

Town of Dillon, Colorado



Financial Statements December 31, 2017



TABLE OF CONTENTS

	<u>PAGES</u>
Financial Section	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Balance Sheet – Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Statement of Assets and Liabilities – Agency Fund	22
Notes to the Financial Statements	23
Required Supplementary Information	
Schedule of Proportionate Share of the Net Pension Liability and Contributions	41
General Fund – Budgetary Comparison Schedule	42
Notes to Required Supplementary Information	43
Supplementary Information	
Nonmajor Governmental Funds	45

TABLE OF CONTENTS

(continued)

	<u>PAGES</u>
Supplementary Information (continued)	
Combining Balance Sheet – Nonmajor Governmental Funds	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	47
Capital Improvement Fund – Budgetary Comparison Schedule	48
Street Improvement Fund – Budgetary Comparison Schedule	49
Conservation Trust Fund – Budgetary Comparison Schedule	50
Housing Initiative 5A Fund – Budgetary Comparison Schedule	51
Cemetery Perpetual Care Fund – Budgetary Comparison Schedule	52
Dillon Urban Renewal Authority – Budgetary Comparison Schedule	53
Water Fund – Budgetary Comparison Schedule	54
Sewer Fund – Budgetary Comparison Schedule	55
Marina Fund – Budgetary Comparison Schedule	56
Statement of Changes in Assets and Liabilities – Agency Fund	57
Compliance Section	
Local Highway Finance Report	58

Financial Section



Independent Auditors' Report

Honorable Mayor and Town Council
Town of Dillon
Dillon, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dillon as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Dillon, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dillon as of December 31, 2017, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Dillon's basic financial statements. The supplementary information and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hick & Company, PC

Greenwood Village, Colorado
June 5, 2018



Management's Discussion and Analysis

As management of the Town of Dillon, we offer readers of the Town of Dillon's financial statements this narrative overview and analysis of the financial activities of the Town of Dillon for the fiscal year ended December 31, 2017.

Financial Highlights

- The assets of the Town of Dillon exceeded its liabilities at the close of fiscal year 2017 by \$28,066,652 (*net position*). Of this amount, \$7,721,919 (*unrestricted net position*) may be used to meet the Town of Dillon's ongoing obligations to citizens and creditors.
- The Town of Dillon's total net position increased by \$4,158,794.
- As of the close of the fiscal year 2017, the Town of Dillon's governmental activities reported ending net position of \$13,231,751 an increase of \$3,357,507 compared with the prior year. Approximately 36.93% of this total amount, \$4,886,547, is available for spending at the Town's discretion (*unrestricted net position*).
- At the end of the fiscal year ended December 31, 2017, unrestricted fund balance for the General Fund was \$2,047,267, or 41.9% of the total general fund expenditures.
- The Town of Dillon's total debt decreased by \$706,270 during the fiscal year ended December 31, 2017.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Dillon's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Dillon's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Dillon's assets and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Dillon is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Dillon that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Dillon include general government, public safety, public works, community development, culture and recreation, housing and the Dillon Urban Renewal Authority. The business-type activities of the Town of Dillon include a water utility that treats and distributes water (the Water Fund), a sewer utility that maintains the sewer collection system (the Sewer Fund) and a marina program (the Marina Fund) that operates and maintains the Dillon Marina.

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 Dillon, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Dillon can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. This accounting method is called modified accrual accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Dillon maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Improvement Fund and Street Improvement Fund, which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Town of Dillon adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds. The Town of Dillon maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Dillon uses enterprise funds to account for its water and sewer utilities and marina operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer and Marina Funds, all of which are considered to be major funds of the Town of Dillon.

Fiduciary funds. The Town of Dillon has one fiduciary fund, the Summit County Telecommunications Consortium (SCTC). The activities of the SCTC are reported in a separate Statement of Assets and Liabilities and Changes in Assets and Liabilities. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town of Dillon's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements are found on pages 22 and 57 of this report.

Notes to the financial statements. 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 following the basic financial statements.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements and the required supplementary information. The combining fund statements can be found on pages 46-47.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Dillon, assets exceeded liabilities by \$28,066,652 at the close of the fiscal year 2017.

The net position of the Town at December 31, 2017 was:

Town of Dillon's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 7,605,117	\$ 11,258,374	\$ 4,862,177	\$ 4,953,451	\$ 12,467,294	\$ 16,211,825
Capital Assets	19,797,284	13,217,424	14,694,669	14,215,712	34,491,953	27,433,136
Total Assets	<u>27,402,401</u>	<u>24,475,798</u>	<u>19,556,846</u>	<u>19,169,163</u>	<u>46,959,247</u>	<u>43,644,961</u>
Total Deferred Outflows of Resources	206,906	-	-	-	206,906	-
Other Liabilities	300,038	268,130	129,980	184,392	430,018	452,522
Noncurrent Liabilities	13,748,558	14,095,636	4,591,965	4,951,157	18,340,523	19,046,793
Total Liabilities	<u>14,048,596</u>	<u>14,363,766</u>	<u>4,721,945</u>	<u>5,135,549</u>	<u>18,770,541</u>	<u>19,499,315</u>
Total Deferred Inflows of Resources	328,960	237,788	-	-	328,960	237,788
Net Position:						
Invested in Capital Assets, Net of Related Debt	6,364,969	4,229,722	11,999,529	11,105,182	18,364,498	15,334,904
Restricted	1,980,235	2,115,365	-	-	1,980,235	2,115,365
Unrestricted	4,886,547	3,529,157	2,835,372	2,928,432	7,721,919	6,457,589
Total Net Position	<u>\$ 13,231,751</u>	<u>\$ 9,874,244</u>	<u>\$ 14,834,901</u>	<u>\$ 14,033,614</u>	<u>\$ 28,066,652</u>	<u>\$ 23,907,858</u>

A large portion of the Town of Dillon's net position (65.4%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Dillon's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Town of Dillon's net position (7.05%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$7,721,919) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Dillon is able to report positive balances in all three categories of net position, both for the Town as a whole, as well as for its separate governmental and business-type activities.

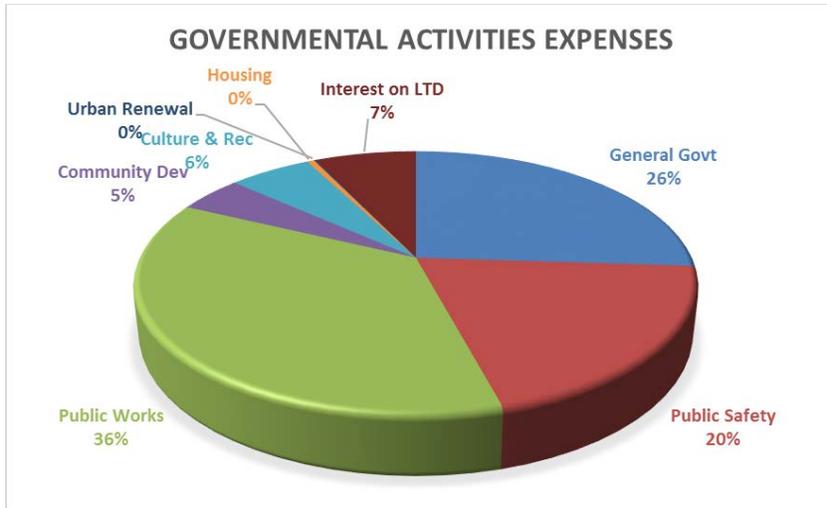
The Town of Dillon's net position increased by \$4,158,794 during the fiscal year 2017. The net position of Governmental Activities increased by \$3,357,507 which can be attributed to an increase in revenues including sales tax, lodging tax, recreational marijuana excise tax and grants for the Amphitheater project. Net position of Business-Type Activities increased by \$801,287 which is the result of an increase in water usage fees, water and sewer tap fees, marina fees and an increase in the investment in the Joint Sewer Authority offset by increases in personnel costs and marina spending.

Town of Dillon's Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program Revenues						
Charges for Services	\$ 331,768	\$ 233,899	\$ 3,491,292	\$ 3,223,512	\$ 3,823,060	\$ 3,457,411
Operating Grants and Contributions	165,826	133,569	-	-	165,826	133,569
Capital Grants and Contributions	1,454,121	208,662	567,365	55,664	2,021,486	264,326
General Revenues						
Sales Tax	6,477,506	6,019,651	-	-	6,477,506	6,019,651
Property Tax	217,328	216,978	-	-	217,328	216,978
Lodging Tax	187,689	171,023	-	-	187,689	171,023
Other Tax	487,345	357,600	-	-	487,345	357,600
Grants & Contributions not Restricted to Specific Programs	14,065	15,043	-	-	14,065	15,043
Other General Revenues	1,460,414	261,694	99,751	114,903	1,560,165	376,597
Total Revenues	<u>10,796,062</u>	<u>7,618,119</u>	<u>4,158,408</u>	<u>3,394,079</u>	<u>14,954,470</u>	<u>11,012,198</u>
Program Expenses						
General Government	1,941,382	1,878,663	-	-	1,941,382	1,878,663
Public Safety	1,478,212	1,295,649	-	-	1,478,212	1,295,649
Public Works	2,707,958	2,191,519	-	-	2,707,958	2,191,519
Community Development	337,183	279,488	-	-	337,183	279,488
Culture and Recreation	426,214	1,553,800	-	-	426,214	1,553,800
Housing	37,160	23,436	-	-	37,160	23,436
Urban Renewal	8,817	340	-	-	8,817	340
Interest on Long-Term Debt	523,629	397,084	-	-	523,629	397,084
Water	-	-	919,654	1,052,105	919,654	1,052,105
Sewer	-	-	1,024,038	781,589	1,024,038	781,589
Marina	-	-	1,391,429	1,112,604	1,391,429	1,112,604
Total Expenses	<u>7,460,555</u>	<u>7,619,979</u>	<u>3,335,121</u>	<u>2,946,298</u>	<u>10,795,676</u>	<u>10,566,277</u>
Transfers	22,000	38,067	(22,000)	(38,067)	-	-
Changes in Net Position	3,357,507	36,207	801,287	409,714	4,158,794	445,921
Net Position-Beginning of Year	<u>9,874,244</u>	<u>9,838,037</u>	<u>14,033,614</u>	<u>13,623,900</u>	<u>23,907,858</u>	<u>23,461,937</u>
Net Position-End of Year	<u>\$ 13,231,751</u>	<u>\$ 9,874,244</u>	<u>\$ 14,834,901</u>	<u>\$ 14,033,614</u>	<u>\$ 28,066,652</u>	<u>\$ 23,907,858</u>

Governmental activities. Governmental activities increased the Town of Dillon’s net position by \$3,357,507. The following are illustrative summaries of Governmental Activities breaking out revenues and expenses:

- Sales tax, the primary source of revenues to the General Fund (77.7% of governmental revenues), increased \$335,940 from 2016. New businesses opened in vacant spaces in 2017.
- Excise tax increased 63.2% or \$122,635 over 2016.
- Lodging tax collections increased 10% or \$16,666 over 2016.
- Charges for services increased 41.8% over 2016 due to a reclassification of events revenues.
- Operating grants and contributions were up 24.2% due to an increase in grant proceeds from the Colorado Department of Transportation for DUI and Click It or Ticket campaigns.



- Expenses for governmental activities are down 2.1%. The chart to the left (see *Governmental Activities Expenses*) represents department expenses as a percentage of the total expenses for governmental activities.

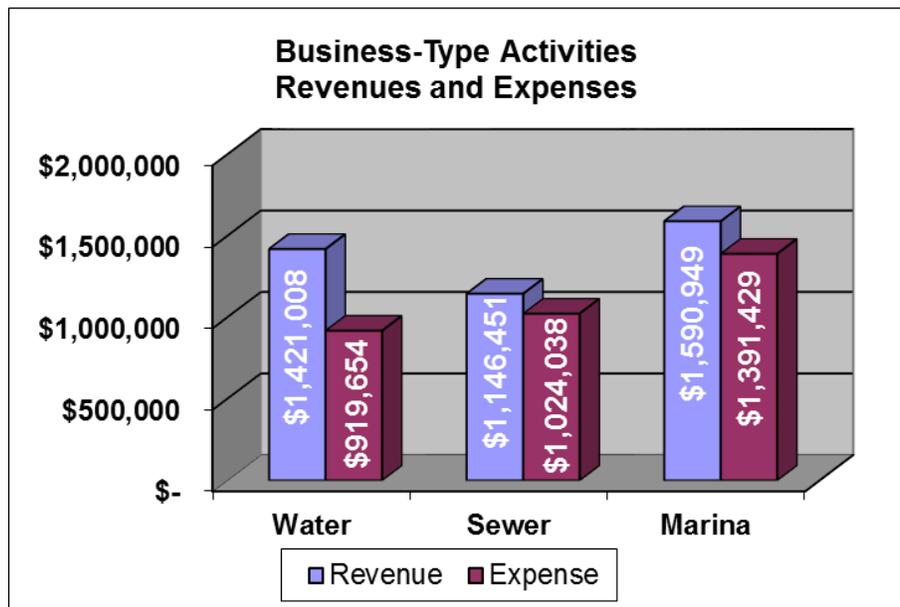
- General government expenses are up 3.3% due to additional events spending, economic development efforts and salary and benefit increases.
- Public safety expenses increased 14% due to salary and

benefit increases and full staffing in 2017.

- Public works expenses increased 23.6% due to the increase in spending on street maintenance and salary and benefits.
- Community Development expenses increased 20.6% due to the addition of an engineering assistant to assist the department with the major capital projects and new development projects.
- Culture and Recreation decreased 72.6% due to a reduction in spending on Marina Park and amphitheater improvements.
- Core Services (public safety, public works and culture and recreation) make up 62% of the expenses. General Government consists of Town Council, general administration, economic development, marketing, communications and events.

Business-type activities. Business-type activities increased the Town of Dillon’s net position by \$801,287, accounting for 19.3% of growth in the Town’s net position. Key elements of this increase are as follows:

- Charges for services increased 8.3% due to increases in water usage fees and marina revenues.
- Water and Sewer and Marina Funds reflect increases in net position as shown in the chart to the right.



Financial Analysis of the Town of Dillon's Funds

As noted earlier, the Town of Dillon uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town of Dillon's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Dillon's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year 2017, the Town of Dillon's governmental funds reported combined ending fund balances of \$7,006,158, a decrease of \$3,778,294 (35%) over 2016. Approximately 29.2% of this total amount constitutes unassigned fund balance (\$2,047,267), which is available for spending at the Town's discretion. The remainder of fund balance is restricted or assigned to indicate that it is not available for new spending because it has already been either restricted for 1) emergencies (\$298,534), 2) parks and open space projects (\$37,155), 3) affordable housing projects (\$1,252,644), 4) streets (\$306,050), or assigned for 1) cemetery purposes (\$23,091), 2) capital projects (\$2,897,957) 3) urban renewal (\$12,914) or nonspendable for notes receivable (\$3,342), prepaid expenditures (\$41,352) and cemetery perpetual care balances (\$85,852).

The General Fund is the chief operating fund of the Town of Dillon. At the end of the fiscal year 2017, unassigned fund balance of the General Fund was \$2,047,267, while the total fund balance was \$2,390,495. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represents 41.8% and 48.9% of the total general fund expenditures, respectively.

The Capital Improvement Fund ended the year with a fund balance of \$2,897,957. The net decrease in fund balance during the fiscal year 2017 was \$3,761,100 as a result of spending the 2016 lease proceeds for the amphitheater improvements.

The Street Improvement Fund was created in 2008 to account for the issuance of debt for funding street reconstruction projects that were approved by the voters in 2008. The funding source for the debt repayment is the voter approved .5% sales tax. The fund balance at December 31, 2017 is \$306,050. The net decrease in the fund balance for 2017 was \$897,620 as a result of spending the bond proceeds for the Lodgepole Street reconstruction project.

The nonmajor special revenue funds include the Conservation Trust Fund, Housing Initiative 5A Fund, Cemetery Perpetual Care Fund and the Dillon Urban Renewal Authority. The fund balance in the Conservation Trust Fund (\$37,155) is restricted by the State of Colorado for parks and open space projects as approved by Great Outdoors Colorado (GOCO). The Housing Initiative 5A Fund was created in 2007 to collect the voter approved sales tax of .725% and the impact fee. All expenditures must be used for affordable housing and the current fund balance is \$1,252,644. The Cemetery Perpetual Care Fund has a current fund balance of \$108,943 and only the donations, capital fee and interest earnings can be expended for cemetery purposes. The Cemetery Advisory Committee is charged with obtaining donations and make recommendations for future projects. The Dillon Urban Renewal Authority (DURA) was established by the Town

for the purposes of revitalizing blighted areas. The Town Council serves as the governing body for DURA. The fund balance at December 31, 2017 is \$12,914.

Proprietary funds. The Town of Dillon's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water, Sewer and Marina Funds at the end of the year amounted to \$2,835,372. The changes in net position for all three funds were an increase of \$501,354 for Water, \$122,413 for Sewer and \$177,520 for Marina. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town of Dillon's business-type activities.

General Fund Budgetary Highlights

The fund balance of the Town of Dillon's General Fund increased by \$179,887 (8.1%) during the current fiscal year. Revenues were over budget by \$394,897 (7.9%) due to the growth in the economy. Expenditures were under budget by \$61,538 (1.24%) due to staff vacancies in administration and public works and reduction in spending in snow removal. Supplemental appropriations were approved by Town Council for donations to non-profits, public safety grant spending, legal costs and transfer to Capital Improvement Fund for capital spending.

Capital Asset and Debt Administration

Capital assets. The Town of Dillon's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$34,491,953 (net of accumulated depreciation). This investment in capital assets includes land, streets, sidewalks, buildings, equipment and vehicles, parks and amphitheater, furniture and fixtures, water plant, water and sewer lines, marina facilities and other improvements.

Town of Dillon's Capital Assets

	Governmental		Business Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 2,091,562	\$ 2,091,562	\$ 219,652	\$ 219,652	\$ 2,311,214	\$ 2,311,214
Water Rights	-	-	2,738,830	2,738,830	\$ 2,738,830	\$ 2,738,830
Construction in Progress	7,151,937	785,740	-	-	\$ 7,151,937	\$ 785,740
Infrastructure	19,636,494	18,526,952	9,005,544	8,225,818	\$28,642,038	\$26,752,770
Buildings	1,614,670	1,614,670	480,243	480,243	\$ 2,094,913	\$ 2,094,913
Equipment & Vehicles	2,939,167	2,912,210	889,661	822,338	\$ 3,828,828	\$ 3,734,548
Parks & Amphitheatre	3,168,330	3,057,850	-	-	\$ 3,168,330	\$ 3,057,850
Furniture & Fixtures	301,409	311,075	-	-	\$ 301,409	\$ 311,075
Water Plant	-	-	5,823,554	5,823,554	\$ 5,823,554	\$ 5,823,554
Improvements	-	-	4,766,717	4,670,627	\$ 4,766,717	\$ 4,670,627
Total	<u>\$36,903,569</u>	<u>\$29,300,059</u>	<u>\$23,924,201</u>	<u>\$22,981,062</u>	<u>\$60,827,770</u>	<u>\$52,281,121</u>

Major capital asset events during the current fiscal year included the following:

- Amphitheatre Improvements (\$6.7m).
- Lodgepole Street Improvements (\$517k).
- Purchase of Equipment/Vehicles (\$416k).
- Water Main Replacement on Highway 6 (\$796k).
- Marina rental boats/utility tractor (\$145k)
- Marina Wave Attenuator (\$81k)

Town of Dillon's Outstanding Debt

	Governmental		Business Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Water Utility Loans	\$ -	\$ -	\$ 2,946,923	\$ 3,058,487	\$ 2,946,923	\$ 3,058,487
Sewer Utility Loans	-	-	-	147,252	\$ -	\$ 147,252
Marina Facility Loans	-	-	1,632,485	1,734,000	\$ 1,632,485	\$ 1,734,000
Revenue Bonds	8,720,000	8,940,000	-	-	\$ 8,720,000	\$ 8,940,000
Capital Lease Obligations	4,930,969	5,066,000	-	-	\$ 4,930,969	\$ 5,066,000
Compensated Absences	109,337	107,934	12,557	11,418	\$ 121,894	\$ 119,352
Bond Discount	(11,748)	(18,298)	-	-	\$ (11,748)	\$ (18,298)
Total	<u>\$13,748,558</u>	<u>\$14,095,636</u>	<u>\$ 4,591,965</u>	<u>\$ 4,951,157</u>	<u>\$18,340,523</u>	<u>\$19,046,793</u>

Long-term debt. At the end of the current fiscal year, the Town of Dillon had total long-term debt outstanding of \$18,340,523. Of this amount, \$2,946,923 in water utility loans and \$1,632,485 for the marina shoreline replacement project, and \$8,720,000 in bonds secured solely

by specified revenue sources (i.e. revenue bonds). Additionally, the Town of Dillon has \$4,930,969 in lease financing for the amphitheater improvements, \$121,894 in compensated absences and a bond discount (\$11,748). The Town of Dillon's total debt decreased by \$706,270 during the current fiscal year.

Economic Factors and Next Year's Budget and Rates

- Sales tax revenues account for 81.6% of total governmental fund revenues and is the primary source for providing funds for general operations, maintenance, debt payments and capital projects of the Town of Dillon.
- Sales tax collections in 2018 were projected to be flat to 2017.
- Assessed valuations have increased by 7.3% from 2017 to 2018, however the Town is limited to a 5% increase in property tax collections per the Dillon Town Charter. Therefore, the Town mill levy was temporarily reduced from 3.351 to 3.338 for 2018.
- General Fund expenditures increased 7.1% over the 2017 actuals due to an increase in salary and benefits, consultant fees for planning and engineering due to the increase in development, events programming and economic development incentives.
- Capital spending represents 40% of the 2018 budget of all expenditures appropriated for capital projects in the Capital Improvement Fund, Street Improvement Fund, Water Fund, Sewer Fund and Marina Fund.
- Major capital projects for 2018 include the amphitheater improvements project, utility work at Town Park, water main replacement along Highway 6, emergency power at the water plant, demolition of the old storage tank, replacement of sewer manholes, replacement of A-dock and a portion of the marina rental boat fleet and an update to the Marina master plan.

All of these factors were considered in the preparation for the Town of Dillon's budget for the 2018 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town of Dillon's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Carri McDonnell, Finance Director, Town of Dillon, P.O. Box 8, Dillon, CO 80435, or to carrim@townofdillon.com, or (970) 262-3404.

TOWN OF DILLON, COLORADO
STATEMENT OF NET POSITION
December 31, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 5,400,829	\$ 2,902,356	\$ 8,303,185
Accounts Receivable	146,497	75,553	222,050
Current Taxes Receivable	36,440	-	36,440
Intergovernmental Receivable	1,647,697	-	1,647,697
Property Taxes Receivable	328,960	-	328,960
Notes Receivable	3,342	-	3,342
Prepaid Expenses	41,352	-	41,352
Investment in Joint Sewer Authority	-	1,884,268	1,884,268
Capital Assets			
Non-Depreciable Assets	9,243,499	2,958,482	12,201,981
Depreciable Assets, Net	<u>10,553,785</u>	<u>11,736,187</u>	<u>22,289,972</u>
Total Assets	<u>27,402,401</u>	<u>19,556,846</u>	<u>46,959,247</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Debt Refunding, Net of Accumulated Amortization	<u>206,906</u>	<u>-</u>	<u>206,906</u>
LIABILITIES			
Accounts Payable	153,859	57,530	211,389
Interest Payable	30,039	52,631	82,670
Accrued Liabilities	91,720	19,819	111,539
Deposits	12,660	-	12,660
Unearned Revenues	11,760	-	11,760
Noncurrent Liabilities			
Due Within One Year	704,972	219,712	924,684
Due in More Than One Year	<u>13,043,586</u>	<u>4,372,253</u>	<u>17,415,839</u>
Total Liabilities	<u>14,048,596</u>	<u>4,721,945</u>	<u>18,770,541</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	<u>328,960</u>	<u>-</u>	<u>328,960</u>
NET POSITION			
Net Investment in Capital Assets	6,364,969	11,999,529	18,364,498
Restricted for:			
Cemetery, Nonexpendable	85,852	-	85,852
Emergencies	298,534	-	298,534
Parks and Open Space	37,155	-	37,155
Housing	1,252,644	-	1,252,644
Streets	306,050	-	306,050
Unrestricted	<u>4,886,547</u>	<u>2,835,372</u>	<u>7,721,919</u>
Total Net Position	<u>\$ 13,231,751</u>	<u>\$ 14,834,901</u>	<u>\$ 28,066,652</u>

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

TOWN OF DILLON, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,941,382	\$ 66,891	\$ -	\$ -
Public Safety	1,478,212	101,893	67,144	-
Public Works	2,707,958	-	98,682	-
Community Development	337,183	14,273	-	-
Culture and Recreation	426,214	148,711	-	747,635
Housing	37,160	-	-	706,486
Urban Renewal	8,817	-	-	-
Interest on Long-Term Debt	523,629	-	-	-
Total Governmental Activities	7,460,555	331,768	165,826	1,454,121
Business-Type Activities				
Water	919,654	1,091,707	-	319,887
Sewer	1,024,038	846,177	-	247,478
Marina	1,391,429	1,553,408	-	-
Total Business-Type Activities	3,335,121	3,491,292	-	567,365
TOTAL PRIMARY GOVERNMENT	\$ 10,795,676	\$ 3,823,060	\$ 165,826	\$ 2,021,486

GENERAL REVENUES
Sales Taxes
Property Taxes
Lodging Tax
Other Tax
Grants & Contributions Not Restricted to Specific Programs
Interest
Miscellaneous

TOTAL GENERAL REVENUES

TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

PRIMARY GOVERNMENT

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
\$ (1,874,491)	\$ -	\$ (1,874,491)
(1,309,175)	-	(1,309,175)
(2,609,276)	-	(2,609,276)
(322,910)	-	(322,910)
470,132	-	470,132
669,326	-	669,326
(8,817)	-	(8,817)
<u>(523,629)</u>	<u>-</u>	<u>(523,629)</u>
<u>(5,508,840)</u>	<u>-</u>	<u>(5,508,840)</u>
-	491,940	491,940
-	69,617	69,617
<u>-</u>	<u>161,979</u>	<u>161,979</u>
<u>-</u>	<u>723,536</u>	<u>723,536</u>
<u>(5,508,840)</u>	<u>723,536</u>	<u>(4,785,304)</u>
6,477,506	-	6,477,506
217,328	-	217,328
187,689	-	187,689
487,345	-	487,345
14,065	-	14,065
40,365	17,233	57,598
<u>1,420,049</u>	<u>82,518</u>	<u>1,502,567</u>
8,844,347	99,751	8,944,098
<u>22,000</u>	<u>(22,000)</u>	<u>-</u>
3,357,507	801,287	4,158,794
<u>9,874,244</u>	<u>14,033,614</u>	<u>23,907,858</u>
<u>\$ 13,231,751</u>	<u>\$ 14,834,901</u>	<u>\$ 28,066,652</u>

TOWN OF DILLON, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	General	Capital Improvement	Street Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS					
Assets					
Cash and Investments	\$ 1,696,423	\$ 2,267,544	\$ 139,376	\$ 1,297,486	\$ 5,400,829
Accounts Receivable	68,761	75,109	-	2,627	146,497
Current Taxes Receivable	36,440	-	-	-	36,440
Intergovernmental Receivable	781,835	572,205	166,674	126,983	1,647,697
Property Taxes Receivable	195,676	32,704	-	100,580	328,960
Notes Receivable	3,342	-	-	-	3,342
Due from Other Funds	11,195	-	-	-	11,195
Prepaid Expenditures	41,352	-	-	-	41,352
Total Assets	\$ 2,835,024	\$ 2,947,562	\$ 306,050	\$ 1,527,676	\$ 7,616,312
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 132,713	\$ 16,901	\$ -	\$ 4,245	\$ 153,859
Accrued Liabilities	91,720	-	-	-	91,720
Deposits	12,660	-	-	-	12,660
Unearned Revenues	11,760	-	-	-	11,760
Due to Other Funds	-	-	-	11,195	11,195
Total Liabilities	248,853	16,901	-	15,440	281,194
Deferred Inflows of Resources					
Property Taxes	195,676	32,704	-	100,580	328,960
Fund Balances					
Nonspendable:					
Notes Receivable	3,342	-	-	-	3,342
Prepaid Expenditures	41,352	-	-	-	41,352
Cemetery	-	-	-	85,852	85,852
Restricted for:					
Emergencies	298,534	-	-	-	298,534
Parks and Open Space	-	-	-	37,155	37,155
Housing	-	-	-	1,252,644	1,252,644
Streets	-	-	306,050	-	306,050
Assigned to:					
Cemetery	-	-	-	23,091	23,091
Capital Projects	-	2,897,957	-	-	2,897,957
Urban Renewal	-	-	-	12,914	12,914
Unassigned	2,047,267	-	-	-	2,047,267
Total Fund Balances	2,390,495	2,897,957	306,050	1,411,656	7,006,158
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,835,024	\$ 2,947,562	\$ 306,050	\$ 1,527,676	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					19,797,284
Long-term liabilities, including bonds payable (\$8,720,000), leases payable (\$4,930,969), interest payable (\$30,039), accrued compensated absences (\$109,337) offset by bond discount \$11,748, and loss on refunding \$206,906 are not due and payable in the current period and, therefore, not reported in the funds.					(13,571,691)
Total Net Position of Governmental Activities					\$ 13,231,751

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

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

For the Year Ended December 31, 2017

	General	Capital Improvement	Street Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 4,827,708	\$ 1,537,157	\$ 987,442	\$ 17,561	\$ 7,369,868
Charges for Services	165,394	-	-	4,450	169,844
Licenses and Permits	61,149	-	-	-	61,149
Intergovernmental	179,891	738,171	-	715,090	1,633,152
Fines and Forfeitures	100,775	-	-	-	100,775
Interest	24,980	8,933	628	5,824	40,365
Miscellaneous	6,123	1,396,841	8,404	9,541	1,420,909
Total Revenues	5,366,020	3,681,102	996,474	752,466	10,796,062
EXPENDITURES					
Current					
General Government	1,867,586	-	-	-	1,867,586
Public Safety	1,417,380	-	-	-	1,417,380
Public Works	793,996	3,026	31,525	-	828,547
Community Development	331,527	-	-	-	331,527
Culture and Recreation	475,644	-	-	5,950	481,594
Housing	-	-	-	37,160	37,160
Urban Renewal	-	-	-	8,817	8,817
Capital Outlay	-	7,446,024	1,014,056	-	8,460,080
Debt Service					
Principal	-	135,031	515,000	-	650,031
Interest	-	180,121	333,513	-	513,634
Debt Issuance Costs	-	-	82,692	-	82,692
Total Expenditures	4,886,133	7,764,202	1,976,786	51,927	14,679,048
Excess of Revenues Over (Under) Expenditures	479,887	(4,083,100)	(980,312)	700,539	(3,882,986)
OTHER FINANCING SOURCES (USES)					
Debt Issued	-	-	4,645,000	-	4,645,000
Payment to Escrow Agent	-	-	(4,562,308)	-	(4,562,308)
Transfer In	-	322,000	-	-	322,000
Transfer Out	(300,000)	-	-	-	(300,000)
Total Other Financing Sources (Uses)	(300,000)	322,000	82,692	-	104,692
Net Change in Fund Balances	179,887	(3,761,100)	(897,620)	700,539	(3,778,294)
Fund Balances, Beginning of Year	2,210,608	6,659,057	1,203,670	711,117	10,784,452
Fund Balances, End of Year	\$ 2,390,495	\$ 2,897,957	\$ 306,050	\$ 1,411,656	\$ 7,006,158

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

TOWN OF DILLON, COLORADO
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended December 31, 2017

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

Net Change in Fund Balances of Governmental Funds	\$ (3,778,294)
Capital outlays to purchase or build capital assets \$8,232,272 are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense (\$1,514,487).	6,717,785
The net effect of various miscellaneous transactions involving capital assets (i.e. disposal of assets) are not reported in the governmental funds.	(137,925)
Repayments of bond principal \$515,000 and lease payments of \$135,031 are expenditures in the governmental funds, but they decrease long-term liabilities in the statement of net position and do not affect the statement of activities.	650,031
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in accrued compensated absences (\$1,403) and accrued interest payable \$1,957.	554
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items: bonds issued (\$4,645,000), payment to escrow agent \$4,562,308, amortization of loss on refunding (\$10,972) and amortization of bond discount (\$980).	<u>(94,644)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 3,357,507</u></u>

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

TOWN OF DILLON, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017

	Water Fund	Sewer Fund	Marina Fund	Total Business-Type Activities
ASSETS				
Current Assets				
Cash and Investments	\$ 1,585,959	\$ 737,988	\$ 578,409	\$ 2,902,356
Accounts Receivable	59,036	8,796	7,721	75,553
Total Current Assets	1,644,995	746,784	586,130	2,977,909
Noncurrent Assets				
Investment in Joint Sewer Authority	-	1,884,268	-	1,884,268
Capital Assets				
Non-Depreciable Assets	2,958,482	-	-	2,958,482
Depreciable Assets, Net	6,531,070	2,003,312	3,201,805	11,736,187
Total Noncurrent Assets	9,489,552	3,887,580	3,201,805	16,578,937
Total Assets	11,134,547	4,634,364	3,787,935	19,556,846
LIABILITIES				
Current Liabilities				
Accounts Payable	17,092	2,416	38,022	57,530
Interest Payable	50,136	-	2,495	52,631
Accrued Liabilities	7,594	3,076	9,149	19,819
Leases and Loans Payable	114,482	-	105,230	219,712
Total Current Liabilities	189,304	5,492	154,896	349,692
Noncurrent Liabilities				
Compensated Absences	3,032	1,779	7,746	12,557
Leases and Loans Payable	2,832,441	-	1,527,255	4,359,696
Total Noncurrent Liabilities	2,835,473	1,779	1,535,001	4,372,253
Total Liabilities	3,024,777	7,271	1,689,897	4,721,945
NET POSITION				
Net Investment in Capital Assets	6,542,629	3,887,580	1,569,320	11,999,529
Unrestricted	1,567,141	739,513	528,718	2,835,372
TOTAL NET POSITION	\$ 8,109,770	\$ 4,627,093	\$ 2,098,038	\$ 14,834,901

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

TOWN OF DILLON, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Water Fund	Sewer Fund	Marina Fund	Total Business-Type Activities
OPERATING REVENUES				
Charges for Services	\$ 1,091,707	\$ 846,177	\$ 1,553,408	\$ 3,491,292
Total Operating Revenues	1,091,707	846,177	1,553,408	3,491,292
OPERATING EXPENSES				
Operations	401,737	104,749	1,096,216	1,602,702
Maintenance	66,438	352,481	70,965	489,884
Distribution	6,237	-	-	6,237
Treatment	37,733	481,598	-	519,331
Depreciation	321,448	82,062	163,659	567,169
Total Operating Expenses	833,593	1,020,890	1,330,840	3,185,323
Operating Income (Loss)	258,114	(174,713)	222,568	305,969
NONOPERATING REVENUES (EXPENSES)				
Interest Revenue	5,216	8,309	3,708	17,233
Miscellaneous Revenue	4,198	-	33,833	38,031
Interest Expense	(86,061)	(3,148)	(60,589)	(149,798)
Joint Sewer Authority	-	44,487	-	44,487
Total Nonoperating Revenues (Expenses)	(76,647)	49,648	(23,048)	(50,047)
Net Income (Loss) Before Transfers and Capital Contributions	181,467	(125,065)	199,520	255,922
Transfer Out	-	-	(22,000)	(22,000)
Capital Contributions-Tap Fees	319,887	247,478	-	567,365
CHANGE IN NET POSITION	501,354	122,413	177,520	801,287
NET POSITION, Beginning	7,608,416	4,504,680	1,920,518	14,033,614
NET POSITION, Ending	\$ 8,109,770	\$ 4,627,093	\$ 2,098,038	\$ 14,834,901

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

TOWN OF DILLON, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Increase (Decrease) in Cash and Cash Equivalents
For the Year Ended December 31, 2017

	Water Fund	Sewer Fund	Marina Fund	Total Business-Type Activities
CASH FLOW FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,075,789	\$ 840,241	\$ 1,550,970	\$ 3,467,000
Cash Paid to Suppliers	(309,841)	(879,437)	(516,275)	(1,705,553)
Cash Paid to Employees	(280,841)	(66,114)	(613,976)	(960,931)
Net Cash Provided (Used) by Operating Activities	<u>485,107</u>	<u>(105,310)</u>	<u>420,719</u>	<u>800,516</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Capital Assets	(800,657)	(3,801)	(241,668)	(1,046,126)
Debt Principal Payments	(111,564)	(147,252)	(101,515)	(360,331)
Interest Payments	(87,597)	(6,399)	(60,745)	(154,741)
Tap Fees Received	319,887	247,478	-	567,365
Transfer Out	-	-	(22,000)	(22,000)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(679,931)</u>	<u>90,026</u>	<u>(425,928)</u>	<u>(1,015,833)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES				
Miscellaneous	4,198	-	33,833	38,031
Net Cash Provided by Noncapital Financing Activities	<u>4,198</u>	<u>-</u>	<u>33,833</u>	<u>38,031</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Received	5,216	8,309	3,708	17,233
Net Increase (Decrease) in Cash & Cash Equivalents	(185,410)	(6,975)	32,332	(160,053)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,771,369</u>	<u>744,963</u>	<u>546,077</u>	<u>3,062,409</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 1,585,959</u>	<u>\$ 737,988</u>	<u>\$ 578,409</u>	<u>\$ 2,902,356</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 258,114	\$ (174,713)	\$ 222,568	\$ 305,969
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	321,448	82,062	163,659	567,169
Net Gain from Joint Venture	-	(10,572)	-	(10,572)
Changes in Assets and Liabilities				
Accounts Receivable	(15,918)	4,636	(2,438)	(13,720)
Accounts Payable	(74,072)	(6,696)	27,186	(53,582)
Accrued Liabilities	(2,533)	464	6,182	4,113
Compensated Absences	(1,932)	(491)	3,562	1,139
Net Cash Provided (Used) by Operating Activities	<u>\$ 485,107</u>	<u>\$ (105,310)</u>	<u>\$ 420,719</u>	<u>\$ 800,516</u>

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

TOWN OF DILLON, COLORADO
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
December 31, 2017

	Summit County Telecommunications Consortium
ASSETS	
Current Assets	
Cash and Investments	\$ 162,376
Accounts Receivable	<u>10,503</u>
Total Current Assets	<u><u>\$ 172,879</u></u>
LIABILITIES	
Liabilities	
Accrued Liabilities	\$ 2,522
Funds Held for Others	<u>170,357</u>
Total Liabilities	<u><u>\$ 172,879</u></u>

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

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Dillon, Colorado (the Town) is a home-rule municipality governed by a mayor-manager form of government through a Mayor and six-member Town Council elected by the citizens.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for organizations that are fiscally dependent upon it.

The Dillon Urban Renewal Authority (Authority) was established in 2009 along with the Dillon Urban Renewal Plan to assist with revitalization of blighted areas in the Town. The Town amended the Dillon Urban Renewal Plan in 2012 to allow for tax increment financing. The Town Council serves as the governing board for the Authority and management of the Town has operational responsibility for the Authority. Although the Authority is legally separate from the Town, the Authority's primary revenue source, tax increment financing, can only be established by the Town. The Authority does not issue separate financial statements and is reported as a special revenue fund in the Town's financial statements.

For financial reporting purposes, the Town includes all funds, agencies, boards and commissions, which are controlled by, or are dependent on, the Town. No additional entities are included in the Town's reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues are reported separately from *business-type activities*, which rely on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants 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*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the Town's government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The agency fund uses the accrual basis of accounting. Revenues are recorded in the period in which they are earned and expenses are recognized when the 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within sixty days of the end of the current fiscal period.

Taxes, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for a specific use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

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 all financial resources of the Town, except those accounted for in another fund.

The *Capital Improvement Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities and/or assets (other than those financed by proprietary funds and fiduciary funds). Major capital projects are funded with a portion of sales and property taxes as approved by the Town Council in the annual budget.

The *Street Improvement Fund* accounts for the reconstruction of streets funded by the dedicated sales tax of .5% and through the issuance of bonds.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Town reports the following major proprietary funds:

The *Water Fund* accounts for the financial activities associated with the provision of water services.

The *Sewer Fund* accounts for the financial activities associated with the provision of sewer services.

The *Marina Fund* accounts for the financial activities associated with the operations of the Dillon Marina.

Additionally, the Town reports the following Fiduciary Fund:

The Summit County Telecommunications Consortium Agency Fund (SCTC) accounts for assets that are held on behalf of the participating public entities. The SCTC was established through an intergovernmental agreement with the Towns of Dillon, Breckenridge, Frisco and Silverthorne and Summit County Government. The responsibilities of the SCTC include the oversight of the public access channel. The Town of Dillon holds the resources in a fiduciary capacity.

Cash Equivalents

Cash equivalents include investments with original maturities of three months or less. Investments in pooled cash are considered cash equivalents.

Receivables

Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectable. The Town has a down payment assistance program for employees. The Town records a note and deed of trust on the property purchased by the employee. Outstanding balances are recorded as notes receivable.

Prepaid Expenses

Payments to vendors for services that will benefit subsequent years are reported as prepaid expenses.

Interfund Receivables and Payables

During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified in the fund financial statements as *due from other funds* and *due to other funds*.

Capital Assets

Capital assets, which include property, equipment and all infrastructure owned by the Town, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Property and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives.

Buildings and improvements	10-50 years
Equipment and Vehicles	3-15 years
Parks and Amphitheatre	3-50 years
Furniture and Fixtures	3-20 years
Infrastructure	10-40 years
Plant, Lines and Reservoirs	15-40 years

Unearned Revenues

Unearned revenues arise when business license fees are received in advance for the next fiscal year. In subsequent periods, the liability for the unearned revenue is removed from the balance sheet and the revenue is recognized.

Compensated Absences

Employees of the Town are allowed to accumulate unused vacation time. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation time.

These compensated absences are recognized as current salary costs when earned in the proprietary fund types and when due in the governmental fund types. A long-term liability has been recorded in the government-wide financial statements for the accrued compensated absences.

Long-Term Obligations

In the government-wide financial statements, and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums, discounts and accounting losses from debt refundings are deferred and amortized over the life of the bonds using the straight-line method. In the fund financial statements, governmental fund types recognize the face amount of debt issued 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 debt service expenses or expenditures when paid.

Deferred Inflows of Resources

Deferred inflows of resources include property taxes earned but levied for a subsequent year.

Property Taxes

Property taxes attach as an enforceable lien on the property as of January 1. Taxes are levied the subsequent January 1 and are payable in full on April 30 of the subsequent year, or in two installments on February 28 and June 15. The County Treasurer collects and remits the taxes to the Town monthly.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance

In the government-wide financial statements and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. The Town Council establishes a fund balance commitment through passage of an ordinance. The Town Council has assigned the fund balance of the Capital Improvement Fund for capital projects and related capital equipment in its fund balance policies, and has authorized by resolution the authority to the Town Manager to assign amounts to a specific purpose. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the Town's policy is to use restricted amounts first, followed by committed, assigned and unassigned amounts.

Pensions

The Town participates in the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from the plan's fiduciary net position have been determined using the accrual basis of accounting, the same basis of accounting as the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized in the year the contributions are due.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments as of December 31, 2017 follows:

Deposits	\$ 4,419,009
Petty Cash	700
Investments	<u>4,045,852</u>
Total Cash on Hand and Investments	<u>\$ 8,465,561</u>

Cash and investments are reported in the financial statements as follows:

Cash and Investments	\$ 8,303,185
Agency Fund Cash and Investments	<u>162,376</u>
Total Cash and Investments	<u>\$ 8,465,561</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the 102% of the uninsured deposits. At December 31, 2017, the Town had bank deposits of \$4,882,171 collateralized with securities held by the financial institutions' agents but not in the Town's name.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

At December 31, 2017, the Town had the following investments:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Investment in Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>Fair Value</u>
Local Government Investment Pools	AAAm	1,683,852	--	1,683,852
Fidelity Money Market	AAAm	248,000	--	248,000
Brokered Certificates of Deposit	N/A	<u>494,000</u>	<u>1,620,000</u>	<u>2,114,000</u>
Total		<u>\$2,425,852</u>	<u>\$1,620,000</u>	<u>\$4,045,852</u>

The Town has a formal investment policy that limits its investment choices and the length of maturity to five years. Custodial risk is not addressed by State Statutes or the Town's investment policy. The investment choices are within the limitations of state laws and include:

- Obligations of the United States and certain U.S. agency securities
- Money market funds that consist entirely of U.S. government securities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities

Credit Risk – State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more Nationally Recognized Statistical Rating Organizations (NRSRO).

Custodial Risk – The Town has purchased brokered certificates of deposits that are not held in the Town's name.

Concentration of Credit Risk – State statutes do not limit the amount the Town may invest in a single issuer, except for corporate securities.

Interest Rate Risk – The Town has an investment policy adopted by the Town Council that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town's policy is to buy and hold investments to maturity and limits the maturities to five years. The Town's investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the Town's investment risk constraints and the cash flow characteristics of the portfolio.

Fair Value Measurements – At December 31, 2017, the Town's investments in a money market fund and local government investment pools were measured at the net asset value per share.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Local Government Investment Pools – At December 31, 2017 the Town had \$830,890 invested in the Colorado Surplus Asset Fund Trust (CSAFE) and \$852,962 in the Colorado Local Government Liquid Asset Trust (Colotrust). The pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Trusts. The pools operate in conformity with the Securities and Exchange Commission’s Rule 2a-7. The pools are measured at the net asset value per share, with each share valued at \$1. The pools are rated AAAM by Standard and Poor’s. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian’s internal records identify the investments owned by the participating governments.

NOTE 3: CAPITAL ASSETS

Governmental Activities

Capital assets activity for governmental activities for the year ended December 31, 2017 is summarized below:

	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/17</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 2,091,562	\$ --	\$ --	\$ 2,091,562
Construction in Progress	<u>785,740</u>	<u>6,760,384</u>	<u>(394,187)</u>	<u>7,151,937</u>
Total Capital Assets, Not Being Depreciated	<u>2,877,302</u>	<u>6,760,384</u>	<u>(394,187)</u>	<u>9,243,499</u>
Capital Assets, Being Depreciated				
Infrastructure	18,526,952	1,191,231	(81,689)	19,636,494
Buildings	1,614,670	--	--	1,614,670
Equipment & Vehicles	2,912,210	307,218	(280,261)	2,939,167
Parks & Amphitheatre	3,057,850	258,413	(147,933)	3,168,330
Furniture & Fixtures	<u>311,075</u>	<u>109,213</u>	<u>(118,879)</u>	<u>301,409</u>
Total Capital Assets, Being Depreciated	<u>26,422,757</u>	<u>1,866,075</u>	<u>(628,762)</u>	<u>27,660,070</u>
Less: Accumulated Depreciation For				
Infrastructure	11,224,606	1,047,261	(81,689)	12,190,178
Buildings	1,238,738	33,383	--	1,272,121
Equipment & Vehicles	1,679,613	271,585	(182,338)	1,768,860
Parks & Amphitheatre	1,646,305	135,989	(107,931)	1,674,363
Furniture & Fixtures	<u>293,373</u>	<u>26,269</u>	<u>(118,879)</u>	<u>200,763</u>
Total Accumulated Depreciation	<u>16,082,635</u>	<u>1,514,487</u>	<u>(490,837)</u>	<u>17,106,285</u>
Total Capital Assets, Being Depreciated, Net	<u>10,340,122</u>	<u>351,588</u>	<u>(137,925)</u>	<u>10,553,785</u>
Governmental Activities Capital Assets, Net	<u>\$13,217,424</u>	<u>\$ 7,111,972</u>	<u>\$ (532,112)</u>	<u>\$19,797,284</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 3: CAPITAL ASSETS (Continued)

Business-Type Activities

Capital assets activity for business-type activities for the year ended December 31, 2017 is summarized below:

	Balance <u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/17</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 219,652	--	--	\$ 219,652
Water Rights	<u>2,738,830</u>	--	--	<u>2,738,830</u>
Total Capital Assets, Not Being Depreciated	<u>2,958,482</u>	--	--	<u>2,958,482</u>
Capital Assets, Being Depreciated				
Water Plant	5,823,554	--	--	5,823,554
Lines	5,764,640	796,856	(17,130)	6,544,366
Buildings	480,243	--	--	480,243
Equipment & Vehicles	822,338	153,180	(85,857)	889,661
Lift Station	903,298	--	--	903,298
Reservoirs	1,557,880	--	--	1,557,880
Improvements	<u>4,670,627</u>	<u>96,090</u>	--	<u>4,766,717</u>
Total Capital Assets, Being Depreciated	<u>20,022,580</u>	<u>1,046,126</u>	<u>(102,987)</u>	<u>20,965,719</u>
Less: Accumulated Depreciation For				
Water Plant	2,346,782	195,753	--	2,542,535
Lines	3,203,583	126,221	(17,130)	3,312,674
Buildings	431,784	11,610	--	443,394
Equipment & Vehicles	570,367	90,838	(85,857)	575,348
Lift Station	232,788	24,710	--	257,498
Reservoirs	235,315	38,947	--	274,262
Improvements	<u>1,744,731</u>	<u>79,090</u>	--	<u>1,823,821</u>
Total Accumulated Depreciation	<u>8,765,350</u>	<u>567,169</u>	<u>(102,987)</u>	<u>9,229,532</u>
Total Capital Assets, Being Depreciated, Net	<u>11,257,230</u>	<u>478,957</u>	--	<u>11,736,187</u>
Business-Type Activities Capital Assets, Net	<u>\$14,215,712</u>	<u>\$ 478,957</u>	<u>\$ --</u>	<u>\$14,694,669</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 3: CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 44,355
Public Safety	41,421
Public Works	1,277,118
Culture and Recreation	<u>151,593</u>
Total Governmental Activities Depreciation Expense	<u>\$1,514,487</u>
Business-Type Activities	
Water Fund	\$ 321,448
Sewer Fund	82,062
Marina Fund	<u>163,659</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 567,169</u>

NOTE 4: INVESTMENT IN SILVERTHORNE/DILLON JOINT SEWER AUTHORITY

The Town is a participant in the Silverthorne/Dillon Joint Sewer Authority (Authority) which was formed to construct and operate a sewage treatment facility. Participants in the Authority are the Towns of Silverthorne and Dillon, Dillon Valley District, Buffalo Mountain Metropolitan District, and Mesa Cortina Water and Sanitation District.

Construction costs are paid by each participant based on their share of the available capacity in each phase of the project. Operating costs are funded by quarterly billings to the participants, which are based on the number of taps each participant has connected to the system.

The Town records its investments in the Authority and its share of operating costs in the Sewer Fund. The investment is accounted for under the equity method in accordance with generally accepted accounting principles.

The Town had an investment in the Authority at December 31, 2017 of \$1,884,268, which represents a 13.10% share in the joint venture. At December 31, 2017, the Town was responsible for 20% of the Authority's operating expenses.

Financial information about the Joint Sewer Authority can be obtained in a separate audit report at the Silverthorne Town Hall, 601 Center Circle, Silverthorne, Colorado 80498.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2017:

	Beginning <u>12/31/16</u>	<u>Additions</u>	<u>Retirement</u>	Ending <u>12/31/17</u>	Due Within <u>One Year</u>
Excise Tax Revenue Bonds-08	\$4,350,000	--	\$(4,350,000)	\$ --	--
Excise Tax Revenue Bonds-10	2,655,000	--	(90,000)	2,565,000	90,000
Excise Tax Revenue Bonds-15	1,935,000	--	(115,000)	1,820,000	120,000
Excise Tax Revenue Bonds-17	--	4,645,000	(310,000)	4,335,000	355,000
Amphitheatre Lease-16	5,066,000	--	(135,031)	4,930,969	139,972
10 Bond Discount	(18,298)	--	6,550	(11,748)	--
Compensated Absences	<u>107,934</u>	<u>1,403</u>	<u>--</u>	<u>109,337</u>	<u>--</u>
Total	<u>\$14,095,636</u>	<u>\$4,646,403</u>	<u>\$(4,993,481)</u>	<u>\$13,748,558</u>	<u>\$704,972</u>

Compensated absences are expected to be paid with revenues of the General Fund.

On June 4, 2008, the Town issued the Excise Tax Revenue Bonds, Series 2008 for the reconstruction of Town streets. The interest rate on the bonds ranged from 3.25% to 5% and was payable on June 1 and December 1 of each year. Principal payments were due on December 1 of each year through 2028. During the year ended December 31, 2017, the bonds were defeased using proceeds of the Excise Tax Revenue Refunding Bonds, Series 2017.

On April 8, 2010, the Town issued the Excise Tax Revenue Bonds, Series 2010 for the reconstruction of Town streets. The interest rate on the bonds ranges from 1.25% to 5.125% and is payable on June 1 and December 1 of each year. Principal payments are due on December 1 of each year through 2030.

On April 15, 2015, the Town issued the Excise Tax Revenue Bonds, Series 2015 for the reconstruction of Town streets. The interest rate on the bonds is 2.73% and is payable on June 1 and December 1 of each year. Principal payments are due on December 1 of each year through 2030.

On June 1, 2017, the Town issued the Excise Tax Revenue Refunding Bonds, Series 2017 to refund the Excise Tax Revenue Bonds, Series 2008. The interest rate on the bonds is 2.18% and is payable on June 1 and December 1 of each year. Principal payments are due on December 1, through 2028.

Bond proceeds in the amount of \$4,562,308 were deposited with an escrow agent to refund the Excise Tax Revenue Bonds, Series 2008. As a result, the refunded debt is considered defeased and the liability has been removed from the financial statements. Although the refunding resulted in the recognition of an accounting loss of \$217,878, the aggregate debt service payments were reduced by \$430,991 with an economic gain (difference between the present values of the old and new debt service payments) of \$383,578. The refunded debt will be called and paid in full on December 1, 2018. At December 31, 2017 the outstanding balance of the refunded debt was \$4,070,000.

The Excise Tax Revenue Bonds, Series 2008, Series 2010, Series 2015 and Series 2017 are payable solely from the Town's sales and lodging taxes. During the year ended December 31, 2017, revenues of \$6,665,195 were available to pay annual debt service of \$848,513 for all bonds. The outstanding debt service at December 31, 2017 for all three bonds is \$10,911,349.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 5: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

On December 15, 2016, the Town entered into a site improvement lease with UMB Bank, N.A. for the amphitheatre project and the refinance of the 2010 Marina site and improvement lease with UMB Bank, N.A. for the slope stabilization project. The Town provided Dillon Town Hall as collateral. The Capital Improvement Fund will repay the portion of the lease associated with the amphitheatre project and the Marina Enterprise Fund will repay the portion associated with the slope stabilization project. The interest rate is 3.55% and matures on December 15, 2036 with monthly payments, beginning in 2017. Assets of \$5,000,000 have been capitalized under this portion of the lease.

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2017:

	<u>Beginning</u> <u>12/31/16</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending</u> <u>12/31/17</u>	<u>Due Within</u> <u>One Year</u>
Marina Lease-16	\$1,734,000	--	(101,515)	1,632,485	105,230
CWCB Loan-09	1,340,673	--	(33,986)	1,306,687	35,345
CWRPDA Loan-15	1,717,814	--	(77,578)	1,640,236	79,137
Sewer Revenue Note 1-07	77,988	--	(77,988)	--	--
Sewer Revenue Note 2-07	69,264	--	(69,264)	--	--
Compensated Absences	<u>11,418</u>	<u>1,139</u>	<u>--</u>	<u>12,557</u>	<u>--</u>
Total	<u>\$4,951,157</u>	<u>\$1,139</u>	<u>\$(360,331)</u>	<u>\$4,591,965</u>	<u>\$219,712</u>

On December 15, 2016, the Town refinanced the 2010 site and improvement lease with UMB Bank, N.A. for the slope stabilization project at the Dillon Marina and increased the lease to include the amphitheatre project. The Town provided Dillon Town Hall as collateral. The Marina Enterprise Fund will repay the portion of the lease associated with the slope stabilization project and the Capital Improvement Fund will repay the portion associated with the amphitheatre project. The interest rate is 3.55% and matures on December 1, 2030 with monthly payments, beginning in 2017. Assets of \$2,233,922 have been capitalized under this portion of the lease.

On July 15, 2009, The Town entered into a loan contract with Department of Natural Resources, Colorado Water Conservation Board for the Old Dillon Reservoir enlargement. The interest rate is 4% and matures on April 1, 2041. Principal and interest payments are due on April 1 of each year.

On September 1, 2015, the Town entered into loan contract with the Colorado Water Resources and Power Development Authority for the construction of a water storage tank. The interest rate is 2% and matures on March 1, 2035. Principal and interest payments are due on March 1 and September 1 of each year.

The CWCB Loan and CWRPDA Loan are payable solely from revenues from the Town's water utility system after the deduction of operating maintenance costs. During the year ended December 31, 2017, net revenues of \$908,863 were available to pay annual debt service of \$199,625. The outstanding debt service at December 31, 2017 for both loans is \$3,980,101.

On May 4, 2007, the Town entered into a loan agreement with Wells Fargo Brokerage Services, LLC for the construction of the Gold Run Lift Station. The interest rate was 4.3%. The loan matured and was paid in full on May 4, 2017.

On August 24, 2007, the Town entered into a loan agreement with Wells Fargo Brokerage Services, LLC for the rehabilitation of various sewer lines throughout Town. The interest rate was 4.4%. The loan matured and was paid in full on August 24, 2017.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

The Sewer Revenue Note 1-07 and 2-07 were payable solely from revenues of the Town's sewer utility system after deduction of operating and maintenance costs. During the year ended December 31, 2017, net revenues of \$152,564 were available to pay annual debt service of \$153,651. The Sewer Revenue Notes 1-07 and 2-07 were paid in full at December 31, 2017.

Future Debt Service Requirements

Governmental Activities

Annual debt service requirements for the outstanding revenue bonds at December 31, 2017 are as follows:

Year Ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 565,000	\$ 270,025	\$835,025
2019	575,000	255,680	830,680
2020	595,000	243,756	838,756
2021	605,000	225,077	830,077
2022	620,000	208,978	828,978
2023-2027	3,395,000	776,337	4,171,337
2028-2030	<u>2,365,000</u>	<u>211,496</u>	<u>2,576,496</u>
Total	<u>\$8,720,000</u>	<u>\$2,191,349</u>	<u>\$10,911,349</u>

Following is a schedule of the future minimum lease payments required under the outstanding lease obligation at December 31, 2017:

Year Ended December 31,	
2018	315,152
2019	315,152
2020	315,152
2021	315,152
2022	315,152
2023-2027	1,575,759
2028-2032	1,979,788
2033-2036	<u>1,909,647</u>
Total Minimum Lease Payments	7,040,954
Less: Interest	<u>(2,109,985)</u>
Present Value of Future Minimum Lease Payments	<u>\$4,930,969</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 5: LONG-TERM DEBT (Continued)

Future Debt Service Requirements (Continued)

Business-Type Activities

Annual debt service requirements for the outstanding loans at December 31, 2017 are as follows:

Year Ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 114,482	\$ 84,678	\$ 199,160
2019	117,487	81,674	199,161
2020	120,579	78,581	199,160
2021	123,764	75,396	199,160
2022	127,043	72,118	199,161
2023-2027	687,929	307,877	995,806
2028-2032	785,991	209,809	995,800
2033-2037	615,471	101,464	716,935
2038-2041	<u>254,177</u>	<u>21,581</u>	<u>275,758</u>
Total	<u>\$2,946,923</u>	<u>\$1,033,178</u>	<u>\$3,980,101</u>

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligation for the Marina Fund at December 31, 2017:

Year Ended December 31,	
2018	162,260
2019	162,260
2020	162,260
2021	162,260
2022	162,260
2023-2027	811,300
2028-2030	<u>407,271</u>
Total Minimum Lease Payments	2,029,871
Less: Interest	<u>(397,386)</u>
Present Value of Future Minimum Lease Payments	<u>\$1,632,485</u>

Operating Lease

The Town entered into a lease agreement with the Denver Water Department effective January 1, 1994 and terminating December 21, 2019 for the use of Dillon Reservoir and land at the Dillon Marina. The Town pays 4% of annual gross revenues to the Denver Water Department, which totaled \$62,322 for the year ended December 31, 2017.

NOTE 6: INTERFUND BALANCES AND TRANSFERS

The Town has an agreement with the Dillon Urban Renewal Authority to repay the Town any amounts owed the Town when tax increment financing revenues are collected by the Authority. The outstanding balance of this interfund loan at December 31, 2017, was \$11,195.

The Marina Fund transferred \$22,000 to the Capital Improvement Fund for paving of the marina yard.

The General Fund transferred \$300,000 to the Capital Improvement Fund to assist with the amphitheatre master plan improvements.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 7: RETIREMENT COMMITMENTS

Employee Retirement Plans

Town employees participate in the Colorado County Officials and Employees Retirement Association (CCOERA) defined contribution plan. Full-time employees are required to contribute 5% of their gross salary and the Town matches the contribution, as required by plan documents. The Town has a defined contribution plan through International City/County Management Association (ICMA) for full-time police officers and department heads. These employees also contribute 5% of gross salaries with the Town matching their contribution. Town contributions vest at a rate of 20% each year and employees become fully vested after five years for either pension plan. Plan provisions and contribution requirements of the Town and the employees are established and may be amended by the Town Council. Total contributions of the CCOERA and ICMA retirement plans made by the Town for the year ended December 31, 2017 were \$87,539 and \$43,512 respectively, which equals the required contributions.

In addition to the retirement plans, the Town also contributes to a 457 deferred compensation plan through ICMA for the benefit of the sworn police officers. The Town and the employee each contribute 5% of gross wages and all contributions are 100% vested. The Town contributions for the year ended December 31, 2017 were \$26,136 which equals the required contributions. All plan assets are held in trust for the exclusive benefit of the employees.

Police Pension Plan

General Information

Plan Description – Effective November 1, 2017, the Town began contributing to the Statewide Defined Benefit Plan (the SWDB Plan), a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). All police officers are required to participate in the plan on the first day of employment. Title 31, Article 31 of the Colorado Revised Statutes (CRS) grants the authority to establish and amend benefit terms to the FPPA Board of Directors. FPPA issues a publicly available financial report that includes information on the plans. That report may be obtained at www.fppaco.org.

Benefits Provided - A SWDB Plan member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. Benefits paid to retirees are evaluated and may be re-determined every October 1. The amount of any increase is based on the FPPA Board of Director's discretion and can range from zero to the higher of 3% or the Consumer Price Index.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the SWDB Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 7: RETIREMENT COMMITMENTS (continued)

Police Pension Plan (continued)

Plan members may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement, and age 55. A member can continue to work while participating in the DROP, but must terminate employment within five years of entry into the DROP. The member's percentage of retirement benefits is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Each member shall self-direct the investments in their DROP account, which are held by a custodian and not included in the plan's net position.

Contributions - The Town and eligible employees are required to contribute to the SWDB Plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. SWDB Plan members elected to increase the employee contribution rate 0.5% annually from 2015 through 2022.

Contributions from employees and employers reentering the SWDB Plan are established by resolution of the FPPA Board of Directors. The reentry group had a combined contribution rate of 20% of base salary through December 31, 2014. The split of contributions between employees and the Town is determined by the Town Council. In accordance with the aforementioned election, the reentry group contributions will increase 0.5% percent annually from 2015 through 2022, to a total of 24% of base salary. For the year ended December 31, 2017, the Town Council established the contribution rate split at 10% and 11.5% of base salary for the Town and employees, respectively.

The Town's contributions to the SWDB Plan for the year ended December 31, 2017, were \$5,861, equal to the required contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Town reported a net pension liability of \$44,827, representing its proportionate share of the net pension liability of the SWDB Plan. The net pension liability was measured at December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's contributions to the plans for the calendar year ended December 31, 2016, relative to the projected contributions of all participating employers.

At December 31, 2016, the Town's proportion of the SWDB Plan was estimated at 0.12405904%. The Town began participating in the SDTF on November 20, 2017, and therefore, had no measurable proportion of the total pension liability at December 31, 2015.

For the year ended December 31, 2017, the Town recognized pension expense for the SWDB Plan of \$50,688. The net differences in projected and actual earnings on investments, expected and actual experience, changes in assumptions, and changes in proportion were recorded in pension expense. Because the differences were not significant, they will not be recognized as pension expense over multiple years.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 7: RETIREMENT COMMITMENTS (continued)

Police Pension Plan (continued)

Actuarial Assumptions - The actuarial valuation as of January 1, 2017, determined the total pension liability using the following actuarial assumptions and other inputs:

Investment rate of return, compounded annually, net of plan
 investment expenses, including inflation 7.50%
 Inflation 2.5%
 Projected salary increases 4% - 14%
 Cost of living adjustment 0%

Mortality rates for active members were based on the RP-2014 Mortality Tables for Blue Collar Employees projected with Scale BB, using a 55% multiplier for off-duty mortality. The RP-2014 Mortality Tables for Blue Collar Employees were used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants were used. For post-retirement members ages 55 through 64, a blend of the previous tables was used. All tables were projected with Scale BB.

The current actuarial methods and assumptions were adopted by the FPPA Board of Directors for first use in the actuarial valuation as of January 1, 2016, based upon the actuary's analysis and recommendations from the 2015 Experience Study.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	36%	9.25%
Equity Long/Short	10%	7.35%
Illiquid Alternatives	23%	10.75%
Fixed Income	15%	4.10%
Absolute Return	10%	6.55%
Managed Futures	4%	5.50%
Cash	<u>2%</u>	0.00%
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on this assumption, the plans' fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate at the prior measurement date was 7.5%.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 7: RETIREMENT COMMITMENTS (continued)

Police Pension Plan (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as the Town's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate, as follows:

	<u>1% Decrease</u> <u>(6.5%)</u>	<u>Current</u> <u>Discount</u> <u>Rate (7.5%)</u>	<u>1% Increase</u> <u>(8.5%)</u>
Town's proportionate share of the SWDB net pension asset (liability)	<u>\$(381,408)</u>	<u>\$(44,827)</u>	<u>\$234,720</u>

Pension Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at www.fppaco.org.

NOTE 8: RISK MANAGEMENT

Public Entity Risk Pool

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town is a member of 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 provisions 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 provide members defined liability and property and workers' compensation coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or 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 CIRSA.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 9: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation.

In November 1996, Town voters authorized the Town to collect and retain all revenues from all sources in 1996 and each subsequent year and to spend the same, notwithstanding the limitations of the amendment. The Town believes it is in compliance with the requirements of the amendment. However, the Town has made certain interpretations of the amendment's language in order to determine its compliance. The amendment requires a reserve for emergencies equal to 3% of qualifying expenditures of the Town. At December 31, 2017 the Town reported restricted fund balance of \$298,534 to comply with this requirement.

Litigation

From time to time, the Town is involved in various litigation. Management believes the outcome of any litigation will not have a significant impact on the Town's financial position.

Economic Development Agreements

The Town has entered into four economic development agreements that require the Town to reimburse certain businesses for sales tax generated by the businesses. Economic developments are approved by the Town Council on a case by case basis. During the year ended December 31, 2017, the Town paid \$80,273 under those agreements and accrued \$34,161 for payment in the subsequent fiscal year.

Required Supplementary Section

TOWN OF DILLON, COLORADO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND CONTRIBUTIONS
FIRE & POLICE PENSION ASSOCIATION OF COLORADO STATEWIDE DEFINED BENEFIT PLAN
December 31, 2017

	12/31/16
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	
Town's Proportion of the Net Pension Liability	0.12405904%
Town's Proportionate Share of the Net Pension Liability	\$ 44,827
Town's Covered Payroll	\$ -
Town's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	NA
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98%
	12/31/17
TOWN CONTRIBUTIONS	
Statutorily Required Contribution	\$ 5,861
Contributions in Relation to the Statutorily Required Contribution	(5,861)
Contribution Deficiency (Excess)	\$ -
Town's Covered Payroll	\$ 58,610
Contributions as a Percentage of Covered Payroll	10.00%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available information will be presented for the years it is available.

TOWN OF DILLON, COLORADO
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 4,354,320	\$ 4,414,320	\$ 4,827,708	\$ 413,388
Charges for Services	164,811	164,811	165,394	583
Licenses and Permits	64,797	64,797	61,149	(3,648)
Intergovernmental	145,984	179,984	179,891	(93)
Fines and Forfeitures	126,663	126,663	100,775	(25,888)
Interest	15,160	15,160	24,980	9,820
Miscellaneous	5,388	5,388	6,123	735
	<u>4,877,123</u>	<u>4,971,123</u>	<u>5,366,020</u>	<u>394,897</u>
EXPENDITURES				
General Government	1,729,910	1,883,910	1,867,586	16,324
Public Safety	1,311,963	1,391,963	1,417,380	(25,417)
Public Works	843,256	843,256	793,996	49,260
Community Development	324,973	324,973	331,527	(6,554)
Culture and Recreation	503,569	503,569	475,644	27,925
	<u>4,713,671</u>	<u>4,947,671</u>	<u>4,886,133</u>	<u>61,538</u>
Excess of Revenue Over (Under) Expenditures	163,452	23,452	479,887	456,435
OTHER FINANCING SOURCES (USES)				
Transfer Out	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net Change in Fund Balance	163,452	(276,548)	179,887	456,435
Fund Balance, Beginning of Year	<u>1,547,951</u>	<u>1,547,951</u>	<u>2,210,608</u>	<u>662,657</u>
Fund Balance, End of Year	<u>\$ 1,711,403</u>	<u>\$ 1,271,403</u>	<u>\$ 2,390,495</u>	<u>\$ 1,119,092</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2017

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the October Council meeting, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all of the Town's funds.
5. The budgets of the governmental funds are adopted on a basis consistent with generally accepted accounting principles. The proprietary fund budgets are prepared on a non-GAAP basis. Capital outlay and debt service payments are budgeted as expenditures. Depreciation is not budgeted. The fiduciary fund budget is adopted by the member board established through the Intergovernmental Agreement for the Summit County Telecommunications Consortium (SCTC) and is not presented in the Town's financial statements.
6. Budgeted amounts are as originally adopted or as amended by the Town Council. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

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Supplementary Section

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Conservation Trust Fund – This fund is used to account for the Town’s share of lottery funds distributed by the State of Colorado. Funds are to be used for Parks, Trails and Open Space.

Housing Initiative 5A Fund - The voters of Summit County, including the Town of Dillon approved a ballot question in November 2006 that authorized a sales tax of .125% and an impact fee of no more than \$2 per square foot on new development. The voters also approved an additional sales tax of .60% in 2016 for a ten year period. All revenue collections must be used for workforce housing.

Cemetery Perpetual Care Fund – This fund is used to account for the sale of cemetery spaces at the Dillon Cemetery and donations received specifically for the Dillon Cemetery. Funds are to be used for Dillon Cemetery maintenance and capital projects.

Dillon Urban Renewal Authority – The Dillon Urban Renewal Authority was established and the Dillon Urban Renewal Plan was approved in 2009 in order to revitalize blighted areas in the Town. The Town Council amended the Dillon Urban Renewal Plan in 2012 to allow for tax increment financing.

TOWN OF DILLON, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2017

	Special Revenue				Total Nonmajor Governmental Funds
	Conservation Trust	Housing Initiative 5A	Cemetery Perpetual Care	Dillon Urban Renewal Authority	
ASSETS					
Cash and Investments	\$ 37,155	\$ 1,127,683	\$ 108,539	\$ 24,109	\$ 1,297,486
Accounts Receivable	\$ -	2,223	404		2,627
Intergovernmental Receivable	-	126,983	-	-	126,983
Property Taxes Receivable	-	-	-	100,580	100,580
Total Assets	<u>\$ 37,155</u>	<u>\$ 1,256,889</u>	<u>\$ 108,943</u>	<u>\$ 124,689</u>	<u>\$ 1,527,676</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ -	\$ 4,245	\$ -	\$ -	\$ 4,245
Due to Other Funds	-	-	-	11,195	11,195
Total Liabilities	<u>-</u>	<u>4,245</u>	<u>-</u>	<u>11,195</u>	<u>15,440</u>
Deferred Inflows of Resources					
Property Taxes	-	-	-	100,580	100,580
Fund Balances					
Nonspendable:					
Cemetery	-	-	85,852	-	85,852
Restricted for:					
Parks and Open Space	37,155	-	-	-	37,155
Housing	-	1,252,644	-	-	1,252,644
Assigned to:					
Cemetery	-	-	23,091	-	23,091
Urban Renewal	-	-	-	12,914	12,914
Total Fund Balances	<u>37,155</u>	<u>1,252,644</u>	<u>108,943</u>	<u>12,914</u>	<u>1,411,656</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances					
	<u>\$ 37,155</u>	<u>\$ 1,256,889</u>	<u>\$ 108,943</u>	<u>\$ 124,689</u>	<u>\$ 1,527,676</u>

See the Accompanying Independent Auditors' Report

TOWN OF DILLON, COLORADO
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2017

	Special Revenue				Total Nonmajor Governmental Funds
	Conservation Trust	Housing Initiative 5A	Cemetery Perpetual Care	Dillon Urban Renewal Authority	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 17,561	\$ 17,561
Charges for Services	-	-	4,450	-	4,450
Intergovernmental	9,464	705,626	-	-	715,090
Interest	183	4,323	1,316	2	5,824
Miscellaneous	-	860	8,681	-	9,541
Total Revenues	<u>9,647</u>	<u>710,809</u>	<u>14,447</u>	<u>17,563</u>	<u>752,466</u>
EXPENDITURES					
Current					
Culture and Recreation	-	-	5,950	-	5,950
Housing	-	37,160	-	-	37,160
Urban Renewal	-	-	-	8,817	8,817
Total Expenditures	<u>-</u>	<u>37,160</u>	<u>5,950</u>	<u>8,817</u>	<u>51,927</u>
Net Change in Fund Balances	9,647	673,649	8,497	8,746	700,539
Fund Balances, Beginning of Year	<u>27,508</u>	<u>578,995</u>	<u>100,446</u>	<u>4,168</u>	<u>711,117</u>
Fund Balances, End of Year	<u>\$ 37,155</u>	<u>\$ 1,252,644</u>	<u>\$ 108,943</u>	<u>\$ 12,914</u>	<u>\$ 1,411,656</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
CAPITAL IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 1,479,050	\$ 1,479,050	\$ 1,537,157	\$ 58,107
Intergovernmental	-	-	738,171	738,171
Interest	1,000	1,000	8,933	7,933
Miscellaneous	61,000	986,000	1,396,841	410,841
Total Revenues	<u>1,541,050</u>	<u>2,466,050</u>	<u>3,681,102</u>	<u>1,215,052</u>
EXPENDITURES				
Public Works	-	-	3,026	(3,026)
Capital Outlay	7,000,245	8,325,245	7,446,024	879,221
Debt Service				
Principal	135,031	135,031	135,031	-
Interest	178,122	178,122	180,121	(1,999)
Total Expenditures	<u>7,313,398</u>	<u>8,638,398</u>	<u>7,764,202</u>	<u>877,222</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,772,348)</u>	<u>(6,172,348)</u>	<u>(4,083,100)</u>	<u>2,089,248</u>
OTHER FINANCING SOURCES				
Transfer In	<u>22,000</u>	<u>322,000</u>	<u>322,000</u>	<u>-</u>
Net Change in Fund Balance	(5,750,348)	(5,850,348)	(3,761,100)	2,089,248
Fund Balance, Beginning	<u>6,032,175</u>	<u>6,032,175</u>	<u>6,659,057</u>	<u>626,882</u>
Fund Balance, Ending	<u>\$ 281,827</u>	<u>\$ 181,827</u>	<u>\$ 2,897,957</u>	<u>\$ 2,716,130</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
STREET IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 943,259	\$ 943,259	\$ 987,442	\$ 44,183
Interest	2,000	2,000	628	(1,372)
Miscellaneous	-	300,000	8,404	(291,596)
Total Revenues	<u>945,259</u>	<u>1,245,259</u>	<u>996,474</u>	<u>(248,785)</u>
EXPENDITURES				
Public Works	21,600	121,600	31,525	90,075
Capital Outlay	865,000	1,015,000	1,014,056	944
Debt Service				
Principal	485,000	485,000	515,000	(30,000)
Interest	383,954	583,954	333,513	250,441
Debt Issuance Costs	-	-	82,692	(82,692)
Total Expenditures	<u>1,755,554</u>	<u>2,205,554</u>	<u>1,976,786</u>	<u>228,768</u>
Excess of Revenues Over (Under) Expenditures	(810,295)	(960,295)	(980,312)	(20,017)
OTHER FINANCING SOURCES (USES)				
Debt Issued	-	-	4,645,000	(4,645,000)
Payment to Escrow Agent	-	-	(4,562,308)	4,562,308
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>82,692</u>	<u>(82,692)</u>
Net Change in Fund Balance	(810,295)	(960,295)	(897,620)	62,675
Fund Balance, Beginning	<u>1,015,656</u>	<u>1,015,656</u>	<u>1,203,670</u>	<u>188,014</u>
Fund Balance, Ending	<u>\$ 205,361</u>	<u>\$ 55,361</u>	<u>\$ 306,050</u>	<u>\$ 250,689</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 9,510	\$ 9,464	\$ (46)
Interest	<u>85</u>	<u>183</u>	<u>98</u>
Total Revenues	<u>9,595</u>	<u>9,647</u>	<u>52</u>
 EXPENDITURES			
Culture and Recreation	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	9,595	9,647	52
Fund Balance, Beginning of Year	<u>39,673</u>	<u>27,508</u>	<u>(12,165)</u>
Fund Balance, End of Year	<u><u>\$ 49,268</u></u>	<u><u>\$ 37,155</u></u>	<u><u>\$ (12,113)</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
HOUSING INITIATIVE 5A FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 107,180	\$ 107,180	\$ 705,626	\$ 598,446
Interest	180	180	4,323	4,143
Miscellaneous	-	-	860	860
Total Revenues	<u>107,360</u>	<u>107,360</u>	<u>710,809</u>	<u>603,449</u>
EXPENDITURES				
Housing	<u>35,474</u>	<u>60,474</u>	<u>37,160</u>	<u>23,314</u>
Net Change in Fund Balance	71,886	46,886	673,649	626,763
Fund Balance, Beginning of Year	<u>554,138</u>	<u>554,138</u>	<u>578,995</u>	<u>24,857</u>
Fund Balance, End of Year	<u><u>\$ 626,024</u></u>	<u><u>\$ 601,024</u></u>	<u><u>\$ 1,252,644</u></u>	<u><u>\$ 651,620</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
CEMETERY PERPETUAL CARE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Charges for Services	\$ 1,500	\$ 4,450	\$ 2,950
Interest	500	1,316	816
Miscellaneous	<u>3,200</u>	<u>8,681</u>	<u>5,481</u>
Total Revenues	<u>5,200</u>	<u>14,447</u>	<u>9,247</u>
EXPENDITURES			
Culture and Recreation	<u>7,750</u>	<u>5,950</u>	<u>1,800</u>
Net Change in Fund Balance	(2,550)	8,497	11,047
Fund Balance, Beginning of Year	<u>94,588</u>	<u>100,446</u>	<u>5,858</u>
Fund Balance, End of Year	<u><u>\$ 92,038</u></u>	<u><u>\$ 108,943</u></u>	<u><u>\$ 16,905</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
DILLON URBAN RENEWAL AUTHORITY
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 20,235	\$ 20,235	\$ 17,561	\$ (2,674)
Interest	100	100	2	(98)
Total Revenues	20,335	20,335	17,563	(2,772)
EXPENDITURES				
Urban Renewal	3,000	9,000	8,817	183
Net Change in Fund Balance	17,335	11,335	8,746	(2,589)
Fund Balance, Beginning of Year	16,889	16,889	4,168	(12,721)
Fund Balance, End of Year	\$ 34,224	\$ 28,224	\$ 12,914	\$ (15,310)

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
WATER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Utility Sales	\$ 1,011,830	\$ 1,011,830	\$1,091,707	\$ 79,877
Tap Fees	16,876	16,876	319,887	303,011
Interest	5,000	5,000	5,216	216
Miscellaneous	<u>960</u>	<u>960</u>	<u>4,198</u>	<u>3,238</u>
Total Revenues	<u>1,034,666</u>	<u>1,034,666</u>	<u>1,421,008</u>	<u>386,342</u>
EXPENDITURES				
Current				
Operations	409,091	424,091	401,737	22,354
Maintenance	49,409	49,409	66,438	(17,029)
Distribution	13,658	13,658	6,237	7,421
Treatment	33,510	33,510	37,733	(4,223)
Capital Outlay	722,651	1,122,651	800,657	321,994
Debt Service				
Principal	111,563	111,563	111,564	(1)
Interest	<u>87,597</u>	<u>87,597</u>	<u>86,061</u>	<u>1,536</u>
Total Expenditures	<u>1,427,479</u>	<u>1,842,479</u>	<u>1,510,427</u>	<u>332,052</u>
CHANGE IN NET POSITION, Budget Basis	<u>\$ (392,813)</u>	<u>\$ (807,813)</u>	(89,419)	<u>\$ 718,394</u>
ADJUSTMENTS TO GAAP BASIS				
Principal Payments on Debt			111,564	
Capital Outlay			800,657	
Depreciation			<u>(321,448)</u>	
CHANGE IN NET POSITION, GAAP Basis			501,354	
NET POSITION, Beginning			<u>7,608,416</u>	
NET POSITION, Ending			<u><u>\$8,109,770</u></u>	

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
SEWER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Utility Sales	\$ 857,428	\$ 846,177	\$ (11,251)
Tap Fees	15,000	247,478	232,478
Interest	1,300	8,309	7,009
Total Revenues	<u>873,728</u>	<u>1,101,964</u>	<u>228,236</u>
EXPENDITURES			
Current			
Operations	121,991	104,749	17,242
Maintenance	52,150	352,481	(300,331)
Treatment	499,352	481,598	17,754
Capital Outlay	445,570	3,801	441,769
Debt Service			
Principal	147,250	147,252	(2)
Interest	6,401	3,148	3,253
Total Expenditures	<u>1,272,714</u>	<u>1,093,029</u>	<u>179,685</u>
CHANGE IN NET POSITION, Budget Basis	<u>\$ (398,986)</u>	8,935	<u>\$ 407,921</u>
ADJUSTMENTS TO GAAP BASIS			
Principal Payments on Debt		147,252	
Capital Outlay		3,801	
Depreciation		(82,062)	
Investment in Joint Sewer Authority		<u>44,487</u>	
CHANGE IN NET POSITION, GAAP Basis		122,413	
NET POSITION, Beginning		<u>4,504,680</u>	
NET POSITION, Ending		<u>\$ 4,627,093</u>	

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
MARINA FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Charges for Services	\$ 1,260,000	\$ 1,605,000	\$ 1,553,408	\$ (51,592)
Interest	2,800	2,800	3,708	908
Miscellaneous	<u>18,000</u>	<u>18,000</u>	<u>33,833</u>	<u>15,833</u>
Total Revenues	<u>1,280,800</u>	<u>1,625,800</u>	<u>1,590,949</u>	<u>(34,851)</u>
EXPENDITURES				
Current				
Operations	730,272	912,272	1,096,216	(183,944)
Maintenance	51,700	94,700	70,965	23,735
Capital Outlay	355,000	422,000	241,668	180,332
Debt Service				
Principal	86,247	86,247	101,515	(15,268)
Interest	76,013	76,013	60,589	15,424
Transfer Out	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>-</u>
Total Expenditures	<u>1,321,232</u>	<u>1,613,232</u>	<u>1,592,953</u>	<u>20,279</u>
CHANGE IN NET POSITION, Budget Basis	<u>\$ (40,432)</u>	<u>\$ 12,568</u>	(2,004)	<u>\$ (14,572)</u>
ADJUSTMENTS TO GAAP BASIS				
Principal Payments on Debt			101,515	
Capital Outlay			241,668	
Depreciation			<u>(163,659)</u>	
CHANGE IN NET POSITION, GAAP Basis			177,520	
NET POSITION, Beginning			<u>1,920,518</u>	
NET POSITION, Ending			<u>\$2,098,038</u>	

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

For the Year Ended December 31, 2017

	<u>Balance</u> <u>January 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31, 2017</u>
Summit County Telecommunications Consortium				
ASSETS				
Cash and Investments	\$ 132,322	\$ 177,566	147,512	\$ 162,376
Accounts Receivable	<u>9,532</u>	<u>10,503</u>	<u>9,532</u>	<u>10,503</u>
Total Assets	<u>\$ 141,854</u>	<u>\$ 188,069</u>	<u>\$ 157,044</u>	<u>\$ 172,879</u>
LIABILITIES				
Accrued Liabilities	\$ 1,681	\$ 2,522	\$ 1,681	\$ 2,522
Funds Held for Others	<u>140,173</u>	<u>185,677</u>	<u>155,493</u>	<u>170,357</u>
Total Liabilities	<u>\$ 141,854</u>	<u>\$ 188,199</u>	<u>\$ 157,174</u>	<u>\$ 172,879</u>

See the accompanying Independent Auditors' Report.

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Dillon
		YEAR ENDING : December 2017
This Information From The Records Of (example - City of _ or County of _ Town of Dillon	Prepared By: Phone:	Carri McDonnell 970-262-3404

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	0
3. Other local imposts (from page 2)	2,114,230
4. Miscellaneous local receipts (from page 2)	100,775
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	2,215,005
B. Private Contributions	
C. Receipts from State government (from page 2)	72,259
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	2,287,264

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	1,035,516
2. Maintenance:	27,164
3. Road and street services:	
a. Traffic control operations	26,625
b. Snow and ice removal	18,415
c. Other	0
d. Total (a. through c.)	45,040
4. General administration & miscellaneous	47,332
5. Highway law enforcement and safety	283,699
6. Total (1 through 5)	1,438,751
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	333,513
b. Redemption	515,000
c. Total (a. + b.)	848,513
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	848,513
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	2,287,264

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	8,940,000	4,645,000	4,865,000	8,720,000
1. Bonds (Refunding Portion)		4,645,000	4,350,000	
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
		2,287,264	2,287,264		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2017

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	217,328	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	100,775
1. Sales Taxes	1,876,802	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	20,100	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,896,902	h. Other	
c. Total (a. + b.)	2,114,230	i. Total (a. through h.)	100,775
	(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	63,199	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	9,060	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	9,060	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	72,259	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
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		1,035,516	1,035,516
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,035,516	1,035,516
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,035,516	1,035,516
			(Carry forward to page 1)

Notes and Comments: