



*Town of Dillon, Colorado*

*Financial Statements  
December 31, 2008*



*make it Dillon!*

for every season, there's a reason



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Honorable Mayor and Town Council  
Town of Dillon  
Dillon, Colorado

**INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dillon, as of and for the year ended December 31, 2008, 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, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Dillon's basic financial statements. The supplementary information and local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Swanhorst & Company LLC*

June 23, 2009

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## 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, 2008.

### Financial Highlights

- The assets of the Town of Dillon exceeded its liabilities at the close of fiscal year 2008 by \$14,790,055 (*net assets*). Of this amount, \$4,867,866 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$924,395.
- As of the close of the fiscal year 2008, the Town of Dillon's governmental funds reported combined ending fund balances of \$7,350,225, an increase of \$2,848,446 compared with the prior year. Approximately 38.8% of this total amount, \$2,854,396, is available for spending at the government's discretions (*unreserved fund balance*).
- At the end of the fiscal year ended December 31, 2008, unreserved fund balance for the General Fund was \$1,586,889, or 45.6% of the total general fund expenditures.
- The Town of Dillon's total debt increased by \$4,352,861 during the fiscal year ended December 31, 2008.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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



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

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

**Fiduciary funds.** The Town of Dillon has one fiduciary fund, the Summit County Telecommunications Consortium (SCTC). The activities of the SCTC are reported in a separate Statement of Fiduciary Assets and Liabilities and Changes in Fiduciary Assets and Liabilities. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town of Dillon's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements are found on pages 22 and 53 of this report.

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

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required notes to financial statements. The combining fund statements can be found on pages 40-41.

### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Dillon, assets exceeded liabilities by \$14,790,055 at the close of the fiscal year 2008.

Combined net assets of the Town at December 31, 2008 were:

**Town of Dillon's Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and Other Assets	\$7,934,329	\$4,945,870	\$3,721,087	\$3,879,186	11,655,416	\$8,825,056
Capital Assets	6,835,782	4,733,433	6,287,236	5,750,238	13,123,018	10,483,671
<b>Total Assets</b>	<b>14,770,111</b>	<b>9,679,303</b>	<b>10,008,323</b>	<b>9,629,424</b>	<b>24,778,434</b>	<b>19,308,727</b>
Other Liabilities	485,211	413,886	190,372	69,246	675,583	483,132
Noncurrent Liabilities	7,467,096	2,832,734	1,845,700	2,127,201	9,312,796	4,959,935
<b>Total Liabilities</b>	<b>7,952,307</b>	<b>3,246,620</b>	<b>2,036,072</b>	<b>2,196,447</b>	<b>9,988,379</b>	<b>5,443,067</b>
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	3,598,961	2,001,458	5,867,662	4,989,095	9,466,623	6,990,553
Restricted	455,566	292,524	--	--	455,566	292,524
Unrestricted	2,763,277	4,138,701	2,104,589	2,443,882	4,867,866	6,582,583
<b>Total Net Assets</b>	<b>\$6,817,804</b>	<b>\$6,432,683</b>	<b>\$7,972,251</b>	<b>\$7,432,977</b>	<b>\$14,790,055</b>	<b>\$13,865,660</b>

A large portion of the Town of Dillon's net assets (64 percent) that reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Dillon's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Town of Dillon's net assets (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$4,867,866) may be used to meet the government's ongoing obligations to citizens and creditors.

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

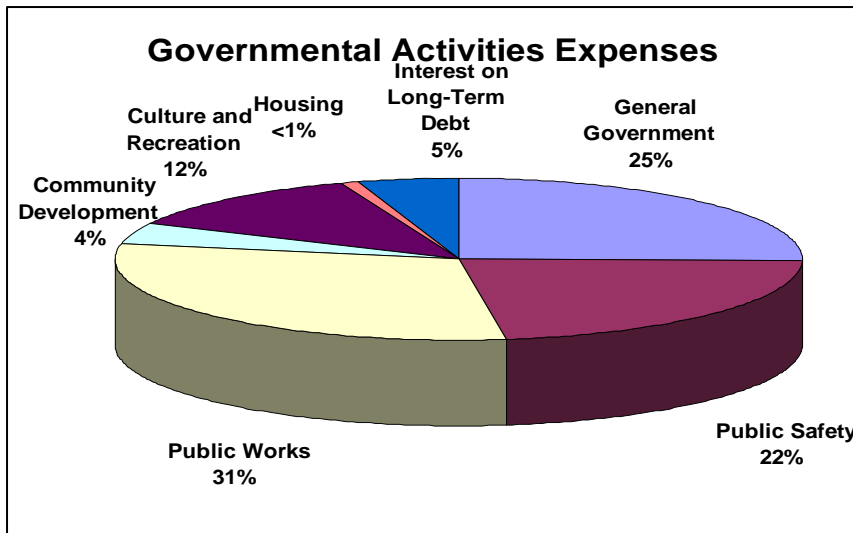
The Town of Dillon's net assets increased by \$924,395 during the fiscal year 2008. \$385,121 of this increase is from the Governmental Activities which can be attributed to an increase in sales tax and property tax revenues. The remaining \$539,274 increase in net assets is from Business-Type Activities which are the result of an increase in water and sewer tap fee collections and an increase in the sewer funds' investment in the Joint Sewer Authority.

### Town of Dillon's Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
<b>Program Revenues</b>						
Charges for Services	\$ 225,220	\$ 168,469	\$2,387,901	\$2,359,813	\$2613,121	\$2,528,282
Operating Grants and Contributions	124,373	127,050	--	--	124,373	127,050
Capital Grants and Contributions	151,146	157,085	160,611	201,273	311,757	358,358
<b>General Revenues</b>						
Sales Tax	4,289,774	4,193,204	--	--	4,289,774	4,193,204
Other Tax	547,725	532,219	--	--	547,725	532,219
Other General Revenues	235,565	239,183	188,545	243,570	424,110	482,753
<b>Total Revenues</b>	<b>5,573,803</b>	<b>5,417,210</b>	<b>2,737,057</b>	<b>2,804,656</b>	<b>8,310,860</b>	<b>8,221,866</b>
<b>Program Expenses</b>						
General Government	1,244,630	1,245,187	--	--	1,244,630	1,245,187
Public Safety	1,102,813	998,227	--	--	1,102,813	998,227
Public Works	1,491,679	1,074,736	--	--	1,491,679	1,074,736
Community Development	205,754	193,046	--	--	205,754	193,046
Culture and Recreation	609,494	600,082	--	--	609,494	600,082
Housing	44,980	19,364	--	--	44,980	19,364
Interest on Long-Term Debt	227,399	125,157	--	--	227,399	125,157
Water	--	--	693,999	598,477	693,999	598,477
Sewer	--	--	614,093	666,302	614,093	666,302
Marina	--	--	1,151,624	1,133,292	1,151,624	1,133,292
<b>Total Expenses</b>	<b>4,926,749</b>	<b>4,255,799</b>	<b>2,459,716</b>	<b>2,398,071</b>	<b>7,386,465</b>	<b>6,653,870</b>
Transfers	(261,933)	(100,000)	261,933	100,000	--	--
Changes in Net Assets	385,121	1,061,411	539,274	506,585	924,395	1,567,996
Net Assets–Begin of Year	6,432,683	5,371,272	7,432,977	6,926,392	13,865,660	12,297,664
Net Assets-End of Year	\$6,817,804	\$6,432,683	\$7,972,251	\$7,432,977	\$14,790,055	\$13,865,660

**Governmental activities.** Governmental activities increased the Town of Dillon's net assets by \$385,121, thereby accounting for 41.7 percent of the total growth in net assets of the Town of Dillon. The following are illustrative summaries of Governmental Activities breaking out revenues and expenses:

- Sales tax, the primary source of revenues to the General Fund (77% of governmental revenues), increased \$96,570 over 2007 due to the voter approved .5% increase in the sales tax rate. Without the tax rate increase, sales tax collections would be down in 2008.
- Other taxes increased 2.9% due to increases in assessed valuation.
- Charges for services are up 33.7% over 2007 from traffic fines.
- Capital grants and contributions were down 3.8% due to a reduction in grants received in 2008.
- Other revenues decreased 1.5% as a result of the decline in interest rates in the fourth quarter of 2008.



- Expenses for governmental activities are up 15.77%. The chart to the left (see *Governmental Activities Expenses*) represents department expenses as a percentage of the total expenses for governmental activities.
- General government

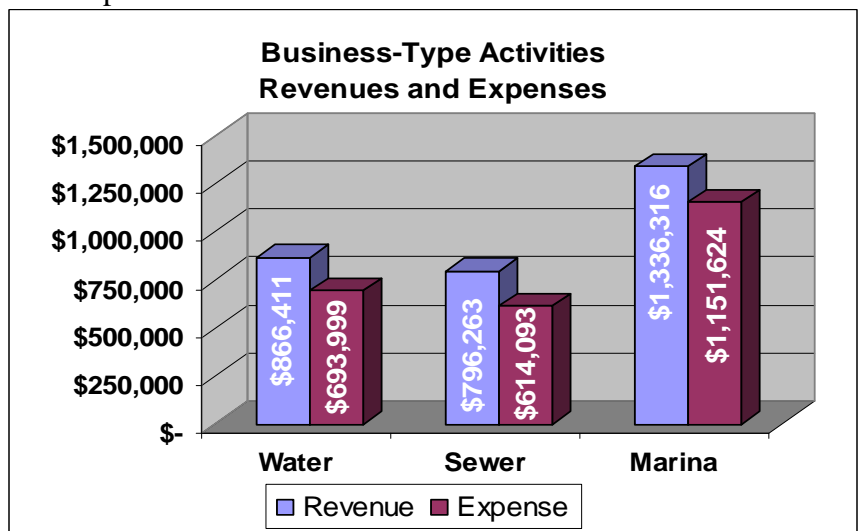
expenses essentially flat to 2007.

- Public safety expenses increased 10.48% due to full staffing in 2008 and increased costs at the Summit County Communications Center.
- Public works expenses increased 38.8% due to the reconstruction of two streets in 2008.
- Housing expenses increased 132% due to the addition of a down payment program administered through the Summit Combined Housing Authority.
- Interest expenses increased 81.7% due to the issuance of the Sales Tax Revenue Bonds, Series 2008.
- Core Services (public safety, public works and culture and recreation) make up 65% of the expenses. General Government consists of Town Council, general administration and marketing and events.

**Business-type activities.** Business-type activities increased the Town of Dillon’s net assets by \$539,274, accounting for 58.3 percent of the total growth in the government’s net assets. Key elements of this increase are as follows:

- Charges for services increased 1.2% due to increases in the water capital fee and sewer charge.
- Water, Sewer and Marina Enterprise Funds reflect net incomes as shown in the chart

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



## **Financial Analysis of the Government's Funds**

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

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

As of the end of the fiscal year 2008, the Town of Dillon's governmental funds reported combined ending fund balances of \$7,350,225, an increase of \$2,848,446 (63.3%) over 2007. Approximately 92.9% of this total amount (\$2,854,396) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) as a reserve for emergencies (\$215,735), 2) as a reserve for parks and open space projects (\$73,853), 3) as a reserve for capital street projects from the issuance of the Sales Tax Revenue Bonds, Series 2008 (\$4,040,263) or 3) as a reserve for affordable housing projects (\$165,978).

The General Fund is the chief operating fund of the Town of Dillon. At the end of the fiscal year 2008, unreserved fund balance of the General Fund was \$1,586,889, while the total fund balance was \$1,802,624. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved and total fund balance represents 45.6% and 51.8% of the total general fund expenditures respectively.

The Capital Improvement Fund ended the year with a fund balance of \$1,224,959. The net decrease in fund balance during the fiscal year 2008 was \$1,021,511 as a result of the increase in capital spending.

The Street Improvement Fund was created in 2008 to account for the issuance of the Sales Tax Revenue Bonds, Series 2008, sales tax collections from the voter approved .5% sales tax increase and expenses associated with major street reconstruction projects. The fund balance at December 31, 2008 was \$3,667,765 of which \$3,550,317 is reserved for future street reconstruction projects. The remaining balance of \$117,448 is available to pay the annual debt payments.

The nonmajor special revenue funds include the Conservation Trust Fund, Parks and Open Space Fund, Housing Initiative 5A Fund and the Cemetery Perpetual Care Fund. The fund balance in the Conservation Trust Fund (\$73,853) is restricted by the State of Colorado for parks and open space projects as approved by Great Outdoors Colorado (GOCO). The Parks and Open Space Fund was created in 2005 to collect park donations and the property tax portion set aside by Town Council for parks and open space expenses. The Parks and Open Space Fund has a current fund balance of \$72,881. 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 \$165,978. The Cemetery Perpetual Care Fund has a current fund balance of \$55,901 and only the donations and interest earnings can be

expended for cemetery purposes only. The Town Council has appointed a Cemetery Advisory Committee to obtain donations and make recommendations for future projects.

The nonmajor capital project funds including Special Improvement District, Anemone Trail Fund and the Town Center Improvement Fund have fund balances of \$28,836 and \$257,428, respectively. The Town Center Improvement Fund experienced an increase in the fund balance of approximately 17.8% due to the increase in special assessment payments and the reduction in the annual debt payment.

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

Unrestricted net assets of the Water, Sewer and Marina Funds at the end of the year amounted to \$2,104,589. The changes in net assets for all three funds were an increase of \$172,412 for Water, \$182,170 for Sewer and \$184,692 for Marina. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town of Dillon's business-type activities.

### **General Fund Budgetary Highlights**

The fund balance of the Town of Dillon's General Fund increased by \$88,243 (5.1%) during the current fiscal year. Revenues were under budget by \$68,460 from the decline in sales tax collections and interest earnings. Differences between the original budgeted expenditures and the final amended budgeted expenditures were \$8,000, or .2% of the original budget. This difference was a non-profit grant approved by Town Council.

### **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, 2008, amounts to \$13,123,018 (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.

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

- Reconstruction of Three Rivers and West Buffalo Streets (\$900,138).
- Overlay of County Road 51, Oro Grande and Elkhorn (\$130,288).
- Sidewalk replacement on Lake Dillon Drive between LaBonte and Lodgepole Streets (\$246,254).
- Parking lot improvements in the Town Center (\$87,402).
- The Water department replaced the water line in Lodgepole Street (\$268,228) and rehabilitated manholes (\$45,150).
- The Sewer department lined numerous sewer mains (\$311,942) and replaced the sewer line in County Road 51 (\$135,001).
- The Marina department replaced a portion of the rental boat fleet (\$96,736) and improved the gabion wall (\$51,751).

### Town of Dillon's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 107,952	\$ 107,952	\$ 24,898	\$ 24,898	\$ 132,850	\$ 132,850
Infrastructure	7,945,547	6,122,262	6,083,513	5,193,027	14,029,060	11,315,289
Buildings	1,196,907	1,138,356	638,698	638,698	1,835,605	1,777,054
Equipment & Vehicles	2,430,405	2,118,732	566,328	683,399	2,996,733	2,802,131
Parks & Amphitheatre	1,782,075	1,332,169	--	--	1,782,075	1,332,169
Furniture & Fixtures	108,068	66,353	--	--	108,068	66,353
Water Plant	--	--	3,073,143	3,104,017	3,073,143	3,104,017
Improvements	--	--	1,430,432	1,378,682	1,430,432	1,378,682
<b>Total</b>	<b>\$ 13,570,954</b>	<b>\$ 10,885,824</b>	<b>\$ 11,817,012</b>	<b>\$ 11,022,721</b>	<b>\$ 25,387,966</b>	<b>\$ 21,908,545</b>

**Long-term debt.** At the end of the current fiscal year, the Town of Dillon had total long term debt outstanding of \$9,312,796. Of this amount, \$554,914 in water utility loans, \$1,124,599 in sewer utility loans, \$140,884 for a marina facility loan, \$295,000 in general obligation bonds and \$6,283,257 in bonds secured solely by specified revenue sources (i.e. revenue bonds). Additionally, the Town of Dillon has \$879,961 in lease financing for capital assets, \$116,422 in compensated absences offset by a loss on refunding of (\$72,623) and a bond discount (\$9,618).

The Town of Dillon's total debt increased by \$4,352,861 during the current fiscal year. The debt increase was due to the addition of the Sales Tax Revenue Bonds, Series 2008 to be used for street reconstruction projects. The Sales Tax Revenue Bonds, Series 2008 will be repaid with the .5% sales tax rate increase approved by the voters in April 2008.

### Town of Dillon's Outstanding Debt

#### General Obligation and Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Water Utility Loans	\$ --	\$ --	\$ 554,914	\$ 674,407	\$ 554,914	\$ 674,407
Sewer Utility Loans	--	--	1,124,599	1,225,000	1,124,599	1,225,000
Marina Facility Loan	--	--	140,884	207,447	140,884	207,447
Revenue Bonds	6,283,257	1,485,020	--	--	6,283,257	1,485,020
General Obligation Bonds	295,000	360,000	--	--	295,000	360,000
Capital Lease Obligations	879,961	1,000,616	--	--	879,961	1,000,616
Compensated Absences	91,119	70,554	25,303	20,347	116,422	90,901
Bond Discount	(9,618)	--	--	--	(9,618)	--
Loss on Refunding	(72,623)	(83,456)	--	--	(72,623)	(83,456)
<b>Total</b>	<b>\$ 7,467,096</b>	<b>\$ 2,832,734</b>	<b>\$ 1,845,700</b>	<b>\$ 2,127,201</b>	<b>\$ 9,312,796</b>	<b>\$ 4,959,935</b>

State statutes limit the amount of general obligation debt a governmental entity may issue to three percent of its total assessed valuation. The current debt limit for the Town of Dillon is \$1,886,420.

Additional information on the Town of Dillon's capital assets and long-term debt can be found in note three and five in the notes to the financial statements on pages 29 to 35.

### **Economic Factors and Next Year's Budget and Rates**

- Sales tax revenues account for 77% 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 are projected to be down 10% over 2008 due to declines in the economy. The Town has reduced operational and capital spending due to the sales tax declines.
- Assessed valuations have increased 2.2% from 2008 to 2009. The Town charter restricts the growth in property tax revenues to 5% per year. The mill levy for general operating was temporarily reduced from 4.398 to 4.092 in 2008 due to an increase of 15.6% in 2008.
- Capital spending is the main focus of the 2009 budget with 55.6% of expenditures appropriated for capital projects in the Capital Improvement Fund, Street Improvement Fund, Water Fund, Sewer Fund and Marina Fund.
- Water Capital Fee was increased \$1 per EQR to fund major capital projects over the next five years. The Town anticipates annual increases to support these projects.
- Sewer Fee was increased \$2 per EQR to fund operational and capital expenses. The last sewer fee increase was in 1999.

All of these factors were considered in the preparation for the Town of Dillon's budget for the 2009 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](mailto:carrim@townofdillon.com), or (970) 262-3404.



TOWN OF DILLON, COLORADO  
**STATEMENT OF NET ASSETS**  
December 31, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 2,532,479	\$ 2,250,622	\$ 4,783,101
Restricted Cash and Investments	4,040,263	-	4,040,263
Accounts Receivable	63,065	69,642	132,707
Current Taxes Receivable	357,517	-	357,517
Property Taxes Receivable	262,897	-	262,897
Notes Receivable	7,864	-	7,864
Intergovernmental Receivable	571,351	-	571,351
Bond Issuance Costs, Net	98,893	-	98,893
Investment in Joint Sewer Authority	-	1,400,823	1,400,823
Capital Assets, Net of Accumulated Depreciation			
Non-Depreciable Assets	107,952	24,898	132,850
Depreciable Assets, Net	6,727,830	6,262,338	12,990,168
Total Assets	14,770,111	10,008,323	24,778,434
<b>LIABILITIES</b>			
Accounts Payable	150,076	143,959	294,035
Interest Payable	-	30,919	30,919
Accrued Liabilities	72,178	14,608	86,786
Deferred Revenues	262,957	-	262,957
Due to Other Governments	-	886	886
Noncurrent Liabilities			
Due Within One Year	406,115	298,195	704,310
Due in More Than One Year	7,060,981	1,547,505	8,608,486
Total Liabilities	7,952,307	2,036,072	9,988,379
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	3,598,961	5,867,662	9,466,623
Restricted for Emergencies	215,735	-	215,735
Restricted for Parks and Open Space	73,853	-	73,853
Restricted for Housing	165,978	-	165,978
Unrestricted	2,763,277	2,104,589	4,867,866
Total Net Assets	\$ 6,817,804	\$ 7,972,251	\$ 14,790,055

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

TOWN OF DILLON, COLORADO  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2008

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 1,244,630	\$ 34,006	\$ -	\$ -
Public Safety	1,102,813	155,912	-	-
Public Works	1,491,679	-	124,373	33,588
Community Development	205,754	29,877	-	-
Culture and Recreation	609,494	5,425	-	8,304
Housing	44,980	-	-	109,254
Interest on Long-Term Debt	227,399	-	-	-
<b>Total Governmental Activities</b>	<b>4,926,749</b>	<b>225,220</b>	<b>124,373</b>	<b>151,146</b>
<b>Business-Type Activities</b>				
Water	693,999	703,812	-	92,527
Sewer	614,093	637,405	-	68,084
Marina	1,151,624	1,046,684	-	-
<b>Total Business-Type Activities</b>	<b>2,459,716</b>	<b>2,387,901</b>	<b>-</b>	<b>160,611</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 7,386,465</b>	<b>\$ 2,613,121</b>	<b>\$ 124,373</b>	<b>\$ 311,757</b>

GENERAL REVENUES

Sales Taxes  
Property Taxes  
Other Taxes  
Interest  
Miscellaneous

TOTAL GENERAL REVENUES

TRANSFERS

CHANGE IN NET ASSETS

NET ASSETS, Beginning

NET ASSETS, Ending

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

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
PRIMARY GOVERNMENT		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (1,210,624)	\$ -	\$ (1,210,624)
(946,901)	-	(946,901)
(1,333,718)	-	(1,333,718)
(175,877)	-	(175,877)
(595,765)	-	(595,765)
64,274	-	64,274
(227,399)	-	(227,399)
<u>(4,426,010)</u>	<u>-</u>	<u>(4,426,010)</u>
-	102,340	102,340
-	91,396	91,396
-	(104,940)	(104,940)
<u>-</u>	<u>88,796</u>	<u>88,796</u>
<u>(4,426,010)</u>	<u>88,796</u>	<u>(4,337,214)</u>
4,289,774	-	4,289,774
256,320	-	256,320
291,405	-	291,405
167,460	62,414	229,874
68,105	126,131	194,236
5,073,064	188,545	5,261,609
<u>(261,933)</u>	<u>261,933</u>	<u>-</u>
385,121	539,274	924,395
<u>6,432,683</u>	<u>7,432,977</u>	<u>13,865,660</u>
<u>\$ 6,817,804</u>	<u>\$ 7,972,251</u>	<u>\$ 14,790,055</u>

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

TOWN OF DILLON, COLORADO  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2008

	General	Capital Improvement	Street Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Assets					
Cash and Investments	\$ 1,339,622	\$ 548,445	\$ 40,651	\$ 603,761	\$ 2,532,479
Restricted Cash and Investments	-	489,946	3,550,317	-	4,040,263
Accounts Receivable	63,065	-	-	-	63,065
Current Taxes Receivable	2,649	201,520	98,069	55,279	357,517
Property Taxes Receivable	164,214	19,917	-	78,766	262,897
Notes Receivable	7,864	-	-	-	7,864
Intergovernmental Receivable	571,351	-	-	-	571,351
Total Assets	\$ 2,148,765	\$ 1,259,828	\$ 3,689,037	\$ 737,806	\$ 7,835,436
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 110,961	\$ 14,952	\$ 20,000	\$ 4,163	\$ 150,076
Accrued Liabilities	70,906	-	1,272	-	72,178
Deferred Property Taxes	164,214	19,917	-	78,766	262,897
Deferred Revenues	60	-	-	-	60
Total Liabilities	346,141	34,869	21,272	82,929	485,211
Fund Balances					
Reserved for Emergencies	215,735	-	-	-	215,735
Reserved for Capital Projects	-	489,946	3,550,317	-	4,040,263
Reserved for Parks and Open Space	-	-	-	73,853	73,853
Reserved for Housing	-	-	-	165,978	165,978
Unreserved, Reported In					
General Fund	1,586,889	-	-	-	1,586,889
Special Revenue Funds	-	-	-	128,782	128,782
Capital Project Funds	-	735,013	117,448	286,264	1,138,725
Total Fund Balances	1,802,624	1,224,959	3,667,765	654,877	7,350,225
Total Liabilities and Fund Balances	\$ 2,148,765	\$ 1,259,828	\$ 3,689,037	\$ 737,806	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,835,782
Long-term liabilities, including bonds payable (\$6,578,257), lease payable (\$879,961), and accrued compensated absences (\$91,119), net of bond issuance costs \$98,893, bond discount of \$9,618 and loss on refunding \$72,623 are not due and payable in the current period and; therefore, not reported in the funds.	(7,368,203)
Net Assets of Governmental Activities	\$ 6,817,804

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, 2008

	General	Capital Improvement	Street Improvement	Other Governmental Funds	Total Governmental Funds
<b>OPERATING REVENUES</b>					
Taxes	\$ 3,193,634	\$ 1,056,713	\$ 250,587	\$ 336,565	\$ 4,837,499
Charges for Services	37,027	-	-	1,850	38,877
Assessments	-	-	-	33,588	33,588
Licenses and Permits	31,281	-	-	-	31,281
Intergovernmental	124,373	-	-	93,772	218,145
Fines and Forfeitures	155,062	-	-	-	155,062
Interest	52,057	36,671	65,600	13,132	167,460
Miscellaneous	5,851	60,679	-	25,361	91,891
<b>TOTAL OPERATING REVENUES</b>	<b>3,599,285</b>	<b>1,154,063</b>	<b>316,187</b>	<b>504,268</b>	<b>5,573,803</b>
<b>OPERATING EXPENSES</b>					
Current					
General Government	1,065,353	-	42,511	-	1,107,864
Public Safety	1,042,840	-	-	-	1,042,840
Public Works	744,821	-	-	-	744,821
Community Development	206,700	-	-	-	206,700
Culture and Recreation	423,278	-	-	12,079	435,357
Housing	-	-	-	44,980	44,980
Capital Outlay	-	1,772,249	1,407,172	-	3,179,421
Debt Service					
Principal	-	120,655	-	266,763	387,418
Interest	-	47,387	112,115	67,897	227,399
Bond Issuance Costs	-	-	76,500	-	76,500
<b>TOTAL EXPENDITURES</b>	<b>3,482,992</b>	<b>1,940,291</b>	<b>1,638,298</b>	<b>391,719</b>	<b>7,453,300</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>116,293</b>	<b>(786,228)</b>	<b>(1,322,111)</b>	<b>112,549</b>	<b>(1,879,497)</b>
<b>OTHER FINANCING SOURCES</b>					
Bond Proceeds	-	-	5,000,000	-	5,000,000
Bond Discount	-	-	(10,124)	-	(10,124)
Transfers In	-	66,117	-	1,400	67,517
Transfer Out	(28,050)	(301,400)	-	-	(329,450)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(28,050)</b>	<b>(235,283)</b>	<b>4,989,876</b>	<b>1,400</b>	<b>4,727,943</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>88,243</b>	<b>(1,021,511)</b>	<b>3,667,765</b>	<b>113,949</b>	<b>2,848,446</b>
<b>FUND BALANCE, Beginning</b>	<b>1,714,381</b>	<b>2,246,470</b>	<b>-</b>	<b>540,928</b>	<b>4,501,779</b>
<b>FUND BALANCE, Ending</b>	<b>\$ 1,802,624</b>	<b>\$ 1,224,959</b>	<b>\$ 3,667,765</b>	<b>\$ 654,877</b>	<b>\$ 7,350,225</b>

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, 2008

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

Net Change in Fund Balances of Governmental Funds	\$ 2,848,446
Capital outlays to purchase or build capital assets \$2,936,067 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 (\$781,349).	2,154,718
The net effect of various miscellaneous transactions involving capital assets (i.e. disposal of assets) are not reported in the governmental funds.	(52,369)
Repayments of bond principal \$266,763, lease payments of \$120,655 and increases in compensated absences payable (\$20,565) 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.	366,853
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items: bond proceeds (\$5,000,000), bond discount \$10,124, bond issuance costs \$76,500 and amortization of bond costs, discounts and loss on refunding (\$19,151).	<u>(4,932,527)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 385,121</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, 2008

	Water Fund	Sewer Fund	Marina Fund	Total Business-Type Activities
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 732,733	\$ 514,037	\$ 1,003,852	\$ 2,250,622
Accounts Receivable	50,827	16,713	2,102	69,642
Total Current Assets	783,560	530,750	1,005,954	2,320,264
Noncurrent Assets				
Investment in Joint Sewer Authority	-	1,400,823	-	1,400,823
Capital Assets				
Non-Depreciable Assets	24,898	-	-	24,898
Depreciable Assets, Net	2,907,002	2,404,882	950,454	6,262,338
Total Noncurrent Assets	2,931,900	3,805,705	950,454	7,688,059
Total Assets	3,715,460	4,336,455	1,956,408	10,008,323
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	38,568	1,654	103,737	143,959
Interest Payable	4,141	24,847	1,931	30,919
Accrued Liabilities	6,385	1,939	6,284	14,608
Due to Other Governments	-	-	886	886
Bonds, notes and loans payable	124,314	104,766	69,116	298,195
Total Current Liabilities	173,408	133,206	181,954	488,567
Noncurrent Liabilities				
Compensated Absences	9,515	4,645	11,143	25,303
Note Payable	430,601	1,019,833	-	1,450,434
Leases Payable	-	-	71,768	71,768
Total Noncurrent Liabilities	440,116	1,024,478	82,911	1,547,505
Total Liabilities	613,523	1,157,684	264,865	2,036,072
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	2,376,986	2,681,106	809,570	5,867,662
Unrestricted	724,951	497,665	881,973	2,104,589
<b>TOTAL NET ASSETS</b>	<b>\$ 3,101,937</b>	<b>\$ 3,178,771</b>	<b>\$ 1,691,543</b>	<b>\$ 7,972,251</b>

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, 2008

	Water Fund	Sewer Fund	Marina Fund	Total Business-Type Activities
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 703,812	\$ 637,405	\$ 1,046,684	\$ 2,387,901
Miscellaneous	1,488	1,836	-	3,324
<b>TOTAL OPERATING REVENUES</b>	<u>705,300</u>	<u>639,241</u>	<u>1,046,684</u>	<u>2,391,225</u>
<b>OPERATING EXPENSES</b>				
Operations	450,822	96,898	851,230	1,398,950
Maintenance	12,875	28,224	58,351	99,450
Distribution	29,560	-	-	29,560
Treatment	22,764	408,394	-	431,158
Depreciation	153,103	29,547	235,698	418,348
<b>TOTAL OPERATING EXPENSES</b>	<u>669,124</u>	<u>563,063</u>	<u>1,145,279</u>	<u>2,377,466</u>
<b>OPERATING INCOME (LOSS)</b>	<u>36,176</u>	<u>76,178</u>	<u>(98,595)</u>	<u>13,759</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Revenue	15,770	33,826	12,818	62,414
Miscellaneous Revenue	52,814	-	14,881	67,695
Interest Expense	(24,875)	(51,030)	(6,345)	(82,250)
Joint Sewer Authority	-	55,112	-	55,112
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>43,709</u>	<u>37,908</u>	<u>21,354</u>	<u>102,971</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	79,885	114,086	(77,241)	116,730
Transfer In	-	-	300,000	300,000
Transfer Out	-	-	(38,067)	(38,067)
Capital Contributions	92,527	68,084	-	160,611
<b>CHANGE IN NET ASSETS</b>	172,412	182,170	184,692	539,274
<b>NET ASSETS, Beginning</b>	<u>2,929,525</u>	<u>2,996,601</u>	<u>1,506,851</u>	<u>7,432,977</u>
<b>NET ASSETS, Ending</b>	<u>\$ 3,101,937</u>	<u>\$ 3,178,771</u>	<u>\$ 1,691,543</u>	<u>\$ 7,972,251</u>

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



TOWN OF DILLON, COLORADO  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Increase (Decrease) in Cash and Cash Equivalents**  
For the Year Ended December 31, 2008

	Water Fund	Sewer Fund	Marina Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 663,307	\$ 634,515	\$ 1,044,582	\$ 2,342,404
Cash Paid to Suppliers	(218,607)	(467,278)	(401,587)	(1,087,472)
Cash Paid to Employees	(262,739)	(59,455)	(385,367)	(707,561)
Net Cash Provided by Operating Activities	181,961	107,782	257,628	547,371
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of Capital Assets	(355,779)	(603,626)	(148,487)	(1,107,892)
Debt Principal Payments	(119,493)	(100,401)	(66,563)	(286,457)
Interest Payments	(25,743)	(53,250)	(7,257)	(86,250)
Tap Fees and Other Contributed Capital	92,527	68,084	-	160,611
Transfer In	-	-	300,000	300,000
Transfer Out	-	-	(38,067)	(38,067)
Grant Proceeds	-	-	56,790	56,790
Reimbursement	52,814	-	14,881	67,695
Proceeds from Sale of Assets	-	-	118,543	118,543
Net Cash Provided (Used) by Capital Financing	(355,674)	(689,193)	229,840	(815,027)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	15,770	33,826	12,818	62,414
Net Cash Provided by Investing Activities	15,770	33,826	12,818	62,414
Net Increase (Decrease) in Cash & Cash Equivalents	(157,943)	(547,585)	500,286	(205,242)
CASH AND CASH EQUIVALENTS, Beginning of Year	890,676	1,061,622	503,566	2,455,864
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b>\$ 732,733</b>	<b>\$ 514,037</b>	<b>\$ 1,003,852</b>	<b>\$ 2,250,622</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 36,176	\$ 76,178	\$ (98,595)	\$ 13,759
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation	153,103	29,547	235,698	418,348
Disposal of Assets	4,206	6,065	23,732	34,003
Changes in Assets and Liabilities				
Accounts Receivable	(41,993)	(4,726)	(2,102)	(48,821)
Accounts Payable	29,942	327	97,630	127,899
Accrued Liabilities	(1,975)	(630)	(35)	(2,640)
Due to Other Governments	-	-	(133)	(133)
Compensated Absences	2,502	1,021	1,433	4,956
Net Cash Provided by Operating Activities	\$ 181,961	\$ 107,782	\$ 257,628	\$ 547,371

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

TOWN OF DILLON, COLORADO  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUND**  
December 31, 2008

	Summit County Telecommunications Consortium
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 41,422
Accounts Receivable	8,761
Total Current Assets	\$ 50,183
 <b>LIABILITIES</b>	
Liabilities	
Accounts Payable	\$ 1,133
Wages Payable	1,195
Earned Benefits Payable	827
Funds Held in Trust for Others	47,028
Total Liabilities	\$ 50,183

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

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2008

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

In accordance with Governmental Accounting Standards, the Town has considered the possibility of inclusion of additional entities in its financial statements.

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

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

Government-Wide and Fund Financial Statements

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

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

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

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2008

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary (enterprise) fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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.

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

The *Street Improvement Fund* accounts for financial resources to be used for the reconstruction of streets funded by the dedicated sales tax of .5% through the issuance of bonds.

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

The Town reports the following major proprietary funds:

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

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

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

Additionally, the Town reports the following Fiduciary Fund:

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

Cash and Investments

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

Capital Assets

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

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

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (continued)

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 proprietary fund types 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 type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Assets/Fund Balance

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

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. As taxes are collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments as of December 31, 2008 follows:

Deposits	\$6,232,146
Petty Cash	300
Investments	<u>2,632,340</u>
Total Cash on Hand and Investments	<u>\$8,864,786</u>

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

Cash and Investments	\$4,783,101
Restricted Cash and Investments	4,040,263
Agency Fund Cash and Investments	<u>41,422</u>
Total Cash and Investments	<u>\$8,864,786</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2008, the State regulatory commissioners had indicated that all financial institutions holding deposits for the Town are eligible public depositories. 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, 2008, the Town had bank deposits of \$3,699,546 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, 2008

NOTE 2: CASH AND INVESTMENTS (continued)

Restricted Cash

At December 31, 2008, the Town had \$4,040,263 in restricted cash for specific capital projects. Restricted cash in the Capital Improvement Fund of \$489,946 is the remaining funds from the 2006 Capital Projects Lease with Wells Fargo Brokerage Services, LLC. The Town anticipates the restricted cash will be spent in 2009. Restricted Cash of \$3,550,317 in the Street Improvement Fund is the remaining funds from the 2008 Sales Tax Revenue Bonds to be used in 2009 for street reconstruction projects.

Investments

At December 31, 2008, the Town had the following investments:

<u>Investment Type</u>	<u>S&amp;P Rating</u>	<u>Investment in Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>Fair Value</u>
Money Market Funds	AAAm	696,825	696,825
Local Government Investment Pools	AAAm	<u>1,935,515</u>	<u>1,935,515</u>
Total		<u>\$2,632,340</u>	<u>\$2,632,340</u>

The Town has a formal investment policy that limits its investment choices and the length of maturity to two years. The investment choices are within the limitations of state laws and include:

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

*Credit Risk* –State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a NRSRO.

*Local Government Investment Pools* – At December 31, 2008 the Town had \$907,315 invested in the Colorado Surplus Asset Fund Trust (CSAFE) and \$1,028,200 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 similarly to a money market fund with each share equal in value to \$1.00. The Trusts are rated AAAM by Standard and Poor’s. Investments of the Trusts are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian’s internal records identify the investments owned by the participating governments.



TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2008

NOTE 3: CAPITAL ASSETS

Governmental Activities

Capital assets activity for governmental activities for the year ended December 31, 2008 is summarized below:

	<u>Balance</u> <u>12/31/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/08</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 107,952	\$ --	\$ --	\$ 107,952
Capital Assets, Being Depreciated				
Infrastructure	6,122,262	1,878,349	(55,064)	7,945,547
Buildings	1,138,356	63,536	(4,985)	1,196,907
Equipment & Vehicles	2,118,732	479,878	(168,205)	2,430,405
Parks & Amphitheatre	1,332,169	472,589	(22,683)	1,782,075
Furniture & Fixtures	<u>66,353</u>	<u>41,715</u>	<u>--</u>	<u>108,068</u>
Total Capital Assets, Being Depreciated	<u>10,777,872</u>	<u>2,936,067</u>	<u>(250,937)</u>	<u>13,463,002</u>
Less: Accumulated Depreciation For				
Infrastructure	3,714,699	411,172	(55,064)	4,070,807
Buildings	809,345	65,269	(4,487)	870,127
Equipment & Vehicles	1,003,629	187,813	(133,102)	1,058,340
Parks & Amphitheatre	562,400	107,945	(5,915)	664,430
Furniture & Fixtures	<u>62,318</u>	<u>9,150</u>	<u>--</u>	<u>71,468</u>
Total Accumulated Depreciation	<u>6,152,391</u>	<u>781,349</u>	<u>(198,568)</u>	<u>6,735,172</u>
Total Capital Assets, Being Depreciated, Net	<u>4,625,481</u>	<u>2,154,718</u>	<u>(52,369)</u>	<u>6,727,830</u>
Governmental Activities Capital Assets, Net	<u>\$4,733,433</u>	<u>\$2,154,718</u>	<u>\$ (52,369)</u>	<u>\$6,835,782</u>

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2008

NOTE 3: CAPITAL ASSETS (continued)

Business-Type Activities

Capital assets activity for business-type activities for the year ended December 31, 2008 is summarized below:

	<u>Balance</u> <u>12/31/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/08</u>
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 24,898	--	--	\$ 24,898
Capital Assets, Being Depreciated				
Water Plant	3,104,017	--	(30,874)	3,073,143
Lines	4,406,173	760,321	(51,315)	5,115,179
Buildings	638,698	--	--	638,698
Equipment & Vehicles	683,399	114,341	(231,412)	566,328
Lift Station	774,267	111,533	--	885,800
Reservoirs	12,587	69,947	--	82,534
Improvements	<u>1,378,682</u>	<u>51,750</u>	<u>--</u>	<u>1,430,432</u>
Total Capital Assets, Being Depreciated	<u>10,997,823</u>	<u>1,107,892</u>	<u>(313,601)</u>	<u>11,792,114</u>
Less: Accumulated Depreciation For				
Water Plant	1,513,442	84,230	(26,668)	1,571,004
Lines	2,450,269	63,708	(45,250)	2,468,727
Buildings	255,705	21,041	--	276,746
Equipment & Vehicles	353,277	152,326	(89,137)	416,466
Lift Station	21,348	22,145	--	43,493
Reservoirs	315	2,063	--	2,378
Improvements	<u>678,127</u>	<u>72,835</u>	<u>--</u>	<u>750,962</u>
Total Accumulated Depreciation	<u>5,272,483</u>	<u>418,348</u>	<u>(161,055)</u>	<u>5,529,776</u>
Total Capital Assets, Being Depreciated, Net	<u>5,725,340</u>	<u>689,544</u>	<u>(152,546)</u>	<u>6,262,338</u>
Business-Type Activities Capital Assets, Net	<u>\$5,750,238</u>	<u>\$ 689,544</u>	<u>\$(152,546)</u>	<u>\$6,287,236</u>

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2008

NOTE 3: CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 43,374
Public Safety	48,355
Public Works	564,123
Culture and Recreation	<u>125,497</u>
Total Governmental Activities Depreciation Expense	<u>\$781,349</u>
Business-Type Activities	
Water Fund	\$153,103
Sewer Fund	29,547
Marina Fund	<u>235,698</u>
Total Business-Type Activities Depreciation Expense	<u>\$418,348</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, 2008 of \$1,400,823, which represents a 13.10% share in the joint venture. At December 31, 2008, the Town was responsible for 20.8% of the Authority's operating expenses.

Financial information about the Joint Sewer Authority can be obtained in a separate audit report at the Silverthorne Town Hall.

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2008

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, 2008:

	Beginning <u>12/31/07</u>	<u>Additions</u>	<u>Retirement</u>	Ending <u>12/31/08</u>	Due Within <u>One Year</u>
General Obligation Bond-03	360,000	--	(65,000)	295,000	70,000
Excise Tax Revenue Bond-04	510,000	--	(95,000)	415,000	95,000
Excise Tax Revenue Bond-05	975,020	--	(106,763)	868,257	110,767
Street Sweeper Lease-04	67,805	--	(33,410)	34,395	34,395
Capital Project Lease-06	932,811	--	(87,245)	845,566	90,953
Sales Tax Revenue Bonds-08	--	5,000,000	--	5,000,000	5,000
Bond Discount-08	--	(10,124)	506	(9,618)	--
Compensated Absences	70,554	20,565	--	91,119	--
Loss on Refunding	<u>(83,456)</u>	<u>--</u>	<u>10,833</u>	<u>(72,623)</u>	<u>--</u>
Total	<u>\$2,832,734</u>	<u>\$5,010,441</u>	<u>\$(376,079)</u>	<u>\$7,467,096</u>	<u>\$406,115</u>

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

In October 2003, the Town advance refunded its General Obligation Bonds, Series 1992 with its General Obligation Refunding Bonds, Series 2003. This refunding was undertaken in order to take advantage of favorable interest rates. The bonds bear interest at 3.6% per annum, payable on October 1 and April 1 of each year. Principal payments are due on October 1 of each year through 2012. The outstanding principal balance as of December 31, 2008 is \$295,000.

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

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

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

The Excise Tax Bonds, Series 2004 and Series 2005 and the Sales Tax Revenue Bonds, Series 2008 are payable solely from the Town's sales and lodging taxes. During the year ended December 31, 2008, revenues of \$4,414,713 were available to pay annual debt service of \$368,479 for all three bonds. The outstanding debt service at 12/31/08 for all three bonds is \$9,708,292.

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2008

NOTE 5: LONG-TERM DEBT (continued)

Governmental Activities (continued)

On December 10, 2004, the Town entered into a lease agreement with Wells Fargo Brokerage Services, LLC for the purchase of a street sweeper. The interest rate is 2.95% and matures on December 10, 2009. Assets of \$162,400 have been recorded under this lease.

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% and matures on March 30, 2016. At December 31, 2008, capital assets of \$598,866 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, 2008:

	<u>Beginning</u> <u>12/31/07</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending</u> <u>12/31/08</u>	<u>Due Within</u> <u>One Year</u>
Marina Lease Purchase-03	207,447	--	(66,563)	140,884	69,116
Drinking Water Revolving Loan	568,995	--	(104,968)	464,027	109,209
Lot 50 Loan-04	105,412	--	(14,525)	90,887	15,105
Sewer Revenue Note 1-07	650,000	--	(53,390)	596,610	55,686
Sewer Revenue Note 2-07	575,000	--	(47,011)	527,989	49,079
Compensated Absences	<u>20,347</u>	<u>4,956</u>	<u>--</u>	<u>25,303</u>	<u>--</u>
Total	<u>\$2,127,201</u>	<u>\$ 4,956</u>	<u>\$(286,457)</u>	<u>\$1,845,700</u>	<u>\$298,195</u>

In August 2003, the Town refinanced its Marina Building Improvement Note and Marina Lease Purchase Agreement-95 with its Marina Lease Purchase Agreement-03. The interest rate is 3.8% and matures August 20, 2010. The outstanding principal balance as of December 31, 2008 is \$140,884.

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, 2008, net revenues of \$350,390 were available to pay annual debt service of \$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.

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, 2008, net revenues of \$207,635 were available to pay annual debt service of \$153,651. The outstanding debt service at December 31, 2008 for both loans is \$1,382,862.

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2008

NOTE 5: LONG-TERM DEBT (continued)

Future Debt Service Requirements

**Governmental Activities**

Annual debt service requirements for the outstanding bonds at December 31, 2008 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 280,767	\$285,542	\$ 566,309
2010	294,920	274,806	569,726
2011	304,230	263,718	567,948
2012	318,701	252,156	570,857
2013	243,340	242,329	485,669
2014-2018	1,361,299	1,061,717	2,423,016
2019-2023	1,675,000	750,063	2,425,063
2024-2028	<u>2,100,000</u>	<u>321,860</u>	<u>2,421,860</u>
Total	<u>\$6,578,257</u>	<u>\$3,452,191</u>	<u>\$10,030,448</u>

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligations at December 31, 2008:

Year Ended December 31,	
2009	162,300
2010	126,890
2011	126,890
2012	126,890
2013	126,889
2014-2016	<u>380,669</u>
Total Minimum Lease Payments	1,050,528
Less: Interest	<u>(170,567)</u>
Present Value of Future Minimum Lease Payments	<u>\$879,961</u>

**Business-Type Activities**

Annual debt service requirements for the outstanding loans at December 31, 2008 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	229,079	69,808	298,887
2010	238,648	60,240	298,888
2011	248,616	50,271	298,887
2012	259,002	39,885	298,887
2013	141,867	30,331	172,198
2014-2017	<u>562,301</u>	<u>61,578</u>	<u>623,879</u>
Total	<u>\$1,679,513</u>	<u>\$312,113</u>	<u>\$1,991,626</u>

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2008

NOTE 5: LONG-TERM DEBT (continued)

Future Debt Service Requirements (continued)

**Business-Type Activities (continued)**

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligations at December 31, 2008:

Year Ended December 31,		
2009		73,819
2010		<u>73,820</u>
Total Minimum Lease Payments		147,639
Less: Interest		<u>(6,755)</u>
Present Value of Future Minimum Lease Payments		<u>\$140,884</u>

Operating Lease

The Town entered into a lease agreement with the Denver Water Department effective January 1, 1994 and terminating December 21, 2019 for the use of Dillon Reservoir and land at the Dillon Marina. The Town pays 4% of annual gross revenues to the Denver Water Department, which totaled \$47,633 for the year ended December 31, 2008.

NOTE 6: INTERFUND TRANSFERS

During the year ended December 31, 2008, the Capital Improvement Fund transferred \$300,000 to the Marina Fund for engineering work related to the Marina Master Plan and \$1,400 to the Cemetery Perpetual Care Fund for the installation of headstones on unmarked graves at the Dillon Cemetery. The Marina Fund transferred \$38,067 to the Capital Improvement Fund to assist in the payment of the Capital Project lease. The General Fund transferred \$28,050 to the Capital Improvement Fund to pay for parking lot construction in the Town Center.

NOTE 7: RETIREMENT COMMITMENTS

Town employees participate in the Colorado County Officials and Employees Retirement Association (CCOERA) defined contribution plan. Full-time employees are required to contribute 5% of their gross salary and the Town matches the contribution, as required by plan documents. In 1996, the Town added a defined contribution plan through International City Managers Association (ICMA) for full-time police officers and department heads. These employees also contribute 5% of gross salaries with the Town matching their contribution. Employee and Town contributions vest at a rate of 20% each year and employees become fully vested after five years for either pension plan. 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, 2008 were \$56,002 and \$42,974 respectively, which equals the required contributions. In addition to the retirement plans, the Town also contributes to a 457 deferred compensation plan 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, 2008 were \$28,347 which equals the required contributions.

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2008

NOTE 8: RISK MANAGEMENT

Public Entity Risk Pool

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, section 18(2).

The purposes of CIRSA are to provide members defined liability and property and workers' compensation coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have ability to significantly affect the operations of CIRSA.

NOTE 9: COMMITMENTS AND CONTIGENCIES

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, 2008 the Town had reserved \$215,735 to comply with this requirement.

Economic Development Agreement

The Town entered into an Economic Development Agreement with Vitamin Cottage Natural Food Markets on December 5, 2006. Vitamin Cottage opened a store at 761 Anemone in Dillon in January 2007. The Town agreed to rebate \$100,000 in sales tax revenues to Vitamin Cottage for a maximum of four years at a rate of 20% of their sales tax revenues per year. For the year ended December, 31, 2008 the Town paid \$31,913 leaving an outstanding balance of \$39,018.

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.



TOWN OF DILLON, COLORADO  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 3,329,394	\$ 3,329,394	\$ 3,193,634	\$ (135,760)
Licenses and Permits	29,240	29,240	31,281	2,041
Intergovernmental	123,458	123,458	124,373	915
Charges for Services	31,401	31,401	37,027	5,626
Fines and Forfeitures	100,000	100,000	155,062	55,062
Interest	51,202	51,202	52,057	855
Miscellaneous	<u>3,050</u>	<u>3,050</u>	<u>5,851</u>	<u>2,801</u>
<b>TOTAL REVENUES</b>	<u>3,667,745</u>	<u>3,667,745</u>	<u>3,599,285</u>	<u>(68,460)</u>
<b>EXPENDITURES</b>				
General Government	1,014,782	1,022,782	1,065,353	(42,571)
Public Safety	1,076,045	1,076,045	1,042,840	33,205
Public Works	807,611	807,611	744,821	62,790
Community Development	186,148	186,148	206,700	(20,552)
Culture and Recreation	<u>513,749</u>	<u>513,749</u>	<u>423,278</u>	<u>90,471</u>
<b>TOTAL EXPENDITURES</b>	<u>3,598,335</u>	<u>3,606,335</u>	<u>3,482,992</u>	<u>123,343</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>69,410</u>	<u>61,410</u>	<u>116,293</u>	<u>54,883</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer Out	<u>(28,050)</u>	<u>(28,050)</u>	<u>(28,050)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
<b>NET CHANGE IN FUND BALANCE</b>	41,360	33,360	88,243	54,883
<b>FUND BALANCE, Beginning</b>	<u>1,097,647</u>	<u>1,097,647</u>	<u>1,714,381</u>	<u>616,734</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,139,007</u>	<u>\$ 1,131,007</u>	<u>\$ 1,802,624</u>	<u>\$ 671,617</u>

See the Accompanying Independent Auditors' Report

TOWN OF DILLON, COLORADO  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2008

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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

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

**Parks and Open Space Fund** – This fund is used to account for the pocket park donations and the portion of property tax set aside by Town Council for parks and open space projects. All Funds are to be used for Parks, Trails and Open Space.

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

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

### **Capital Projects Funds**

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

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

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

**TOWN OF DILLON, COLORADO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2008

	Special Revenue			Capital Projects		Total Nonmajor Governmental Funds	
	Conservation Trust	Parks and Open Space	Housing Initiative 5A	Cemetery Perpetual Care	Special Improvement District		Town Center Improvement
<b>ASSETS</b>							
Cash and Investments	\$ 73,853	\$ 72,881	\$ 154,733	\$ 55,901	\$ 1,924	\$ 244,469	\$ 603,761
Current Taxes Receivable	-	-	15,408	-	26,912	12,959	55,279
Property Taxes Receivable	-	10,793	-	-	-	67,973	78,766
Total Assets	<u>\$ 73,853</u>	<u>\$ 83,674</u>	<u>\$ 170,141</u>	<u>\$ 55,901</u>	<u>\$ 28,836</u>	<u>\$ 325,401</u>	<u>\$ 737,806</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities							
Accounts Payable	\$ -	\$ -	\$ 4,163	\$ -	\$ -	\$ -	\$ 4,163
Deferred Property Taxes	-	10,793	-	-	-	67,973	78,766
Total Liabilities	<u>-</u>	<u>10,793</u>	<u>4,163</u>	<u>-</u>	<u>-</u>	<u>67,973</u>	<u>82,929</u>
Fund Balances							
Reserved for Parks/Open Space	73,853	-	-	-	-	-	73,853
Reserved for Housing	-	-	165,978	-	-	-	165,978
Unreserved, Reported in							
Special Revenue Funds	-	72,881	-	55,901	-	-	128,782
Capital Projects Funds	-	-	-	-	28,836	257,428	286,264
Total Fund Balances	<u>73,853</u>	<u>72,881</u>	<u>165,978</u>	<u>55,901</u>	<u>28,836</u>	<u>257,428</u>	<u>654,877</u>
Total Liabilities and Fund Balances	<u>\$ 73,853</u>	<u>\$ 83,674</u>	<u>\$ 170,141</u>	<u>\$ 55,901</u>	<u>\$ 28,836</u>	<u>\$ 325,401</u>	<u>\$ 737,806</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, 2008

	Special Revenue			Capital Projects		Total Nonmajor Governmental Funds	
	Conservation Trust	Parks and Open Space	Housing Initiative 5A	Cemetery Perpetual Care	Special Improvement District		Town Center Improvement
<b>REVENUES</b>							
Taxes	\$ -	\$10,511	\$ -	\$ -	\$ 134,785	\$ 191,269	\$ 336,565
Charges for Services	-	-	-	1,850	-	-	1,850
Assessments	-	-	-	-	-	33,588	33,588
Intergovernmental	8,304	-	85,468	-	-	-	93,772
Interest	1,632	1,791	1,961	1,265	1,163	5,320	13,132
Miscellaneous	-	-	23,786	1,575	-	-	25,361
Total Revenues	<u>9,936</u>	<u>12,302</u>	<u>111,215</u>	<u>4,690</u>	<u>135,948</u>	<u>230,177</u>	<u>504,268</u>
<b>EXPENDITURES</b>							
Culture and Recreation	-	9,396	-	2,683	-	-	12,079
Housing	-	-	44,980	-	-	-	44,980
Capital Outlay	-	-	-	-	-	-	-
Debt Service							
Principal	-	-	-	-	106,763	160,000	266,763
Interest	-	-	-	-	36,563	31,334	67,897
Total Expenditures	<u>-</u>	<u>9,396</u>	<u>44,980</u>	<u>2,683</u>	<u>143,326</u>	<u>191,334</u>	<u>391,719</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>9,936</u>	<u>2,906</u>	<u>66,235</u>	<u>2,007</u>	<u>(7,378)</u>	<u>38,843</u>	<u>112,549</u>
<b>OTHER FINANCING SOURCES</b>							
Transfer In	-	-	-	1,400	-	-	1,400
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,400</u>	<u>-</u>	<u>-</u>	<u>1,400</u>
Net Change in Fund Balance	9,936	2,906	66,235	3,407	(7,378)	38,843	113,949
Fund Balance, Beginning of Year	<u>63,917</u>	<u>69,975</u>	<u>99,743</u>	<u>52,494</u>	<u>36,214</u>	<u>218,585</u>	<u>540,928</u>
Fund Balance, End of Year	<u>\$ 73,853</u>	<u>\$72,881</u>	<u>\$165,978</u>	<u>\$ 55,901</u>	<u>\$ 28,836</u>	<u>\$ 257,428</u>	<u>\$ 654,877</u>

See the Accompanying Independent Auditors' Report

TOWN OF DILLON, COLORADO  
**CAPITAL IMPROVEMENT FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 1,092,690	\$ 1,092,690	\$ 1,056,713	\$ (35,977)
Interest	10,000	10,000	36,671	26,671
Miscellaneous	<u>90,000</u>	<u>90,000</u>	<u>60,679</u>	<u>(29,321)</u>
<b>TOTAL REVENUES</b>	<u>1,192,690</u>	<u>1,192,690</u>	<u>1,154,063</u>	<u>(38,627)</u>
<b>EXPENDITURES</b>				
Capital Outlay	2,147,600	2,147,600	1,772,249	375,351
Debt Service				
Principal	87,245	87,245	120,655	(33,410)
Interest	<u>39,645</u>	<u>39,645</u>	<u>47,387</u>	<u>(7,742)</u>
<b>TOTAL EXPENDITURES</b>	<u>2,274,490</u>	<u>2,274,490</u>	<u>1,940,291</u>	<u>334,199</u>
<b>EXCESS OF REVENUES OVER (UNDER)     EXPENDITURES</b>	<u>(1,081,800)</u>	<u>(1,081,800)</u>	<u>(786,228)</u>	<u>295,572</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	66,117	66,117	66,117	-
Transfer Out	<u>(300,000)</u>	<u>(301,400)</u>	<u>(301,400)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(233,883)</u>	<u>(235,283)</u>	<u>(235,283)</u>	<u>-</u>
Net Change in Fund Balance	(1,315,683)	(1,317,083)	(1,021,511)	295,572
Fund Balance, Beginning	<u>1,908,128</u>	<u>1,908,128</u>	<u>2,246,470</u>	<u>338,342</u>
Fund Balance, Ending	<u>\$ 592,445</u>	<u>\$ 591,045</u>	<u>\$ 1,224,959</u>	<u>\$ 633,914</u>

See the Accompanying Independent Auditors' Report

TOWN OF DILLON, COLORADO  
**STREET IMPROVEMENT FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ -	\$ 112,115	\$ 250,587	\$ 138,472
Interest	-	-	65,600	65,600
	-	112,115	316,187	204,072
<b>TOTAL REVENUES</b>	-	112,115	316,187	204,072
<b>EXPENDITURES</b>				
General Government	-	49,500	42,511	6,989
Capital Outlay	-	1,545,000	1,407,172	137,828
Debt Service				
Interest	-	112,115	112,115	-
Bond Issuance Costs	-	76,500	76,500	-
	-	1,783,115	1,638,298	144,817
<b>TOTAL EXPENDITURES</b>	-	1,783,115	1,638,298	144,817
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(1,671,000)	(1,322,111)	348,889
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds	-	5,000,000	5,000,000	-
Bond Discount	-	(10,124)	(10,124)	-
	-	4,989,876	4,989,876	-
<b>TOTAL FINANCING SOURCES (USES)</b>	-	4,989,876	4,989,876	-
Net Change in Fund Balance	-	3,318,876	3,667,765	348,889
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	\$ -	\$ 3,318,876	\$ 3,667,765	\$ 348,889

See the Accompanying Independent Auditors' Report

TOWN OF DILLON, COLORADO  
**CONSERVATION TRUST FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2008

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 7,634	\$ 8,304	\$ 670
Interest	<u>2,472</u>	<u>1,632</u>	<u>(840)</u>
Total Revenues	10,106	9,936	(170)
<b>EXPENDITURES</b>			
Capital Outlay	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net Change in Fund Balance	(39,894)	9,936	49,830
Fund Balance, Beginning of Year	<u>63,657</u>	<u>63,917</u>	<u>260</u>
Fund Balance, End of Year	<u>\$ 23,763</u>	<u>\$ 73,853</u>	<u>\$ 50,090</u>

See the Accompanying Independent Auditors' Report



TOWN OF DILLON, COLORADO  
**PARKS AND OPEN SPACE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 9,597	\$ 9,597	\$ 10,511	\$ 914
Interest	<u>3,811</u>	<u>3,811</u>	<u>1,791</u>	<u>(2,020)</u>
Total Revenues	<u>13,408</u>	<u>13,408</u>	<u>12,302</u>	<u>(1,106)</u>
<b>EXPENDITURES</b>				
Culture and Recreation	<u>30,000</u>	<u>39,400</u>	<u>9,396</u>	<u>30,004</u>
Total Expenditures	<u>30,000</u>	<u>39,400</u>	<u>9,396</u>	<u>30,004</u>
Net Change in Fund Balance	(16,592)	(25,992)	2,906	28,898
Fund Balance, Beginning of Year	<u>61,604</u>	<u>61,604</u>	<u>69,975</u>	<u>8,371</u>
Fund Balance, End of Year	<u><u>\$ 45,012</u></u>	<u><u>\$ 35,612</u></u>	<u><u>\$ 72,881</u></u>	<u><u>\$ 37,269</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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 80,898	\$ 80,898	\$ 85,468	\$ 4,570
Interest	1,000	1,000	1,961	961
Miscellaneous	<u>32,726</u>	<u>32,726</u>	<u>23,786</u>	<u>(8,940)</u>
Total Revenues	<u>114,624</u>	<u>114,624</u>	<u>111,215</u>	<u>(3,409)</u>
<b>EXPENDITURES</b>				
Housing	<u>19,751</u>	<u>44,980</u>	<u>44,980</u>	<u>-</u>
Net Change in Fund Balance	94,873	69,644	66,235	(3,409)
Fund Balance, Beginning of Year	<u>99,071</u>	<u>99,071</u>	<u>99,743</u>	<u>672</u>
Fund Balance, End of Year	<u><u>\$ 193,944</u></u>	<u><u>\$ 168,715</u></u>	<u><u>\$ 165,978</u></u>	<u><u>\$ (2,737)</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, 2008

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Charges for Services	\$ 1,500	\$ 1,500	\$ 1,850	\$ 350
Miscellaneous	-	-	1,575	1,575
Interest	2,500	2,500	1,265	(1,235)
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>4,690</u>	<u>690</u>
<b>EXPENDITURES</b>				
Culture and Recreation	-	2,800	2,683	117
Total Expenditures	<u>-</u>	<u>2,800</u>	<u>2,683</u>	<u>117</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>4,000</u>	<u>1,200</u>	<u>2,007</u>	<u>807</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer In	-	1,400	1,400	-
Total Other Financing Sources	<u>-</u>	<u>1,400</u>	<u>1,400</u>	<u>-</u>
Net Change in Fund Balance	4,000	2,600	3,407	807
Fund Balance, Beginning of Year	<u>46,191</u>	<u>46,191</u>	<u>52,494</u>	<u>6,303</u>
Fund Balance, End of Year	<u>\$ 50,191</u>	<u>\$ 48,791</u>	<u>\$ 55,901</u>	<u>\$ 7,110</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, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 138,749	\$ 134,785	\$ (3,964)
Interest	<u>3,598</u>	<u>1,163</u>	<u>(2,435)</u>
Total Revenues	<u>142,347</u>	<u>135,948</u>	<u>(6,399)</u>
<b>EXPENDITURES</b>			
Debt Service			
Principal	103,229	106,763	(3,534)
Interest	<u>40,850</u>	<u>36,563</u>	<u>4,287</u>
Total Expenditures	<u>144,079</u>	<u>143,326</u>	<u>753</u>
Net Change in Fund Balance	(1,732)	(7,378)	(5,646)
Fund Balance, Beginning of Year	<u>2,489</u>	<u>36,214</u>	<u>33,725</u>
Fund Balance, End of Year	<u>\$ 757</u>	<u>\$ 28,836</u>	<u>\$ 28,079</u>

See the Accompanying Independent Auditors' Report

TOWN OF DILLON, COLORADO  
**TOWN CENTER IMPROVEMENT FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 185,436	\$ 185,436	\$ 191,269	\$ 5,833
Assessments	22,000	22,000	33,588	11,588
Interest	<u>8,800</u>	<u>8,800</u>	<u>5,320</u>	<u>(3,480)</u>
Total Revenues	<u>216,236</u>	<u>216,236</u>	<u>230,177</u>	<u>13,941</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal	160,000	160,000	160,000	-
Interest	<u>31,218</u>	<u>31,334</u>	<u>31,334</u>	<u>-</u>
Total Expenditures	<u>191,218</u>	<u>191,334</u>	<u>191,334</u>	<u>-</u>
Net Change in Fund Balance	25,018	24,902	38,843	13,941
Fund Balance, Beginning of Year	<u>196,021</u>	<u>196,021</u>	<u>218,585</u>	<u>22,564</u>
Fund Balance, End of Year	<u>\$ 221,039</u>	<u>\$ 220,923</u>	<u>\$ 257,428</u>	<u>\$ 36,505</u>

See the Accompanying Independent Auditors' Report

TOWN OF DILLON, COLORADO  
**WATER FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Utility Sales	\$ 704,774	\$ 704,774	\$ 703,812	\$ (962)
Tap Fees	43,160	43,160	92,527	49,367
Interest	28,542	28,542	15,770	(12,772)
Miscellaneous Income	<u>10,507</u>	<u>10,507</u>	<u>54,302</u>	<u>43,795</u>
Total Revenues	<u>786,983</u>	<u>786,983</u>	<u>866,411</u>	<u>79,428</u>
<b>EXPENDITURES</b>				
Current				
Operations	361,116	361,116	450,822	(89,706)
Maintenance	9,015	9,015	12,875	(3,860)
Distribution	31,280	31,280	29,560	1,720
Treatment	29,230	29,230	22,764	6,466
Capital Outlay	490,000	535,000	355,779	179,221
Debt Service				
Principal	119,493	119,493	119,493	-
Interest	<u>21,817</u>	<u>21,817</u>	<u>24,875</u>	<u>(3,058)</u>
Total Expenditures	<u>1,061,951</u>	<u>1,106,951</u>	<u>1,016,168</u>	<u>90,783</u>
<b>NET INCOME, Budget Basis</b>	<u><u>\$ (274,968)</u></u>	<u><u>\$ (319,968)</u></u>	(149,757)	<u><u>\$ 170,211</u></u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Principal Payments on Debt			119,493	
Capital Outlay			355,779	
Depreciation			<u>(153,103)</u>	
<b>NET INCOME, GAAP Basis</b>			172,412	
<b>NET ASSETS, Beginning</b>			<u>2,929,525</u>	
<b>NET ASSETS, Ending</b>			<u><u>\$3,101,937</u></u>	

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TOWN OF DILLON, COLORADO  
**SEWER FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Utility Sales	\$ 640,680	\$ 640,680	\$ 637,405	\$ (3,275)
Tap Fees	29,880	29,880	68,084	38,204
Interest	46,184	46,184	33,826	(12,358)
Miscellaneous Income	1,285	1,285	1,836	551
Total Revenues	718,029	718,029	741,151	23,122
 <b>EXPENDITURES</b>				
Current				
Operations	51,300	81,300	96,898	(15,598)
Maintenance	37,315	37,315	28,224	9,091
Treatment	417,440	417,440	408,394	9,046
Capital Outlay	347,575	695,575	603,626	91,949
Debt Service				
Principal	100,401	100,401	100,401	-
Interest	53,250	53,250	51,030	2,220
Total Expenditures	1,007,281	1,385,281	1,288,573	96,708
 <b>NET INCOME, Budget Basis</b>	<b>\$ (289,252)</b>	<b>\$ (667,252)</b>	<b>(547,422)</b>	<b>\$ 119,830</b>
 <b>ADJUSTMENTS TO GAAP BASIS</b>				
Principal Payments on Debt			100,401	
Capital Outlay			603,626	
Depreciation			(29,547)	
Investment in Joint Sewer Authority			55,112	
 <b>NET INCOME, GAAP Basis</b>			182,170	
 <b>NET ASSETS, Beginning</b>			2,996,601	
 <b>NET ASSETS, Ending</b>			<b>\$ 3,178,771</b>	

See the Accompanying Independent Auditors' Report

TOWN OF DILLON, COLORADO  
**MARINA FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Charges for Services	\$ 1,031,100	\$ 1,031,100	\$ 1,046,684	\$ 15,584
Interest	15,000	15,000	12,818	(2,182)
Miscellaneous	38,000	38,000	14,881	(23,119)
Transfer In	300,000	300,000	300,000	-
Total Revenues	<u>1,384,100</u>	<u>1,384,100</u>	<u>1,374,383</u>	<u>(9,717)</u>
<b>EXPENDITURES</b>				
Current				
Operations	698,039	698,039	851,230	(153,191)
Maintenance	34,500	34,500	58,351	(23,851)
Capital Outlay	636,000	636,000	148,487	487,513
Debt Service				
Principal	61,736	61,736	66,563	(4,827)
Interest	12,084	12,084	6,345	5,739
Transfer Out	38,067	38,067	38,067	-
Total Expenditures	<u>1,480,426</u>	<u>1,480,426</u>	<u>1,169,043</u>	<u>311,383</u>
<b>NET INCOME, Budget Basis</b>	<u>\$ (96,326)</u>	<u>\$ (96,326)</u>	205,340	<u>\$ (301,666)</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Principal Payments on Debt			66,563	
Capital Outlay			148,487	
Depreciation			<u>(235,698)</u>	
<b>NET INCOME, GAAP Basis</b>			184,692	
<b>NET ASSETS, Beginning</b>			<u>1,506,851</u>	
<b>NET ASSETS, Ending</b>			<u>\$ 1,691,543</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, 2008

	<u>Balance</u> <u>January 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31, 2008</u>
<b>Summit County Telecommunications Consortium</b>				
<b>ASSETS</b>				
Cash and Investments	\$ 48,328	\$ 143,329	150,235	\$ 41,422
Accounts Receivable	<u>\$ -</u>	<u>\$ 8,761</u>	<u>-</u>	<u>\$ 8,761</u>
<b>Total Assets</b>	<u><u>\$ 48,328</u></u>	<u><u>\$ 152,090</u></u>	<u><u>\$ 150,235</u></u>	<u><u>\$ 50,183</u></u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 1,133	\$ -	\$ 1,133
Accrued Liabilities	\$ -	\$ 2,022	\$ -	\$ 2,022
Funds Held for Others	<u>\$ 48,328</u>	<u>\$ 152,090</u>	<u>\$ 153,390</u>	<u>\$ 47,028</u>
<b>Total Liabilities</b>	<u><u>\$ 48,328</u></u>	<u><u>\$ 155,245</u></u>	<u><u>\$ 153,390</u></u>	<u><u>\$ 50,183</u></u>

See the Accompanying Independent Auditors' Report

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Dillon
		YEAR ENDING : December 2008
This Information From The Records Of (example - City of _ or County of Town of Dillon)	Prepared By: Phone:	Carri McDonnell 970.262.3404

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,665,779
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	29,802
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	28,601
2. General fund appropriations		b. Snow and ice removal	25,782
3. Other local imposts (from page 2)	560,663	c. Other	
4. Miscellaneous local receipts (from page 2)	155,062	d. Total (a. through c.)	54,383
5. Transfers from toll facilities		4. General administration & miscellaneous	50,845
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	218,167
a. Bonds - Original Issues	1,500,000	6. Total (1 through 5)	2,018,976
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	1,500,000	a. Interest	
7. Total (1 through 6)	2,215,725	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	94,864	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	154,450
<b>E. Total receipts (A.7 + B + C + D)</b>	2,310,589	b. Redemption	137,163
		c. Total (a. + b.)	291,613
		3. Total (1.c + 2.c)	291,613
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	2,310,589

**IV. LOCAL HIGHWAY DEBT STATUS**  
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	1,138,220	1,500,000	137,163	2,501,057
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		2,310,589	2,310,589		0

**Notes and Comments:**

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2008	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	179,509	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	155,062
1. Sales Taxes	381,154	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.)	381,154	h. Other	
c. Total (a. + b.)	560,663	i. Total (a. through h.)	155,062
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	79,870	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	14,994	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	14,994	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	94,864	3. Total (1. + 2.g)	
			(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		1,665,779	1,665,779
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,665,779	1,665,779
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,665,779	1,665,779
			(Carry forward to page 1)
<b>Notes and Comments:</b>			