

Town of Dillon, Colorado

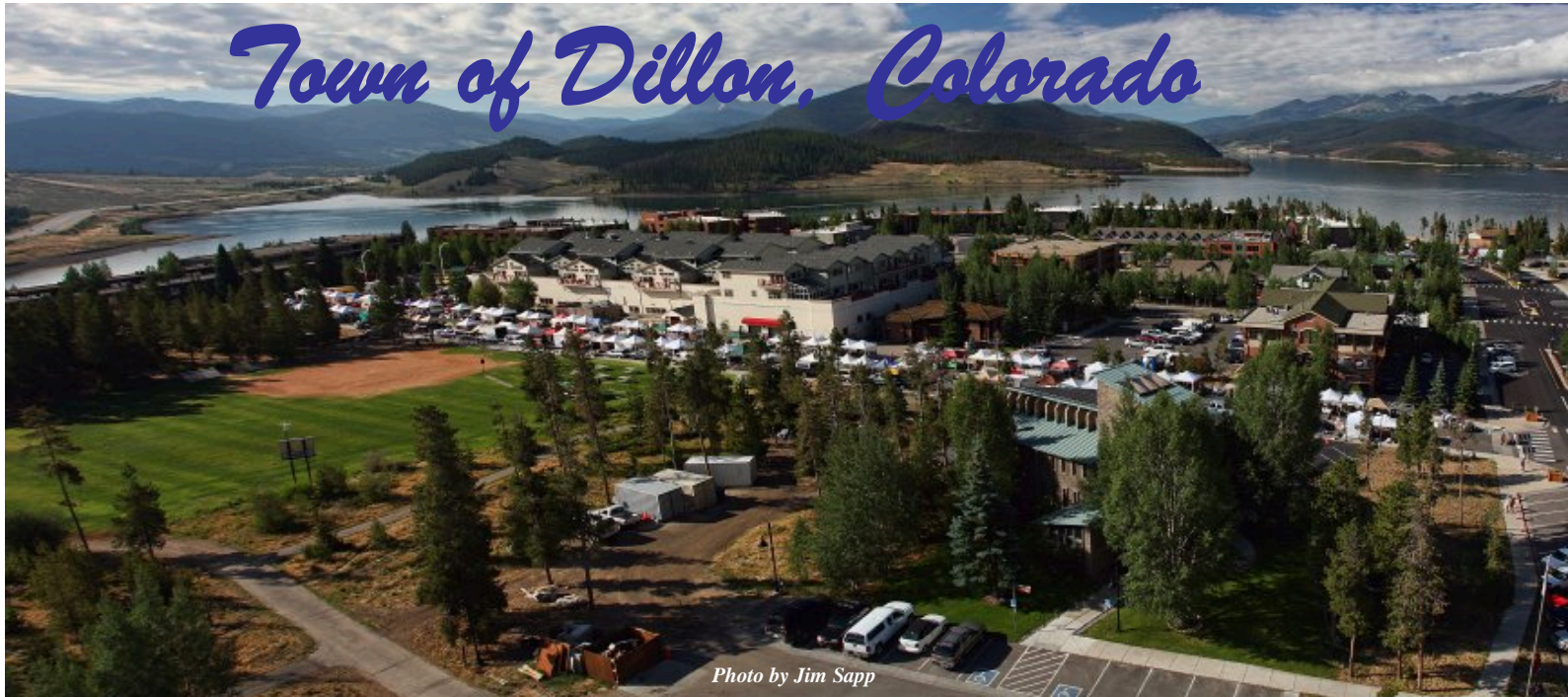


Photo by Jim Sapp

Financial Statements *December 31, 2012*



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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, 2012, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Dillon, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dillon as of December 31, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters (Required Supplementary Information)

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

Other Matters (Other Information)

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



June 11, 2013

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, 2012.

Financial Highlights

- The assets of the Town of Dillon exceeded its liabilities at the close of fiscal year 2012 by \$17,377,840 (*net position*). Of this amount, \$2,959,821 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$274,994.
- As of the close of the fiscal year 2012, the Town of Dillon's governmental activities reported ending net position of \$7,501,086, a decrease of \$153,288 compared with the prior year. Approximately 23.2% of this total amount, \$1,744,638, is available for spending at the government's discretions (*unrestricted net position*).
- At the end of the fiscal year ended December 31, 2012, unrestricted fund balance for the General Fund was \$1,472,829, or 38.5% of the total general fund expenditures.
- The Town of Dillon's total debt decreased by \$885,208 during the fiscal year ended December 31, 2012.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Fiduciary funds. The Town of Dillon has one fiduciary fund, the Summit County Telecommunications Consortium (SCTC). The activities of the SCTC are reported in a separate Statement of Fiduciary Assets and Liabilities and Changes in Fiduciary Assets and Liabilities. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town of Dillon's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements are found on pages 22 and 55 of this report.

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

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required notes to financial statements. The combining fund statements can be found on pages 42-43.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Dillon, assets exceeded liabilities by \$17,377,840 at the close of the fiscal year 2012.

Combined net position of the Town at December 31, 2012 was:

Town of Dillon's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$3,088,332	\$3,962,362	\$3,502,674	\$4,332,726	\$6,591,006	\$8,295,088
Capital Assets	14,051,345	13,917,02	10,909,031	9,918,453	24,960,376	23,835,474
Total Assets	17,139,677	17,879,383	14,411,705	14,251,179	31,551,382	32,130,562
Other Liabilities	360,046	389,669	233,883	173,226	593,929	562,895
Noncurrent Liabilities	9,278,545	9,835,340	4,301,068	4,629,481	13,579,613	14,464,821
Total Liabilities	9,638,591	10,225,009	4,534,951	4,802,707	14,173,542	15,027,716
Net Position:						
Invested in Capital Assets, Net of Related Debt	4,894,667	4,193,955	8,661,571	7,940,544	13,556,238	12,134,499
Restricted	861,781	902,223	--	--	861,781	902,223
Unrestricted	1,744,638	2,558,196	1,215,183	1,507,928	2,959,821	4,066,124
Total Net Position	\$7,501,086	\$7,654,374	\$9,876,754	\$9,448,472	\$17,377,840	\$17,102,846

A large portion of the Town of Dillon’s net position (78%) 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 position (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$2,959,821) 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 position, both for the government as a whole, as well as for its separate governmental and business-type activities.

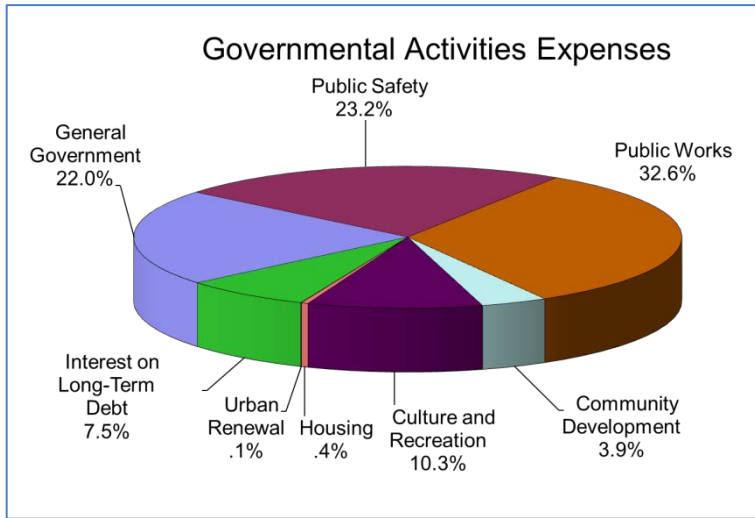
The Town of Dillon’s net position increased by \$274,994 during the fiscal year 2012. The net position of Governmental Activities decreased by \$153,288 which can be attributed to an increase in spending on projects that were delayed from prior years. Net position of Business-Type Activities increased by \$428,282 which is the result of an increase in water and sewer user fees, tap fees and a reduction in capital spending.

Town of Dillon's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program Revenues						
Charges for Services	\$242,766	\$240,516	\$2,793,405	\$2,709,233	\$3,036,171	\$2,812,534
Operating Grants and Contributions	137,436	143,464	--	--	137,436	144,593
Capital Grants and Contributions	94,290	89,061	76,332	43,944	170,622	98,036
General Revenues						
Sales Tax	4,685,304	4,491,796	--	--	4,685,304	4,491,796
Property Tax	210,506	205,859	--	--	210,506	205,859
Lodging Tax	119,086	121,760	--	--	119,086	121,760
Other Tax	135,423	148,260	--	--	135,423	148,260
Grants & Contributions not Restricted to Specific Programs	18,969	19,769	--	--	18,969	19,769
Other General Revenues	50,921	788,503	86,920	93,294	137,841	881,797
Total Revenues	5,694,701	6,248,988	2,956,657	2,846,471	8,651,358	9,095,459
Program Expenses						
General Government	1,302,962	1,287,200	--	--	1,302,962	1,287,200
Public Safety	1,372,941	1,235,093	--	--	1,372,941	1,235,093
Public Works	1,925,288	2,890,028	--	--	1,925,288	2,890,028
Community Development	231,832	241,725	--	--	231,832	241,725
Culture and Recreation	609,032	635,201	--	--	609,032	635,201
Housing	24,722	27,614	--	--	24,722	27,614
Urban Renewal	2,016	8,658	--	--	2,016	8,658
Interest on Long-Term Debt	445,263	460,429	--	--	445,263	460,429
Water	--	--	671,095	738,146	671,095	738,146
Sewer	--	--	664,613	669,031	664,613	669,031
Marina	--	--	1,126,600	1,028,571	1,126,600	1,028,571
Total Expenses	5,914,056	6,785,948	2,462,308	2,435,748	8,376,364	9,221,696
Transfers	66,067	38,067	(66,067)	(38,067)	--	--
Changes in Net Position	(153,288)	(498,893)	428,282	372,656	274,994	(126,237)
Net Position—Begin of Year	7,654,374	8,153,267	9,448,472	9,075,816	17,102,846	17,229,083
Net Position—End of Year	\$7,501,086	\$7,654,374	\$9,876,754	\$9,448,472	\$17,377,840	\$17,102,846

Governmental activities. Governmental activities decreased the Town of Dillon's net position by \$153,288. The following are illustrative summaries of Governmental Activities breaking out revenues and expenses:

- Sales tax, the primary source of revenues to the General Fund (82.3% of governmental revenues), increased \$193,508 from 2011 due to growth in the retail market and the opening of new restaurants.
- Property tax increased 2.3% over 2011 due to increases in assessed valuation.
- Lodging tax collections decreased 2.2% over 2011.
- Charges for services increased just .9% over 2011.
- Capital grants and contributions were up 5.9% due to increases in collections for affordable housing.
- Other revenues decreased 93.5% due to a one-time reimbursement in 2011 from mediation efforts for costs incurred during the wall failure above Little Beaver Trail.

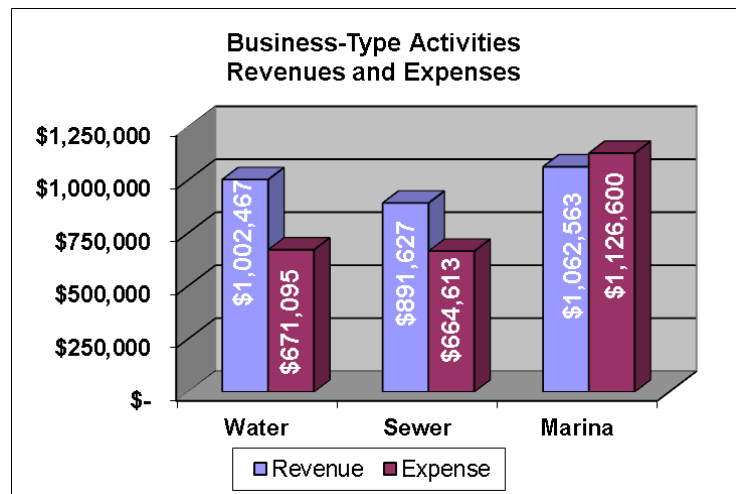


- Expenses for governmental activities are down 12.8%. The chart to the left (see *Governmental Activities Expenses*) represents department expenses as a percentage of the total expenses for governmental activities.
- General government expenses are up 1.2% due to salary increases.
- Public safety expenses increased 11.2% due to increased costs at the Summit County Communications Center and salary increases.

- Public works expenses decreased 33.4% due to the reduction in spending on street reconstructions due to a lack of funding.
- Community Development expenses decreased 4% due to a reduction in staffing with the combination of the planner and construction inspector positions.
- Culture and Recreation decreased 4.1% due to a reduction in forestry spending.
- Housing expenses decreased 10% due to a reduction in the administrative fee assessed by the Summit Multi-Jurisdictional Housing Authority in 2012.
- Interest expenses decreased 3.3% in 2012 due the payoff of the 2004 Excise Tax Revenue Bonds.
- Core Services (public safety, public works and culture and recreation) make up 66.6% of the expenses. General Government consists of Town Council, general administration, economic development, marketing, communications and events.

Business-type activities. Business-type activities increased the Town of Dillon’s net position by \$428,282, accounting for the only growth in the government’s net position. Key elements of this increase are as follows:

- Charges for services increased 3.1% due to water and sewer rate changes.
- Water and Sewer and Enterprise Funds reflect net incomes as shown in the chart to the right. The water and sewer operations anticipate major capital projects in the next five years to be funded with these excess revenues. Anticipated projects include



the completion of the expansion of the Old Dillon Reservoir, replacement of the water storage tank and replacement of the East Bank Interceptor in conjunction with the Joint Sewer Authority.

- The Marina expenses exceeded revenues in 2012 as additional improvements to the launch area were completed using beginning fund balance.

Financial Analysis of the Government's Funds

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

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

As of the end of the fiscal year 2012, the Town of Dillon's governmental funds reported combined ending fund balances of \$2,656,388, a decrease of \$834,652 (31.4%) over 2011. Approximately 55% of this total amount constitutes unassigned fund balance (\$1,462,155), which is available for spending at the government's discretion. The remainder of fund balance is restricted or assigned to indicate that it is not available for new spending because it has already been either restricted for 1) emergencies (\$174,063), 2) parks and open space projects (\$77,851), 3) affordable housing projects (\$262,932), 4) capital projects (\$286,874) or assigned for 1) cemetery purposes (\$13,065), 2) capital projects (\$308,621) or nonspendable for prepaid expenditures (\$10,766) and cemetery perpetual care balances (\$60,061).

The General Fund is the chief operating fund of the Town of Dillon. At the end of the fiscal year 2012, unassigned fund balance of the General Fund was \$1,472,829, while the total fund balance was \$1,657,658. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represents 38.5% and 43.3% of the total general fund expenditures respectively.

The Capital Improvement Fund ended the year with a fund balance of \$308,621. The net decrease in fund balance during the fiscal year 2012 was \$951,287 as a result of an increase in spending for capital projects from beginning fund balance.

The Street Improvement Fund was created in 2008 to account for the issuance of debt for funding street reconstruction projects that were approved by the voters in 2008. The funding source for the debt repayment is the voter approved .5% sales tax. The fund balance at December 31, 2012 is \$226,725. The Town continues to review financial condition and revenue projections to determine the appropriate time to issue additional bonds to continue the outstanding street reconstruction projects.

The nonmajor special revenue funds include the Conservation Trust Fund, Housing Initiative 5A Fund, Cemetery Perpetual Care Fund and the Dillon Urban Renewal Authority. The fund balance in the Conservation Trust Fund (\$77,851) is restricted by the State of Colorado for parks and open space projects as approved by Great Outdoors Colorado (GOCO). The Housing Initiative 5A Fund was created in 2007 to collect the voter approved sales tax of .125% and the impact fee. All expenditures must be used for affordable housing and the current fund balance is \$262,932. The Cemetery Perpetual Care Fund has a current fund balance of \$73,126 and only the donations and interest earnings can be expended for cemetery purposes only. The Cemetery Advisory Committee is charged with obtaining donations and make recommendations for future projects. The Dillon Urban Renewal Authority (DURA) was established by the Town for the

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

The nonmajor debt service funds including Special Improvement District #1, Anemone Trail Fund and the Town Center Improvement Fund. The Special Improvement District #1, Anemone Trail Fund has a fund balance of \$60,149. The Town Center Improvement Fund was eliminated at December 31, 2012 as the Excise Tax Revenue Bonds were retired.

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

Unrestricted net position of the Water, Sewer and Marina Funds at the end of the year amounted to \$1,215,183. The changes in net position for all three funds were an increase of \$303,372 for Water, \$227,014 for Sewer and a decrease of \$102,104 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 \$134,161 (8.8%) during the current fiscal year. Revenues were over budget by \$171,280 due to new businesses in the commercial district. Expenditures were under budget by \$82,919 (2.1%) due to vacancies and reduction in spending in administration and public works. Supplemental appropriations were approved by Town Council for additional legal expenses, donation for the Lake Dillon Foundation for the Performing Arts, bonuses for staff and costs for the E911 system for Summit County Communications Center.

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, 2012, amounts to \$24,960,036 (net of accumulated depreciation). This investment in capital assets includes land, streets, sidewalks, buildings, equipment and vehicles, parks and amphitheatre, furniture and fixtures, water plant, water and sewer lines, marina facilities and other improvements.

Town of Dillon's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
Land	2,091,562	2,091,562	219,652	219,652	2,311,214	2,311,214
Water Rights	--	--	304,069	304,069	304,069	304,069
Infrastructure	15,673,332	14,625,202	8,061,473	7,547,996	23,734,805	22,173,198
Buildings	1,497,310	1,400,523	480,243	451,982	1,977,553	1,852,505
Equipment & Vehicles	2,888,780	2,813,274	673,691	729,408	3,562,471	3,542,682
Parks & Amphitheatre	2,572,369	2,185,116	--	--	2,572,369	2,185,116
Furniture & Fixtures	288,947	288,947	--	--	288,947	288,947
Water Plant	--	--	3,654,117	3,154,953	3,654,117	3,154,953
Improvements	--	--	4,605,410	4,193,318	4,605,410	4,193,318
Total	\$ 25,012,300	\$ 23,404,624	\$ 17,998,655	\$ 16,601,378	\$ 43,010,955	\$ 40,006,002

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

- Work on reconstruction of Marina Drive (\$509k).
- Overlay of Lake Dillon Drive (\$87k).
- Construction of Recreation Path along Lodgepole Street (\$429k).
- Construction of Picnic Shelters in Town Park (\$50k) and parking lot and pathway improvements in Marina Park (\$337k).
- Amphitheatre sound system improvements (\$97k).
- Purchase of Equipment/Vehicles (\$75k).
- The Water department continued work on the Old Dillon Reservoir enlargement (\$341k), replaced the membranes at the Water Plant (\$477k), replaced the water main from the Lake Dillon Drive to the Marina (\$113k) and rehabilitated manholes (\$59k).
- The Marina department completed the ANS inspection area (\$306k), installed a storage garage (\$28k), installed dock extensions (\$105k) and replaced rentals boats (\$33k).

Long-term debt. At the end of the current fiscal year, the Town of Dillon had total long term debt outstanding of \$13,579,613. Of this amount, \$1,541,756 in water utility loans, \$677,412 in sewer utility loans, \$2,058,000 for the marina shoreline replacement project, and \$8,359,639 in bonds secured solely by specified revenue sources (i.e. revenue bonds). Additionally, the Town of Dillon has \$844,140 in lease financing for capital assets, \$145,767 in compensated absences offset by a loss on refunding of (\$22,861) and a bond discount (\$24,240). The Town of Dillon's total debt decreased by \$885,208 during the current fiscal year.

Town of Dillon's Outstanding Debt

	General Obligation and Revenue Bonds		Business-Type		Total	
	Governmental Activities		Activities			
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
Water Utility Loans	--	--	1,541,756	1,681,728	1,541,756	1,681,728
Sewer Utility Loans	--	--	677,412	796,442	677,412	796,442
Marina Facility Loan	--	--	2,058,000	2,129,000	2,058,000	2,129,000
Revenue Bonds	8,359,639	8,658,340	--	--	8,359,639	8,658,340
Capital Lease Obligations	844,140	1,130,573	--	--	844,140	1,130,573
Compensated Absences	121,867	112,274	23,900	22,311	145,767	134,585
Bond Discount	(24,240)	(25,725)	--	--	(24,240)	(25,725)
Loss on Refunding	(22,861)	(40,122)	--	--	(22,861)	(40,122)
Total	\$ 9,278,545	\$ 9,835,340	\$ 4,301,068	\$ 4,629,481	\$ 13,579,613	\$ 14,464,821

Economic Factors and Next Year's Budget and Rates

- Sales tax revenues account for 82.3% of total governmental fund revenues and is the primary source for providing funds for general operations, maintenance, debt payments and capital projects of the Town of Dillon.
- Sales tax collections in 2013 are projected to be flat to 2012 due to continuing uncertainty of the economy. Sales tax collections in 2012 were up by 4.3% to 2011.
- Assessed valuations have decreased 1.8% from 2012 to 2013.
- Due to the continuing slow growth projections in revenues, operating expenditures were held stable and wages were frozen for staff.
- Capital spending represents 16% of the 2013 budget of all expenditures appropriated for capital projects in the Capital Improvement Fund, Street Improvement Fund, Water Fund, Sewer Fund and Marina Fund.
- The Old Dillon Reservoir enlargement project is anticipated to be completed in 2013. The project is funded through a loan with the Colorado Water Conservation Board that was issued in 2010. The Town will own 26.25% of the Old Dillon Reservoir when the project is complete.
- The street reconstruction project, Marina parking lot expansion and ANS inspection area are anticipated to be completed in 2013.
- The only capital project for the marina will be replacement of a portion of the rental boat fleet.

All of these factors were considered in the preparation for the Town of Dillon's budget for the 2013 fiscal year.

Requests for Information

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

TOWN OF DILLON, COLORADO
STATEMENT OF NET POSITION
December 31, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 1,726,279	\$ 1,315,423	\$ 3,041,702
Restricted Cash and Investments	-	548,046	548,046
Accounts Receivable	52,048	70,887	122,935
Current Taxes Receivable	1,722	-	1,722
Intergovernmental Receivable	958,191	-	958,191
Property Taxes Receivable	213,988	-	213,988
Notes Receivable	6,102	-	6,102
Prepaid Expenses	10,766	-	10,766
Bond Issuance Costs, Net	119,236	86,656	205,892
Investment in Joint Sewer Authority	-	1,481,662	1,481,662
Capital Assets			
Non-Depreciable Assets	2,091,562	523,721	2,615,283
Depreciable Assets, Net	<u>11,959,783</u>	<u>10,385,310</u>	<u>22,345,093</u>
Total Assets	<u>17,139,677</u>	<u>14,411,705</u>	<u>31,551,382</u>
LIABILITIES			
Accounts Payable	47,640	168,673	216,313
Interest Payable	47,338	57,172	104,510
Accrued Liabilities	51,080	8,038	59,118
Deferred Revenues	213,988	-	213,988
Noncurrent Liabilities			
Due Within One Year	610,570	243,880	854,450
Due in More Than One Year	<u>8,667,975</u>	<u>4,057,188</u>	<u>12,725,163</u>
Total Liabilities	<u>9,638,591</u>	<u>4,534,951</u>	<u>14,173,542</u>
NET POSITION			
Net Investment in Capital Assets	4,894,667	8,661,571	13,556,238
Restricted for:			
Cemetery, Nonexpendable	60,061	-	60,061
Emergencies	174,063	-	174,063
Parks and Open Space	77,851	-	77,851
Housing	262,932	-	262,932
Capital Projects	286,874	-	286,874
Unrestricted	<u>1,744,638</u>	<u>1,215,183</u>	<u>2,959,821</u>
Total Net Position	<u>\$ 7,501,086</u>	<u>\$ 9,876,754</u>	<u>\$ 17,377,840</u>

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

TOWN OF DILLON, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,302,962	\$ 41,414	\$ -	\$ -
Public Safety	1,372,941	170,315	-	-
Public Works	1,925,288	-	137,436	-
Community Development	231,832	16,302	-	-
Culture and Recreation	609,032	14,735	-	9,069
Housing	24,722	-	-	85,221
Urban Renewal	2,016	-	-	-
Interest on Long-Term Debt	445,263	-	-	-
Total Governmental Activities	5,914,056	242,766	137,436	94,290
Business-Type Activities				
Water	671,095	949,936	-	43,037
Sewer	664,613	848,257	-	33,295
Marina	1,126,600	995,212	-	-
Total Business-Type Activities	2,462,308	2,793,405	-	76,332
TOTAL PRIMARY GOVERNMENT	\$ 8,376,364	\$ 3,036,171	\$ 137,436	\$ 170,622

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

TOTAL GENERAL REVENUES

TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
PRIMARY GOVERNMENT		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (1,261,548)	\$ -	\$ (1,261,548)
(1,202,626)	-	(1,202,626)
(1,787,852)	-	(1,787,852)
(215,530)	-	(215,530)
(585,228)	-	(585,228)
60,499	-	60,499
(2,016)	-	(2,016)
(445,263)	-	(445,263)
<u>(5,439,564)</u>	<u>-</u>	<u>(5,439,564)</u>
-	321,878	321,878
-	216,939	216,939
-	(131,388)	(131,388)
<u>-</u>	<u>407,429</u>	<u>407,429</u>
<u>(5,439,564)</u>	<u>407,429</u>	<u>(5,032,135)</u>
4,685,304	-	4,685,304
210,506	-	210,506
119,086	-	119,086
135,423	-	135,423
18,969	-	18,969
15,198	5,982	21,180
<u>35,723</u>	<u>80,938</u>	<u>116,661</u>
5,220,209	86,920	5,307,129
<u>66,067</u>	<u>(66,067)</u>	<u>-</u>
(153,288)	428,282	274,994
<u>7,654,374</u>	<u>9,448,472</u>	<u>17,102,846</u>
<u>\$ 7,501,086</u>	<u>\$ 9,876,754</u>	<u>\$ 17,377,840</u>

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

TOWN OF DILLON, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012

	General	Capital Improvement	Street Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS					
Assets					
Cash and Investments	\$ 1,066,587	\$ 117,667	\$ 108,957	\$ 433,068	\$ 1,726,279
Accounts Receivable	50,629	-	1,419	-	52,048
Current Taxes Receivable	1,722	-	-	-	1,722
Intergovernmental Receivable	601,480	195,252	116,349	45,110	958,191
Property Taxes Receivable	183,464	30,524	-	-	213,988
Notes Receivable	6,102	-	-	-	6,102
Due from Other Funds	10,674	-	-	-	10,674
Prepaid Expenditures	10,766	-	-	-	10,766
Total Assets	\$ 1,931,424	\$ 343,443	\$ 226,725	\$ 478,178	\$ 2,979,770
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 39,222	\$ 4,298	\$ -	\$ 4,120	\$ 47,640
Accrued Liabilities	51,080	-	-	-	51,080
Deferred Revenue	183,464	30,524	-	-	213,988
Due to Other Funds	-	-	-	10,674	10,674
Total Liabilities	273,766	34,822	-	14,794	323,382
Fund Balances					
Nonspendable:					
Prepaid Expenditures	10,766	-	-	-	10,766
Cemetery	-	-	-	60,061	60,061
Restricted for:					
Emergencies	174,063	-	-	-	174,063
Parks and Open Space	-	-	-	77,851	77,851
Housing	-	-	-	262,932	262,932
Capital Projects	-	-	226,725	60,149	286,874
Assigned to:					
Cemetery	-	-	-	13,065	13,065
Capital Projects	-	308,621	-	-	308,621
Unassigned	1,472,829	-	-	(10,674)	1,462,155
Total Fund Balances	1,657,658	308,621	226,725	463,384	2,656,388
Total Liabilities and Fund Balances	\$ 1,931,424	\$ 343,443	\$ 226,725	\$ 478,178	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,051,345
Long-term liabilities, including bonds payable (\$8,359,639), leases payable (\$844,140), interest payable (\$47,338) and accrued compensated absences (\$121,867), net of bond issuance costs of \$119,236, bond discount \$24,240 and loss on refunding \$22,861 are not due and payable in the current period and, therefore, not reported in the funds.	<u>(9,206,647)</u>
Net Position of Governmental Activities	<u>\$ 7,501,086</u>

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

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

For the Year Ended December 31, 2012

	General	Capital Improvement	Street Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 3,296,084	\$ 1,060,778	\$ 537,612	\$ 255,845	\$ 5,150,319
Charges for Services	34,331	-	-	1,807	36,138
Licenses and Permits	36,571	-	-	-	36,571
Intergovernmental	156,405	-	-	94,290	250,695
Fines and Forfeitures	170,057	-	-	-	170,057
Interest	9,093	5,421	340	344	15,198
Miscellaneous	34,319	300	-	1,104	35,723
Total Revenues	3,736,860	1,066,499	537,952	353,390	5,694,701
EXPENDITURES					
Current					
General Government	1,180,310	-	-	-	1,180,310
Public Safety	1,346,528	-	-	-	1,346,528
Public Works	622,914	-	73,023	-	695,937
Community Development	231,428	-	-	-	231,428
Culture and Recreation	446,519	-	-	3,000	449,519
Housing	-	-	-	24,722	24,722
Urban Renewal	-	-	-	2,016	2,016
Capital Outlay	-	1,528,643	120,000	-	1,648,643
Debt Service					
Principal	-	286,433	65,000	233,701	585,134
Interest	-	43,777	365,636	21,770	431,183
Total Expenditures	3,827,699	1,858,853	623,659	285,209	6,595,420
Excess of Revenues Over (Under) Expenditures	(90,839)	(792,354)	(85,707)	68,181	(900,719)
OTHER FINANCING SOURCES (USES)					
Transfers In	225,000	66,067	55,507	-	346,574
Transfers Out	-	(225,000)	-	(55,507)	(280,507)
Total Other Financing Sources (Uses)	225,000	(158,933)	55,507	(55,507)	66,067
Net Changes in Fund Balance	134,161	(951,287)	(30,200)	12,674	(834,652)
Fund Balances, Beginning of Year	1,523,497	1,259,908	256,925	450,710	3,491,040
Fund Balances, End of Year	\$ 1,657,658	\$ 308,621	\$ 226,725	\$ 463,384	\$ 2,656,388

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, 2012

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

Net Change in Fund Balances of Governmental Funds	\$ (834,652)
Capital outlays to purchase or build capital assets \$1,607,676 are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense (\$1,473,352).	134,324
Repayments of bond principal \$298,701 and lease payments of \$286,433 are expenditures in the governmental funds, but they increase long-term liabilities in the statement of net position and do not affect the statement of activities.	585,134
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in accrued compensated absences (\$9,593) and accrued interest payable \$4,666.	(4,927)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items: amortization of bond costs, discounts and loss on refunding (\$33,167).	<u>(33,167)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (153,288)</u></u>

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

TOWN OF DILLON, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2012

	Water Fund	Sewer Fund	Marina Fund	Total Business-Type Activities
ASSETS				
Current Assets				
Cash and Investments	\$ 240,059	\$ 851,645	\$ 223,719	\$ 1,315,423
Restricted Cash and Investments	548,046	-	-	548,046
Accounts Receivable	43,711	26,161	1,015	70,887
Total Current Assets	831,816	877,806	224,734	1,934,356
Noncurrent Assets				
Bond Issuance Costs	13,422	-	73,234	86,656
Investment in Joint Sewer Authority	-	1,481,662	-	1,481,662
Capital Assets				
Non-Depreciable Assets	523,721	-	-	523,721
Depreciable Assets, Net	4,601,564	2,150,533	3,633,213	10,385,310
Total Noncurrent Assets	5,138,707	3,632,195	3,706,447	12,477,349
Total Assets	5,970,523	4,510,001	3,931,181	14,411,705
LIABILITIES				
Current Liabilities				
Accounts Payable	156,130	710	11,833	168,673
Interest Payable	26,259	14,963	15,950	57,172
Accrued Liabilities	2,750	1,413	3,875	8,038
Leases and Loans Payable	44,676	124,204	75,000	243,880
Total Current Liabilities	229,815	141,290	106,658	477,763
Noncurrent Liabilities				
Compensated Absences	7,486	3,018	13,396	23,900
Leases and Loans Payable	1,497,080	553,208	1,983,000	4,033,288
Total Noncurrent Liabilities	1,504,566	556,226	1,996,396	4,057,188
Total Liabilities	1,734,381	697,516	2,103,054	4,534,951
NET POSITION				
Net Investment in Capital Assets	4,131,575	2,954,783	1,575,213	8,661,571
Unrestricted	104,567	857,702	252,914	1,215,183
TOTAL NET POSITION	\$ 4,236,142	\$ 3,812,485	\$ 1,828,127	\$ 9,876,754

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

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

For the Year Ended December 31, 2012

	Water Fund	Sewer Fund	Marina Fund	Total Business-Type Activities
OPERATING REVENUES				
Charges for Services	\$ 949,936	\$ 848,257	\$ 995,212	\$ 2,793,405
Total Operating Revenues	949,936	848,257	995,212	2,793,405
OPERATING EXPENSES				
Operations	375,702	81,548	723,357	1,180,607
Maintenance	17,626	30,977	63,646	112,249
Distribution	8,488	-	-	8,488
Treatment	19,291	447,969	-	467,260
Depreciation and Amortization	230,124	72,128	233,712	535,964
Total Operating Expenses	651,231	632,622	1,020,715	2,304,568
Operating Income (Loss)	298,705	215,635	(25,503)	488,837
NONOPERATING REVENUES (EXPENSES)				
Interest Revenue	4,806	827	349	5,982
Miscellaneous Revenue	4,688	-	67,002	71,690
Interest Expense	(19,864)	(31,991)	(105,885)	(157,740)
Joint Sewer Authority	-	9,248	-	9,248
Total Nonoperating Revenues (Expenses)	(10,370)	(21,916)	(38,534)	(70,820)
Net Income Before Transfers and Capital Contributions	288,335	193,719	(64,037)	418,017
Transfer Out	(28,000)	-	(38,067)	(66,067)
Capital Contributions	43,037	33,295	-	76,332
CHANGE IN NET POSITION	303,372	227,014	(102,104)	428,282
NET POSITION, Beginning	3,932,770	3,585,471	1,930,231	9,448,472
NET POSITION, Ending	\$ 4,236,142	\$ 3,812,485	\$ 1,828,127	\$ 9,876,754

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, 2012

	Water Fund	Sewer Fund	Marina Fund	Totals
CASH FLOW FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 949,230	\$ 895,917	\$ 1,003,700	\$ 2,848,847
Cash Paid to Suppliers	(124,382)	(515,581)	(296,600)	(936,563)
Cash Paid to Employees	(256,104)	(44,946)	(488,415)	(789,465)
Net Cash Provided by Operating Activities	<u>568,744</u>	<u>335,390</u>	<u>218,685</u>	<u>1,122,819</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Capital Assets	(988,058)	(59,506)	(473,881)	(1,521,445)
Debt Principal Payments	(139,972)	(119,030)	(71,000)	(330,002)
Interest Payments	(5,264)	(34,621)	(98,185)	(138,070)
Tap Fees and Other Contributed Capital	43,037	33,295	-	76,332
Transfer Out	(28,000)	-	(38,067)	(66,067)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,118,257)</u>	<u>(179,862)</u>	<u>(681,133)</u>	<u>(1,979,252)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES				
Reimbursement	4,688	-	67,002	71,690
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Received	4,806	827	349	5,982
Net Increase (Decrease) in Cash & Cash Equivalents	(540,019)	156,355	(395,097)	(778,761)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,328,124</u>	<u>695,290</u>	<u>618,816</u>	<u>2,642,230</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 788,105</u></u>	<u><u>\$ 851,645</u></u>	<u><u>\$ 223,719</u></u>	<u><u>\$ 1,863,469</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 298,705	\$ 215,635	\$ (25,503)	\$ 488,837
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation and Amortization	230,124	72,128	233,712	535,964
Net Loss from Joint Venture	-	48,444	-	48,444
Changes in Assets and Liabilities				
Accounts Receivable	(706)	(784)	8,488	6,998
Accounts Payable	41,375	(210)	40	41,205
Accrued Liabilities	(524)	165	141	(218)
Compensated Absences	(230)	12	1,807	1,589
Net Cash Provided by Operating Activities	<u><u>\$ 568,744</u></u>	<u><u>\$ 335,390</u></u>	<u><u>\$ 218,685</u></u>	<u><u>\$ 1,122,819</u></u>

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

TOWN OF DILLON, COLORADO
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
December 31, 2012

	Summit County Telecommunications Consortium
ASSETS	
Current Assets	
Cash and Investments	\$ 93,391
Accounts Receivable	<u>8,464</u>
Total Current Assets	<u><u>\$ 101,855</u></u>
LIABILITIES	
Liabilities	
Accrued Liabilities	\$ 1,770
Funds Held for Others	<u>100,085</u>
Total Liabilities	<u><u>\$ 101,855</u></u>

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

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

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, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes and lodging taxes collected and held by vendors at year end on behalf of the Town are also recognized as revenue, if collected within sixty days after year end. All other revenue items are considered to be measurable and available only when cash is received by the Town.

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

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

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

In the fund financial statements, the Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

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

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

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Town reports the following major proprietary funds:

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

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

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

Additionally, the Town reports the following Fiduciary Fund:

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

Cash and Investments

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

Receivables

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

Prepaid Expenses

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

Interfund Receivables and Payables

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

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

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

Deferred Revenues

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

Compensated Absences

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

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

Long-Term Obligations

In the government-wide financial statements, and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

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

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance

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

Property Taxes

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

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

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments as of December 31, 2012 follows:

Deposits	\$1,811,227
Petty Cash	300
Investments	1,323,566
Cash Held by Third Party	<u>548,046</u>
Total Cash on Hand and Investments	<u>\$3,683,139</u>

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

Cash and Investments	\$3,041,702
Restricted Cash and Investments	548,046
Agency Fund Cash and Investments	<u>93,391</u>
Total Cash and Investments	<u>\$3,683,139</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the 102% of the uninsured deposits. At December 31, 2012, the Town had bank deposits of \$260,512 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, 2012

NOTE 2: CASH AND INVESTMENTS (continued)

Investments

At December 31, 2012, the Town had the following investments:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Investment in Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>Fair Value</u>
Federated Gov't Obligations Fund	AAAm	\$ 72,016	\$ 72,016
Local Government Investment Pools	AAAm	<u>1,251,550</u>	<u>1,251,550</u>
Total		<u>\$1,323,566</u>	<u>\$1,323,566</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 Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a Nationally Recognized Statistical Rating Organization (NRSRO).

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

Local Government Investment Pools – At December 31, 2012 the Town had \$515,928 invested in the Colorado Surplus Asset Fund Trust (CSAFE) and \$735,622 in the Colorado Local Government Liquid Asset Trust (Colotrust). The trusts are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Trusts. The trusts operate in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. The Trusts are rated AAAM by Standard and Poor's. Investments of the Trusts are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

Cash of \$548,046 is being held by the Colorado Water Conservation Board from loan proceeds. The loan proceeds are reported in the Water Fund and will be used in 2013 for the Old Dillon Reservoir enlargement.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 3: CAPITAL ASSETS

Governmental Activities

Capital assets activity for governmental activities for the year ended December 31, 2012 is summarized below:

	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/12</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 2,091,562	\$ --	\$ --	\$ 2,091,562
Capital Assets, Being Depreciated				
Infrastructure	14,625,202	1,048,130	--	15,673,332
Buildings	1,400,523	96,787	--	1,497,310
Equipment & Vehicles	2,813,274	75,506	--	2,888,780
Parks & Amphitheatre	2,185,116	387,253	--	2,572,369
Furniture & Fixtures	<u>288,947</u>	<u>--</u>	<u>--</u>	<u>288,947</u>
Total Capital Assets, Being Depreciated	<u>21,313,062</u>	<u>1,607,676</u>	<u>--</u>	<u>22,920,738</u>
Less: Accumulated Depreciation For				
Infrastructure	6,214,994	975,786	--	7,190,780
Buildings	1,002,006	49,284	--	1,051,290
Equipment & Vehicles	1,087,705	254,351	--	1,342,707
Parks & Amphitheatre	1,005,785	142,021	--	1,147,806
Furniture & Fixtures	<u>177,113</u>	<u>51,910</u>	<u>--</u>	<u>229,023</u>
Total Accumulated Depreciation	<u>9,487,603</u>	<u>1,473,352</u>	<u>--</u>	<u>10,960,955</u>
Total Capital Assets, Being Depreciated, Net	<u>11,825,459</u>	<u>134,324</u>	<u>--</u>	<u>11,959,783</u>
Governmental Activities Capital Assets, Net	<u>\$13,917,021</u>	<u>\$ 134,324</u>	<u>\$ --</u>	<u>\$14,051,345</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 3: CAPITAL ASSETS (continued)

Business-Type Activities

Capital assets activity for business-type activities for the year ended December 31, 2012 is summarized below:

	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/12</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 219,652	--	--	\$ 219,652
Water Rights	<u>304,069</u>	<u>--</u>	<u>--</u>	<u>304,069</u>
Total Capital Assets, Not Being Depreciated	<u>523,721</u>	<u>--</u>	<u>--</u>	<u>523,721</u>
Capital Assets, Being Depreciated				
Water Plant	3,154,953	499,164	--	3,654,117
Lines	5,514,435	172,824	--	5,687,259
Buildings	451,982	28,261	--	480,243
Equipment & Vehicles	729,408	68,451	(124,168)	673,691
Lift Station	892,800	--	--	892,800
Reservoirs	1,140,761	340,653	--	1,481,414
Improvements	<u>4,193,318</u>	<u>412,092</u>	<u>--</u>	<u>4,605,410</u>
Total Capital Assets, Being Depreciated	<u>16,077,657</u>	<u>1,521,445</u>	<u>(124,168)</u>	<u>17,474,934</u>
Less: Accumulated Depreciation For				
Water Plant	1,730,765	103,868	--	1,834,633
Lines	2,868,320	120,025	--	2,988,345
Buildings	341,067	22,499	--	363,566
Equipment & Vehicles	537,706	89,424	(124,168)	502,962
Lift Station	111,328	22,612	--	133,940
Reservoirs	42,544	37,035	--	79,579
Improvements	<u>1,051,195</u>	<u>135,404</u>	<u>--</u>	<u>1,186,599</u>
Total Accumulated Depreciation	<u>6,682,925</u>	<u>530,867</u>	<u>(124,168)</u>	<u>7,089,624</u>
Total Capital Assets, Being Depreciated, Net	<u>9,394,732</u>	<u>990,578</u>	<u>--</u>	<u>10,385,310</u>
Business-Type Activities				
Capital Assets, Net	<u>\$9,918,453</u>	<u>\$ 990,578</u>	<u>\$ --</u>	<u>\$10,909,031</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2012

NOTE 3: CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 82,948
Public Safety	24,542
Public Works	1,205,213
Community Development	3,651
Culture and Recreation	<u>156,998</u>
Total Governmental Activities Depreciation Expense	<u>\$1,473,352</u>
Business-Type Activities	
Water Fund	\$ 229,335
Sewer Fund	72,128
Marina Fund	<u>229,404</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 530,867</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, 2012 of \$1,481,662, which represents a 13.10% share in the joint venture. At December 31, 2012, the Town was responsible for 21.08% of the Authority's operating expenses.

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

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

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, 2012:

	Beginning 12/31/11	Additions	Retirement	Ending 12/31/12	Due Within One Year
Excise Tax Revenue Bond-04	\$ 110,000	\$ --	\$(110,000)	\$ --	\$ --
Excise Tax Revenue Bond-05	523,340	--	(123,701)	399,639	128,340
Capital Project Lease-09	569,628	--	(183,383)	386,245	189,801
Capital Project Lease-06	560,945	--	(103,050)	457,895	107,429
Excise Tax Revenue Bonds-08	4,985,000	--	(5,000)	4,980,000	115,000
Excise Tax Revenue Bonds-10	3,040,000	--	(60,000)	2,980,000	70,000
Bond Discount-08	(25,725)	--	1,485	(24,240)	--
Compensated Absences	112,274	9,593	--	121,867	--
Loss on Refunding	(40,122)	--	17,261	(22,861)	--
Total	<u>\$ 9,835,340</u>	<u>\$ 9,593</u>	<u>\$(566,388)</u>	<u>\$9,278,545</u>	<u>\$610,570</u>

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

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 were due on June 1 of each year through 2012, and were paid in full during the year ended December 31, 2012.

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

On June 4, 2008, the Town issued the Excise Tax Revenue Bonds, Series 2008 for the reconstruction of Town streets. The interest rate on the bonds ranges from 3.25% in 2008 to 5% and are payable on June 1 and December 1 of each year through 2028. Principal payments are due on December 1 of each year.

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

The Excise Tax Revenue Bonds, Series 2004, Series 2005, Series 2008 and Series 2010 are payable solely from the Town's sales and lodging taxes. During the year ended December 31, 2012, revenues of \$4,804,390 were available to pay annual debt service of \$686,107 for all four bonds. The outstanding debt service at 12/31/12 for all four bonds is \$12,637,633.

On March 30, 2006, the Town entered into a lease purchase agreement with Wells Fargo Brokerage Services, LLC for capital projects and heavy equipment. The interest rate is 4.25%. Annual payments of \$126,890 are required through March 30, 2016. At December 31, 2012, capital assets of \$1,048,021 have been recorded using the lease proceeds.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 5: LONG-TERM DEBT (continued)

Governmental Activities (continued)

On December 7, 2009, the Town entered into a lease purchase agreement for \$918,000 with Wells Fargo Brokerage Services, LLC for the purchase of a New Holland 6070 tractor and a John Deere backhoe. The interest rate is 3.50%. Annual payments of \$203,320 are required through December 7, 2014. At December 31, 2012, capital assets of \$920,360 have been recorded using the lease proceeds.

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2012:

	Beginning <u>12/31/11</u>	<u>Additions</u>	<u>Retirement</u>	Ending <u>12/31/12</u>	Due Within <u>One Year</u>
Marina Lease-10	\$ 2,129,000	--	(71,000)	2,058,000	75,000
Drinking Water Revolving Loan	122,987	--	(122,987)	--	--
Water Lot 50 Loan-04	43,741	--	(16,985)	26,756	17,663
CWCB Loan-09	1,515,000	--	--	1,515,000	27,013
Sewer Revenue Note 1-07	422,265	--	(63,183)	359,082	65,900
Sewer Revenue Note 2-07	374,177	--	(55,847)	318,330	58,304
Compensated Absences	<u>22,311</u>	<u>1,589</u>	<u>--</u>	<u>23,900</u>	<u>--</u>
Total	<u>\$4,629,481</u>	<u>\$ 1,589</u>	<u>\$(330,002)</u>	<u>\$4,301,068</u>	<u>\$243,880</u>

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

Drinking Water Revolving Loan – On October 18, 2002, the Town entered into a loan agreement for the microfiltration conversion at the water plant. The interest rate is 4% and matures on November 1, 2012. This loan is payable solely from revenues from the Town’s water utility system after deduction of operating and maintenance costs. During the year ended December 31, 2012, net revenues of \$581,360 were available to pay annual debt service of \$140,982. The debt service was retired in 2012.

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

On July 15, 2009, The Town entered into a loan contract with the Department of Natural Resources, Colorado Water Conservation Board for the Old Dillon Reservoir enlargement project. The project was scheduled to start in 2009 but was delayed until 2010 with anticipated completion in 2013. The interest rate is 4% and matures 30 years after completion of the project. The anticipated maturity date is December 1, 2042.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2012

NOTE 5: LONG-TERM DEBT (continued)

Business-Type Activities (continued)

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 with annual payments in May.

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 with annual payments in August.

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, 2012, net revenues of \$320,256 were available to pay annual debt service of \$151,021. The outstanding debt service at December 31, 2012 for both loans is \$768,257.

Future Debt Service Requirements

Governmental Activities

Annual debt service requirements for the outstanding revenue bonds at December 31, 2012 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 313,340	\$ 379,385	\$ 692,725
2014	333,153	368,573	701,726
2015	348,146	357,018	705,164
2016	360,000	344,628	701,128
2017	370,000	331,128	3,507,508
2023-2027	2,630,000	886,222	3,516,222
2028-2030	<u>1,910,000</u>	<u>198,532</u>	<u>2,108,532</u>
Total	<u>\$8,359,639</u>	<u>\$4,277,994</u>	<u>\$12,637,633</u>

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligations at December 31, 2012:

Year Ended December 31,	
2013	330,210
2014	330,210
2015	126,889
2016	<u>126,890</u>
Total Minimum Lease Payments	914,199
Less: Interest	<u>(70,059)</u>
Present Value of Future Minimum Lease Payments	<u>\$844,140</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2012

NOTE 5: LONG-TERM DEBT (continued)

Future Debt Service Requirements (continued)

Business-Type Activities

Annual debt service requirements for the outstanding loans at December 31, 2012 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 168,880	\$ 90,931	\$ 259,811
2014	166,790	83,747	250,537
2015	164,454	76,810	241,264
2016	171,501	69,762	241,263
2017	178,851	62,413	241,264
2018-2022	178,008	260,056	438,064
2023-2027	216,573	221,491	438,064
2028-2032	263,494	174,569	438,063
2033-2037	320,581	117,482	438,063
2038-2042	390,036	48,026	438,062
	<u>\$2,219,168</u>	<u>\$1,205,287</u>	<u>\$3,424,455</u>

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligation for the Marina Fund at December 31, 2012:

Year Ended December 31,	
2013	\$169,837
2014	170,303
2015	170,583
2016	170,676
2017	170,585
2018-2022	848,894
2023-2027	849,765
2028-2030	<u>508,967</u>
Total Minimum Lease Payments	3,059,610
Less: Interest	<u>(1,001,610)</u>
Present Value of Future Minimum Lease Payments	<u>\$2,058,000</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 \$41,855 for the year ended December 31, 2012.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 6: INTERFUND BALANCES AND TRANSFERS

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

The Water Fund transferred \$28,000 to the Capital Improvement Fund to pay for the 2012 Chevrolet Van to be used by the Water Department.

The Town Center Improvement Fund transferred \$55,507 to the Street Improvement Fund as the 2004 bonds were retired and future lodging tax collections will be accounted for in the Street Improvement Fund.

The Capital Improvement Fund transferred \$225,000 to the General Fund to pay for unanticipated legal costs, donation to the Lake Dillon Foundation for the Performing Arts, bonuses for staff and E911 costs at the Summit County Communications Center.

The Town has an agreement with the Dillon Urban Renewal Authority to repay the Town any amounts owed the Town when tax increment financing revenues are collected by the Authority. The outstanding balance of this interfund loan at December 31, 2012, was \$10,674.

NOTE 7: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

At December 31, 2012, DURA had a negative fund balance of \$10,674, primarily because start-up costs are expected to be paid with tax increment revenues collected in the future.

NOTE 8: RETIREMENT COMMITMENTS

Town employees participate in the Colorado County Officials and Employees Retirement Association (CCOERA) defined contribution plan. Full-time employees are required to contribute 5% of their gross salary and the Town matches the contribution, as required by plan documents. The Town has a defined contribution plan through International City Managers Association (ICMA) for full-time police officers and department heads. These employees also contribute 5% of gross salaries with the Town matching their contribution. Employee and Town contributions vest at a rate of 20% each year and employees become fully vested after five years for either pension plan. Plan provisions and contribution requirements of the Town and the employees are established and may be amended by the Town Council. Total contributions of the CCOERA and ICMA retirement plans made by the Town for the year ended December 31, 2012 were \$67,192 and \$38,837 respectively, which equals the required contributions.

In addition to the retirement plans, the Town also contributes to a 457 deferred compensation plan through ICMA for the benefit of the sworn police officers. The Town and the employee each contribute 5% of gross wages. The Town contributions for the year ended December 31, 2012 were \$26,301 which equals the required contributions. All plan assets are held in trust for the exclusive benefit of the employees.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 9: RISK MANAGEMENT

Public Entity Risk Pool

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

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

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

NOTE 10: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

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

In November 1996, Town voters authorized the Town to collect and retain all revenues from all sources in 1996 and each subsequent year and to spend the same, notwithstanding the limitations of the amendment. The Town believes it is in compliance with the requirements of the amendment. However, the Town has made certain interpretations of the amendment's language in order to determine its compliance. The amendment requires a reserve for emergencies equal to 3% of qualifying expenditures of the Town. At December 31, 2012 the Town had restricted \$174,063 to comply with this requirement.

Litigation

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

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TOWN OF DILLON, COLORADO
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 3,163,059	\$ 3,163,059	\$ 3,296,084	\$ 133,025
Charges for Services	19,850	19,850	34,331	14,481
Licenses and Permits	34,829	34,829	36,571	1,742
Intergovernmental	143,629	143,629	156,405	12,776
Fines and Forfeitures	188,936	188,936	170,057	(18,879)
Interest	10,240	10,240	9,093	(1,147)
Miscellaneous	5,037	5,037	34,319	29,282
	<u>3,565,580</u>	<u>3,565,580</u>	<u>3,736,860</u>	<u>171,280</u>
EXPENDITURES				
General Government	1,163,444	1,200,449	1,180,310	20,139
Public Safety	1,188,574	1,307,081	1,346,528	(39,447)
Public Works	755,715	770,982	622,914	148,068
Community Development	217,289	221,728	231,428	(9,700)
Culture and Recreation	410,378	410,378	446,519	(36,141)
	<u>3,735,400</u>	<u>3,910,618</u>	<u>3,827,699</u>	<u>82,919</u>
Excess of Revenue Over (Under) Expenditures	(169,820)	(345,038)	(90,839)	254,199
OTHER FINANCING SOURCES				
Transfer In	<u>200,000</u>	<u>286,000</u>	<u>225,000</u>	<u>(61,000)</u>
Net Change in Fund Balance	30,180	(59,038)	134,161	193,199
Fund Balance, Beginning of Year	<u>1,018,545</u>	<u>1,018,545</u>	<u>1,523,497</u>	<u>504,952</u>
Fund Balance, End of Year	<u>\$ 1,048,725</u>	<u>\$ 959,507</u>	<u>\$ 1,657,658</u>	<u>\$ 698,151</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2012

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Debt Service Funds

Debt Service Funds are used to account for the annual debt payments on the issuance of bonds for capital projects 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. The 2004 Excise Tax Revenue Bonds were retired in 2012, eliminating the Town Center Improvement Fund as of 12/31/12.

TOWN OF DILLON, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2012

	Special Revenue				Debt Service		Total Nonmajor Governmental Funds
	Conservation Trust	Housing Initiative 5A	Cemetery Perpetual Care	Dillon Urban Renewal Authority	Special Improvement District	Town Center Improvement	
ASSETS							
Cash and Investments	\$ 77,851	\$ 251,685	\$ 73,126	\$ -	\$ 30,406	\$ -	\$ 433,068
Intergovernmental Receivable	-	15,367	-	-	29,743	-	45,110
Total Assets	<u>\$ 77,851</u>	<u>\$ 267,052</u>	<u>\$ 73,126</u>	<u>\$ -</u>	<u>\$ 60,149</u>	<u>\$ -</u>	<u>\$ 478,178</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	\$ -	\$ 4,120	\$ -	\$ -	\$ -	\$ -	\$ 4,120
Due to Other Funds	-	-	-	10,674	-	-	10,674
Total Liabilities	<u>-</u>	<u>4,120</u>	<u>-</u>	<u>10,674</u>	<u>-</u>	<u>-</u>	<u>14,794</u>
Fund Balances							
Nonspendable:							
Cemetery	-	-	60,061	-	-	-	60,061
Restricted for:							
Parks and Open Space	77,851	-	-	-	-	-	77,851
Housing	-	262,932	-	-	-	-	262,932
Capital Projects	-	-	-	-	60,149	-	60,149
Assigned to:							
Cemetery	-	-	13,065	-	-	-	13,065
Unassigned	-	-	-	(10,674)	-	-	(10,674)
Total Fund Balances	<u>77,851</u>	<u>262,932</u>	<u>73,126</u>	<u>(10,674)</u>	<u>60,149</u>	<u>-</u>	<u>463,384</u>
Total Liabilities and Fund Balances	<u>\$ 77,851</u>	<u>\$ 267,052</u>	<u>\$ 73,126</u>	<u>\$ -</u>	<u>\$ 60,149</u>	<u>\$ -</u>	<u>\$ 478,178</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, 2012

	Special Revenue				Debt Service		Total Nonmajor Governmental Funds
	Conservation Trust	Housing Initiative 5A	Cemetery Perpetual Care	Dillon Urban Renewal Authority	Special Improvement District	Town Center Improvement	
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 155,406	\$ 100,439	\$ 255,845
Charges for Services	-	-	1,807	-	-	-	1,807
Intergovernmental	9,069	85,221	-	-	-	-	94,290
Interest	95	93	26	-	101	29	344
Miscellaneous	-	-	1,104	-	-	-	1,104
Total Revenues	<u>9,164</u>	<u>85,314</u>	<u>2,937</u>	<u>-</u>	<u>155,507</u>	<u>100,468</u>	<u>353,390</u>
EXPENDITURES							
Culture and Recreation	-	-	3,000	-	-	-	3,000
Housing	-	24,722	-	-	-	-	24,722
Urban Renewal	-	-	-	2,016	-	-	2,016
Debt Service							
Principal	-	-	-	-	123,701	110,000	233,701
Interest	-	-	-	-	19,625	2,145	21,770
Total Expenditures	<u>-</u>	<u>24,722</u>	<u>3,000</u>	<u>2,016</u>	<u>143,326</u>	<u>112,145</u>	<u>285,209</u>
Excess of Revenues Over (Under) Expenditures	9,164	60,592	(63)	(2,016)	12,181	(11,677)	68,181
OTHER FINANCING SOURCES (USES)							
Transfer Out	-	-	-	-	-	(55,507)	(55,507)
Net Change in Fund Balances	9,164	60,592	(63)	(2,016)	12,181	(67,184)	12,674
Fund Balances, Beginning of Year	<u>68,687</u>	<u>202,340</u>	<u>73,189</u>	<u>(8,658)</u>	<u>47,968</u>	<u>67,184</u>	<u>450,710</u>
Fund Balances, End of Year	<u>\$ 77,851</u>	<u>\$ 262,932</u>	<u>\$ 73,126</u>	<u>\$ (10,674)</u>	<u>\$ 60,149</u>	<u>\$ -</u>	<u>\$ 463,384</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
CAPITAL IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 1,027,008	\$ 1,027,008	\$ 1,060,778	\$ 33,770
Interest	1,000	1,000	5,421	4,421
Miscellaneous	10,600	1,227,250	300	(1,226,950)
Total Revenues	<u>1,038,608</u>	<u>2,255,258</u>	<u>1,066,499</u>	<u>(1,188,759)</u>
EXPENDITURES				
Capital Outlay	691,610	1,761,610	1,528,643	232,967
Debt Service				
Principal	286,433	286,433	286,433	-
Interest	43,777	43,777	43,777	-
Total Expenditures	<u>1,021,820</u>	<u>2,091,820</u>	<u>1,858,853</u>	<u>232,967</u>
Excess of Revenues Over (Under) Expenditures	<u>16,788</u>	<u>163,438</u>	<u>(792,354)</u>	<u>(955,792)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	66,067	66,067	66,067	-
Transfer Out	<u>(200,000)</u>	<u>(311,000)</u>	<u>(225,000)</u>	<u>86,000</u>
Total Other Financing Sources (Uses)	<u>(133,933)</u>	<u>(244,933)</u>	<u>(158,933)</u>	<u>86,000</u>
Net Change in Fund Balance	(117,145)	(81,495)	(951,287)	(869,792)
Fund Balance, Beginning	<u>359,507</u>	<u>359,507</u>	<u>1,259,908</u>	<u>900,401</u>
Fund Balance, Ending	<u>\$ 242,362</u>	<u>\$ 278,012</u>	<u>\$ 308,621</u>	<u>\$ 30,609</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
STREET IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 497,140	\$ 497,140	\$ 537,612	\$ 40,472
Interest	5,000	5,000	340	(4,660)
Total Revenues	<u>502,140</u>	<u>502,140</u>	<u>537,952</u>	<u>35,812</u>
EXPENDITURES				
Public Works	110,588	110,588	73,023	37,565
Capital Outlay	-	120,000	120,000	-
Debt Service				
Principal	65,000	65,000	65,000	-
Interest	<u>365,636</u>	<u>365,636</u>	<u>365,636</u>	<u>-</u>
Total Expenditures	<u>541,224</u>	<u>661,224</u>	<u>623,659</u>	<u>37,565</u>
Excess of Revenues Over (Under) Expenditures	<u>(39,084)</u>	<u>(159,084)</u>	<u>(85,707)</u>	<u>(1,753)</u>
OTHER FINANCING SOURCES				
Transfer In	<u>54,774</u>	<u>54,774</u>	<u>55,507</u>	<u>733</u>
Net Change in Fund Balance	15,690	(104,310)	(30,200)	74,110
Fund Balance, Beginning	<u>135,057</u>	<u>135,057</u>	<u>256,925</u>	<u>121,868</u>
Fund Balance, Ending	<u><u>\$ 150,747</u></u>	<u><u>\$ 30,747</u></u>	<u><u>\$ 226,725</u></u>	<u><u>\$ 195,978</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 7,300	\$ 9,069	\$ 1,769
Interest	50	95	45
Total Revenues	<u>7,350</u>	<u>9,164</u>	<u>1,814</u>
EXPENDITURES			
Culture and Recreation	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Net Change in Fund Balance	(22,650)	9,164	31,814
Fund Balance, Beginning of Year	<u>68,279</u>	<u>68,687</u>	<u>408</u>
Fund Balance, End of Year	<u><u>\$ 45,629</u></u>	<u><u>\$ 77,851</u></u>	<u><u>\$ 32,222</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, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 62,608	\$ 85,221	\$ 22,613
Interest	30	93	63
Total Revenues	<u>62,638</u>	<u>85,314</u>	<u>22,676</u>
EXPENDITURES			
Housing	<u>24,722</u>	<u>24,722</u>	<u>-</u>
Net Change in Fund Balance	37,916	60,592	22,676
Fund Balance, Beginning of Year	<u>174,785</u>	<u>202,340</u>	<u>27,555</u>
Fund Balance, End of Year	<u><u>\$ 212,701</u></u>	<u><u>\$ 262,932</u></u>	<u><u>\$ 50,231</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, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Charges for Services	\$ 1,500	\$ 1,807	\$ 307
Interest	70	26	(44)
Miscellaneous	-	1,104	1,104
Total Revenues	<u>1,570</u>	<u>2,937</u>	<u>1,367</u>
EXPENDITURES			
Culture and Recreation	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Net Change in Fund Balance	(1,430)	(63)	1,367
Fund Balance, Beginning of Year	<u>69,102</u>	<u>73,189</u>	<u>4,087</u>
Fund Balance, End of Year	<u>\$ 67,672</u>	<u>\$ 73,126</u>	<u>\$ 5,454</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
DILLON URBAN RENEWAL AUTHORITY
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Miscellaneous	\$ 10,000	\$ -	\$ (10,000)
EXPENDITURES			
Urban Renewal	9,700	2,016	7,684
Net Change in Fund Balance	300	(2,016)	(2,316)
Fund Balance, Beginning of Year	-	(8,658)	(8,658)
Fund Balance, End of Year	<u>\$ 300</u>	<u>\$ (10,674)</u>	<u>\$ (10,974)</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, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Taxes	\$ 149,830	\$ 155,406	\$ 5,576
Interest	20	101	81
Total Revenues	<u>149,850</u>	<u>155,507</u>	<u>5,657</u>
EXPENDITURES			
Debt Service			
Principal	123,701	123,701	-
Interest	<u>19,625</u>	<u>19,625</u>	<u>-</u>
Total Expenditures	<u>143,326</u>	<u>143,326</u>	<u>-</u>
 Net Change in Fund Balance	 6,524	 12,181	 5,657
Fund Balance, Beginning of Year	<u>16,259</u>	<u>47,968</u>	<u>31,709</u>
Fund Balance, End of Year	<u>\$ 22,783</u>	<u>\$ 60,149</u>	<u>\$ 37,366</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
TOWN CENTER IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 121,531	\$ 121,531	\$ 100,439	\$ (21,092)
Interest	10	10	29	19
Total Revenues	121,541	121,541	100,468	(21,073)
EXPENDITURES				
Debt Service				
Principal	110,000	110,000	110,000	-
Interest	2,145	2,145	2,145	-
Total Expenditures	112,145	112,145	112,145	-
Excess of Revenues Over (Under) Expenditures	9,396	9,396	(11,677)	(21,073)
OTHER FINANCING SOURCES (USES)				
Transfer Out	(54,774)	(61,938)	(55,507)	6,431
Net Change in Fund Balance	(45,378)	(52,542)	(67,184)	(14,642)
Fund Balance, Beginning of Year	45,378	52,542	67,184	14,642
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
WATER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Original Budget	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Utility Sales	\$ 971,147	\$ 971,147	\$ 949,936	\$ (21,211)
Tap Fees	15,950	15,950	43,037	27,087
Interest	4,023	4,023	4,806	783
Miscellaneous	11,392	11,392	4,688	(6,704)
Loan Proceeds	442,860	442,860	-	(442,860)
Total Revenues	<u>1,445,372</u>	<u>1,445,372</u>	<u>1,002,467</u>	<u>(442,905)</u>
EXPENDITURES				
Current				
Operations	431,932	431,932	375,702	56,230
Maintenance	34,671	34,671	17,626	17,045
Distribution	28,405	28,405	8,488	19,917
Treatment	32,600	32,600	19,291	13,309
Capital Outlay	1,024,860	1,138,179	988,058	150,121
Debt Service				
Principal	124,275	124,275	139,972	(15,697)
Interest	20,961	20,961	19,864	1,097
Transfer Out	28,000	28,000	28,000	-
Total Expenditures	<u>1,725,704</u>	<u>1,839,023</u>	<u>1,597,001</u>	<u>242,022</u>
NET INCOME, Budget Basis	<u>\$ (280,332)</u>	<u>\$ (393,651)</u>	(594,534)	<u>\$ (200,883)</u>
ADJUSTMENTS TO GAAP BASIS				
Principal Payments on Debt			139,972	
Capital Outlay			988,058	
Depreciation and Amortization			<u>(230,124)</u>	
NET INCOME, GAAP Basis			303,372	
NET POSITION, Beginning			<u>3,932,770</u>	
NET POSITION, Ending			<u>\$4,236,142</u>	

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
SEWER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Original and Final Budget	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Utility Sales	\$ 853,275	\$ 848,257	\$ (5,018)
Tap Fees	13,056	33,295	20,239
Interest	1,003	827	(176)
Miscellaneous Income	<u>1,836</u>	<u>-</u>	<u>(1,836)</u>
Total Revenues	<u>869,170</u>	<u>882,379</u>	<u>13,209</u>
EXPENDITURES			
Current			
Operations	93,397	81,548	11,849
Maintenance	31,135	30,977	158
Treatment	451,716	447,969	3,747
Capital Outlay	105,000	59,506	45,494
Debt Service			
Principal	114,072	119,030	(4,958)
Interest	<u>39,579</u>	<u>31,991</u>	<u>7,588</u>
Total Expenditures	<u>834,899</u>	<u>771,021</u>	<u>63,878</u>
NET INCOME, Budget Basis	<u>\$ 34,271</u>	111,358	<u>\$ 77,087</u>
ADJUSTMENTS TO GAAP BASIS			
Principal Payments on Debt		119,030	
Capital Outlay		59,506	
Depreciation		(72,128)	
Investment in Joint Sewer Authority		<u>9,248</u>	
NET INCOME, GAAP Basis		227,014	
NET POSITION, Beginning		<u>3,585,471</u>	
NET POSITION, Ending		<u>\$ 3,812,485</u>	

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
MARINA FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Charges for Services	\$ 992,800	\$ 992,800	\$ 995,212	\$ 2,412
Interest	5,000	5,000	349	(4,651)
Miscellaneous	<u>25,000</u>	<u>25,000</u>	<u>67,002</u>	<u>42,002</u>
Total Revenues	<u>1,022,800</u>	<u>1,022,800</u>	<u>1,062,563</u>	<u>39,763</u>
EXPENDITURES				
Current				
Operations	686,648	686,648	723,357	(36,709)
Maintenance	29,500	29,500	63,646	(34,146)
Capital Outlay	16,000	582,500	473,881	108,619
Debt Service				
Principal	67,164	67,164	71,000	(3,836)
Interest	80,000	80,000	105,885	(25,885)
Transfer Out	<u>38,067</u>	<u>38,067</u>	<u>38,067</u>	<u>-</u>
Total Expenditures	<u>917,379</u>	<u>1,483,879</u>	<u>1,475,836</u>	<u>8,043</u>
NET INCOME, Budget Basis	<u>\$ 105,421</u>	<u>\$ (461,079)</u>	(413,273)	<u>\$ 47,806</u>
ADJUSTMENTS TO GAAP BASIS				
Principal Payments on Debt			71,000	
Capital Outlay			473,881	
Depreciation and Amortization			<u>(233,712)</u>	
NET INCOME, GAAP Basis			(102,104)	
NET POSITION, Beginning			<u>1,930,231</u>	
NET POSITION, Ending			<u>\$1,828,127</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, 2012

	<u>Balance</u> <u>January 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31, 2012</u>
Summit County Telecommunications Consortium				
ASSETS				
Cash and Investments	\$ 82,642	\$ 149,450	138,701	\$ 93,391
Accounts Receivable	<u>8,293</u>	<u>8,464</u>	<u>8,293</u>	<u>8,464</u>
Total Assets	<u>\$ 90,935</u>	<u>\$ 157,914</u>	<u>\$ 146,994</u>	<u>\$ 101,855</u>
LIABILITIES				
Accounts Payable	\$ 20	\$ -	\$ 20	\$ -
Accrued Liabilities	1,741	1,770	1,741	1,770
Funds Held for Others	<u>89,174</u>	<u>100,085</u>	<u>89,174</u>	<u>100,085</u>
Total Liabilities	<u>\$ 90,935</u>	<u>\$ 101,855</u>	<u>\$ 90,935</u>	<u>\$ 101,855</u>

See the accompanying Independent Auditors' Report.

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Dillon
	YEAR ENDING : December 2012
This Information From The Records Of (example - City of _ or County of _) Town of Dillon	Prepared By: Carri McDonnell Phone: 970-262-3404

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	223,751
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	52,113
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	21,038
2. General fund appropriations		b. Snow and ice removal	22,095
3. Other local imposts (from page 2)	911,594	c. Other	
4. Miscellaneous local receipts (from page 2)	170,057	d. Total (a. through c.)	43,133
5. Transfers from toll facilities		4. General administration & miscellaneous	37,400
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	226,557
a. Bonds - Original Issues		6. Total (1 through 5)	582,954
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	385,947
7. Total (1 through 6)	1,081,651	b. Redemption	223,901
B. Private Contributions		c. Total (a. + b.)	609,848
C. Receipts from State government (from page 2)	111,151	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,192,802	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	609,848
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,192,802

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	8,583,540		223,901	8,359,639
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,192,802	1,192,802		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2012

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	210,506	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	170,057
1. Sales Taxes	701,088	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.)	701,088	h. Other	
c. Total (a. + b.)	911,594	i. Total (a. through h.)	170,057
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	96,989	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	14,162	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	14,162	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	111,151	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		1,173	1,173
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		222,578	222,578
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	222,578	222,578
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	223,751	223,751
			(Carry forward to page 1)

Notes and Comments: