

Town of Dillon, Colorado



Financial Statements December 31, 2010



make it Dillon!
for every season, there's a reason

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Honorable Mayor and Town Council
Town of Dillon
Dillon, Colorado

INDEPENDENT AUDITORS' REPORT

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, 2010, which collectively comprise the basic financial statements of the Town of Dillon, as listed in the table of contents. These financial statements are the responsibility of the Town of Dillon's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dillon as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Swanhorst & Company LLC

May 17, 2011

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, 2010.

Financial Highlights

- The assets of the Town of Dillon exceeded its liabilities at the close of fiscal year 2010 by \$17,229,083 (*net assets*). Of this amount, \$5,493,126 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$88,333.
- As of the close of the fiscal year 2010, the Town of Dillon's governmental funds reported combined ending fund balances of \$8,153,267, a decrease of \$197,306 compared with the prior year. Approximately 41.2% of this total amount, \$3,361,851, is available for spending at the government's discretions (*unreserved fund balance*).
- At the end of the fiscal year ended December 31, 2010, unreserved fund balance for the General Fund was \$1,390,592, or 37.8% of the total general fund expenditures.
- The Town of Dillon's total debt increased by \$5,932,533 during the fiscal year ended December 31, 2010.

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 assets* presents information on all of the Town of Dillon's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 government's net assets changed during the most recent fiscal year. All changes in net assets 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 included general government, public safety, public works, community development, and culture and recreation and housing. 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 nine 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 and the Capital Improvement Fund, which are considered to be major funds. Data from the other six 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 statement 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 Fiduciary Assets and Liabilities and Changes in Fiduciary 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 53 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 immediately following the required notes to financial statements. The combining fund statements can be found on pages 40-41.

Government-Wide Financial Analysis

As noted earlier, net assets 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 \$17,229,083 at the close of the fiscal year 2010.

Combined net assets of the Town at December 31, 2010 were:

Town of Dillon's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	\$5,591,647	\$5,238,561	\$7,347,751	\$3,594,515	\$12,939,398	8,833,076
Capital Assets	13,537,691	11,828,596	7,030,010	6,841,840	20,567,701	18,670,436
Total Assets	19,129,338	17,067,157	14,377,761	10,436,355	33,507,099	27,503,512
Other Liabilities	441,102	709,390	350,000	98,991	791,102	808,381
Noncurrent Liabilities	10,534,969	8,007,194	4,951,945	1,547,187	15,486,914	9,554,381
Total Liabilities	10,976,071	8,716,584	5,301,945	1,646,178	16,278,016	10,362,762
Net Assets:						
Invested in Capital Assets, Net of Related Debt	4,358,022	4,738,187	6,944,541	6,443,708	11,302,563	11,181,895
Restricted	433,394	468,139	--	--	433,394	468,139
Unrestricted	3,361,851	3,144,247	2,131,275	2,346,469	5,493,126	5,490,716
Total Net Assets	\$8,153,267	\$8,350,573	\$9,075,816	\$8,790,177	\$17,229,083	\$17,140,750

A large portion of the Town of Dillon’s net assets (65.3 percent) that 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 assets (2.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$5,493,126) may be used to meet the government’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 assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

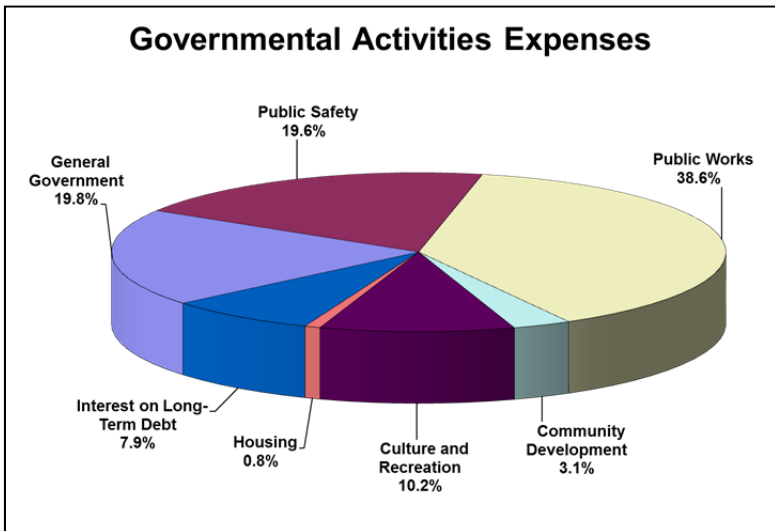
The Town of Dillon’s net assets increased by \$88,333 during the fiscal year 2010. The net assets of Governmental Activities decreased by \$197,306 which can be attributed to an increase in capital spending for street reconstructions. Net assets of Business-Type Activities increased by \$285,639 which is the result of an increase in water and sewer user fees and an increase in the sewer funds’ investment in the Joint Sewer Authority.

Town of Dillon's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program Revenues						
Charges for Services	\$ 271,778	\$ 262,891	\$2,540,756	\$2,305,205	\$2,812,534	\$2,568,096
Operating Grants and Contributions	144,593	148,465	--	93,791	144,593	224,583
Capital Grants and Contributions	98,036	118,031	--	198,827	98,036	316,858
General Revenues						
Sales Tax	4,805,463	4,181,625	--	--	4,805,463	4,181,625
Property Tax	220,530	261,707	--	--	220,530	261,707
Lodging Tax	107,398	105,559	--	--	107,398	105,559
Other Tax	132,796	136,628	--	--	132,796	137,490
Grants & Contributions not Restricted to Specific Programs	16,993	--	--	--	16,993	--
Other General Revenues	162,706	188,768	63,057	164,353	225,763	369,932
Total Revenues	5,960,293	5,403,674	2,603,813	2,762,176	8,564,106	8,165,850
Program Expenses						
General Government	1,226,352	1,526,134	--	--	1,226,352	1,526,134
Public Safety	1,213,469	1,130,934	--	--	1,213,469	1,130,934
Public Works	2,384,893	1,883,615	--	--	2,384,893	1,883,615
Community Development	189,729	194,624	--	--	189,729	194,624
Culture and Recreation	632,536	612,513	--	--	632,536	612,513
Housing	50,821	127,487	--	--	50,821	127,487
Interest on Long-Term Debt	487,023	322,705	--	--	487,023	322,705
Water	--	--	801,010	652,109	801,010	652,109
Sewer	--	--	683,387	692,012	683,387	692,012
Marina	--	--	806,553	968,589	806,553	968,589
Total Expenses	6,184,823	5,798,012	2,290,950	2,312,710	8,475,773	8,110,722
Transfers	27,224	(56,503)	(27,224)	56,503	--	--
Changes in Net Assets	(197,306)	(450,841)	285,639	505,969	88,333	55,128
Net Assets–Begin of Year	8,350,573	8,801,414	8,790,177	8,284,208	17,140,750	17,085,622
Net Assets–End of Year	\$8,153,267	\$8,350,573	\$9,075,816	\$8,790,177	\$17,229,083	\$17,140,750

Governmental activities. Governmental activities decreased the Town of Dillon's net assets by \$197,306. The following are illustrative summaries of Governmental Activities breaking out revenues and expenses:

- Sales tax, the primary source of revenues to the General Fund (81% of governmental revenues), increased \$623,838 over 2009 due to an allocation error from sales tax vendors for periods from 2003 and 2004.
- Property tax decreased 15.8% over 2009 due to decreases in assessed valuation and the reduction of the mill levy for debt purposes.
- Lodging tax collections increased 1.7% over 2009.
- Charges for services are up 3.4% over 2009 from traffic fines.
- Operating grants and contributions were up 8.8% due to increases in highway users tax distributions from the State of Colorado and increases in the road and bridge assessment from Summit County government.
- Capital grants and contributions were down 16.9% due to a reduction in impact fees designated for affordable housing and special assessments for debt repayments.
- Other revenues decreased 13.8% due to reductions in interest earnings.



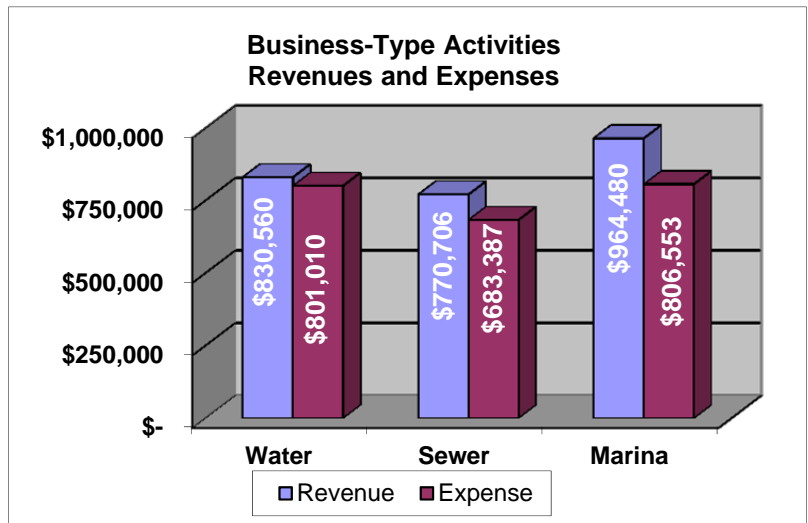
- Expenses for governmental activities are up 6.7%. The chart to the left (see *Governmental Activities Expenses*) represents department expenses as a percentage of the total expenses for governmental activities.

- General government expenses are down 19.6% due to decreases in operational spending as a result of the struggling economy.

- Public safety expenses increased 7.3% due to increased costs at the Summit County Communications Center and full staffing in 2010.
- Public works expenses increased 26.6% due to the reconstruction of streets in 2010.
- Housing expenses decreased 60%. The 2009 housing expenses included a contribution to the Solarado Townhomes affordable housing project. In 2010, housing expenses included the administrative fees and down payment program for the Multi-Jurisdictional Housing Authority.
- Interest expenses increased 50.9% due to the issuance of the 2010 Excise Tax Revenue Bonds for the street reconstruction projects.
- Core Services (public safety, public works and culture and recreation) make up 68.4% of the expenses. General Government consists of Town Council, general administration and marketing and events.

Business-type activities. Business-type activities increased the Town of Dillon’s net assets by \$285,639, accounting for the only growth in the government’s net assets. Key elements of this increase are as follows:

- Charges for services increased 10.2% due to the water and sewer rate changes implemented in 2010. The marina revenues declined 16.7% due to the struggling economy.
- Water, Sewer and Marina Enterprise Funds reflect net incomes as shown in the chart to the right.



The water, sewer and marina operations anticipate major capital projects in the next five years to be funded with these excess revenues. Anticipated projects include the expansion of the Old Dillon Reservoir, replacement of the membranes for the water microfiltration system and the marina slope stabilization project.

Financial Analysis of the Government'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, unreserved 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 2010, the Town of Dillon's governmental funds reported combined ending fund balances of \$5,063,700, an increase of \$625,610 (14%) over 2009. Approximately 69.5% of this total amount (\$3,521,669) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) as a reserve for emergencies (\$223,854), 2) as a reserve for parks and open space projects (\$60,929), 3) as a reserve for the capital equipment purchases from the proceeds of the capital projects loan in 2009 (\$292,827), 4) as a reserve for street reconstruction projects from the proceeds of the 2010 bond issue (\$803,810) or 5) as a reserve for affordable housing projects (\$148,611).

The General Fund is the chief operating fund of the Town of Dillon. At the end of the fiscal year 2010, unreserved fund balance of the General Fund was \$1,390,592, while the total fund balance was \$1,626,446. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved and total fund balance represents 37.8% and 44.2% of the total general fund expenditures respectively.

The Capital Improvement Fund ended the year with a fund balance of \$1,526,400. The net decrease in fund balance during the fiscal year 2010 was \$288,291 as a result of an increase in spending for capital projects.

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, 2010 is \$1,376,118. The Town issued the 2010 Excise Tax Revenue Bonds in the amount of \$3.1 million for the continuation of street reconstruction projects in 2010 and 2011.

The nonmajor special revenue funds include the Conservation Trust Fund, Parks and Open Space Fund, Housing Initiative 5A Fund and the Cemetery Perpetual Care Fund. The fund balance in the Conservation Trust Fund (\$60,929) is restricted by the State of Colorado for parks and open space projects as approved by Great Outdoors Colorado (GOCO). The Parks and Open Space Fund will be eliminated in 2011. In 2010, the remaining fund balance was transferred to the Capital Improvement Fund and the future park expenditures and associated revenue sources will be accounted for in the Capital Improvement Fund. The Housing Initiative 5A Fund was created in 2007 to collect the voter approved sales tax of .125% and the impact fee. All expenditures must be used for affordable housing and the current fund balance is \$148,611. The Cemetery Perpetual Care Fund has a current fund balance of \$70,362 and only the donations and interest

earnings can be expended for cemetery purposes only. The Cemetery Advisory Committee is charged with obtaining donations and make recommendations for future projects.

The nonmajor capital project funds including Special Improvement District, Anemone Trail Fund and the Town Center Improvement Fund have fund balances of \$40,341 and \$214,493, respectively.

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 assets of the Water, Sewer and Marina Funds at the end of the year amounted to \$2,131,275. The changes in net assets for all three funds were an increase of \$34,563 for Water, \$87,461 for Sewer and \$163,615 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 \$81,422 (5.3%) during the current fiscal year. Revenues were over budget by \$236,013 from the unanticipated collection of sales tax for periods from 2003 to 2004. Expenditures were under budget by \$12,953 (.35%) due to decreases in spending in general government and public works.

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, 2010, amounts to \$20,567,701 (net of accumulated depreciation). This investment in capital assets includes land, streets, sidewalks, buildings, equipment and vehicles, parks and amphitheatre, furniture and fixtures, water plant, water and sewer lines, marina facilities and other improvements.

Town of Dillon's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 2,091,562	\$ 2,091,562	\$ 219,652	\$ 219,652	\$ 2,311,214	\$ 2,311,214
Water Rights	--	--	304,069	304,069	304,069	304,069
Infrastructure	13,384,555	11,313,575	6,557,958	6,411,767	19,942,513	17,725,342
Buildings	1,390,469	1,246,415	451,982	443,944	1,842,451	1,690,359
Equipment & Vehicles	2,918,472	2,654,440	681,218	662,927	3,599,690	3,317,367
Parks & Amphitheatre	2,020,678	1,989,427	--	--	2,020,678	1,989,427
Furniture & Fixtures	288,947	203,124	--	--	288,947	203,124
Water Plant	--	--	3,154,953	3,073,143	3,154,953	3,073,143
Improvements	--	--	1,946,244	1,645,387	1,946,244	1,645,387
Total	\$ 22,094,683	\$ 19,498,543	\$ 13,316,076	\$ 12,760,889	\$ 35,410,759	\$ 32,259,432

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

- The Town restated capital assets and net assets in order to comply with GASB Statement No. 51.
- Completion of Gold Run Circle and lower Tenderfoot Street Reconstruction (\$1,129,433).
- Reconstruction of Corinthian Circle (\$970,254)
- Installation of Street Lights on Lake Dillon Drive (\$87,555).
- Installation of Solar Panels, Windows and Blinds and Computer Server at Town Hall (\$202,773).
- Construction of Picnic Shelters in Marina Park (\$25,739)
- Purchase of Equipment/Vehicles (\$558,462).
- The Water department installed security fencing and a gate at the water plant (\$17,787), replaced the PLC at the water plant (\$64,023) and continued work on the Old Dillon Reservoir enlargement (\$131,960).
- The Marina department replaced the flooring the public restrooms (\$8,038), purchased point of sale software (\$6,249), and began construction of the shoreline replacement project (\$300,857).

Long-term debt. At the end of the current fiscal year, the Town of Dillon had total long term debt outstanding of \$15,486,914. Of this amount, \$1,816,273 in water utility loans, \$910,514 in sewer utility loans, \$2,200,000 for the marina shoreline replacement project, \$155,000 in general obligation bonds and \$8,937,570 in bonds secured solely by specified revenue sources (i.e. revenue bonds). Additionally, the Town of Dillon has \$1,406,604 in lease financing for capital assets, \$139,119 in compensated absences offset by a loss on refunding of (\$50,956) and a bond discount (\$27,210).

The Town of Dillon's total debt increased by \$5,932,533 during the current fiscal year. The debt increase was due to the addition of the 2010 Excise Tax Revenue Bonds for street reconstructions (\$3,100,000), the Marina loan for the shoreline replacement project (\$2,200,000) and the Water loan for the Old Dillon Reservoir enlargement project (\$1,515,000).

Town of Dillon's Outstanding Debt

General Obligation and Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Water Utility Loans	\$ --	\$ --	\$ 1,816,273	\$ 430,601	\$ 1,816,273	\$ 430,601
Sewer Utility Loans	--	--	910,514	1,019,834	910,514	1,019,834
Marina Facility Loan	--	--	2,200,000	71,768	2,200,000	71,768
Revenue Bonds	8,937,570	6,072,490	--	--	8,937,570	6,072,490
General Obligation Bonds	155,000	225,000	--	--	155,000	225,000
Capital Lease Obligations	1,406,604	1,672,613	--	--	1,406,604	1,672,613
Compensated Absences	113,961	107,993	25,158	24,984	139,119	132,977
Bond Discount	(27,210)	(9,112)			(27,210)	(9,112)
Loss on Refunding	(50,956)	(61,790)	--	--	(50,956)	(61,790)
Total	\$ 10,534,969	\$ 8,007,194	\$ 4,951,945	\$ 1,547,187	\$ 15,486,914	\$ 9,554,381

Economic Factors and Next Year's Budget and Rates

- Sales tax revenues account for 78% 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 2011 are projected to be flat to 2010 due to continuing uncertainty of the economy. Sales tax collections in 2010 were up in 2010 by 2.6% to 2009 without the excess sales tax collections from 2003 and 2004 that were received in 2010.
- Assessed valuations have decreased .33% from 2010 to 2011. The mill levy for GO Town Center Debt was eliminated in 2011 as the bonds will be called in 2011.
- Capital spending is the main focus of the 2011 budget with 50% of all expenditures appropriated for capital projects in the Capital Improvement Fund, Street Improvement Fund, Water Fund, Sewer Fund and Marina Fund.
- The Town issued \$3.1 million in bonds in April 2010 to continue the street reconstruction projects approved by the voters in April 2008. The 2011 street project includes the first phase of Ensign Drive. The voters approved \$20 million in 2008 and to date the Town has issued \$8.1 million. The Town will consider another bond issue in 2011 if sales tax collections and the economy are improving. The remaining streets to be reconstructed are the second phase of Ensign Drive, Lodgepole Street, upper Tenderfoot Street, Little Beaver Trail, Cemetery Road and the intersection of Highway 6 and County Road 51.
- The Old Dillon Reservoir enlargement project will begin construction in 2011. The project is funded through a loan with the Colorado Water Conservation Board that was issued in 2010. The Town will own 26.25% of the Old Dillon Reservoir when the project is complete.
- Marina revenues have stabilized and work has begun on the shoreline replacement project. The Town issued certificates of participation in 2010 in the amount of \$2,200,000 to fund the project. This project is the first step in the marina master plan that was completed in 2008.

All of these factors were considered in the preparation for the Town of Dillon's budget for the 2011 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 ASSETS
December 31, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 2,966,645	\$ 2,224,978	\$ 5,191,623
Restricted Cash and Investments	1,096,637	3,526,356	4,622,993
Accounts Receivable	146,976	22,556	169,532
Current Taxes Receivable	24,033	-	24,033
Property Taxes Receivable	257,902	-	257,902
Notes Receivable	7,027	-	7,027
Prepaid Expense	12,000	-	12,000
Intergovernmental Receivable	935,725	-	935,725
Bond Issuance Costs, Net	144,702	96,850	241,552
Investment in Joint Sewer Authority	-	1,477,011	1,477,011
Capital Assets			
Non-Depreciable Assets	2,091,562	523,721	2,615,283
Depreciable Assets, Net	<u>11,446,129</u>	<u>6,506,289</u>	<u>17,952,418</u>
Total Assets	<u>19,129,338</u>	<u>14,377,761</u>	<u>33,507,099</u>
LIABILITIES			
Accounts Payable	83,594	308,339	391,933
Interest Payable	57,857	32,690	90,547
Accrued Liabilities	41,749	7,978	49,727
Deferred Revenues	257,902	-	257,902
Due to Other Governments	-	993	993
Noncurrent Liabilities			
Due Within One Year	630,261	317,616	947,877
Due in More Than One Year	<u>9,904,708</u>	<u>4,634,329</u>	<u>14,539,037</u>
Total Liabilities	<u>10,976,071</u>	<u>5,301,945</u>	<u>16,278,016</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	4,358,022	6,944,541	11,302,563
Restricted for Emergencies	223,854	-	223,854
Restricted for Parks and Open Space	60,929	-	60,929
Restricted for Housing	148,611	-	148,611
Unrestricted	<u>3,361,851</u>	<u>2,131,275</u>	<u>5,493,126</u>
Total Net Assets	<u>\$ 8,153,267</u>	<u>\$ 9,075,816</u>	<u>\$ 17,229,083</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, 2010

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,226,352	\$ 38,859	\$ -	\$ -
Public Safety	1,213,469	214,968	-	-
Public Works	2,384,893	-	144,593	20,722
Community Development	189,729	9,673	-	-
Culture and Recreation	632,536	8,278	-	7,320
Housing	50,821	-	-	69,994
Interest on Long-Term Debt	487,023	-	-	-
Total Governmental Activities	6,184,823	271,778	144,593	98,036
Business-Type Activities				
Water	801,010	825,535	-	-
Sewer	683,387	730,472	-	-
Marina	806,553	984,749	-	-
Total Business-Type Activities	2,290,950	2,540,756	-	-
TOTAL PRIMARY GOVERNMENT	\$ 8,475,773	\$ 2,812,534	\$ 144,593	\$ 98,036

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 ASSETS

NET ASSETS, Beginning

NET ASSETS, Ending

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

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (1,187,493)	\$ -	\$ (1,187,493)
(998,501)	-	(998,501)
(2,219,578)	-	(2,219,578)
(180,056)	-	(180,056)
(616,938)	-	(616,938)
19,173	-	19,173
(487,023)	-	(487,023)
<u>(5,670,416)</u>	<u>-</u>	<u>(5,670,416)</u>
-	24,525	24,525
-	47,085	47,085
-	178,196	178,196
<u>-</u>	<u>249,806</u>	<u>249,806</u>
<u>(5,670,416)</u>	<u>249,806</u>	<u>(5,420,610)</u>
4,805,463	-	4,805,463
220,530	-	220,530
107,398	-	107,398
132,796	-	132,796
16,993	-	16,993
43,574	7,129	50,703
<u>119,132</u>	<u>55,928</u>	<u>175,060</u>
5,445,886	63,057	5,508,943
<u>27,224</u>	<u>(27,224)</u>	<u>-</u>
(197,306)	285,639	88,333
<u>8,350,573</u>	<u>8,790,177</u>	<u>17,140,750</u>
<u>\$ 8,153,267</u>	<u>\$ 9,075,816</u>	<u>\$ 17,229,083</u>

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

TOWN OF DILLON, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

	General	Capital Improvement	Street Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS					
Assets					
Cash and Investments	\$ 1,041,878	\$ 979,362	\$ 471,978	\$ 473,427	\$ 2,966,645
Restricted Cash and Investments	-	292,827	803,810	-	1,096,637
Accounts Receivable	68,910	73,890	4,176	-	146,976
Current Taxes Receivable	2,180	-	-	21,853	24,033
Property Taxes Receivable	221,114	36,788	-	-	257,902
Notes Receivable	7,027	-	-	-	7,027
Prepaid Expenditures	12,000	-	-	-	12,000
Intergovernmental Receivable	586,199	203,448	101,552	44,526	935,725
Total Assets	\$ 1,939,308	\$ 1,586,315	\$ 1,381,516	\$ 539,806	\$ 5,446,945
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 50,714	\$ 23,127	\$ 4,683	\$ 5,070	\$ 83,594
Accrued Liabilities	41,034	-	715	-	41,749
Deferred Property Taxes	221,114	36,788	-	-	257,902
Total Liabilities	312,862	59,915	5,398	5,070	383,245
Fund Balances					
Reserved for Prepaid Expenditures	12,000	-	-	-	12,000
Reserved for Emergencies	223,854	-	-	-	223,854
Reserved for Capital Projects	-	292,827	-	-	292,827
Reserved for Street Projects	-	-	803,810	-	803,810
Reserved for Parks and Open Space	-	-	-	60,929	60,929
Reserved for Housing	-	-	-	148,611	148,611
Unreserved, Reported In					
General Fund	1,390,592	-	-	-	1,390,592
Special Revenue Funds	-	-	-	70,362	70,362
Capital Project Funds	-	1,233,573	572,308	254,834	2,060,715
Total Fund Balances	1,626,446	1,526,400	1,376,118	534,736	5,063,700
Total Liabilities and Fund Balances	\$ 1,939,308	\$ 1,586,315	\$ 1,381,516	\$ 539,806	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,537,691
Long-term liabilities, including bonds payable (\$9,092,570), lease payable (\$1,406,604), interest payable (\$57,857) and accrued compensated absences (\$113,961), net of bond issuance costs of \$144,702, bond discount \$27,210 and loss on refunding \$50,956 are not due and payable in the current period and, therefore, not reported in the funds.	<u>(10,448,124)</u>
Net Assets of Governmental Activities	<u>\$ 8,153,267</u>

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, 2010

	General	Capital Improvement	Street Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 3,311,817	\$1,196,213	\$ 476,968	\$ 281,189	\$ 5,266,187
Charges for Services	19,778	-	-	6,410	26,188
Assessments	-	-	-	20,722	20,722
Licenses and Permits	30,869	-	-	-	30,869
Intergovernmental	161,586	-	-	77,314	238,900
Fines and Forfeitures	214,721	-	-	-	214,721
Interest	23,057	2,566	15,632	2,319	43,574
Miscellaneous	13,616	104,025	-	1,491	119,132
TOTAL REVENUES	3,775,444	1,302,804	492,600	389,445	5,960,293
EXPENDITURES					
Current					
General Government	1,095,844	-	-	-	1,095,844
Public Safety	1,195,650	-	-	-	1,195,650
Public Works	781,016	-	101,385	-	882,401
Community Development	186,459	-	-	-	186,459
Culture and Recreation	424,210	-	-	40,426	464,636
Housing	-	-	-	50,821	50,821
Capital Outlay	-	1,385,084	2,116,667	-	3,501,751
Debt Service					
Principal	-	266,009	15,000	289,920	570,929
Interest	-	64,201	317,819	47,146	429,166
Bond Issuance Costs	-	-	64,667	-	64,667
TOTAL EXPENDITURES	3,683,179	1,715,294	2,615,538	428,313	8,442,324
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	92,265	(412,490)	(2,122,938)	(38,868)	(2,482,031)
OTHER FINANCING SOURCES (USES)					
Bonds Issued	-	-	3,100,000	-	3,100,000
Bond Discount	-	-	(19,583)	-	(19,583)
Transfers In	-	124,199	-	-	124,199
Transfers Out	(10,843)	-	-	(86,132)	(96,975)
TOTAL OTHER FINANCING SOURCES (USES)	(10,843)	124,199	3,080,417	(86,132)	3,107,641
NET CHANGE IN FUND BALANCES	81,422	(288,291)	957,479	(125,000)	625,610
FUND BALANCE, Beginning	1,545,024	1,814,691	418,639	659,736	4,438,090
FUND BALANCE, Ending	\$ 1,626,446	\$1,526,400	\$ 1,376,118	\$ 534,736	\$ 5,063,700

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, 2010

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

Net Change in Fund Balances of Governmental Funds	\$ 625,610
Capital outlays to purchase or build capital assets \$3,071,995 are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense (\$1,304,569).	1,767,426
The net effect of various miscellaneous transactions involving capital assets (i.e. disposal of assets) are not reported in the governmental funds.	(58,331)
Repayments of bond principal \$304,920 and lease payments of \$266,009 are expenditures in the governmental funds, but they increase long-term liabilities in the statement of net assets and do not affect the statement of activities.	570,929
Some expenses reported in the state 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 compensation absences.	(5,968)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets 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: bond proceeds (\$3,100,000), bond discount \$19,583, interest payable (\$57,857), bond costs \$64,667, and amortization of bond costs, discounts and loss on refunding (\$23,365).	<u>(3,096,972)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (197,306)</u></u>

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

TOWN OF DILLON, COLORADO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2010

	Water Fund	Sewer Fund	Marina Fund	Total Business-Type Activities
ASSETS				
Current Assets				
Cash and Investments	\$ 701,076	\$ 561,577	\$ 962,325	\$ 2,224,978
Restricted Cash and Investments	1,326,356	-	2,200,000	3,526,356
Accounts Receivable	11,287	11,269	-	22,556
Total Current Assets	2,038,719	572,846	3,162,325	5,773,890
Noncurrent Assets				
Investment in Joint Sewer Authority	-	1,477,011	-	1,477,011
Bond Issuance Costs	15,000	-	81,850	96,850
Capital Assets				
Non-Depreciable Assets	523,721	-	-	523,721
Depreciable Assets, Net	2,999,320	2,234,796	1,272,173	6,506,289
Total Noncurrent Assets	3,538,041	3,711,807	1,354,023	8,603,871
Total Assets	5,576,760	4,284,653	4,516,348	14,377,761
LIABILITIES				
Current Liabilities				
Accounts Payable	25,687	1,224	281,428	308,339
Interest Payable	4,051	20,114	8,525	32,690
Accrued Liabilities	3,875	861	3,242	7,978
Due to Other Governments	-	-	993	993
Leases and Loans Payable	134,545	114,071	69,000	317,616
Total Current Liabilities	168,158	136,270	363,188	667,616
Noncurrent Liabilities				
Compensated Absences	8,818	4,349	11,991	25,158
Leases and Loans Payable	1,681,728	796,443	2,131,000	4,609,171
Total Noncurrent Liabilities	1,690,546	800,792	2,142,991	4,634,329
Total Liabilities	1,858,704	937,062	2,506,179	5,301,945
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	3,048,124	2,801,293	1,095,124	6,944,541
Unrestricted	669,932	546,298	915,045	2,131,275
TOTAL NET ASSETS	\$ 3,718,056	\$ 3,347,591	\$ 2,010,169	\$ 9,075,816

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

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

For the Year Ended December 31, 2010

	Water Fund	Sewer Fund	Marina Fund	Total Business-Type Activities
OPERATING REVENUES				
Charges for Services	\$ 825,535	\$ 730,472	\$ 984,749	\$ 2,540,756
Miscellaneous	744	462	-	1,206
TOTAL OPERATING REVENUES	<u>826,279</u>	<u>730,934</u>	<u>984,749</u>	<u>2,541,962</u>
OPERATING EXPENSES				
Operations	525,281	110,385	613,458	1,249,124
Maintenance	19,665	26,090	36,013	81,768
Distribution	68,269	-	-	68,269
Treatment	28,372	428,172	-	456,544
Depreciation	142,704	76,824	147,489	367,017
TOTAL OPERATING EXPENSES	<u>784,291</u>	<u>641,471</u>	<u>796,960</u>	<u>2,222,722</u>
OPERATING INCOME	<u>41,988</u>	<u>89,463</u>	<u>187,789</u>	<u>319,240</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Revenue	1,573	839	4,717	7,129
Miscellaneous Revenue	2,708	-	13,081	15,789
Interest Expense	(16,719)	(41,916)	(9,593)	(68,228)
Joint Sewer Authority	-	38,933	-	38,933
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(12,438)</u>	<u>(2,144)</u>	<u>8,205</u>	<u>(6,377)</u>
NET INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	29,550	87,319	195,994	312,863
Transfer In	5,013	142	5,688	10,843
Transfer Out	-	-	(38,067)	(38,067)
CHANGE IN NET ASSETS	34,563	87,461	163,615	285,639
NET ASSETS, Beginning	<u>3,683,493</u>	<u>3,260,130</u>	<u>1,846,554</u>	<u>8,790,177</u>
NET ASSETS, Ending	<u>\$ 3,718,056</u>	<u>\$ 3,347,591</u>	<u>\$ 2,010,169</u>	<u>\$ 9,075,816</u>

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, 2010

	Water Fund	Sewer Fund	Marina Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 833,434	\$ 729,934	\$ 1,005,529	\$ 2,568,897
Cash Paid to Suppliers	(372,356)	(519,171)	(248,725)	(1,140,252)
Cash Paid to Employees	(286,939)	(52,863)	(389,304)	(729,106)
Net Cash Provided by Operating Activities	<u>174,139</u>	<u>157,900</u>	<u>367,500</u>	<u>699,539</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Capital Assets	(219,791)	(20,252)	(56,245)	(296,288)
Debt Principal Payments	(129,328)	(109,320)	(71,768)	(310,416)
Interest Payments	(15,907)	(44,332)	(2,052)	(62,291)
Transfer Out	-	-	(38,067)	(38,067)
Debt Proceeds	1,515,000	-	2,200,000	3,715,000
Debt Issuance Costs	(15,000)	-	(81,850)	(96,850)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>1,134,974</u>	<u>(173,904)</u>	<u>1,950,018</u>	<u>2,911,088</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES				
Reimbursement	2,708	-	13,081	15,789
Transfer In	5,013	142	5,688	10,843
Net Cash Provided by Noncapital Financing Activities	<u>7,721</u>	<u>142</u>	<u>18,769</u>	<u>26,632</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	1,573	839	4,717	7,129
Net Cash Provided by Investing Activities	<u>1,573</u>	<u>839</u>	<u>4,717</u>	<u>7,129</u>
Net Increase (Decrease) in Cash & Cash Equivalents	1,318,407	(15,023)	2,341,004	3,644,388
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>709,025</u>	<u>576,600</u>	<u>821,321</u>	<u>2,106,946</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 2,027,432</u></u>	<u><u>\$ 561,577</u></u>	<u><u>\$ 3,162,325</u></u>	<u><u>\$ 5,751,334</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	\$ 41,988	\$ 89,463	\$ 187,789	\$ 319,240
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	142,704	76,824	147,489	367,017
Net Income from Joint Venture	-	(9,938)	-	(9,938)
Changes in Assets and Liabilities				
Accounts Receivable	7,155	8,938	20,780	36,873
Accounts Payable	(10,843)	(5,062)	16,932	1,027
Accrued Liabilities	(6,411)	(2,009)	(6,491)	(14,911)
Due to Other Governments	-	-	57	57
Compensated Absences	(454)	(316)	944	174
Net Cash Provided by Operating Activities	<u><u>\$ 174,139</u></u>	<u><u>\$ 157,900</u></u>	<u><u>\$ 367,500</u></u>	<u><u>\$ 699,539</u></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, 2010

	Summit County Telecommunications Consortium
ASSETS	
Current Assets	
Cash and Investments	\$ 66,666
Accounts Receivable	<u>8,873</u>
Total Current Assets	<u><u>\$ 75,539</u></u>
LIABILITIES	
Liabilities	
Accounts Payable	\$ 15
Accrued Liabilities	1,892
Funds Held in Trust for Others	<u>73,632</u>
Total Liabilities	<u><u>\$ 75,539</u></u>

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

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

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 of Dillon 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.

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 assets 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, 2010

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.

Property taxes, specific ownership taxes, franchise taxes, grants 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. Sales taxes and lodging taxes collected and held by vendors at year end on behalf of the Town are also recognized as revenue, if collected within sixty days after year end. 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 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 required to be 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 financial resources to be used for the reconstruction of streets funded by the dedicated sales tax of .5% through the issuance of bonds.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

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 and administration of the beanpole grant. The Town of Dillon holds the resources in a fiduciary capacity.

Cash and Investments

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

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 more than \$5,000 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 estimated fair market value at the date of donation.

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

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenues

Deferred revenues arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when the Town has a legal claim to the resources, the liability for the deferred revenue is removed from the balance sheet and revenue is recognized. Property Taxes earned but not levied for the current year are also reported as deferred revenues.

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 assets. Bond premiums and discounts, as well as issuance costs, 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 expenditures.

Net Assets/Fund Balance

In the government-wide financial statements and proprietary funds in the fund financial statements, net assets are restricted when constraints placed on the net assets are externally imposed. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2010

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments as of December 31, 2010 follows:

Deposits	\$6,511,375
Petty Cash	300
Investments	2,043,251
Cash Held by Third Party	<u>1,326,356</u>
 Total Cash on Hand and Investments	 <u>\$9,881,282</u>

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

Cash and Investments	\$5,191,623
Restricted Cash and Investments	4,622,993
Agency Fund Cash and Investments	<u>66,666</u>
 Total Cash and Investments	 <u>\$9,881,282</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, 2010, the Town had bank deposits of \$4,656,261 collateralized with securities held by the financial institutions' agents but not in the Town's name.

Restricted Cash and Investments

At December 31, 2010, the Town had \$292,827 in restricted cash for specific capital projects in the Capital Improvement Fund. The restricted cash is the remaining funds from the 2009 Capital Project Loan with Wells Fargo Brokerage Services, LLC. The Town anticipates the restricted cash will be spent in 2011.

At December 31, 2010 the Town had \$2,200,000 in restricted cash for the marina slope stabilization project in the Marina Fund. The restricted cash is the remaining funds from the 2010 Marina Lease with UMB Bank, NA. The Town anticipates the restricted cash will be spent in 2011.

At December 31, 2010 the Town had \$803,810 in restricted cash for the street reconstruction projects in the Street Improvement Fund. The restricted cash is the remaining funds from the 2010 Excise Tax Revenues Bonds. The Town anticipates the restricted cash will be spent in 2011.

Cash of \$1,326,356 is being held by the Colorado Water Conservation Board from loan proceeds. The loan proceeds are accounted for in the Water Fund to be used in 2011 for the Old Dillon Reservoir enlargement.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2010

NOTE 2: CASH AND INVESTMENTS (continued)

Investments

At December 31, 2010, 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>Fair Value</u>
Federated Prime Obligation Fund	AAAm	\$ 3,000	\$ 3,000
Wells Fargo Adv Government MMF	AAAm	292,827	292,827
Local Government Investment Pools	AAAm	<u>1,747,424</u>	<u>1,747,424</u>
Total		<u>\$2,043,251</u>	<u>\$2,043,251</u>

The Town has a formal investment policy that limits its investment choices and the length of maturity to two years. 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 Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a NRSRO.

Local Government Investment Pools – At December 31, 2010 the Town had \$713,938 invested in the Colorado Surplus Asset Fund Trust (CSAFE) and \$1,033,486 in the Colorado Local Government Liquid Asset Trust (Colotrust). The trusts 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 trusts operate in conformity with the Securities and Exchange Commission’s Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. The Trusts are rated AAAM by Standard and Poor’s. Investments of the Trusts 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.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 3: CAPITAL ASSETS

Governmental Activities

Capital assets activity for governmental activities for the year ended December 31, 2010 is summarized below:

	Restated Balance <u>12/31/09</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/10</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ <u>2,091,562</u>	\$ --	\$ --	\$ <u>2,091,562</u>
Capital Assets, Being Depreciated				
Infrastructure	11,313,575	2,196,951	(125,971)	13,384,555
Buildings	1,246,415	144,054	--	1,390,469
Equipment & Vehicles	2,654,440	599,916	(335,884)	2,918,472
Parks & Amphitheatre	1,989,427	45,251	(14,000)	2,020,678
Furniture & Fixtures	<u>203,124</u>	<u>85,823</u>	<u>--</u>	<u>288,947</u>
Total Capital Assets, Being Depreciated	<u>17,406,981</u>	<u>3,071,995</u>	<u>(475,855)</u>	<u>20,003,121</u>
Less: Accumulated Depreciation For				
Infrastructure	4,801,347	840,263	(125,361)	5,516,249
Buildings	913,619	43,942	--	957,561
Equipment & Vehicles	1,107,563	250,593	(282,713)	1,075,443
Parks & Amphitheatre	774,125	117,861	(9,450)	882,536
Furniture & Fixtures	<u>73,293</u>	<u>51,910</u>	<u>--</u>	<u>125,203</u>
Total Accumulated Depreciation	<u>7,669,947</u>	<u>1,304,569</u>	<u>(417,524)</u>	<u>8,556,992</u>
Total Capital Assets, Being Depreciated, Net	<u>9,737,034</u>	<u>1,767,426</u>	<u>(58,331)</u>	<u>11,446,129</u>
Governmental Activities				
Capital Assets, Net	<u>\$11,828,596</u>	<u>\$1,767,426</u>	<u>\$ (58,331)</u>	<u>\$13,537,691</u>

Intangible assets were added in 2010 to comply with Governmental Accounting Standards Board Statement No. 51. The Town received land from Denver Water Department under a conservation easement with Summit County in September 1996. Governmental activities net assets at December 31, 2010 have been restated as follows:

	<u>Capital Assets</u>	<u>Net Assets</u>
Balance, December 31, 2009, as Originally Stated	\$ 9,844,986	\$ 6,366,963
Adjustment, Land	<u>\$ 1,983,610</u>	<u>\$ 1,983,610</u>
Balance, December 31, 2009, as Restated	<u>\$11,828,596</u>	<u>\$ 8,350,573</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 3: CAPITAL ASSETS (continued)

Business-Type Activities

Capital assets activity for business-type activities for the year ended December 31, 2010 is summarized below:

	Restated Balance <u>12/31/09</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/10</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 219,652	--	--	\$ 219,652
Water Rights	<u>304,069</u>	<u>--</u>	<u>--</u>	<u>304,069</u>
Total Capital Assets, Not Being Depreciated	<u>523,721</u>	<u>--</u>	<u>--</u>	<u>523,721</u>
Capital Assets, Being Depreciated				
Water Plant	3,073,143	81,810	--	3,154,953
Lines	5,352,020	14,231	--	5,366,251
Buildings	443,944	8,038	--	451,982
Equipment & Vehicles	662,927	18,291	--	681,218
Lift Station	892,800	--	--	892,800
Reservoirs	166,947	131,960	--	298,907
Improvements	<u>1,645,387</u>	<u>300,857</u>	<u>--</u>	<u>1,946,244</u>
Total Capital Assets, Being Depreciated	<u>12,237,168</u>	<u>555,187</u>	<u>--</u>	<u>12,792,355</u>
Less: Accumulated Depreciation For				
Water Plant	1,620,011	55,489	--	1,675,500
Lines	2,632,618	118,996	--	2,751,614
Buildings	297,787	21,845	--	319,632
Equipment & Vehicles	462,324	55,440	--	517,764
Lift Station	66,105	22,612	--	88,717
Reservoirs	6,552	7,473	--	14,025
Improvements	<u>833,652</u>	<u>85,162</u>	<u>--</u>	<u>918,814</u>
Total Accumulated Depreciation	<u>5,919,049</u>	<u>367,017</u>	<u>--</u>	<u>6,286,066</u>
Total Capital Assets, Being Depreciated, Net	<u>6,318,119</u>	<u>188,170</u>	<u>--</u>	<u>6,506,289</u>
Business-Type Activities				
Capital Assets, Net	<u>\$6,841,840</u>	<u>\$ 188,170</u>	<u>\$ --</u>	<u>\$7,030,010</u>

Intangible assets were added in 2010 to comply with Governmental Accounting Standards Board Statement No. 51. The Town received water rights from 1939 through 1992. Business-type activities net assets at December 31, 2010 have been restated as follows:

	<u>Capital Assets</u>	<u>Net Assets</u>
Balance, December 31, 2009, as Originally Stated	\$ 6,537,771	\$ 8,486,108
Adjustment, Water Rights	<u>\$ 304,069</u>	<u>\$ 304,069</u>
Balance, December 31, 2009, as Restated	<u>\$ 6,841,840</u>	<u>\$ 8,790,177</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2010

NOTE 3: CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 86,599
Public Safety	23,824
Public Works	1,057,923
Culture and Recreation	<u>136,223</u>
Total Governmental Activities Depreciation Expense	<u>\$1,304,569</u>
Business-Type Activities	
Water Fund	\$142,704
Sewer Fund	76,824
Marina Fund	<u>147,489</u>
Total Business-Type Activities Depreciation Expense	<u>\$367,017</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, Mesa Cortina Water and Sanitation District, and Yale Investments, Inc.

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, 2010 of \$1,477,011, which represents a 13.10% share in the joint venture. At December 31, 2010, the Town was responsible for 20.8% 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.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

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, 2010:

	Beginning <u>12/31/09</u>	<u>Additions</u>	<u>Retirement</u>	Ending <u>12/31/10</u>	Due Within <u>One Year</u>
General Obligation Bond-03	\$ 225,000	\$ --	\$ (70,000)	\$ 155,000	\$ 75,000
Excise Tax Revenue Bond-04	320,000	--	(105,000)	215,000	105,000
Excise Tax Revenue Bond-05	757,490	--	(114,920)	642,570	119,230
Capital Project Lease-09	918,000	--	(171,190)	746,810	177,182
Capital Project Lease-06	754,613	--	(94,819)	659,794	98,849
Excise Tax Revenue Bonds-08	4,995,000	--	(5,000)	4,990,000	5,000
Excise Tax Revenue Bonds-10	--	3,100,000	(10,000)	3,090,000	50,000
Bond Discount-08	(9,112)	(19,583)	1,485	(27,210)	--
Compensated Absences	107,993	5,968	--	113,961	--
Loss on Refunding	<u>(61,790)</u>	<u>--</u>	<u>10,834</u>	<u>(50,956)</u>	<u>--</u>
Total	<u>\$8,007,194</u>	<u>\$3,086,385</u>	<u>\$(558,610)</u>	<u>\$10,534,969</u>	<u>\$630,261</u>

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

In October 2003, the Town advance refunded its General Obligation Bonds, Series 1992 with its General Obligation Refunding Bonds, Series 2003. This refunding was undertaken in order to take advantage of favorable interest rates. The bonds bear interest at 3.6% per annum, payable on October 1 and April 1 of each year. Principal payments are due on October 1 of each year through 2012. The outstanding principal balance as of December 31, 2010 is \$155,000.

On April 22, 2004, the Town advance refunded its Excise Tax Bonds, Series 1994 with its Excise Tax Refunding Bonds Series 2004. This refunding was undertaken in order to take advantage of favorable interest rates. The bonds bear interest at 3.9% per annum, payable on June 1 and December 1 of each year. Principal payments are due on June 1 of each year through 2012.

On March 25, 2005, the Town advance refunded its Excise Tax Bonds, Series 1996 with its Excise Tax Refunding Bonds Series 2005. This refunding was undertaken in order to take advantage of favorable interest rates. The bonds bear interest at 3.75% per annum, payable on June 1 and December 1 of each year. Principal payments are due on December 1 of each year through 2015.

On June 4, 2008, the Town issued the Sales Tax Revenue Bonds, Series 2008 for the reconstruction of Town streets. The interest rate on the bonds ranges from 3.25% in 2008 to 5% by maturity on December 1, 2028.

On April 8, 2010, the Town issued the Sales Tax Revenue Bonds, Series 2010 for the reconstruction of Town streets. The interest rate on the bonds ranges from 1.25% in 2010 to 5.125% by maturity on December 1, 2030.

The Excise Tax Revenue Bonds, Series 2004, Series 2005, Series 2008 and Series 2010 are payable solely from the Town's sales and lodging taxes. During the year ended December 31, 2010, revenues of \$4,912,861 were available to pay annual debt service of \$591,578 for all four bonds. The outstanding debt service at 12/31/10 for all four bonds is \$8,937,570.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2010

NOTE 5: LONG-TERM DEBT (continued)

Governmental Activities (continued)

On March 30, 2006, the Town entered into a lease purchase agreement with Wells Fargo Brokerage Services, LLC for capital projects and heavy equipment. The interest rate is 4.25%. Annual payments of \$126,890 are required through March 30, 2016. At December 31, 2010, capital assets of \$1,048,021 have been recorded using the lease proceeds.

On December 7, 2009, the Town entered into a lease purchase agreement for \$918,000 with Wells Fargo Brokerage Services, LLC for the purchase of a New Holland 6070 tractor and a John Deere backhoe. The interest rate is 3.50%. Annual payments of \$203,320 are required through December 7, 2014. At December 31, 2010, capital assets of \$764,368 have been recorded using the lease proceeds. The balance of the proceeds will be spent in 2011 to purchase additional equipment.

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2010:

	Beginning <u>12/31/09</u>	<u>Additions</u>	<u>Retirement</u>	Ending <u>12/31/10</u>	Due Within <u>One Year</u>
Marina Lease Purchase-03	\$ 71,768	\$ --	\$ (71,768)	\$ --	\$ --
Marina Lease-10	--	2,200,000	--	2,200,000	69,000
Drinking Water Revolving Loan	354,819	--	(113,621)	241,198	118,211
Lot 50 Loan-04	75,782	--	(15,707)	60,075	16,334
CWCB Loan-10	--	1,515,000	--	1,515,000	--
Sewer Revenue Note 1-07	540,924	--	(58,081)	482,843	60,578
Sewer Revenue Note 2-07	478,910	--	(51,239)	427,671	53,493
Compensated Absences	<u>24,984</u>	<u>174</u>	<u>--</u>	<u>25,158</u>	<u>--</u>
Total	<u>\$1,547,187</u>	<u>\$3,715,174</u>	<u>\$(310,416)</u>	<u>\$4,951,945</u>	<u>\$317,616</u>

In 2003, the Town refinanced its Marina Building Improvement Note and Marina Lease Purchase Agreement-95 with its Marina Lease Purchase Agreement-03. The interest rate is 3.8% and matured August 20, 2010.

On December 9, 2010, the Town entered into a site and improvement lease with UMB Bank, N.A. for the slope stabilization project at the Dillon Marina. The Town provided Dillon Town Hall as collateral. The Marina Enterprise Fund will repay the lease. The interest rate is 4.65% and matures on December 1, 2030 with semi-annual payments due in June and December beginning in 2012. The outstanding debt service at December 31, 2010 is \$2,200,000.

Drinking Water Revolving Loan – On October 18, 2002, the Town entered into a loan agreement for the microfiltration conversion at the water plant. The interest rate is 4% and matures on November 1, 2012. This loan is payable solely from revenues from the Town’s water utility system after deduction of operating and maintenance costs. During the year ended December 31, 2010, net revenues of \$188,973 were available to pay annual debt service of \$126,689. The outstanding debt service at December 31, 2010 is \$253,378.

In January 2004, the Town entered into a loan agreement with Wells Fargo Brokerage Services, LLC for the purchase of Lot 50, Parmigan Trail Estates. The interest rate is 3.8% and matures March 22, 2014.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2010

NOTE 5: LONG-TERM DEBT (continued)

Business-Type Activities (continued)

On July 15, 2009, The Town entered into a loan contract with the Department of Natural Resources, Colorado Water Conservation Board for the Old Dillon Reservoir enlargement project. The project was scheduled to start in 2009 but was delayed until 2010 with anticipated completion in 2011. The interest rate is 4% and matures 30 years after completion of the project. The anticipated maturity date is December 1, 2042.

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 is 4.3% and matures 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 is 4.4% and matures August 24, 2017.

The Sewer Revenue Note 1-07 and 2-07 are payable solely from revenues from the Town's sewer utility system after deduction of operating and maintenance costs. During the year ended December 31, 2010, net revenues of \$167,126 were available to pay annual debt service of \$153,651. The outstanding debt service at December 31, 2010 for both loans is \$1,075,560.

Future Debt Service Requirements

Governmental Activities

Annual debt service requirements for the outstanding general obligation bonds at December 31, 2010 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 75,000	\$ 5,580	\$ 80,580
2012	<u>80,000</u>	<u>2,856</u>	<u>82,856</u>
Total	<u>\$ 155,000</u>	<u>\$ 8,436</u>	<u>\$ 163,436</u>

Annual debt service requirements for the outstanding revenue bonds at December 31, 2010 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 279,230	\$ 396,995	\$ 676,225
2012	298,701	387,406	686,107
2013	313,340	379,385	692,725
2014	333,153	368,573	701,726
2015	348,146	357,018	705,164
2016-2020	1,935,000	1,581,867	3,516,867
2021-2025	2,395,000	1,118,173	3,513,173
2026-2030	<u>3,035,000</u>	<u>478,158</u>	<u>3,513,158</u>
Total	<u>\$8,937,570</u>	<u>\$5,067,575</u>	<u>\$14,005,145</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 5: LONG-TERM DEBT (continued)

Future Debt Service Requirements (continued)

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligations at December 31, 2010:

Year Ended December 31,	
2011	\$ 330,210
2012	330,210
2013	330,210
2014	330,210
2015	132,062
2016	<u>137,025</u>
Total Minimum Lease Payments	1,589,927
Less: Interest	<u>(183,323)</u>
Present Value of Future Minimum Lease Payments	<u>\$1,406,604</u>

Business-Type Activities

Annual debt service requirements for the outstanding loans at December 31, 2010 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 248,616	\$ 50,271	\$ 298,887
2012	286,015	100,485	386,500
2013	169,961	89,850	259,811
2014	167,914	82,624	250,538
2015	165,622	75,641	241,263
2016-2020	459,529	285,839	745,368
2021-2025	208,243	229,820	438,063
2026-2030	253,360	184,704	438,064
2031-2035	308,250	129,812	438,062
2036-2040	375,035	63,028	438,063
2041-2042	<u>84,242</u>	<u>3,369</u>	<u>87,611</u>
Total	<u>\$2,726,787</u>	<u>\$1,295,443</u>	<u>\$4,022,230</u>

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligations at December 31, 2010:

Year Ended December 31,	
2011	\$170,509
2012	169,278
2013	169,930
2014	170,396
2015	170,676
2016-2020	851,070
2021-2025	850,611
2026-2030	<u>850,277</u>
Total Minimum Lease Payments	3,402,747
Less: Interest	<u>(1,202,747)</u>
Present Value of Future Minimum Lease Payments	<u>\$2,200,000</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 5: LONG-TERM DEBT (continued)

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 \$39,579 for the year ended December 31, 2010.

NOTE 6: INTERFUND TRANSFERS

The Marina Fund transferred \$38,067 to the Capital Improvement Fund to assist in the payment of the Capital Project lease. The Parks and Open Space Fund transferred \$86,132 to the Capital Improvement Fund. The Parks and Open Space Fund will be eliminated in 2011. All future revenue sources will be accounted for in the Capital Improvement Fund. The General Fund transferred \$10,843 to the Enterprise Funds to cover the cost of staff bonuses. Staff bonuses were paid due to the collection of unanticipated sales taxes from 2003. The transfers for the Enterprise Funds were \$5,013 for the Water Fund, \$142 for the Sewer Fund and \$5,688 for the Marina Fund.

NOTE 7: RETIREMENT COMMITMENTS

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. In 1996, the Town added a defined contribution plan through International City Managers Association (ICMA) for full-time police officers and department heads. These employees also contribute 5% of gross salaries with the Town matching their contribution. Employee and 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, 2010 were \$66,984 and \$50,189 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. The Town contributions for the year ended December 31, 2010 were \$32,378 which equals the required contributions. All plan assets are held in trust for the exclusive benefit of the employees.

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 provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, section 18(2).

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 8: RISK MANAGEMENT (continued)

Public Entity Risk Pool (continued)

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.

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, 2010 the Town had reserved \$223,854 to comply with this requirement.

Economic Development Agreement

The Town entered into an Economic Development Agreement with Vitamin Cottage Natural Food Markets on December 5, 2006. Vitamin Cottage opened a store at 761 Anemone in Dillon in January 2007. The Town agreed to rebate \$100,000 in sales tax revenues to Vitamin Cottage for a maximum of four years at a rate of 20% of their sales tax revenues per year. For the year ended December, 31, 2010 the Town paid \$34,035 leaving an outstanding balance of \$4,983.

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.

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TOWN OF DILLON, COLORADO
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 3,015,459	\$ 3,091,526	\$ 3,311,817	\$ 220,291
Licenses and Permits	39,467	39,467	30,869	(8,598)
Intergovernmental	118,452	118,452	161,586	43,134
Charges for Services	19,469	19,469	19,778	309
Fines and Forfeitures	216,805	216,805	214,721	(2,084)
Interest	50,000	50,000	23,057	(26,943)
Miscellaneous	3,712	3,712	13,616	9,904
TOTAL REVENUES	<u>3,463,364</u>	<u>3,539,431</u>	<u>3,775,444</u>	<u>236,013</u>
EXPENDITURES				
General Government	1,102,842	1,118,353	1,095,844	22,509
Public Safety	1,143,115	1,165,324	1,195,650	(30,326)
Public Works	796,660	816,934	781,016	35,918
Community Development	170,236	177,466	186,459	(8,993)
Culture and Recreation	418,055	418,055	424,210	(6,155)
TOTAL EXPENDITURES	<u>3,630,908</u>	<u>3,696,132</u>	<u>3,683,179</u>	<u>12,953</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(167,544)</u>	<u>(156,701)</u>	<u>92,265</u>	<u>248,966</u>
OTHER FINANCING SOURCES (USES)				
Transfer Out	-	(10,843)	(10,843)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(10,843)</u>	<u>(10,843)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(167,544)	(167,544)	81,422	248,966
FUND BALANCE, Beginning	<u>1,189,225</u>	<u>1,189,225</u>	<u>1,545,024</u>	<u>355,799</u>
FUND BALANCE, Ending	<u>\$ 1,021,681</u>	<u>\$ 1,021,681</u>	<u>\$ 1,626,446</u>	<u>\$ 604,765</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2010

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 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.

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.

Parks and Open Space Fund – This fund will be eliminated at December 31, 2010. All revenue sources will be accounted for in the Capital Improvement Fund.

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.

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 revenue collections must be used for attainable housing.

Capital Projects Funds

Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Improvement District, #1, Anemone Trail Fund – This fund accounts for the payment of bonds issued for the construction of the streets in the Anemone Trail Improvement District. Special assessments and governmental resources will finance the bond repayments.

Town Center Improvement Fund – This fund accounts for the payment of bonds issued for the street reconstruction and infrastructure improvements in the Town Center. Special assessments, property tax mill levy and governmental resources will finance the bond repayments.

TOWN OF DILLON, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2010

	Special Revenue			Capital Projects		Total Nonmajor Governmental Funds	
	Conservation Trust	Parks and Open Space	Housing Initiative 5A	Cemetery Perpetual Care	Special Improvement District		Town Center Improvement
ASSETS							
Cash and Investments	\$ 60,929	\$ -	\$ 139,761	\$ 70,362	\$ 9,735	\$ 192,640	\$ 473,427
Current Taxes Receivable	-	-	-	-	-	21,853	21,853
Intergovernmental Receivable	-	-	13,920	-	30,606	-	44,526
Total Assets	\$ 60,929	\$ -	\$ 153,681	\$ 70,362	\$ 40,341	\$ 214,493	\$ 539,806
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	\$ -	\$ -	\$ 5,070	\$ -	\$ -	\$ -	\$ 5,070
Total Liabilities	-	-	5,070	-	-	-	5,070
Fund Balances							
Reserved for Parks/Open Space	60,929	-	-	-	-	-	60,929
Reserved for Housing	-	-	148,611	-	-	-	148,611
Unreserved, Reported in							
Special Revenue Funds	-	-	-	70,362	-	-	70,362
Capital Projects Funds	-	-	-	-	40,341	214,493	254,834
Total Fund Balances	60,929	-	148,611	70,362	40,341	214,493	534,736
Total Liabilities and Fund Balances	\$ 60,929	\$ -	\$ 153,681	\$ 70,362	\$ 40,341	\$ 214,493	\$ 539,806

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, 2010

	Special Revenue			Capital Projects		Total Nonmajor Governmental Funds	
	Conservation Trust	Parks and Open Space	Housing Initiative 5A	Cemetery Perpetual Care	Special Improvement District		Town Center Improvement
REVENUES							
Taxes	\$ -	\$11,320	\$ -	\$ -	\$ 146,687	\$ 123,182	\$ 281,189
Charges for Services	-	-	-	6,410	-	-	6,410
Assessments	-	-	-	-	-	20,722	20,722
Intergovernmental	7,320	-	69,994	-	-	-	77,314
Interest	175	162	216	1,303	91	372	2,319
Miscellaneous	-	-	-	1,491	-	-	1,491
Total Revenues	<u>7,495</u>	<u>11,482</u>	<u>70,210</u>	<u>9,204</u>	<u>146,778</u>	<u>144,276</u>	<u>389,445</u>
EXPENDITURES							
Culture and Recreation	29,185	9,885	-	1,356	-	-	40,426
Housing	-	-	50,821	-	-	-	50,821
Debt Service							
Principal	-	-	-	-	114,920	175,000	289,920
Interest	-	-	-	-	28,406	18,740	47,146
Total Expenditures	<u>29,185</u>	<u>9,885</u>	<u>50,821</u>	<u>1,356</u>	<u>143,326</u>	<u>193,740</u>	<u>428,313</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(21,690)</u>	<u>1,597</u>	<u>19,389</u>	<u>7,848</u>	<u>3,452</u>	<u>(49,464)</u>	<u>(38,868)</u>
OTHER FINANCING USES							
Transfer Out	-	(86,132)	-	-	-	-	(86,132)
Total Other Financing Uses	<u>-</u>	<u>(86,132)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86,132)</u>
Net Change in Fund Balance	(21,690)	(84,535)	19,389	7,848	3,452	(49,464)	(125,000)
Fund Balance, Beginning of Year	<u>82,619</u>	<u>84,535</u>	<u>129,222</u>	<u>62,514</u>	<u>36,889</u>	<u>263,957</u>	<u>659,736</u>
Fund Balance, End of Year	<u>\$ 60,929</u>	<u>\$ -</u>	<u>\$148,611</u>	<u>\$ 70,362</u>	<u>\$ 40,341</u>	<u>\$ 214,493</u>	<u>\$ 534,736</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
CAPITAL IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes	\$ 961,689	\$ 1,217,962	\$ 1,196,213	\$ (21,749)
Interest	10,000	10,000	2,566	(7,434)
Miscellaneous	<u>30,000</u>	<u>30,000</u>	<u>104,025</u>	<u>74,025</u>
TOTAL REVENUES	<u>1,001,689</u>	<u>1,257,962</u>	<u>1,302,804</u>	<u>44,842</u>
EXPENDITURES				
Capital Outlay	1,122,844	1,929,268	1,385,084	544,184
Debt Service				
Principal	94,819	94,819	266,009	(171,190)
Interest	<u>32,071</u>	<u>32,071</u>	<u>64,201</u>	<u>(32,130)</u>
TOTAL EXPENDITURES	<u>1,249,734</u>	<u>2,056,158</u>	<u>1,715,294</u>	<u>340,864</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(248,045)</u>	<u>(798,196)</u>	<u>(412,490)</u>	<u>385,706</u>
OTHER FINANCING SOURCES				
Transfer In	<u>38,067</u>	<u>124,199</u>	<u>124,199</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>38,067</u>	<u>124,199</u>	<u>124,199</u>	<u>-</u>
Net Change in Fund Balance	(209,978)	(673,997)	(288,291)	385,706
Fund Balance, Beginning	<u>790,891</u>	<u>790,891</u>	<u>1,814,691</u>	<u>1,023,800</u>
Fund Balance, Ending	<u><u>\$ 580,913</u></u>	<u><u>\$ 116,894</u></u>	<u><u>\$ 1,526,400</u></u>	<u><u>\$ 1,409,506</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
STREET IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 469,629	\$ 469,629	\$ 476,968	\$ 7,339
Interest	50,000	50,000	15,632	(34,368)
TOTAL REVENUES	<u>519,629</u>	<u>519,629</u>	<u>492,600</u>	<u>(27,029)</u>
EXPENDITURES				
Public Works	60,000	60,000	101,385	(41,385)
Capital Outlay	2,133,497	2,649,247	2,116,667	532,580
Debt Service				
Principal	5,000	5,000	15,000	(10,000)
Interest	228,030	228,030	317,819	(89,789)
Bond Issuance Costs	-	-	64,667	(64,667)
TOTAL EXPENDITURES	<u>2,426,527</u>	<u>2,942,277</u>	<u>2,615,538</u>	<u>326,739</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,906,898)	(2,422,648)	(2,122,938)	299,710
OTHER FINANCING SOURCES (USES)				
Bonds Issued	2,500,000	3,015,750	3,100,000	84,250
Bond Discount	-	-	(19,583)	(19,583)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,500,000</u>	<u>3,015,750</u>	<u>3,080,417</u>	<u>64,667</u>
Net Change in Fund Balance	593,102	593,102	957,479	364,377
Fund Balance, Beginning	<u>833,330</u>	<u>833,330</u>	<u>418,639</u>	<u>(414,691)</u>
Fund Balance, Ending	<u><u>\$ 1,426,432</u></u>	<u><u>\$ 1,426,432</u></u>	<u><u>\$ 1,376,118</u></u>	<u><u>\$ (50,314)</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 8,200	\$ 8,200	\$ 7,320	\$ (880)
Interest	950	950	175	(775)
Total Revenues	9,150	9,150	7,495	(1,655)
EXPENDITURES				
Culture and Recreation	-	30,000	29,185	815
Net Change in Fund Balance	9,150	(20,850)	(21,690)	(840)
Fund Balance, Beginning of Year	82,850	82,850	82,619	(231)
Fund Balance, End of Year	\$ 92,000	\$ 62,000	\$ 60,929	\$ (1,071)

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
PARKS AND OPEN SPACE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 9,985	\$ 9,985	\$ 11,320	\$ 1,335
Interest	900	900	162	(738)
Total Revenues	10,885	10,885	11,482	597
EXPENDITURES				
Culture and Recreation	-	9,885	9,885	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	10,885	1,000	1,597	597
OTHER FINANCING SOURCES (USES)				
Transfer Out	-	(86,132)	(86,132)	-
Net Change in Fund Balance	10,885	(85,132)	(84,535)	597
Fund Balance, Beginning of Year	83,986	85,132	84,535	(597)
Fund Balance, End of Year	\$ 94,871	\$ -	\$ -	\$ -

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
HOUSING INITIATIVE 5A FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 72,014	\$ 72,014	\$ 69,994	\$ (2,020)
Interest	<u>600</u>	<u>600</u>	<u>216</u>	<u>(384)</u>
Total Revenues	<u>72,614</u>	<u>72,614</u>	<u>70,210</u>	<u>(2,404)</u>
EXPENDITURES				
Housing	<u>30,422</u>	<u>50,822</u>	<u>50,821</u>	<u>1</u>
Net Change in Fund Balance	42,192	21,792	19,389	(2,403)
Fund Balance, Beginning of Year	<u>105,431</u>	<u>105,431</u>	<u>129,222</u>	<u>23,791</u>
Fund Balance, End of Year	<u><u>\$ 147,623</u></u>	<u><u>\$ 127,223</u></u>	<u><u>\$ 148,611</u></u>	<u><u>\$ 21,388</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, 2010

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for Services	\$ 1,500	\$ 1,500	\$ 6,410	\$ 4,910
Interest	1,000	1,000	1,303	303
Miscellaneous	-	-	1,491	1,491
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>9,204</u>	<u>6,704</u>
EXPENDITURES				
Culture and Recreation	<u>3,000</u>	<u>3,066</u>	<u>1,356</u>	<u>1,710</u>
Total Expenditures	<u>3,000</u>	<u>3,066</u>	<u>1,356</u>	<u>1,710</u>
Net Change in Fund Balance	(500)	(566)	7,848	8,414
Fund Balance, Beginning of Year	<u>60,071</u>	<u>60,071</u>	<u>62,514</u>	<u>2,443</u>
Fund Balance, End of Year	<u>\$ 59,571</u>	<u>\$ 59,505</u>	<u>\$ 70,362</u>	<u>\$ 10,857</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
IMPROVEMENT DISTRICT #1, ANEMONE TRAIL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2010

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes	\$ 142,500	\$ 146,687	\$ 4,187
Interest	771	91	(680)
Total Revenues	<u>143,271</u>	<u>146,778</u>	<u>3,507</u>
EXPENDITURES			
Debt Service			
Principal	114,920	114,920	-
Interest	<u>28,406</u>	<u>28,406</u>	<u>-</u>
Total Expenditures	<u>143,326</u>	<u>143,326</u>	<u>-</u>
Net Change in Fund Balance	(55)	3,452	3,507
Fund Balance, Beginning of Year	<u>422</u>	<u>36,889</u>	<u>36,467</u>
Fund Balance, End of Year	<u>\$ 367</u>	<u>\$ 40,341</u>	<u>\$ 39,974</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
TOWN CENTER IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2010

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes	\$ 122,535	\$ 123,182	\$ 647
Assessments	21,000	20,722	(278)
Interest	<u>2,305</u>	<u>372</u>	<u>(1,933)</u>
Total Revenues	<u>145,840</u>	<u>144,276</u>	<u>(1,564)</u>
EXPENDITURES			
Debt Service			
Principal	330,000	175,000	155,000
Interest	<u>21,350</u>	<u>18,740</u>	<u>2,610</u>
Total Expenditures	<u>351,350</u>	<u>193,740</u>	<u>157,610</u>
Net Change in Fund Balance	(205,510)	(49,464)	156,046
Fund Balance, Beginning of Year	<u>250,350</u>	<u>263,957</u>	<u>13,607</u>
Fund Balance, End of Year	<u>\$ 44,840</u>	<u>\$ 214,493</u>	<u>\$ 169,653</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
WATER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Utility Sales	\$ 752,390	\$ 806,290	\$ 825,535	\$ 19,245
Tap Fees	15,000	15,000	-	(15,000)
Interest	11,700	11,700	1,573	(10,127)
Miscellaneous Income	20,819	20,819	3,452	(17,367)
Loan Proceeds	1,515,000	1,515,000	1,515,000	-
Transfer In	-	5,013	5,013	-
Total Revenues	<u>2,314,909</u>	<u>2,373,822</u>	<u>2,350,573</u>	<u>(23,249)</u>
EXPENDITURES				
Current				
Operations	381,079	386,092	525,281	(139,189)
Maintenance	8,735	8,735	19,665	(10,930)
Distribution	42,517	96,417	68,269	28,148
Treatment	32,600	32,600	28,372	4,228
Capital Outlay	1,736,800	1,736,800	219,791	1,517,009
Debt Service				
Principal	129,328	129,328	129,328	-
Interest	15,908	15,908	16,719	(811)
Bond Issuance Costs	-	-	15,000	(15,000)
Total Expenditures	<u>2,346,967</u>	<u>2,405,880</u>	<u>1,022,425</u>	<u>1,383,455</u>
NET INCOME, Budget Basis	<u>\$ (32,058)</u>	<u>\$ (32,058)</u>	1,328,148	<u>\$ 1,360,206</u>
ADJUSTMENTS TO GAAP BASIS				
Loan Proceeds			(1,515,000)	
Principal Payments on Debt			129,328	
Capital Outlay			219,791	
Depreciation			(142,704)	
Bond Issuance Costs			<u>15,000</u>	
NET INCOME, GAAP Basis			34,563	
NET ASSETS, Beginning			<u>3,683,493</u>	
NET ASSETS, Ending			<u><u>\$3,718,056</u></u>	

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
SEWER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2010

	Original Budget	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Utility Sales	\$ 712,080	\$ 712,080	\$ 730,472	\$ 18,392
Tap Fees	12,000	12,000	-	(12,000)
Interest	10,400	10,400	839	(9,561)
Miscellaneous Income	1,836	1,836	462	(1,374)
Transfer In	-	142	142	-
Total Revenues	<u>736,316</u>	<u>736,458</u>	<u>731,915</u>	<u>(4,543)</u>
EXPENDITURES				
Current				
Operations	80,847	80,989	110,385	(29,396)
Maintenance	37,835	37,835	26,090	11,745
Treatment	445,306	445,306	428,172	17,134
Capital Outlay	121,100	121,100	20,252	100,848
Debt Service				
Principal	109,320	109,320	109,320	-
Interest	44,331	44,331	41,916	2,415
Total Expenditures	<u>838,739</u>	<u>838,881</u>	<u>736,135</u>	<u>102,746</u>
NET INCOME, Budget Basis	<u>\$ (102,423)</u>	<u>\$ (102,423)</u>	(4,220)	<u>\$ 98,203</u>
ADJUSTMENTS TO GAAP BASIS				
Principal Payments on Debt			109,320	
Capital Outlay			20,252	
Depreciation			(76,824)	
Investment in Joint Sewer Authority			<u>38,933</u>	
NET INCOME, GAAP Basis			87,461	
NET ASSETS, Beginning			<u>3,260,130</u>	
NET ASSETS, Ending			<u>\$ 3,347,591</u>	

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
MARINA FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2010

	Original Budget	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for Services	\$ 922,500	\$ 922,500	\$ 984,749	\$ 62,249
Interest	17,000	17,000	4,717	(12,283)
Miscellaneous	20,000	20,000	13,081	(6,919)
Lease Proceeds	-	2,200,000	2,200,000	-
Transfer In	-	5,688	5,688	-
Total Revenues	<u>959,500</u>	<u>3,165,188</u>	<u>3,208,235</u>	<u>43,047</u>
EXPENDITURES				
Current				
Operations	711,533	717,221	613,458	103,763
Maintenance	36,300	36,300	36,013	287
Capital Outlay	123,000	2,323,000	56,245	2,266,755
Debt Service				
Principal	71,768	71,768	71,768	-
Interest	2,052	2,052	9,593	(7,541)
Bond Issuance Costs	-	-	81,850	(81,850)
Transfer Out	<u>38,067</u>	<u>38,067</u>	<u>38,067</u>	<u>-</u>
Total Expenditures	<u>982,720</u>	<u>3,188,408</u>	<u>906,994</u>	<u>2,281,414</u>
NET INCOME, Budget Basis	<u>\$ (23,220)</u>	<u>\$ (23,220)</u>	2,301,241	<u>\$ 2,324,461</u>
ADJUSTMENTS TO GAAP BASIS				
Principal Payments on Debt			71,768	
Capital Outlay			56,245	
Lease Proceeds			(2,200,000)	
Bond Issuance Costs			81,850	
Depreciation			<u>(147,489)</u>	
NET INCOME, GAAP Basis			163,615	
NET ASSETS, Beginning			<u>1,846,554</u>	
NET ASSETS, Ending			<u>\$2,010,169</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, 2010

	<u>Balance</u> <u>January 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31, 2010</u>
Summit County Telecommunications Consortium				
ASSETS				
Cash and Investments	\$ 49,066	\$ 171,124	153,524	\$ 66,666
Accounts Receivable	<u>\$ 8,570</u>	<u>\$ 8,873</u>	<u>8,570</u>	<u>\$ 8,873</u>
Total Assets	<u><u>\$ 57,636</u></u>	<u><u>\$ 179,997</u></u>	<u><u>\$ 162,094</u></u>	<u><u>\$ 75,539</u></u>
LIABILITIES				
Accounts Payable	\$ 657	\$ 15	\$ 657	\$ 15
Accrued Liabilities	\$ 3,383	\$ 1,892	\$ 3,383	\$ 1,892
Funds Held for Others	<u>\$ 53,596</u>	<u>\$ 73,632</u>	<u>\$ 53,596</u>	<u>\$ 73,632</u>
Total Liabilities	<u><u>\$ 57,636</u></u>	<u><u>\$ 75,539</u></u>	<u><u>\$ 57,636</u></u>	<u><u>\$ 75,539</u></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 2010
This Information From The Records Of (example - City of _ or County of _) Town of Dillon	Prepared By: Carri McDonnell Phone: 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

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	2,199,342
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	34,066
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	30,333
2. General fund appropriations		b. Snow and ice removal	39,496
3. Other local imposts (from page 2)	2,778,919	c. Other	
4. Miscellaneous local receipts (from page 2)	214,721	d. Total (a. through c.)	69,829
5. Transfers from toll facilities		4. General administration & miscellaneous	53,924
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	246,174
a. Bonds - Original Issues	0	6. Total (1 through 5)	2,603,335
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	349,564
7. Total (1 through 6)	2,993,640	b. Redemption	153,520
B. Private Contributions		c. Total (a. + b.)	503,084
C. Receipts from State government (from page 2)	112,779	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,106,419	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	503,084
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	3,106,419

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	5,854,890	3,100,000	153,520	8,801,370
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	3,106,419	3,106,419		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	193,426	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	214,721
1. Sales Taxes	2,585,493	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		g. Other Misc. Receipts	
6. Total (1. through 5.)	2,585,493	h. Other	
c. Total (a. + b.)	2,778,919	i. Total (a. through h.)	214,721
	(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	97,883	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	14,896	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	14,896	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	112,779	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		6,815	6,815
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		2,192,527	2,192,527
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	2,192,527	2,192,527
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	2,199,342	2,199,342
			(Carry forward to page 1)

Notes and Comments: