on January 1 of each year. Secured property taxes are: (1) due in two equal installments on February 28 and June 15 and (2) delinquent after February 28 and June 15, respectively. The entire balance can be paid by April 30 without penalty. Property taxes levied are recorded as deferred revenues in the year levied, since they are not due until the following year. Property tax revenue is recognized when it is collected by Arapahoe and Adams Counties.

NOTE 6: CAPITAL ASSETS

A summary of changes in Capital Assets for the year ended December 31, 2010:

GOVERNMENTAL ACTIVITIES	1/1/2010 BEGINNING BALANCE	ADDITIONS	DELETIONS	12/31/2010 ENDING BALANCE
Capital Assets not being depreciated:				
Land	\$ 710,906	\$ 20	\$ -	\$ 710,926
Capital Assets being depreciated:				
Buildings	519,376	-	-	519,376
Streets, Curbs & Gutters	335,600	-	-	335,600
Parks & Ballfields	677,060	-	-	677,060
Street/Park Equipment	448,685	8,569	-	457,254
	<u>1,980,721</u>	<u>8,569</u>	<u>-</u>	<u>1,989,290</u>
Less accumulated depreciation:				
Buildings	(234,254)	(15,494)	-	(249,748)
Streets, Curbs & Gutters	(174,923)	(15,997)	-	(190,920)
Parks & Ballfields	(354,465)	(41,995)	-	(396,460)
Street/Park Equipment	(375,030)	(31,798)	-	(406,828)
	<u>(1,138,673)</u>	<u>(105,284)</u>	<u>-</u>	<u>(1,243,957)</u>
Capital assets being depreciated, net	<u>842,048</u>	<u>(96,714)</u>	<u>-</u>	<u>745,333</u>
Total Governmental Activities Capital Assets	<u>\$ 1,552,954</u>	<u>\$ (96,694)</u>	<u>\$ -</u>	<u>\$ 1,456,259</u>

Depreciation is not allocated to specific departments.

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

NOTE 6: CAPITAL ASSETS (Continued)

BUSINESS-TYPE ACTIVITIES	1/1/2010 BEGINNING BALANCE	ADDITIONS	DELETIONS	12/31/2010 ENDING BALANCE
Capital Assets not being depreciated:				
Land	\$ 67,138	\$ -	\$ -	\$ 67,138
Water Rights	215,654	-	-	215,654
Construction In Progress	-	13,879	-	13,879
	<u>282,792</u>	<u>13,879</u>	<u>-</u>	<u>296,671</u>
Capital Assets being depreciated:				
Ponds	656,605	-	-	656,605
Water System	3,498,667	10,037	-	3,508,704
Lines & Connections	399,324	11,482	-	410,806
Buildings	28,116	2,025	-	30,141
Equipment	242,307	13,475	-	255,782
	<u>4,825,019</u>	<u>37,019</u>	<u>-</u>	<u>4,862,038</u>
Less accumulated depreciation:				
Ponds	(119,235)	(16,506)	-	(135,740)
Water System	(1,380,684)	(113,829)	-	(1,494,514)
Lines & Connections	(214,426)	(7,991)	-	(222,417)
Buildings	(27,416)	(405)	-	(27,821)
Equipment	(138,492)	(8,303)	-	(146,795)
	<u>(1,880,253)</u>	<u>(147,034)</u>	<u>-</u>	<u>(2,027,287)</u>
Capital assets being depreciated, net	<u>2,944,766</u>	<u>(110,015)</u>	<u>-</u>	<u>2,834,751</u>
Total Business-type Activities Capital Assets	<u>\$ 3,227,558</u>	<u>\$ (96,136)</u>	<u>\$ -</u>	<u>\$ 3,131,421</u>

NOTE 7: LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended December 31, 2010 were:

Governmental Activities	Beginning 1/1/2010	Additions	Reductions	Ending 12/31/2010	Due Within One Year
Note:					
1983 Adams County	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ -
Compensated Absences	12,411	13,578	13,249	12,740	-
	<u>\$ 13,411</u>	<u>\$ 13,578</u>	<u>\$ 14,249</u>	<u>\$ 12,740</u>	<u>\$ -</u>

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

NOTE 7: LONG-TERM LIABILITIES (Continued)

	Beginning <u>1/1/2010</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>12/31/2010</u>	Due Within <u>One Year</u>
Business-type Activities					
Notes:					
1995 Dept of Local Affairs	\$ 74,990	\$ -	\$ 13,675	\$ 61,315	\$ 14,358
2006 CWRPDA	144,523	-	6,255	138,268	6,492
2004 Energy Impact Assistance	41,645	-	1,930	39,715	2,026
2010 Energy Impact Assistance	-	99,057	-	99,057	4,984
Loan:					
2008 CO Water Conser. Board	243,541	-	5,029	238,512	5,387
Compensated Absences	9,362	8,583	9,646	8,299	-
	<u>\$ 514,061</u>	<u>\$ 107,640</u>	<u>\$ 36,535</u>	<u>\$ 585,166</u>	<u>\$ 33,247</u>
Component Unit					
Governmental Activities					
Limited Tax Bond:					
2000 General Obligation	\$ 1,900,000	\$ -	\$ -	\$ 1,900,000	\$ -
2006 General Obligation	2,210,000	-	45,000	2,165,000	55,000
	<u>\$ 4,110,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 4,065,000</u>	<u>\$ 55,000</u>

A. Note Payable - Water Fund

On May 8, 1995, the Town issued a note to the State of Colorado, Department of Local Affairs for improving water supply and flow rate for the water system. Specific projects include the construction of two potable water wells and a 355,000 gallon storage tank for treated water and the associated valuing, piping and metering. The note is payable in 20 installments of \$17,453, including interest at five (5) percent, payments are due each September 1. Total due at December 31, 2010 was:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 14,358	\$ 3,094	17,452
2012	15,076	2,376	17,452
2013	15,830	1,623	17,453
2014	16,051	831	16,882
	<u>\$ 61,315</u>	<u>\$ 7,924</u>	<u>\$ 69,239</u>

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

NOTE 7: LONG-TERM LIABILITIES (Continued)

B. Loan Payable - Water Fund

On September 1, 2004, the Town made a loan with the Energy and Impact Assistance program for equipment related to the conversion of minerals and mineral fuels. The loan is payable in 20 installments of \$4,012, including interest at 5%. Payments are due each September 1. Total due at December 31, 2010 was:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 2,026	\$ 1,986	\$ 4,012
2012	2,128	1,884	4,012
2013	2,234	1,778	4,012
2014	2,346	1,666	4,012
2015	2,463	1,549	4,012
2016-2020	14,291	5,770	20,061
2021-2024	14,228	1,822	16,049
	<u>\$ 39,715</u>	<u>\$ 16,454</u>	<u>56,170</u>

C. Loan Payable - Water Fund

On October 1, 2008, the Town made a loan with the Colorado Water Conservation Board for well replacement. The loan is payable in 30 installments of \$13,729, including interest at 3.5%. Payments are due each October 1. Total due at December 31, 2010 was:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 5,387	\$ 8,342	\$ 13,729
2012	5,576	8,153	13,729
2013	5,771	7,958	13,729
2014	5,973	7,756	13,729
2015	6,182	7,547	13,729
2016-2020	34,310	34,335	68,645
2021-2025	40,747	27,898	68,645
2026-2030	48,397	20,248	68,645
2031-2035	57,479	11,166	68,645
2036-2038	28,690	12,671	41,186
	<u>\$ 238,512</u>	<u>\$ 146,074</u>	<u>384,411</u>

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

NOTE 7: LONG-TERM LIABILITIES (Continued)

D. Note Payable - Sewer Fund

On July 14, 2006, the Town issued a note with the Colorado Water Resources and Power Development Authority, Water Pollution Control Revolving Loan, for \$161,000. The note is payable in 40 semi-annual installments of \$5,827, plus interest at 3.75%, payments are due each May 1 and November 1. The total due at December 31, 2010 was:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 6,492	\$ 5,162	\$ 11,654
2012	6,738	4,917	11,654
2013	6,993	4,662	11,654
2014	7,257	4,397	11,654
2015	7,532	4,122	11,654
2016-2020	42,158	16,112	58,270
2021-2025	50,764	7,505	58,270
2026	10,333	320	10,653
	<u>\$ 138,268</u>	<u>\$ 47,197</u>	<u>\$ 185,465</u>

E. Note Payable - Sewer Fund

In 2010, the Town entered into a note with the Energy and Impact Assistance program for reconstruction of sewer lines. The note is payable over 15 years with \$9,504 due annually beginning September 1, 2011. The total amount due at December 31, 2010 was:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 4,984	\$ 4,519	\$ 9,504
2012	4,800	4,704	9,504
2013	5,040	4,464	9,504
2014	5,292	4,212	9,504
2015	5,557	3,947	9,504
2016-2020	32,239	15,279	47,518
2021-2025	41,146	6,372	47,518
	<u>\$ 99,057</u>	<u>\$ 43,497</u>	<u>\$ 142,554</u>

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

NOTE 7: LONG-TERM LIABILITIES (Continued)

F. Component Unit Debt

General Improvement Districts issued in 2000 and 2006 Limited Tax General Obligation Bonds for \$1,900,000 and \$2,337,500. Maturity for this component unit debt is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 55,000	\$ 333,003	\$ 388,003
2012	65,000	330,335	395,335
2013	70,000	326,825	396,825
2014	85,000	323,073	408,073
2015	90,000	317,878	407,878
2016-2020	675,000	1,481,720	2,156,720
2021-2025	1,145,000	1,163,065	2,308,065
2026-2030	1,880,000	555,550	2,435,550
	<u>\$ 4,065,000</u>	<u>\$ 4,831,449</u>	<u>\$ 8,896,449</u>

NOTE 8: RETIREMENT COMMITMENTS

Employees of the Town must join the Colorado County Officials and Employees Retirement Association (CCOERA) after one year of employment. The base payroll for employees covered by CCOERA for the year ended December 31, 2010 was \$482,900; the Town's total payroll was \$532,082. There are 14 employees participating in CCOERA.

Employee contributions are vested at the rate of ten (10) percent per year, but are in any case fully vested when one of the following events occurs:

- Age 62, the normal retirement age;
- Death or total disability; or
- Age 55 with 20 years continuous service.

Employees and the Town are required to contribute three (3) percent of the employee's salary. In addition, the Town agreed, as of September 1, 1986, to go back five years and make a three (3) percent contribution, which eligible employees are not allowed or required to match.

During the year ended December 31, 2010, contributions by the Town and employees each were \$9,221, in accordance with the provisions of the plan.

TOWN OF BENNETT, COLORADO

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

NOTE 9: PUBLIC ENTITY RISK POOL

The Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado

Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to: (1) provide members defined liability and property coverage; and (2) assist members to prevent and reduce losses and injuries to municipal property and to persons and property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

CIRSA is a separate legal entity and the Town does not approve budgets, nor does it have ability to significantly affect the operations of the unit.

The Town is not exposed to any significant risk of loss.

NOTE 10: RISK MANAGEMENT

The Town carries commercial insurance for various risks of loss related to: torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. Settled claims resulting from these risks have not exceeded commercial or Town coverages in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk. The Town is fully self-insured for unemployment compensation and has a \$1,000 deductible for property insurance.

NOTE 11: CONTINGENCIES

Claims and Judgments

The Town participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. As of December 31, 2010, grant expenditures have not been audited but the Town believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Town.

TOWN OF BENNETT, COLORADO

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

NOTE 11: CONTINGENCIES (Continued)

Budget Compliance

The Town may be in violation of budget statute as the Street Fund expenditures exceeded the appropriated budget by \$853.

NOTE 12: TAX, SPENDING, REVENUE AND DEBT LIMITATIONS

In November of 1992 Colorado voters approved Amendment 1 to the State Constitution, which is commonly known as the Taxpayer's Bill of Rights or the Tabor Amendment. The Amendment applies to all units of local government and limits taxes, spending, revenue, and multi-year debt (excepting bond refundings to lower interest rates and adding employees to pension plans).

The amendment defined the Town's year-end, December 31, 1992, as the initial base year for purposes of defining compliance with the amendment. The amendment defines inflation and local growth. Future year's revenue, based upon prior year's revenue, is only allowed to increase based upon the inflationary and local growth factors. The Town must refund revenue received in excess of the prior year's revenue to the voters, unless the voters were to approve retention of the excess revenue. The Town passed a ballot question on November 5, 1996. The ballot question permitted the Town to collect, retain and expend, without imposing any new taxes or increases in its present mill levy on general property or its sales and use tax rates, the full revenues generated by the Town's sales and use tax, non-federal grants, its existing mill levy and any other excess revenues, commencing January 1, 1995, and each subsequent year, notwithstanding and state restriction on fiscal year spending, including without limitation the restrictions of Article X, Section 20 of the Colorado Constitution and spent as a voter approved change and exception to the limits which would otherwise apply for: (a) street construction, repair, and maintenance; (b) capital improvements; (c) parks and recreation; (d) police protection; (e) storm drainage; (f) snow removal; (g) street sweeping; and (h) other municipal services.

The amendment also requires the Town to establish an Emergency Reserve, which must be equal to three (3) percent of the current allowed revenue. Conditions under which these reserves may be spent are severally limited. The amount reserved as of December 31, 2010 is \$57,103.

The Town believes that it is in compliance with the provisions of TABOR, as it is currently understood. Many of the provisions are complex and subject to interpretation, and may not become fully understood without judicial determination.

NOTE 13: PRIOR PERIOD ADJUSTMENT

The beginning equity of the component unit, Antelope Hills General Improvement District was increased by \$55,001 to agree with the outstanding debt.

Required Supplementary Information

TOWN OF BENNETT, COLORADO

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

Year Ended December 31, 2010

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE- POSITIVE (NEGATIVE)
REVENUES			
Taxes:			
Property Taxes	\$ 225,241	\$ 239,229	\$ 13,988
Specific Ownership Taxes	17,500	11,057	(6,443)
General Sales and Use Taxes	974,000	1,031,192	57,192
Other Taxes	10,000	14,934	4,934
	<u>1,226,741</u>	<u>1,296,412</u>	<u>69,671</u>
Intergovernmental:			
Motor Vehicle Sales Tax	300	35,735	35,435
Motor Vehicle Base Fee	7,000	6,294	(706)
Cigarette Tax	2,800	3,435	635
Impact Fees	-	27,208	27,208
Severance Tax	-	2,165	2,165
	<u>10,100</u>	<u>74,837</u>	<u>64,737</u>
Franchise and Royalty:			
Electric Utility	29,000	37,551	8,551
Cable Television	10,000	9,158	(842)
Mineral Royalties	250	2,426	2,176
Golf Course	2,500	-	(2,500)
	<u>41,750</u>	<u>49,135</u>	<u>7,385</u>
Licences and Permits:			
Animal Licenses	850	810	(40)
Building Permits	25,600	29,553	3,953
Plan Reviews	5,780	15,100	9,320
Arapahoe Cnty Open Space	5	84	79
Stop Work Order Penalties	50	-	(50)
Miscellaneous	225	555	330
Liquor Licenses	945	1,951	1,006
	<u>33,455</u>	<u>48,053</u>	<u>14,598</u>
Building Revenue:			
Community Center	10,800	7,820	(2,980)
Muegge House	1,800	14,182	12,382
	<u>12,600</u>	<u>22,002</u>	<u>9,402</u>
Planning and Zoning:			
Zoning Fees	2,500	1,000	(1,500)
Miscellaneous	100	615	515
Grants	268,616	8,735	(259,881)
	<u>271,216</u>	<u>10,350</u>	<u>(260,866)</u>
Court Fines and Fees:			
Court Costs & Fines	6,200	9,402	3,202
Traffic Fines	10,000	15,025	5,025
Bonds/Restitution	100	2,340	2,240
	<u>16,300</u>	<u>26,767</u>	<u>10,467</u>
Miscellaneous:			
Capital Credits	7,000	3,692	(3,308)
Other	16,605	249,108	232,503
	<u>23,605</u>	<u>252,800</u>	<u>229,195</u>
Interest	2,303	607	(1,696)
TOTAL REVENUES	<u>1,638,070</u>	<u>1,780,963</u>	<u>142,893</u>

(Continued)

See the accompanying Independent Auditor's Report.

TOWN OF BENNETT, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND**

Year Ended December 31, 2010

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- POSITIVE (NEGATIVE)</u>
EXPENDITURES			
Administrative	487,660	344,062	143,598
Board Of Trustees	68,155	51,779	16,376
Public Improvement Services	350,810	435,666	(84,856)
Municipal Court	23,802	29,433	(5,631)
Public Safety	365,663	358,439	7,224
Town Manager/Planning	234,034	246,722	(12,688)
Public Works	9,923	-	9,923
Parks and Recreation	178,480	144,683	33,797
Community Center	399,051	117,188	281,863
Building Inspection	24,000	37,660	(13,660)
Code Enforcement	6,950	3,574	3,376
Capital Outlay	30,701	-	30,701
Debt Service	47,851	1,000	46,851
	<u>2,227,080</u>	<u>1,770,206</u>	<u>456,874</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(589,010)	10,757	599,767
OTHER FINANCING SOURCES (USES)			
Transfers In	221,017	177,222	(43,795)
Transfers Out	(54,419)	(57,475)	(3,056)
	<u>166,598</u>	<u>119,747</u>	<u>(46,851)</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCE	(422,412)	130,504	552,916
FUND EQUITY, Beginning of Year	<u>-</u>	<u>497,878</u>	<u>497,878</u>
FUND EQUITY, End of Year	<u>\$ (422,412)</u>	<u>\$ 628,382</u>	<u>\$ 1,050,794</u>

See the accompanying Independent Auditors' Report.

TOWN OF BENNETT, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CONSERVATION TRUST FUND**

Year Ended December 31, 2010

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- POSITIVE (NEGATIVE)</u>
REVENUES			
Intergovernmental	\$ 13,000	\$ 11,879	\$ (1,121)
Interest	<u>70</u>	<u>41</u>	<u>(29)</u>
TOTAL REVENUES	<u>13,070</u>	<u>11,920</u>	<u>(1,150)</u>
EXPENDITURES			
Parks, recreation and improvements	<u>23,771</u>	<u>4,395</u>	<u>19,376</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(10,701)	7,525	18,226
FUND BALANCE, Beginning	<u>-</u>	<u>13,931</u>	<u>13,931</u>
FUND BALANCE, Ending	<u>\$ (10,701)</u>	<u>\$ 21,456</u>	<u>\$ 32,157</u>

See the accompanying Independent Auditors' Report.

TOWN OF BENNETT, COLORADO

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
RESTRICTED STREET FUND

Year Ended December 31, 2010

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE- POSITIVE (NEGATIVE)
REVENUES			
Interest	\$ 20	\$ 10	\$ (10)
Other	-	864	864
	<u>20</u>	<u>874</u>	<u>854</u>
TOTAL REVENUES			
EXPENDITURES			
Public Works	6,553	7,406	(853)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	6,533	(6,532)	1
FUND BALANCE, Beginning	-	6,532	6,532
FUND BALANCE, Ending	<u>\$ 6,533</u>	<u>\$ -</u>	<u>\$ 6,533</u>

See the accompanying Independent Auditors' Report.

TOWN OF BENNETT, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND**

Year Ended December 31, 2010

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- POSITIVE (NEGATIVE)</u>
REVENUES			
Intergovernmental	<u>\$ 80,249</u>	<u>\$ 88,586</u>	<u>\$ 8,337</u>
EXPENDITURES			
Administrative	-	9	(9)
Public Works	97,036	89,195	7,841
Capital Outlay	<u>4,500</u>	<u>4,734</u>	<u>(234)</u>
TOTAL EXPENDITURES	<u>101,536</u>	<u>93,938</u>	<u>7,598</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(21,287)	(5,352)	15,935
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>21,287</u>	<u>21,287</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	15,935	15,935
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u><u>\$ -</u></u>	<u><u>\$ 15,935</u></u>	<u><u>\$ 15,935</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF BENNETT, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CEMETARY FUND**

Year Ended December 31, 2010

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- POSITIVE (NEGATIVE)</u>
REVENUES			
Miscellaneous	\$ 5,850	\$ 20,888	\$ 15,038
Interest	<u>450</u>	<u>197</u>	<u>(253)</u>
TOTAL REVENUES	<u>6,300</u>	<u>21,085</u>	<u>14,785</u>
EXPENDITURES			
Public Works	<u>74,647</u>	<u>19,171</u>	<u>55,476</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(68,347)	1,914	70,261
FUND BALANCE, Beginning	<u>-</u>	<u>70,072</u>	<u>70,072</u>
FUND BALANCE, Ending	<u>\$ (68,347)</u>	<u>\$ 71,986</u>	<u>\$ 140,333</u>

See the accompanying Independent Auditors' Report.

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Other Supplementary Information

TOWN OF BENNETT, COLORADO

COMBINING BALANCE SHEET - COMPONENT UNITS

December 31, 2010

	GENERAL IMPROVEMENT DISTRICTS		
	ANTELOPE HILLS	PENRITH PARK	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and Cash Invested	\$ 93,020	\$ 4,276	\$ 97,296
Taxes Receivable	169,323	1,313	170,636
TOTAL CURRENT ASSETS	262,343	5,589	267,932
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Other Liabilities	7,201	1,554	8,755
Deferred Revenue	165,283	1,307	166,590
Current Portion - Bonds	55,000	-	55,000
TOTAL CURRENT LIABILITIES	227,484	2,861	230,345
LONG-TERM LIABILITIES			
Bonds	4,010,000	-	4,010,000
TOTAL LIABILITIES	4,237,484	2,861	4,240,345
NET ASSETS			
Unrestricted	(3,975,141)	2,728	(3,972,413)
TOTAL NET ASSETS	\$ (3,975,141)	\$ 2,728	\$ (3,972,413)

See the accompanying Independent Auditors' Report.

TOWN OF BENNETT, COLORADO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMPONENT UNITS**

Year ended December 31, 2010

	GENERAL IMPROVEMENT DISTRICTS		
	ANTELOPE HILLS	PENRITH PARK	TOTAL
REVENUES			
Taxes:			
Property Taxes	\$ 146,606	\$ 1,307	\$ 147,913
Specific Ownership Taxes	11,291	86	11,377
Developer Contribution	-	5,000	5,000
Interest	3,644	-	3,644
TOTAL REVENUES	161,541	6,393	167,934
EXPENDITURES			
Administrative	21,936	4,729	26,665
Debt Service:			
Principal	45,000	-	45,000
Interest	111,098	-	111,098
Debt Service Fees	650	-	650
TOTAL EXPENDITURES	178,684	4,729	183,413
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(17,143)	1,664	(15,479)
FUND BALANCE, Beginning of Year	(4,012,999)	1,064	(4,011,935)
Prior Period Adjustment	55,001	-	55,001
FUND BALANCE, Beginning of Year, Restated	(3,957,998)	1,064	(3,956,934)
FUND BALANCE, End of Year	\$ (3,975,141)	\$ 2,728	\$ (3,972,413)

See the accompanying Independent Auditors' Report.

TOWN OF BENNETT, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ANTELOPE HILLS GENERAL IMPROVEMENT DISTRICT**

Year Ended December 31, 2010

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- POSITIVE (NEGATIVE)</u>
REVENUES			
Taxes:			
Property Taxes	\$ 176,300	\$ 146,606	\$ (29,694)
Specific Ownership Taxes	12,340	11,291	(1,049)
Miscellaneous	21,000	-	(21,000)
Interest	390	3,644	3,254
	<u>210,030</u>	<u>161,541</u>	<u>(48,489)</u>
 EXPENDITURES			
Administration	21,145	14,583	6,562
Debt Service:			
Principal	45,000	45,000	-
Interest	182,185	111,098	71,087
Paying Agent Fees	500	650	(150)
Contingency	7,170	7,353	(183)
	<u>256,000</u>	<u>178,684</u>	<u>77,316</u>
 NET CHANGE IN FUND BALANCE		<u>(17,143)</u>	
 FUND BALANCE, Beginning of Year		(4,012,999)	
Prior Period Adjustment		55,001	
FUND BALANCE, Beginning of Year, Restated		<u>(3,957,998)</u>	
 FUND BALANCE, End of Year		<u>\$ (3,975,141)</u>	

See the accompanying Independent Auditors' Report.

TOWN OF BENNETT, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PENRITH PARK GENERAL IMPROVEMENT DISTRICT**

Year Ended December 31, 2010

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- POSITIVE (NEGATIVE)</u>
REVENUES			
Taxes:			
Property Taxes	\$ 1,300	\$ 1,307	\$ 7
Specific Ownership Taxes	91	86	(5)
Bond Issuance	1,500,000	-	(1,500,000)
Developer Contribution	29,000	5,000	(24,000)
Developer Advance	2,594,000	-	(2,594,000)
Interest	316	-	(316)
	<u>4,124,707</u>	<u>6,393</u>	<u>(4,118,314)</u>
 EXPENDITURES			
Administration	35,720	4,729	30,991
Bond Issue Costs	60,000	-	60,000
Contingency	13,705	-	13,705
Streets	1,654,164	-	1,654,164
Water	1,291,219	-	1,291,219
Sewer	634,621	-	634,621
Storm Drain	284,996	-	284,996
Interest	52,500	-	52,500
Fees	75	-	75
	<u>4,027,000</u>	<u>4,729</u>	<u>4,022,271</u>
 NET CHANGE IN FUND BALANCE	 97,707	 1,664	 (96,043)
FUND BALANCE, Beginning	<u>100</u>	<u>1,064</u>	<u>964</u>
 FUND BALANCE, Ending	 <u>\$ 97,807</u>	 <u>\$ 2,728</u>	 <u>\$ (95,079)</u>

See the accompanying Independent Auditors' Report.

TOWN OF BENNETT, COLORADO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
BUDGET (NON-GAAP BASIS) AND ACTUAL
ENTERPRISE FUND - WATER

Year Ended December 31, 2010

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE- POSITIVE (NEGATIVE)
REVENUES			
Customers	\$ 677,160	\$ 750,564	\$ 73,404
Bulk Revenue	15,000	1,172	(13,828)
Tap Fees	-	1,580	1,580
Late Penalties	3,000	6,793	3,793
Transfer Fee	250	-	(250)
Service on/off	800	60	(740)
NSF Penalties	50	38	(12)
Service Inspection	150	300	150
Reimbursements	-	1,020	1,020
Other	2,000	4,344	2,344
Interest	118	224	106
	698,528	766,095	67,567
OPERATING EXPENSES			
Administrative	17,535	28,858	(11,323)
Board Of Trustees	2,300	5,817	(3,517)
Engineering	7,250	1,120	6,130
Public Works	691,286	358,071	333,215
Capital Outlay	36,737	3,621	33,116
	755,108	397,487	357,621
NET INCOME (LOSS) BEFORE TRANSFERS			
NON-GAAP BUDGETARY BASIS	(56,580)	368,608	425,188
Transfers In (Out)	(105,713)	(70,517)	35,196
CHANGE IN NET ASSETS, NON-GAAP BUDGETARY BASIS	\$ (162,293)	298,091	\$ 460,384
ADJUSTMENTS TO GAAP BASIS:			
Less:			
Depreciation		(121,078)	
CHANGE IN NET ASSETS, GAAP BASIS		\$ 177,013	

See the accompanying Independent Auditors' Report.

TOWN OF BENNETT, COLORADO

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
BUDGET (NON-GAAP BASIS) AND ACTUAL
ENTERPRISE FUND - SEWER**

Year Ended December 31, 2010

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE- POSITIVE (NEGATIVE)
REVENUES			
Customers	\$ 325,208	\$ 356,917	\$ 31,709
Tap Fees	-	1,650	1,650
Transfer Fee	700	-	(700)
Service on/off	-	20	20
NSF Penalties	70	266	196
Service Inspection	-	150	150
Other	1,300	23,951	22,651
Interest	91	188	97
TOTAL REVENUES	327,369	383,142	55,773
OPERATING EXPENSES			
Administrative	17,085	23,642	(6,557)
Board Of Trustees	2,300	1,243	1,057
Engineering	3,500	420	3,080
Public Works	221,392	192,612	28,780
Capital Outlay	22,996	12,437	10,559
TOTAL OPERATING EXPENSES	267,273	230,354	36,919
NET INCOME (LOSS) BEFORE TRANSFERS NON-GAAP BUDGETARY BASIS	60,096	152,788	92,692
Transfers In (Out)	(80,102)	(70,517)	9,585
CHANGE IN NET ASSETS, NON-GAAP BUDGETARY BASIS	\$ (20,006)	82,271	\$ 102,277
ADJUSTMENTS TO GAAP BASIS:			
Less:			
Depreciation		(25,956)	
CHANGE IN NET ASSETS, GAAP BASIS		\$ 56,315	

See the accompanying Independent Auditors' Report.

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COMPLIANCE SECTION

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State Compliance

Honorable Mayor and Board of Trustees
Town of Bennett
Bennett, Colorado

**INDEPENDENT AUDITORS' REPORT ON THE
LOCAL HIGHWAY FINANCE REPORT**

We have audited the financial statements of the Town of Bennett, as of and for the year ended December 31, 2010, and have issued our report thereon dated June 25, 2011. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 opinion.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Town of Bennett, taken as a whole. The accompanying local highway finance report is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that report has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Johnson, Holscher & Company, P.C.

Centennial, CO
June 25, 2011

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT

City or County:
TOWN OF BENNETT
YEAR ENDING :
December 2010

This Information From The Records Of (example - City of _ or County of) Prepared By:
Phone:

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	95,988
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations	21,287	b. Snow and ice removal	34,281
3. Other local imposts (from page 2)	43,499	c. Other	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	34,281
5. Transfers from toll facilities	0	4. General administration & miscellaneous	6,856
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues	0	6. Total (1 through 5)	137,125
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	64,786	b. Redemption	0
B. Private Contributions	0	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	72,339	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	137,125	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	137,125

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
0	137,125	137,125		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2010

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	21,626	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	21,872	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	0	g. Other Misc. Receipts	0
6. Total (1. through 5.)	21,872	h. Other	0
c. Total (a. + b.)	43,499	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	66,951	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	5,389	d. Federal Transit Admin	0
d. Other (Specify)		e. U.S. Corps of Engineers	0
e. Other (Specify)		f. Other Federal	0
f. Total (a. through e.)	5,389	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	72,339	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	0	0	0
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0		0
(3). System Preservation	0	0	0
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: