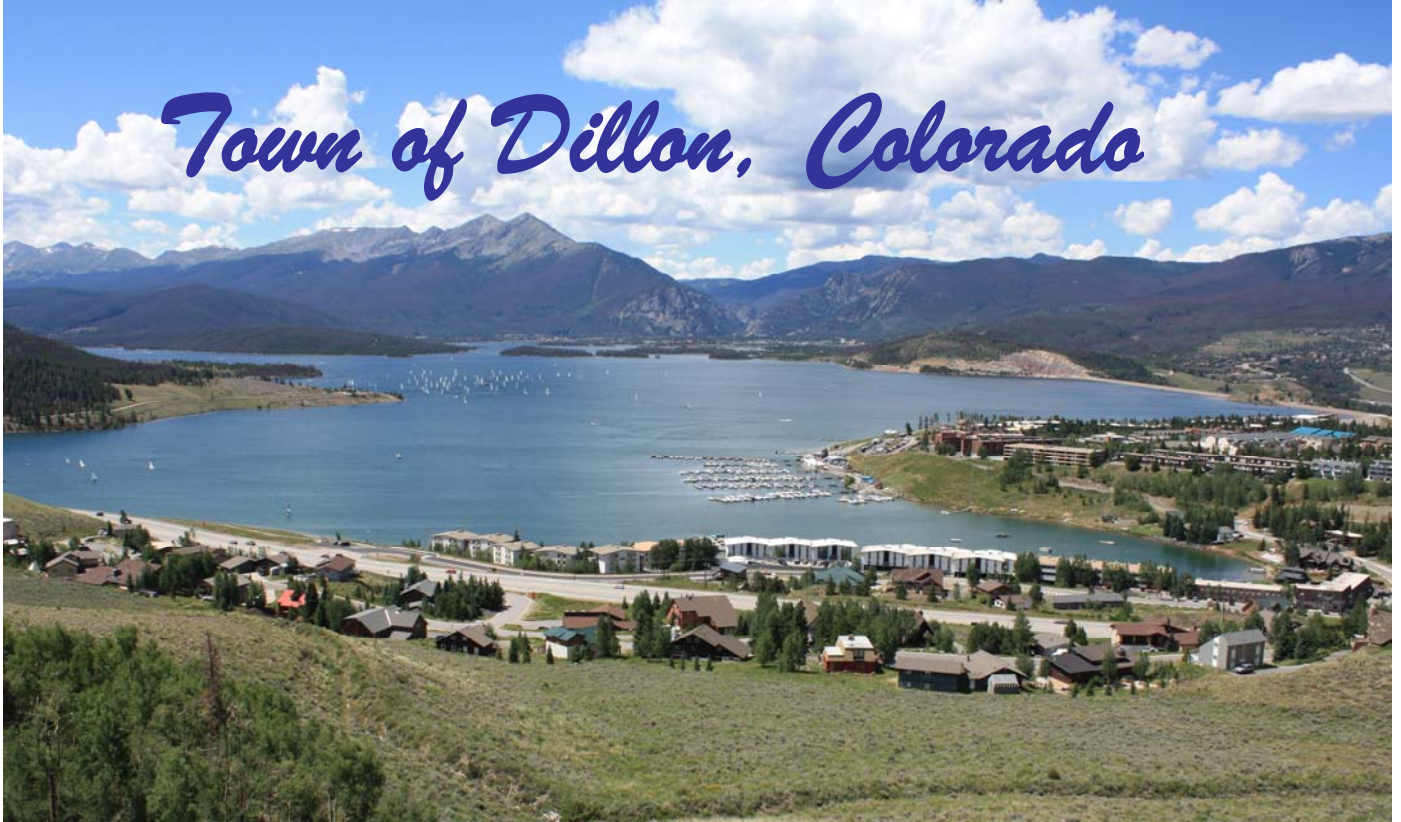


Town of Dillon, Colorado



Financial Statements *December 31, 2011*



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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, 2011, 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, 2011, 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.

For the year ended December 31, 2011, the Town of Dillon adopted the standards of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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

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

Swanlund & Company, LLC

June 14, 2012

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, 2011.

Financial Highlights

- The assets of the Town of Dillon exceeded its liabilities at the close of fiscal year 2011 by \$17,102,846 (*net assets*). Of this amount, \$4,066,124 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$126,237.
- As of the close of the fiscal year 2011, the Town of Dillon's governmental activities reported ending net assets of \$7,654,374, a decrease of \$498,893 compared with the prior year. Approximately 33.4% of this total amount, \$2,558,196, is available for spending at the government's discretions (*unrestricted net assets*).
- At the end of the fiscal year ended December 31, 2011, unrestricted fund balance for the General Fund was \$1,304,632, or 35.1% of the total general fund expenditures.
- The Town of Dillon's total debt decreased by \$1,022,093 during the fiscal year ended December 31, 2011.

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 include general government, public safety, public works, community development, culture and recreation, housing and the Dillon Urban Renewal Authority. The business-type activities of the Town of Dillon include a water utility that treats and distributes water (the Water Fund), a sewer utility that maintains the sewer collection system (the Sewer Fund) and a marina program (the Marina Fund) that operates and maintains the Dillon Marina.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Dillon, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Dillon can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Town of Dillon maintains 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, Capital Improvement Fund and Street 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 55 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 42-43.

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 \$17,102,846 at the close of the fiscal year 2011.

Combined net assets of the Town at December 31, 2011 were:

Town of Dillon's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$3,962,362	\$5,591,647	\$4,332,726	\$7,347,751	\$8,295,088	\$12,939,398
Capital Assets	13,917,021	13,537,691	9,918,453	7,030,010	23,835,474	20,567,701
Total Assets	17,879,383	19,129,338	14,251,179	14,377,761	32,130,562	33,507,099
Other Liabilities	389,669	441,102	173,226	350,000	562,895	791,102
Noncurrent Liabilities	9,835,340	10,534,969	4,629,481	4,951,945	14,464,821	15,486,914
Total Liabilities	10,225,009	10,976,071	4,802,707	5,301,945	15,027,716	16,278,016
Net Assets:						
Invested in Capital Assets, Net of Related Debt	4,193,955	4,358,022	7,940,544	6,944,541	12,134,499	11,302,563
Restricted	902,223	433,394	--	--	902,223	433,394
Unrestricted	2,558,196	3,361,851	1,507,928	2,131,275	4,066,124	5,493,126
Total Net Assets	\$7,654,374	\$8,153,267	\$9,448,472	\$9,075,816	\$17,102,846	\$17,229,083

A large portion of the Town of Dillon’s net assets (70.95%) 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 (5.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$4,066,124) 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.

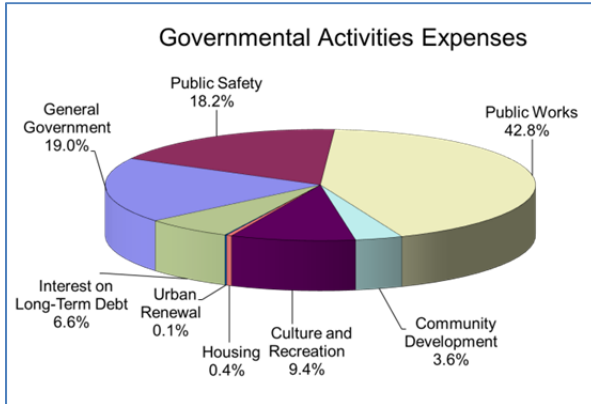
The Town of Dillon’s net assets decreased by \$126,237 during the fiscal year 2011. The net assets of Governmental Activities decreased by \$498,893 which can be attributed to an increase in capital spending for street reconstructions. Net assets of Business-Type Activities increased by \$372,656 which is the result of an increase in water and sewer user fees and tap 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	
	2011	2010	2011	2010	2011	2010
Program Revenues						
Charges for Services	\$240,516	\$271,778	\$2,709,233	\$2,540,756	\$2,949,749	\$2,812,534
Operating Grants and Contributions	143,464	144,593	--	--	143,464	144,593
Capital Grants and Contributions	89,061	98,036	43,944	--	133,005	98,036
General Revenues						
Sales Tax	4,491,796	4,805,463	--	--	4,491,796	4,805,463
Property Tax	205,859	220,530	--	--	205,859	220,530
Lodging Tax	121,760	107,398	--	--	121,760	107,398
Other Tax	148,260	132,796	--	--	148,260	132,796
Grants & Contributions not Restricted to Specific Programs	19,769	16,993	--	--	19,769	16,993
Other General Revenues	788,503	162,706	93,294	63,057	881,797	225,763
Total Revenues	6,248,988	5,960,293	2,846,471	2,603,813	9,095,459	8,564,106
Program Expenses						
General Government	1,287,200	1,226,352	--	--	1,287,200	1,226,352
Public Safety	1,235,093	1,213,469	--	--	1,235,093	1,213,469
Public Works	2,890,028	2,384,893	--	--	2,890,028	2,384,893
Community Development	241,725	189,729	--	--	241,725	189,729
Culture and Recreation	635,201	632,536	--	--	635,201	632,536
Housing	27,614	50,821	--	--	27,614	50,821
Urban Renewal	8,658	--	--	--	8,658	--
Interest on Long-Term Debt	460,429	487,023	--	--	460,429	487,023
Water	--	--	738,146	801,010	738,146	801,010
Sewer	--	--	669,031	683,387	669,031	683,387
Marina	--	--	1,028,571	806,553	1,028,571	806,553
Total Expenses	6,785,948	6,184,823	2,435,748	2,290,950	9,221,696	8,475,773
Transfers	38,067	27,224	(38,067)	(27,224)	--	--
Changes in Net Assets	(498,893)	(197,306)	372,656	285,639	(126,237)	88,333
Net Assets—Begin of Year	8,153,267	8,350,573	9,075,816	8,790,177	17,229,083	17,140,750
Net Assets—End of Year	\$7,654,374	\$8,153,267	\$9,448,472	\$9,075,816	\$17,102,846	\$17,229,083

Governmental activities. Governmental activities decreased the Town of Dillon's net assets by \$498,893. The following are illustrative summaries of Governmental Activities breaking out revenues and expenses:

- Sales tax, the primary source of revenues to the General Fund (71.9% of governmental revenues), decreased \$313,667 from 2010 due to an allocation error from sales tax vendors for periods from 2003 and 2004 that was received in 2010.
- Property tax decreased 6.7% over 2010 due to decreases in assessed valuation.
- Lodging tax collections increased 13.4% over 2010 due to enforcement efforts.
- Charges for services are down 11.5% over 2010 from a reduction in traffic fines.
- Capital grants and contributions were down 9.2% due to a reduction in special assessments for debt repayments.
- Other revenues increased 384.6% due to a one-time reimbursement from mediation efforts for costs incurred during the wall failure above Little Beaver Trail.



- Expenses for governmental activities are up 9.7%. 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 up 5% due to salary increases and increases in economic development, marketing and events spending that were budgeted for in 2011.

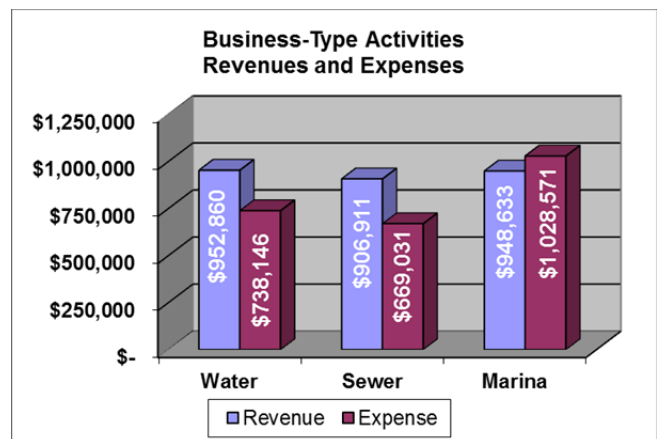
- Public safety expenses increased

1.8% due to increased costs at the Summit County Communications Center and salary increases.

- Public works expenses increased 21.2% due to the reconstruction of streets in 2011.
- Community Development expenses increased 27.4% due to reallocation of staffing to the engineering department.
- Housing expenses decreased 45.7% as the down payment program funding was not requested by the Multi-Jurisdictional Housing Authority in 2011.
- Interest expenses decreased 5.5% in 2011.
- Core Services (public safety, public works and culture and recreation) make up 70.3% of the expenses. General Government consists of Town Council, general administration, economic development and marketing and events.

Business-type activities. Business-type activities increased the Town of Dillon's net assets by \$372,656, accounting for the only growth in the government's net assets. Key elements of this increase are as follows:

- Charges for services increased 13.3% due to water and sewer rate changes. The marina revenues declined 4% due to the struggling economy.
- Water, Sewer and Marina Enterprise Funds reflect net incomes as shown in the chart to the right. The water, and sewer operations anticipate major capital projects in the next five years to be funded with these excess revenues. Anticipated projects include the completion of the expansion of the Old Dillon Reservoir, replacement of the membranes for the water microfiltration system and the purchase of capacity in the wastewater treatment facility.
- The Marina expenses exceeded revenues in 2011 as the slope stabilization project was completed using beginning fund balance.



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, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year 2011, the Town of Dillon's governmental funds reported combined ending fund balances of \$3,491,040, a decrease of \$1,572,660 (31%) over 2010. Approximately 37.1% of this total amount (\$1,295,974) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted or assigned to indicate that it is not available for new spending because it has already been either restricted for 1) emergencies (\$200,865), 2) parks and open space projects (\$68,687), 3) affordable housing projects (\$202,340), 4) capital projects (\$372,077) or assigned for 1) cemetery purposes (\$14,935), 2) capital projects (\$1,259,908) or nonspendable for prepaid expenses (\$18,000) and cemetery perpetual care balances (\$58,254).

The General Fund is the chief operating fund of the Town of Dillon. At the end of the fiscal year 2011, unassigned fund balance of the General Fund was \$1,304,632, while the total fund balance was \$1,523,497. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represents 35.1% and 41% of the total general fund expenditures respectively.

The Capital Improvement Fund ended the year with a fund balance of \$1,259,908. The net decrease in fund balance during the fiscal year 2011 was \$266,492 as a result of an increase in spending for capital projects from debt proceeds.

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, 2011 is \$256,925. The Town continues to review financial condition and revenue projections to determine the appropriate time to issue additional bonds to continue the outstanding street reconstruction projects.

The nonmajor special revenue funds include the Conservation Trust Fund, Housing Initiative 5A Fund, Cemetery Perpetual Care Fund and the Dillon Urban Renewal Authority. The fund balance in the Conservation Trust Fund (\$68,687) is restricted by the State of Colorado for parks and open space projects as approved by Great Outdoors Colorado (GOCO). The Housing Initiative 5A Fund was created in 2007 to collect the voter approved sales tax of .125% and the impact fee. All expenditures must be used for affordable housing and the current fund balance is \$202,340. The Cemetery Perpetual Care Fund has a current fund balance of \$73,189 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 Dillon Urban Renewal Authority (DURA) was established by the Town for the

purposes of revitalizing blighted areas. The Town Council serves as the governing body for DURA.

The nonmajor capital project funds including Special Improvement District #1, Anemone Trail Fund and the Town Center Improvement Fund have fund balances of \$47,968 and \$67,184, 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 \$1,507,928. The changes in net assets for all three funds were an increase of \$214,714 for Water, \$237,880 for Sewer and a decrease of \$79,938 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 decreased by \$102,949 (6.3%) during the current fiscal year. Revenues were over budget by \$45,482 due to businesses in the commercial district. Expenditures were under budget by \$18,632 (.5%) due to decreases in spending in general government and public works. Supplemental appropriations were approved by Town Council for preliminary design and engineering services for a performing arts facility and reallocation of payroll costs from the Street Improvement Fund.

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, 2011, amounts to \$23,835,474 (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	
	2011	2010	2011	2010	2011	2010
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	14,625,202	13,384,555	7,547,996	6,557,958	22,173,198	19,942,513
Buildings	1,400,523	1,390,469	451,982	451,982	1,852,505	1,842,451
Equipment & Vehicles	2,813,274	2,918,472	729,408	681,218	3,542,682	3,599,690
Parks & Amphitheatre	2,185,116	2,020,678	--	--	2,185,116	2,020,678
Furniture & Fixtures	288,947	288,947	--	--	288,947	288,947
Water Plant	--	--	3,154,953	3,154,953	3,154,953	3,154,953
Improvements	--	--	4,193,318	1,946,244	4,193,318	1,946,244
Total	\$ 23,404,624	\$ 22,094,683	\$ 16,601,378	\$ 13,316,076	\$ 40,006,002	\$ 35,410,759

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

- Completion of James Court, Corinthian Circle and 2/3 of Ensign Drive Street Reconstruction (\$1.1 million).
- Overlay of Lake Dillon Drive, Town Center parking lots and recreation path (\$340k).
- Construction of Picnic Shelters in Marina Park (\$63k) and restrooms in Town Park (\$66k).
- Purchase of Equipment/Vehicles (\$188k).
- The Water department continued work on the Old Dillon Reservoir enlargement (\$841k).
- The Marina department completed the shoreline replacement project (\$2.2 million), replaced rentals boats (\$81k) and installed dock gates (\$13k).

Long-term debt. At the end of the current fiscal year, the Town of Dillon had total long term debt outstanding of \$14,464,821. Of this amount, \$1,681,728 in water utility loans, \$796,442 in sewer utility loans, \$2,129,000 for the marina shoreline replacement project, and \$8,658,340 in bonds secured solely by specified revenue sources (i.e. revenue bonds). Additionally, the Town of Dillon has \$1,130,573 in lease financing for capital assets, \$134,585 in compensated absences offset by a loss on refunding of (\$40,122) and a bond discount (\$25,725).

The Town of Dillon's total debt decreased by \$1,022,093 during the current fiscal year.

Town of Dillon's Outstanding Debt

General Obligation and Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Water Utility Loans	\$ --	\$ --	\$ 1,681,728	\$ 1,816,273	\$ 1,681,728	\$ 1,816,273
Sewer Utility Loans	--	--	796,442	910,514	796,442	910,514
Marina Facility Loan	--	--	2,129,000	2,200,000	2,129,000	2,200,000
Revenue Bonds	8,658,340	8,937,570	--	--	8,658,340	8,937,570
General Obligation Bonds	--	155,000	--	--	--	155,000
Capital Lease Obligations	1,130,573	1,406,604	--	--	1,130,573	1,406,604
Compensated Absences	112,274	113,961	22,311	25,158	134,585	139,119
Bond Discount	(25,725)	(27,210)	--	--	(25,725)	(27,210)
Loss on Refunding	(40,122)	(50,956)	--	--	(40,122)	(50,956)
Total	\$ 9,835,340	\$ 10,534,969	\$ 4,629,481	\$ 4,951,945	\$ 14,464,821	\$ 15,486,914

Economic Factors and Next Year's Budget and Rates

- Sales tax revenues account for 79.3% 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 2012 are projected to be flat to 2011 due to continuing uncertainty of the economy. Sales tax collections in 2011 were up by 12.3% to 2010 without the excess sales tax collections from 2003 and 2004 that were received in 2010.
- Assessed valuations have decreased 15.5% from 2011 to 2012.
- Capital spending represents 26% of the 2012 budget of all expenditures appropriated for capital projects in the Capital Improvement Fund, Street Improvement Fund, Water Fund, Sewer Fund and Marina Fund.
- The Old Dillon Reservoir enlargement project is anticipated to be completed in 2012. 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.
- The membranes at the water treatment plant will be replaced in 2012.
- Marina capital projects will be put on hold in an effort to accumulate monies for larger capital projects in the future.

All of these factors were considered in the preparation for the Town of Dillon's budget for the 2012 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, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 1,911,044	\$ 1,533,827	\$ 3,444,871
Restricted Cash and Investments	-	1,108,403	1,108,403
Accounts Receivable	668,403	77,885	746,288
Current Taxes Receivable	15,614	-	15,614
Intergovernmental Receivable	992,691	-	992,691
Property Taxes Receivable	216,377	-	216,377
Notes Receivable	6,576	-	6,576
Prepaid Expense	18,000		18,000
Bond Issuance Costs, Net	133,657	91,753	225,410
Investment in Joint Sewer Authority	-	1,520,858	1,520,858
Capital Assets			
Non-Depreciable Assets	2,091,562	523,721	2,615,283
Depreciable Assets, Net	<u>11,825,459</u>	<u>9,394,732</u>	<u>21,220,191</u>
Total Assets	<u>17,879,383</u>	<u>14,251,179</u>	<u>32,130,562</u>
LIABILITIES			
Accounts Payable	81,287	127,468	208,755
Interest Payable	52,004	37,502	89,506
Accrued Liabilities	39,761	8,256	48,017
Deferred Revenues	216,617	-	216,617
Noncurrent Liabilities			
Due Within One Year	585,134	357,015	942,149
Due in More Than One Year	<u>9,250,206</u>	<u>4,272,466</u>	<u>13,522,672</u>
Total Liabilities	<u>10,225,009</u>	<u>4,802,707</u>	<u>15,027,716</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	4,193,955	7,940,544	12,134,499
Restricted for:			
Cemetery, Nonexpendable	58,254	-	58,254
Emergencies	200,865	-	200,865
Parks and Open Space	68,687	-	68,687
Housing	202,340	-	202,340
Capital Projects	372,077	-	372,077
Unrestricted	<u>2,558,196</u>	<u>1,507,928</u>	<u>4,066,124</u>
Total Net Assets	<u>\$ 7,654,374</u>	<u>\$ 9,448,472</u>	<u>\$ 17,102,846</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, 2011

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,287,200	\$ 42,776	\$ -	\$ -
Public Safety	1,235,093	180,117	-	-
Public Works	2,890,028	-	143,464	-
Community Development	241,725	8,988	-	-
Culture and Recreation	635,201	8,635	-	7,729
Housing	27,614	-	-	81,332
Urban Renewal	8,658	-	-	-
Interest on Long-Term Debt	460,429	-	-	-
Total Governmental Activities	6,785,948	240,516	143,464	89,061
Business-Type Activities				
Water	738,146	912,635	-	24,164
Sewer	669,031	850,945	-	19,780
Marina	1,028,571	945,653	-	-
Total Business-Type Activities	2,435,748	2,709,233	-	43,944
TOTAL PRIMARY GOVERNMENT	\$ 9,221,696	\$ 2,949,749	\$ 143,464	\$ 133,005

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

<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
\$ (1,244,424)	\$ -	\$ (1,244,424)
(1,054,976)	-	(1,054,976)
(2,746,564)	-	(2,746,564)
(232,737)	-	(232,737)
(618,837)	-	(618,837)
53,718	-	53,718
(8,658)	-	(8,658)
(460,429)	-	(460,429)
<u>(6,312,907)</u>	<u>-</u>	<u>(6,312,907)</u>
-	198,653	198,653
-	201,694	201,694
-	(82,918)	(82,918)
<u>-</u>	<u>317,429</u>	<u>317,429</u>
<u>(6,312,907)</u>	<u>317,429</u>	<u>(5,995,478)</u>
4,491,796	-	4,491,796
205,859	-	205,859
121,760	-	121,760
148,260	-	148,260
19,769	-	19,769
21,229	6,927	28,156
<u>767,274</u>	<u>86,367</u>	<u>853,641</u>
5,775,947	93,294	5,869,241
<u>38,067</u>	<u>(38,067)</u>	<u>-</u>
(498,893)	372,656	(126,237)
<u>8,153,267</u>	<u>9,075,816</u>	<u>17,229,083</u>
<u>\$ 7,654,374</u>	<u>\$ 9,448,472</u>	<u>\$ 17,102,846</u>

TOWN OF DILLON, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	General	Capital Improvement	Street Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS					
Assets					
Cash and Investments	\$ 935,039	\$ 419,363	\$ 152,684	\$ 403,958	\$ 1,911,044
Accounts Receivable	59,360	601,250	7,793	-	668,403
Current Taxes Receivable	2,109	-	-	13,505	15,614
Property Taxes Receivable	185,308	31,069	-	-	216,377
Notes Receivable	6,576	-	-	-	6,576
Due from Other Funds	8,658	-	-	-	8,658
Intergovernmental Receivable	596,170	248,607	101,407	46,507	992,691
Prepaid Expenditures	18,000	-	-	-	18,000
Total Assets	\$ 1,811,220	\$ 1,300,289	\$ 261,884	\$ 463,970	\$ 3,837,363
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 62,441	\$ 9,312	\$ 4,932	\$ 4,602	\$ 81,287
Accrued Liabilities	39,734	-	27	-	39,761
Deferred Revenue	185,548	31,069	-	-	216,617
Due to Other Funds	-	-	-	8,658	8,658
Total Liabilities	287,723	40,381	4,959	13,260	346,323
Fund Balances					
Nonspendable:					
Prepays	18,000	-	-	-	18,000
Cemetery	-	-	-	58,254	58,254
Restricted for:					
Emergencies	200,865	-	-	-	200,865
Parks and Open Space	-	-	-	68,687	68,687
Housing	-	-	-	202,340	202,340
Capital Projects	-	-	256,925	115,152	372,077
Assigned to:					
Cemetery	-	-	-	14,935	14,935
Capital Projects	-	1,259,908	-	-	1,259,908
Unassigned	1,304,632	-	-	(8,658)	1,295,974
Total Fund Balances	1,523,497	1,259,908	256,925	450,710	3,491,040
Total Liabilities and Fund Balances	\$ 1,811,220	\$ 1,300,289	\$ 261,884	\$ 463,970	

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.	13,917,021
Long-term liabilities, including bonds payable (\$8,658,340), leases payable (\$1,130,573), interest payable (\$52,004) and accrued compensated absences (\$112,274), net of bond issuance costs of \$133,657, bond discount \$25,725 and loss on refunding \$40,122 are not due and payable in the current period and, therefore, not reported in the funds.	<u>(9,753,687)</u>
Net Assets of Governmental Activities	<u>\$ 7,654,374</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, 2011

	General	Capital Improvement	Street Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 3,154,024	\$ 1,040,118	\$ 500,821	\$ 272,712	\$ 4,967,675
Charges for Services	21,065	-	-	4,650	25,715
Licenses and Permits	35,044	-	-	-	35,044
Intergovernmental	163,233	-	-	89,061	252,294
Fines and Forfeitures	179,757	-	-	-	179,757
Interest	13,381	554	7,162	132	21,229
Miscellaneous	45,902	719,752	-	1,620	767,274
Total Revenues	3,612,406	1,760,424	507,983	368,175	6,248,988
EXPENDITURES					
Current					
General Government	1,112,389	-	-	-	1,112,389
Public Safety	1,193,007	-	-	-	1,193,007
Public Works	755,124	-	52,807	-	807,931
Community Development	235,236	-	-	-	235,236
Culture and Recreation	419,599	-	-	3,475	423,074
Housing	-	-	-	27,614	27,614
Urban Renewal	-	-	-	8,658	8,658
Capital Outlay	-	1,734,773	1,152,808	-	2,887,581
Debt Service					
Principal	-	276,031	55,000	379,230	710,261
Interest	-	54,179	366,561	33,224	453,964
Total Expenditures	3,715,355	2,064,983	1,627,176	452,201	7,859,715
Excess of Revenues Over (Under) Expenditures	(102,949)	(304,559)	(1,119,193)	(84,026)	(1,610,727)
OTHER FINANCING SOURCES					
Transfers In	-	38,067	-	-	38,067
Net Changes in Fund Balance	(102,949)	(266,492)	(1,119,193)	(84,026)	(1,572,660)
Fund Balances, Beginning of Year	1,626,446	1,526,400	1,376,118	534,736	5,063,700
Fund Balances, End of Year	\$ 1,523,497	\$ 1,259,908	\$ 256,925	\$ 450,710	\$ 3,491,040

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, 2011

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

Net Change in Fund Balances of Governmental Funds	\$ (1,572,660)
Capital outlays to purchase or build capital assets \$1,831,777 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 (\$1,394,674).	437,103
The net effect of various miscellaneous transactions involving capital assets (i.e. disposal of assets) are not reported in the governmental funds.	(57,773)
Repayments of bond principal \$434,230 and lease payments of \$276,031 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.	710,261
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 \$1,687 and interest expense \$5,853.	7,540
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: amortization of bond costs, discounts and loss on refunding (\$23,364).	<u>(23,364)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (498,893)</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, 2011

	Water Fund	Sewer Fund	Marina Fund	Total Business-Type Activities
ASSETS				
Current Assets				
Cash and Investments	\$ 219,721	\$ 695,290	\$ 618,816	\$ 1,533,827
Restricted Cash and Investments	1,108,403	-	-	1,108,403
Accounts Receivable	43,005	25,377	9,503	77,885
Total Current Assets	1,371,129	720,667	628,319	2,720,115
Noncurrent Assets				
Bond Issuance Costs	14,211	-	77,542	91,753
Investment in Joint Sewer Authority	-	1,520,858	-	1,520,858
Capital Assets				
Non-Depreciable Assets	523,721	-	-	523,721
Depreciable Assets, Net	3,842,841	2,163,155	3,388,736	9,394,732
Total Noncurrent Assets	4,380,773	3,684,013	3,466,278	11,439,311
Total Assets	5,751,902	4,404,680	4,094,597	14,159,426
LIABILITIES				
Current Liabilities				
Accounts Payable	114,755	920	11,793	127,468
Interest Payable	11,659	17,593	8,250	37,502
Accrued Liabilities	3,274	1,248	3,734	8,256
Leases and Loans Payable	166,985	119,030	71,000	357,015
Total Current Liabilities	296,673	138,791	94,777	530,241
Noncurrent Liabilities				
Compensated Absences	7,716	3,006	11,589	22,311
Leases and Loans Payable	1,514,743	677,412	2,058,000	4,250,155
Total Noncurrent Liabilities	1,522,459	680,418	2,069,589	4,272,466
Total Liabilities	1,819,132	819,209	2,164,366	4,802,707
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	3,793,237	2,887,571	1,259,736	7,940,544
Unrestricted	139,533	697,900	670,495	1,507,928
TOTAL NET ASSETS	\$ 3,932,770	\$ 3,585,471	\$ 1,930,231	\$ 9,448,472

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, 2011

	Water Fund	Sewer Fund	Marina Fund	Total Business-Type Activities
OPERATING REVENUES				
Charges for Services	\$ 912,635	\$ 850,945	\$ 945,653	\$ 2,709,233
Total Operating Revenues	912,635	850,945	945,653	2,709,233
OPERATING EXPENSES				
Operations	458,838	97,810	678,063	1,234,711
Maintenance	31,207	27,728	35,908	94,843
Distribution	31,644	-	-	31,644
Treatment	32,113	434,794	-	466,907
Depreciation and Amortization	166,045	71,641	215,685	453,371
Total Operating Expenses	719,847	631,973	929,656	2,281,476
Operating Income	192,788	218,972	15,997	427,757
NONOPERATING REVENUES (EXPENSES)				
Interest Revenue	5,344	1,146	437	6,927
Miscellaneous Revenue	10,717	-	40,610	51,327
Interest Expense	(18,299)	(37,058)	(98,915)	(154,272)
Joint Sewer Authority	-	35,040	-	35,040
Total Nonoperating Revenues (Expenses)	(2,238)	(872)	(57,868)	(60,978)
Net Income Before Transfers and Capital Contributions	190,550	218,100	(41,871)	366,779
Transfer Out	-	-	(38,067)	(38,067)
Capital Contributions	24,164	19,780	-	43,944
CHANGE IN NET ASSETS	214,714	237,880	(79,938)	372,656
NET ASSETS, Beginning	3,718,056	3,347,591	2,010,169	9,075,816
NET ASSETS, Ending	\$ 3,932,770	\$ 3,585,471	\$ 1,930,231	\$ 9,448,472

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, 2011

	Water Fund	Sewer Fund	Marina Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 880,917	\$ 828,030	\$ 936,150	\$ 2,645,097
Cash Paid to Suppliers	(276,883)	(515,614)	(366,755)	(1,159,252)
Cash Paid to Employees	(298,015)	(45,978)	(346,353)	(690,346)
Net Cash Provided (Used) by Operating Activities	<u>306,019</u>	<u>266,438</u>	<u>223,042</u>	<u>795,499</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Capital Assets	(900,316)	-	(2,599,341)	(3,499,657)
Debt Principal Payments	(134,545)	(114,072)	(71,000)	(319,617)
Interest Payments	(10,691)	(39,579)	(99,190)	(149,460)
Tap Fees and Other Contributed Capital	24,164	19,780	-	43,944
Transfer Out	-	-	(38,067)	(38,067)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,021,388)</u>	<u>(133,871)</u>	<u>(2,807,598)</u>	<u>(3,962,857)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES				
Reimbursement	10,717	-	40,610	51,327
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	5,344	1,146	437	6,927
Net Increase (Decrease) in Cash & Cash Equivalents	(699,308)	133,713	(2,543,509)	(3,109,104)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>2,027,432</u>	<u>561,577</u>	<u>3,162,325</u>	<u>5,751,334</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 1,328,124</u></u>	<u><u>\$ 695,290</u></u>	<u><u>\$ 618,816</u></u>	<u><u>\$ 2,642,230</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income	\$ 192,788	\$ 218,972	\$ 15,997	\$ 427,757
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation and Amortization	166,045	71,641	215,685	453,371
Net Income from Joint Venture	-	(8,807)	-	(8,807)
Changes in Assets and Liabilities				
Accounts Receivable	(31,718)	(14,108)	(9,503)	(55,329)
Accounts Payable	(19,393)	(304)	157	(19,540)
Accrued Liabilities	(601)	387	492	278
Due to Other Governments	-	-	616	616
Compensated Absences	(1,102)	(1,343)	(402)	(2,847)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 306,019</u></u>	<u><u>\$ 266,438</u></u>	<u><u>\$ 223,042</u></u>	<u><u>\$ 795,499</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, 2011

	Summit County Telecommunications Consortium
ASSETS	
Current Assets	
Cash and Investments	\$ 82,642
Accounts Receivable	<u>8,293</u>
Total Current Assets	<u><u>\$ 90,935</u></u>
 LIABILITIES	
Liabilities	
Accounts Payable	\$ 20
Accrued Liabilities	1,741
Funds Held for Others	<u>89,174</u>
Total Liabilities	<u><u>\$ 90,935</u></u>

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

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

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.

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

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net 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, 2011

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 the reconstruction of streets funded by the dedicated sales tax of .5% and through the issuance of bonds.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Town reports the following major proprietary funds:

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

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

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

Additionally, the Town reports the following Fiduciary Fund:

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

Cash 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.

Receivables

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

Prepaid Expenses

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

Interfund Receivables and Payables

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

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets/Fund Balance

In the government-wide financial statements and fund financial statements, net assets and fund balances are restricted when constraints placed on the net assets are externally imposed. The Town Council establishes a fund balance commitment through passage of an ordinance or resolution, and is authorized to informally assign amounts to a specific purpose. The Town has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available, the Town uses restricted amounts first, followed by committed, assigned and unassigned amounts.

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.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments as of December 31, 2011 follows:

Deposits	\$1,959,671
Petty Cash	300
Investments	1,567,542
Cash Held by Third Party	<u>1,108,403</u>
Total Cash on Hand and Investments	<u>\$4,635,916</u>

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

Cash and Investments	\$3,444,871
Restricted Cash and Investments	1,108,403
Agency Fund Cash and Investments	<u>82,642</u>
Total Cash and Investments	<u>\$4,635,916</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, 2011, the Town had bank deposits of \$257,448 collateralized with securities held by the financial institutions' agents but not in the Town's name.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2011

NOTE 2: CASH AND INVESTMENTS (continued)

Investments

At December 31, 2011, 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 Gov't Obligations Fund	AAAm	\$ 118,504	\$ 118,504
Local Government Investment Pools	AAAm	<u>1,449,038</u>	<u>1,449,038</u>
Total		<u>\$1,567,542</u>	<u>\$1,567,542</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.

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

Local Government Investment Pools – At December 31, 2011 the Town had \$714,681 invested in the Colorado Surplus Asset Fund Trust (CSAFE) and \$734,357 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 2a-7 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.

Restricted Cash and Investments

Cash of \$1,108,403 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 2012 for the Old Dillon Reservoir enlargement.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 3: CAPITAL ASSETS

Governmental Activities

Capital assets activity for governmental activities for the year ended December 31, 2011 is summarized below:

	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/11</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ <u>2,091,562</u>	\$ --	\$ --	\$ <u>2,091,562</u>
Capital Assets, Being Depreciated				
Infrastructure	13,384,555	1,469,521	(228,874)	14,625,202
Buildings	1,390,469	10,054	--	1,400,523
Equipment & Vehicles	2,918,472	187,764	(292,962)	2,813,274
Parks & Amphitheatre	2,020,678	164,438	--	2,185,116
Furniture & Fixtures	<u>288,947</u>	<u>--</u>	<u>--</u>	<u>288,947</u>
Total Capital Assets, Being Depreciated	<u>20,003,121</u>	<u>1,831,777</u>	<u>(521,836)</u>	<u>21,313,062</u>
Less: Accumulated Depreciation For				
Infrastructure	5,516,249	927,619	(228,874)	6,214,994
Buildings	957,561	44,445	--	1,002,006
Equipment & Vehicles	1,075,443	247,451	(235,189)	1,087,705
Parks & Amphitheatre	882,536	123,249	--	1,005,785
Furniture & Fixtures	<u>125,203</u>	<u>51,910</u>	<u>--</u>	<u>177,113</u>
Total Accumulated Depreciation	<u>8,556,992</u>	<u>1,394,674</u>	<u>(464,063)</u>	<u>9,487,603</u>
Total Capital Assets, Being Depreciated, Net	<u>11,446,129</u>	<u>437,103</u>	<u>(57,773)</u>	<u>11,825,459</u>
Governmental Activities Capital Assets, Net	<u>\$13,537,691</u>	<u>\$ 437,103</u>	<u>\$ (57,773)</u>	<u>\$13,917,021</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 3: CAPITAL ASSETS (continued)

Business-Type Activities

Capital assets activity for business-type activities for the year ended December 31, 2011 is summarized below:

	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/11</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	3,154,953	--	--	3,154,953
Lines	5,366,251	148,184	--	5,514,435
Buildings	451,982	--	--	451,982
Equipment & Vehicles	681,218	99,605	(51,415)	729,408
Lift Station	892,800	--	--	892,800
Reservoirs	298,907	841,854	--	1,140,761
Improvements	<u>1,946,244</u>	<u>2,247,074</u>	<u>--</u>	<u>4,193,318</u>
Total Capital Assets, Being Depreciated	<u>12,792,355</u>	<u>3,336,717</u>	<u>(51,415)</u>	<u>16,077,657</u>
Less: Accumulated Depreciation For				
Water Plant	1,675,500	55,265	--	1,730,765
Lines	2,751,614	116,706	--	2,868,320
Buildings	319,632	21,435	--	341,067
Equipment & Vehicles	517,764	71,357	(51,415)	537,706
Lift Station	88,717	22,611	--	111,328
Reservoirs	14,025	28,519	--	42,544
Improvements	<u>918,814</u>	<u>132,381</u>	<u>--</u>	<u>1,051,195</u>
Total Accumulated Depreciation	<u>6,286,066</u>	<u>448,274</u>	<u>(51,415)</u>	<u>6,682,925</u>
Total Capital Assets, Being Depreciated, Net	<u>6,506,289</u>	<u>2,888,443</u>	<u>--</u>	<u>9,394,732</u>
Business-Type Activities				
Capital Assets, Net	<u>\$7,030,010</u>	<u>\$2,888,443</u>	<u>\$ --</u>	<u>\$9,918,453</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2011

NOTE 3: CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 86,599
Public Safety	22,040
Public Works	1,147,158
Culture and Recreation	<u>138,877</u>
Total Governmental Activities Depreciation Expense	<u>\$1,394,674</u>
Business-Type Activities	
Water Fund	\$165,256
Sewer Fund	71,641
Marina Fund	<u>211,377</u>
Total Business-Type Activities Depreciation Expense	<u>\$448,274</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, 2011 of \$1,520,858, which represents a 13.10% share in the joint venture. At December 31, 2011, the Town was responsible for 20.9% of the Authority's operating expenses.

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

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

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, 2011:

	Beginning 12/31/10	Additions	Retirement	Ending 12/31/11	Due Within One Year
General Obligation Bond-03	\$ 155,000	\$ --	\$(155,000)	\$ --	\$ --
Excise Tax Revenue Bond-04	215,000	--	(105,000)	110,000	110,000
Excise Tax Revenue Bond-05	642,570	--	(119,230)	523,340	123,701
Capital Project Lease-09	746,810	--	(177,182)	569,628	183,383
Capital Project Lease-06	659,794	--	(98,849)	560,945	103,050
Excise Tax Revenue Bonds-08	4,990,000	--	(5,000)	4,985,000	5,000
Excise Tax Revenue Bonds-10	3,090,000	--	(50,000)	3,040,000	60,000
Bond Discount-08	(27,210)	--	1,485	(25,725)	--
Compensated Absences	113,961	--	(1,687)	112,274	--
Loss on Refunding	(50,956)	--	10,834	(40,122)	--
Total	<u>\$10,534,969</u>	<u>\$ --</u>	<u>\$(699,629)</u>	<u>\$9,835,340</u>	<u>\$585,134</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 were due on October 1 of each year. The General Obligation Bonds, Series 2003 were retired in 2011.

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 Excise 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% and are payable on June 1 and December 1 of each year through 2028. Principal payments are due on December 1 of each year.

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

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, 2011, revenues of \$4,613,556 were available to pay annual debt service of \$676,225 for all four bonds. The outstanding debt service at 12/31/11 for all four bonds is \$13,323,740.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2011

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, 2011, 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, 2011, capital assets of \$920,360 have been recorded using the lease proceeds.

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2011:

	Beginning <u>12/31/10</u>	<u>Additions</u>	<u>Retirement</u>	Ending <u>12/31/11</u>	Due Within <u>One Year</u>
Marina Lease-10	2,200,000	--	(71,000)	2,129,000	71,000
Drinking Water Revolving Loan	241,198	--	(118,211)	122,987	122,987
Water Lot 50 Loan-04	60,075	--	(16,334)	43,741	16,985
CWCB Loan-09	1,515,000	--	--	1,515,000	27,013
Sewer Revenue Note 1-07	482,843	--	(60,578)	422,265	63,183
Sewer Revenue Note 2-07	427,671	--	(53,494)	374,177	55,847
Compensated Absences	<u>25,158</u>	<u>--</u>	<u>(2,847)</u>	<u>22,311</u>	<u>--</u>
Total	<u>\$4,951,945</u>	<u>\$ --</u>	<u>\$(322,464)</u>	<u>\$4,629,481</u>	<u>\$357,015</u>

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

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, 2011, net revenues of \$374,894 were available to pay annual debt service of \$126,689. The outstanding debt service at December 31, 2011 is \$126,689.

In January 2004, the Town entered into a loan agreement with Wells Fargo Brokerage Services, LLC for the purchase of Lot 50, Ptarmigan Trail Estates. The interest rate is 3.8% and matures March 22, 2014. Principal and interest payments are due on March 22 and September 22 of each year.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2011

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 2012. 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, 2011, net revenues of \$311,539 were available to pay annual debt service of \$153,651. The outstanding debt service at December 31, 2011 for both loans is \$921,909.

Future Debt Service Requirements

Governmental Activities

Annual debt service requirements for the outstanding revenue bonds at December 31, 2011 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	360,000	344,628	704,628
2017-2021	2,010,000	1,497,573	3,507,573
2022-2026	2,510,000	1,006,222	3,516,222
2027-2030	<u>2,485,000</u>	<u>324,595</u>	<u>2,809,595</u>
Total	<u>\$8,658,340</u>	<u>\$4,665,400</u>	<u>\$13,323,740</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

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, 2011:

Year Ended December 31,	
2012	330,210
2013	330,210
2014	330,210
2015	126,889
2016	<u>126,890</u>
Total Minimum Lease Payments	1,244,409
Less: Interest	<u>(113,836)</u>
Present Value of Future Minimum Lease Payments	<u>\$1,130,573</u>

Business-Type Activities

Annual debt service requirements for the outstanding loans at December 31, 2011 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	172,717	68,547	241,264
2017-2021	325,258	266,457	591,715
2022-2026	216,573	221,490	438,063
2027-2031	263,494	174,569	438,063
2032-2036	320,580	117,482	438,062
2037-2042	<u>390,036</u>	<u>48,027</u>	<u>438,063</u>
Total	<u>\$2,478,170</u>	<u>\$1,245,172</u>	<u>\$3,723,342</u>

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligation for the Marina Fund at December 31, 2011:

Year Ended December 31,	
2012	\$169,278
2013	169,930
2014	170,396
2015	170,676
2016	170,770
2017-2021	850,726
2022-2026	849,525
2027-2030	<u>678,937</u>
Total Minimum Lease Payments	3,230,238
Less: Interest	<u>(1,101,238)</u>
Present Value of Future Minimum Lease Payments	<u>\$2,129,000</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

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 \$38,189 for the year ended December 31, 2011.

NOTE 6: INTERFUND BALANCES AND TRANSFERS

The Marina Fund transferred \$38,067 to the Capital Improvement Fund to assist in the payment of the equipment lease.

The Town has an agreement with the Dillon Urban Renewal Authority to repay the Town any amounts owed the Town when tax increment financing revenues are collected by the Authority. The outstanding balance of this interfund loan at December 31, 2011, was \$8,658.

NOTE 7: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

At December 31, 2011, DURA had a negative fund balance of \$8,658, primarily because start-up costs are expected to be paid with tax increment revenues collected in the future.

NOTE 8: 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. The Town has 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, 2011 were \$66,905 and \$46,679 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, 2011 were \$30,605 which equals the required contributions. All plan assets are held in trust for the exclusive benefit of the employees.

NOTE 9: 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, 2011

NOTE 9: 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 10: 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, 2011 the Town had reserved \$200,865 to comply with this requirement.

Litigation

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

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TOWN OF DILLON, COLORADO
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 3,077,602	\$ 3,077,602	\$ 3,154,024	\$ 76,422
Charges for Services	22,144	22,144	21,065	(1,079)
Licenses and Permits	32,137	32,137	35,044	2,907
Intergovernmental	151,718	151,718	163,233	11,515
Fines and Forfeitures	206,534	206,534	179,757	(26,777)
Interest	30,150	30,150	13,381	(16,769)
Miscellaneous	5,639	46,639	45,902	(737)
Total Revenues	3,525,924	3,566,924	3,612,406	45,482
EXPENDITURES				
General Government	1,071,762	1,176,417	1,112,389	64,028
Public Safety	1,157,975	1,157,975	1,193,007	(35,032)
Public Works	780,236	780,236	755,124	25,112
Community Development	210,399	210,399	235,236	(24,837)
Culture and Recreation	408,960	408,960	419,599	(10,639)
Total Expenditures	3,629,332	3,733,987	3,715,355	18,632
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(103,408)	(167,063)	(102,949)	64,114
OTHER FINANCING SOURCES (USES)				
Transfer Out	(11,545)	(11,545)	-	11,545
Net Change in Fund Balance	(114,953)	(178,608)	(102,949)	75,659
Fund Balance, Beginning of Year	1,217,904	1,217,904	1,626,446	408,542
Fund Balance, End of Year	\$ 1,102,951	\$ 1,039,296	\$ 1,523,497	\$ 484,201

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2011

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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, 2011

	Special Revenue				Capital Projects		Total Nonmajor Governmental Funds
	Conservation Trust	Housing Initiative 5A	Cemetery Perpetual Care	Dillon Urban Renewal Authority	Special Improvement District	Town Center Improvement	
ASSETS							
Cash and Investments	\$ 68,687	\$ 191,065	\$ 73,189	\$ -	\$ 17,338	\$ 53,679	\$ 403,958
Current Taxes Receivable	-	-	-	-	-	13,505	13,505
Intergovernmental Receivable	-	15,877	-	-	30,630	-	46,507
Total Assets	<u>\$ 68,687</u>	<u>\$ 206,942</u>	<u>\$ 73,189</u>	<u>\$ -</u>	<u>\$ 47,968</u>	<u>\$ 67,184</u>	<u>\$ 463,970</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	\$ -	\$ 4,602	\$ -	\$ -	\$ -	\$ -	\$ 4,602
Due to Other Funds	-	-	-	8,658	-	-	8,658
Total Liabilities	<u>-</u>	<u>4,602</u>	<u>-</u>	<u>8,658</u>	<u>-</u>	<u>-</u>	<u>13,260</u>
Fund Balances							
Nonspendable:							
Cemetery	-	-	58,254	-	-	-	58,254
Restricted for:							
Parks and Open Space	68,687	-	-	-	-	-	68,687
Housing	-	202,340	-	-	-	-	202,340
Capital Projects	-	-	-	-	47,968	67,184	115,152
Assigned to:							
Cemetery	-	-	14,935	-	-	-	14,935
Unassigned	-	-	-	(8,658)	-	-	(8,658)
Total Fund Balances	<u>68,687</u>	<u>202,340</u>	<u>73,189</u>	<u>(8,658)</u>	<u>47,968</u>	<u>67,184</u>	<u>450,710</u>
Total Liabilities and Fund Balances	<u>\$ 68,687</u>	<u>\$ 206,942</u>	<u>\$ 73,189</u>	<u>\$ -</u>	<u>\$ 47,968</u>	<u>\$ 67,184</u>	<u>\$ 463,970</u>

See the Accompanying Independent Auditors' Report

TOWN OF DILLON, COLORADO
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**
For the Year Ended December 31, 2011

	Special Revenue				Capital Projects		Total Nonmajor Governmental Funds
	Conservation Trust	Housing Initiative 5A	Cemetery Perpetual Care	Dillon Urban Renewal Authority	Special Improvement District	Town Center Improvement	
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 150,948	\$ 121,764	\$ 272,712
Charges for Services	-	-	4,650	-	-	-	4,650
Intergovernmental	7,729	81,332	-	-	-	-	89,061
Interest	29	11	32	-	5	55	132
Miscellaneous	-	-	1,620	-	-	-	1,620
Total Revenues	<u>7,758</u>	<u>81,343</u>	<u>6,302</u>	<u>-</u>	<u>150,953</u>	<u>121,819</u>	<u>368,175</u>
EXPENDITURES							
Culture and Recreation	-	-	3,475	-	-	-	3,475
Housing	-	27,614	-	-	-	-	27,614
Urban Renewal	-	-	-	8,658	-	-	8,658
Debt Service							
Principal	-	-	-	-	119,230	260,000	379,230
Interest	-	-	-	-	24,096	9,128	33,224
Total Expenditures	<u>-</u>	<u>27,614</u>	<u>3,475</u>	<u>8,658</u>	<u>143,326</u>	<u>269,128</u>	<u>452,201</u>
Net Change in Fund Balance	7,758	53,729	2,827	(8,658)	7,627	(147,309)	(84,026)
Fund Balance, Beginning of Year	<u>60,929</u>	<u>148,611</u>	<u>70,362</u>	<u>-</u>	<u>40,341</u>	<u>214,493</u>	<u>534,736</u>
Fund Balance, End of Year	<u>\$ 68,687</u>	<u>\$ 202,340</u>	<u>\$ 73,189</u>	<u>\$ (8,658)</u>	<u>\$ 47,968</u>	<u>\$ 67,184</u>	<u>\$ 450,710</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
CAPITAL IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 1,003,338	\$ 1,003,338	\$ 1,040,118	\$ 36,780
Interest	10,500	10,500	554	(9,946)
Miscellaneous	30,000	97,658	719,752	622,094
Total Revenues	1,043,838	1,111,496	1,760,424	648,928
EXPENDITURES				
Capital Outlay	1,708,661	2,076,319	1,734,773	341,546
Debt Service				
Principal	276,031	276,031	276,031	-
Interest	54,179	54,179	54,179	-
Total Expenditures	2,038,871	2,406,529	2,064,983	341,546
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(995,033)	(1,295,033)	(304,559)	990,474
OTHER FINANCING SOURCES				
Transfer In	38,067	38,067	38,067	-
Net Change in Fund Balance	(956,966)	(1,256,966)	(266,492)	990,474
Fund Balance, Beginning	1,264,551	1,264,551	1,526,400	261,849
Fund Balance, Ending	\$ 307,585	\$ 7,585	\$ 1,259,908	\$ 1,252,323

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
STREET IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES				
Taxes	\$ 476,405	\$ 476,405	\$ 500,821	\$ 24,416
Interest	<u>15,000</u>	<u>15,000</u>	<u>7,162</u>	<u>(7,838)</u>
Total Revenues	<u>491,405</u>	<u>491,405</u>	<u>507,983</u>	<u>16,578</u>
 EXPENDITURES				
Public Works	100,000	100,000	52,807	47,193
Capital Outlay	1,017,344	1,187,344	1,152,808	34,536
Debt Service				
Principal	50,000	50,000	55,000	(5,000)
Interest	352,868	352,868	366,561	(13,693)
Bond Issuance Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,520,212</u>	<u>1,690,212</u>	<u>1,627,176</u>	<u>63,036</u>
 Net Change in Fund Balance	 (1,028,807)	 (1,198,807)	 (1,119,193)	 79,614
 Fund Balance, Beginning	 <u>1,079,224</u>	 <u>1,376,118</u>	 <u>1,376,118</u>	 <u>-</u>
 Fund Balance, Ending	 <u>\$ 50,417</u>	 <u>\$ 177,311</u>	 <u>\$ 256,925</u>	 <u>\$ 79,614</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 7,100	\$ 7,729	\$ 629
Interest	<u>326</u>	<u>29</u>	<u>(297)</u>
Total Revenues	<u>7,426</u>	<u>7,758</u>	<u>332</u>
 Net Change in Fund Balance	 7,426	 7,758	 332
 Fund Balance, Beginning of Year	 <u>60,285</u>	 <u>60,929</u>	 <u>644</u>
 Fund Balance, End of Year	 <u><u>\$ 67,711</u></u>	 <u><u>\$ 68,687</u></u>	 <u><u>\$ 976</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
HOUSING INITIATIVE 5A FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 73,814	\$ 81,332	\$ 7,518
Interest	446	11	(435)
Total Revenues	<u>74,260</u>	<u>81,343</u>	<u>7,083</u>
EXPENDITURES			
Housing	<u>27,614</u>	<u>27,614</u>	<u>-</u>
Net Change in Fund Balance	46,646	53,729	7,083
Fund Balance, Beginning of Year	<u>141,086</u>	<u>148,611</u>	<u>7,525</u>
Fund Balance, End of Year	<u><u>\$ 187,732</u></u>	<u><u>\$ 202,340</u></u>	<u><u>\$ 14,608</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Charges for Services	\$ 1,500	\$ 1,500	\$ 4,650	\$ 3,150
Interest	250	250	32	(218)
Miscellaneous	-	-	1,620	1,620
Total Revenues	<u>1,750</u>	<u>1,750</u>	<u>6,302</u>	<u>4,552</u>
EXPENDITURES				
Culture and Recreation	<u>-</u>	<u>3,500</u>	<u>3,475</u>	<u>25</u>
Net Change in Fund Balance	1,750	(1,750)	2,827	4,577
Fund Balance, Beginning of Year	<u>67,698</u>	<u>67,698</u>	<u>70,362</u>	<u>2,664</u>
Fund Balance, End of Year	<u>\$ 69,448</u>	<u>\$ 65,948</u>	<u>\$ 73,189</u>	<u>\$ 7,241</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
DILLON URBAN RENEWAL AUTHORITY
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Miscellaneous	\$ 10,000	\$ -	\$ (10,000)
EXPENDITURES			
Urban Renewal	<u>10,000</u>	<u>8,658</u>	<u>1,342</u>
Net Change in Fund Balance	-	(8,658)	(8,658)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ (8,658)</u></u>	<u><u>\$ (8,658)</u></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, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Taxes	\$ 145,439	\$ 150,948	\$ 5,509
Interest	<u>166</u>	<u>5</u>	<u>(161)</u>
Total Revenues	<u>145,605</u>	<u>150,953</u>	<u>5,348</u>
EXPENDITURES			
Debt Service			
Principal	119,230	119,230	-
Interest	<u>24,096</u>	<u>24,096</u>	<u>-</u>
Total Expenditures	<u>143,326</u>	<u>143,326</u>	<u>-</u>
 Net Change in Fund Balance	 2,279	 7,627	 5,348
Fund Balance, Beginning of Year	<u>8,897</u>	<u>40,341</u>	<u>31,444</u>
Fund Balance, End of Year	<u>\$ 11,176</u>	<u>\$ 47,968</u>	<u>\$ 36,792</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
TOWN CENTER IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes	\$ 93,952	\$ 121,764	\$ 27,812
Interest	349	55	(294)
Total Revenues	<u>94,301</u>	<u>121,819</u>	<u>27,518</u>
EXPENDITURES			
Debt Service			
Principal	260,000	260,000	-
Interest	<u>9,128</u>	<u>9,128</u>	<u>-</u>
Total Expenditures	<u>269,128</u>	<u>269,128</u>	<u>-</u>
Net Change in Fund Balance	(174,827)	(147,309)	27,518
Fund Balance, Beginning of Year	<u>190,046</u>	<u>214,493</u>	<u>24,447</u>
Fund Balance, End of Year	<u>\$ 15,219</u>	<u>\$ 67,184</u>	<u>\$ 51,965</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
WATER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2011

	Original and Final Budget	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Utility Sales	\$ 934,735	\$ 912,635	\$ (22,100)
Tap Fees	15,950	24,164	8,214
Interest	3,372	5,344	1,972
Miscellaneous Income	12,692	10,717	(1,975)
Loan Proceeds	1,342,000	-	(1,342,000)
Transfer In	2,756	-	(2,756)
Total Revenues	<u>2,311,505</u>	<u>952,860</u>	<u>(1,358,645)</u>
EXPENDITURES			
Current			
Operations	405,788	458,838	(53,050)
Maintenance	25,852	31,207	(5,355)
Distribution	42,517	31,644	10,873
Treatment	32,600	32,113	487
Capital Outlay	1,626,000	900,316	725,684
Debt Service			
Principal	134,545	134,545	-
Interest	10,691	18,299	(7,608)
Total Expenditures	<u>2,277,993</u>	<u>1,606,962</u>	<u>671,031</u>
NET INCOME, Budget Basis	<u>\$ 33,512</u>	(654,102)	<u>\$ (687,614)</u>
ADJUSTMENTS TO GAAP BASIS			
Principal Payments on Debt		134,545	
Capital Outlay		900,316	
Depreciation and Amortization		<u>(166,045)</u>	
NET INCOME, GAAP Basis		214,714	
NET ASSETS, Beginning		<u>3,718,056</u>	
NET ASSETS, Ending		<u>\$3,932,770</u>	

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
SEWER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2011

	Original and Final Budget	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Utility Sales	\$ 853,140	\$ 850,945	\$ (2,195)
Tap Fees	13,056	19,780	6,724
Interest	3,370	1,146	(2,224)
Miscellaneous Income	1,836	-	(1,836)
Transfer In	919	-	(919)
Total Revenues	<u>872,321</u>	<u>871,871</u>	<u>(450)</u>
EXPENDITURES			
Current			
Operations	84,690	97,810	(13,120)
Maintenance	37,835	27,728	10,107
Treatment	455,635	434,794	20,841
Capital Outlay	105,000	-	105,000
Debt Service			
Principal	114,072	114,072	-
Interest	39,579	37,058	2,521
Total Expenditures	<u>836,811</u>	<u>711,462</u>	<u>125,349</u>
NET INCOME, Budget Basis	<u>\$ 35,510</u>	160,409	<u>\$ 124,899</u>
ADJUSTMENTS TO GAAP BASIS			
Principal Payments on Debt		114,072	
Depreciation		(71,641)	
Investment in Joint Sewer Authority		<u>35,040</u>	
NET INCOME, GAAP Basis		237,880	
NET ASSETS, Beginning		<u>3,347,591</u>	
NET ASSETS, Ending		<u>\$ 3,585,471</u>	

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
MARINA FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES				
Charges for Services	\$ 924,000	\$ 924,000	\$ 945,653	\$ 21,653
Interest	17,000	17,000	437	(16,563)
Miscellaneous	20,000	20,000	40,610	20,610
Transfer In	<u>7,870</u>	<u>7,870</u>	-	<u>(7,870)</u>
Total Revenues	<u>968,870</u>	<u>968,870</u>	<u>986,700</u>	<u>17,830</u>
EXPENDITURES				
Current				
Operations	669,534	669,534	678,063	(8,529)
Maintenance	36,800	36,800	35,908	892
Capital Outlay	2,370,500	2,680,500	2,599,341	81,159
Debt Service				
Principal	67,164	67,164	71,000	(3,836)
Interest	80,000	80,000	98,915	(18,915)
Transfer Out	<u>38,067</u>	<u>38,067</u>	<u>38,067</u>	<u>-</u>
Total Expenditures	<u>3,262,065</u>	<u>3,572,065</u>	<u>3,521,294</u>	<u>50,771</u>
NET INCOME, Budget Basis	<u><u>\$ (2,293,195)</u></u>	<u><u>\$ (2,603,195)</u></u>	(2,534,594)	<u><u>\$ 68,601</u></u>
ADJUSTMENTS TO GAAP BASIS				
Principal Payments on Debt			71,000	
Capital Outlay			2,599,341	
Depreciation and Amortization			<u>(215,685)</u>	
NET INCOME, GAAP Basis			(79,938)	
NET ASSETS, Beginning			<u>2,010,169</u>	
NET ASSETS, Ending			<u><u>\$1,930,231</u></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, 2011

	<u>Balance</u> <u>January 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31, 2011</u>
Summit County Telecommunications Consortium				
ASSETS				
Cash and Investments	\$ 66,666	\$ 175,197	159,221	\$ 82,642
Accounts Receivable	<u>8,873</u>	<u>8,293</u>	<u>8,873</u>	<u>8,293</u>
Total Assets	<u>\$ 75,539</u>	<u>\$ 183,490</u>	<u>\$ 168,094</u>	<u>\$ 90,935</u>
LIABILITIES				
Accounts Payable	\$ 15	\$ 20	\$ 15	\$ 20
Accrued Liabilities	1,892	1,741	1,892	1,741
Funds Held for Others	<u>73,632</u>	<u>89,174</u>	<u>73,632</u>	<u>89,174</u>
Total Liabilities	<u>\$ 75,539</u>	<u>\$ 90,935</u>	<u>\$ 75,539</u>	<u>\$ 90,935</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 2011

This Information From The Records Of (example - City of _ or County of _) Town of Dillon	Prepared By: Phone:	Carri McDonnell 9702623404
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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)	1,512,603
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	27,084
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	24,517
2. General fund appropriations		b. Snow and ice removal	19,866
3. Other local imposts (from page 2)	2,124,406	c. Other	
4. Miscellaneous local receipts (from page 2)	179,757	d. Total (a. through c.)	44,383
5. Transfers from toll facilities		4. General administration & miscellaneous	43,587
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	188,161
a. Bonds - Original Issues		6. Total (1 through 5)	1,815,818
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	392,685
7. Total (1 through 6)	2,304,163	b. Redemption	207,830
B. Private Contributions		c. Total (a. + b.)	600,515
C. Receipts from State government (from page 2)	112,170	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,416,333	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	600,515
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	2,416,333

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	8,791,370		207,830	8,583,540
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
		2,416,333	2,416,333		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2011

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	205,854	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	179,757
1. Sales Taxes	1,918,552	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.)	1,918,552	h. Other	
c. Total (a. + b.)	2,124,406	i. Total (a. through h.)	179,757
	(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	97,422	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	14,748	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	14,748	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	112,170	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		19,608	19,608
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		1,492,995	1,492,995
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,492,995	1,492,995
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,512,603	1,512,603
			(Carry forward to page 1)

Notes and Comments: