

# *Town of Dillon, Colorado*



## *Financial Statements*

### *December 31, 2013*

## **TABLE OF CONTENTS**

	<u><b>PAGES</b></u>
<b>Financial Section</b>	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Balance Sheet – Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Statement of Assets and Liabilities – Agency Fund	22
Notes to the Financial Statements	23
Required Supplementary Information	
General Fund – Budgetary Comparison Schedule	39
Notes to Required Supplementary Information	40
Supplementary Information	
Nonmajor Governmental Funds	41
Combining Balance Sheet – Nonmajor Governmental Funds	42

**TABLE OF CONTENTS**  
(continued)

	<b><u>PAGES</u></b>
Supplementary Information ( <b>continued</b> )	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	43
Capital Improvement Fund – Budgetary Comparison Schedule	44
Street Improvement Fund – Budgetary Comparison Schedule	45
Conservation Trust Fund – Budgetary Comparison Schedule	46
Housing Initiative 5A Fund – Budgetary Comparison Schedule	47
Cemetery Perpetual Care Fund – Budgetary Comparison Schedule	48
Dillon Urban Renewal Authority – Budgetary Comparison Schedule	49
Improvement District #1, Anemone Trail Fund – Budgetary Comparison Schedule	50
Water Fund – Budgetary Comparison Schedule	51
Sewer Fund – Budgetary Comparison Schedule	52
Marina Fund – Budgetary Comparison Schedule	53
Statement of Changes in Assets and Liabilities – Agency Fund	54
<b>Compliance Section</b>	
Local Highway Finance Report	55



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, 2013, 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, 2013, 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.



May 23, 2014

## 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, 2013.

### Financial Highlights

- The assets of the Town of Dillon exceeded its liabilities at the close of fiscal year 2013 by \$18,105,971 (*net position*). Of this amount, \$3,987,089 (*unrestricted net position*) may be used to meet the Town of Dillon's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$934,023.
- As of the close of the fiscal year 2013, the Town of Dillon's governmental activities reported ending net position of \$7,909,918, an increase of \$528,068 compared with the prior year. Approximately 28.1% of this total amount, \$2,219,365, is available for spending at the Town's discretion (*unrestricted net position*).
- At the end of the fiscal year ended December 31, 2013, unrestricted fund balance for the General Fund was \$1,952,993, or 52.5% of the total general fund expenditures.
- The Town of Dillon's total debt decreased by \$850,972 during the fiscal year ended December 31, 2013.

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



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

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

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

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

The Town of Dillon maintains eight 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 five 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 54 of this report.

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

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements and the required supplementary information. The combining fund statements can be found on pages 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 \$18,105,971 at the close of the fiscal year 2013.



The net position of the Town at December 31, 2013 was:

### Town of Dillon's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$3,625,908	\$2,969,096	\$3,794,640	\$3,416,018	\$7,420,548	\$6,385,114
Capital Assets	13,332,998	14,051,345	10,693,098	10,909,031	24,026,096	24,960,376
<b>Total Assets</b>	<b>16,958,906</b>	<b>17,020,441</b>	<b>14,487,738</b>	<b>14,325,049</b>	<b>31,446,644</b>	<b>31,345,490</b>
<b>Total Deferred Outflows of</b>						
<b>Resources</b>	5,600	22,861	--	--	5,600	22,861
Other Liabilities	171,547	146,058	212,638	233,883	384,185	379,941
Noncurrent Liabilities	8,672,455	9,301,406	4,079,047	4,301,068	12,751,502	13,602,474
<b>Total Liabilities</b>	<b>8,844,002</b>	<b>9,447,464</b>	<b>4,291,685</b>	<b>4,534,951</b>	<b>13,135,687</b>	<b>13,982,415</b>
<b>Total Deferred Inflows of</b>						
<b>Resources</b>	210,586	213,988	--	--	210,586	213,988
<b>Net Position:</b>						
Invested in Capital Assets, Net of						
Related Debt	4,768,144	4,894,667	8,428,329	8,661,571	13,196,473	13,556,238
Restricted	922,409	861,781	--	--	922,409	861,781
Unrestricted	2,219,365	1,625,402	1,767,724	1,128,527	3,987,089	2,753,929
<b>Total Net Position</b>	<b>\$7,909,918</b>	<b>\$7,381,850</b>	<b>\$10,196,053</b>	<b>\$9,790,098</b>	<b>\$18,105,971</b>	<b>\$17,171,948</b>

A large portion of the Town of Dillon's net position (72.9%) 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 (5.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$3,987,089) may be used to meet the Town's ongoing obligations to citizens and creditors.

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

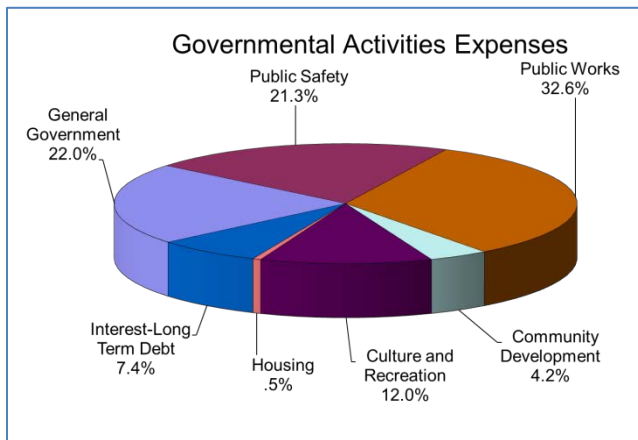
The Town of Dillon's net position increased by \$934,023 during the fiscal year 2013. The net position of Governmental Activities increased by \$528,068 which can be attributed to an increase in revenues including sales tax, lodging tax and fines and forfeitures and a decrease in operational spending. Net position of Business-Type Activities increased by \$405,955 which is the result of an increase in water and sewer user fees and a reduction in marina capital spending.

## Town of Dillon's Changes in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
<b>Program Revenues</b>						
Charges for Services	\$337,466	\$242,766	\$2,816,840	\$2,793,405	\$3,154,306	\$3,036,171
Operating Grants and Contributions	131,801	137,436	--	--	131,801	137,436
Capital Grants and Contributions	106,432	94,290	29,632	76,332	136,064	170,622
<b>General Revenues</b>						
Sales Tax	5,109,070	4,685,304	--	--	5,109,070	4,685,304
Property Tax	213,828	210,506	--	--	213,828	210,506
Lodging Tax	128,008	119,086	--	--	128,008	119,086
Other Tax	147,209	135,423	--	--	147,209	135,423
Grants & Contributions not Restricted to Specific Programs	18,585	18,969	--	--	18,585	18,969
Other General Revenues	95,807	50,921	69,392	86,920	165,199	137,841
<b>Total Revenues</b>	<b>6,288,206</b>	<b>5,694,701</b>	<b>2,915,864</b>	<b>2,956,657</b>	<b>9,204,070</b>	<b>8,651,358</b>
<b>Program Expenses</b>						
General Government	1,276,355	1,288,541	--	--	1,276,355	1,288,541
Public Safety	1,232,954	1,372,941	--	--	1,232,954	1,372,941
Public Works	1,892,193	1,925,288	--	--	1,892,193	1,925,288
Community Development	241,209	231,832	--	--	241,209	231,832
Culture and Recreation	696,282	609,032	--	--	696,282	609,032
Housing	32,980	24,722	--	--	32,980	24,722
Urban Renewal	--	2,016	--	--	--	2,016
Interest on Long-Term Debt	426,232	445,263	--	--	426,232	445,263
Water	--	--	742,926	670,306	742,926	670,306
Sewer	--	--	695,613	664,613	695,613	664,613
Marina	--	--	1,033,303	1,122,292	1,033,303	1,122,292
<b>Total Expenses</b>	<b>5,798,205</b>	<b>5,899,635</b>	<b>2,471,842</b>	<b>2,457,211</b>	<b>8,270,047</b>	<b>8,356,846</b>
Transfers	38,067	66,067	(38,067)	(66,067)	--	--
Changes in Net Position	528,068	(138,867)	405,955	433,379	934,023	294,512
Net Position—Begin of Year	7,381,850	7,520,717	9,790,098	9,356,719	17,171,948	16,877,436
Net Position—End of Year	\$7,909,918	\$7,381,850	\$10,196,053	\$9,790,098	\$18,105,971	\$17,171,948

**Governmental activities.** Governmental activities increased the Town of Dillon's net position by \$528,068. The following are illustrative summaries of Governmental Activities breaking out revenues and expenses:

- Sales tax, the primary source of revenues to the General Fund (81.2% of governmental revenues), increased \$423,766 from 2012 due to growth in the economy in all sectors.
- Property tax increased 1.6% over 2012 due to increases in assessed valuation.
- Lodging tax collections increased 7.5% over 2012.
- Charges for services increased 39% over 2012 due to increases in the park rentals, development applications and fines and forfeitures.
- Capital grants and contributions were up 12.9% due to increases in collections for affordable housing.



- Expenses for governmental activities are essentially flat to 2012. The chart to the left (see *Governmental Activities Expenses*) represents department expenses as a percentage of the total expenses for governmental activities.

- General government expenses are down .9% due to savings in administration offset by increases in spending in events, marketing and economic development.

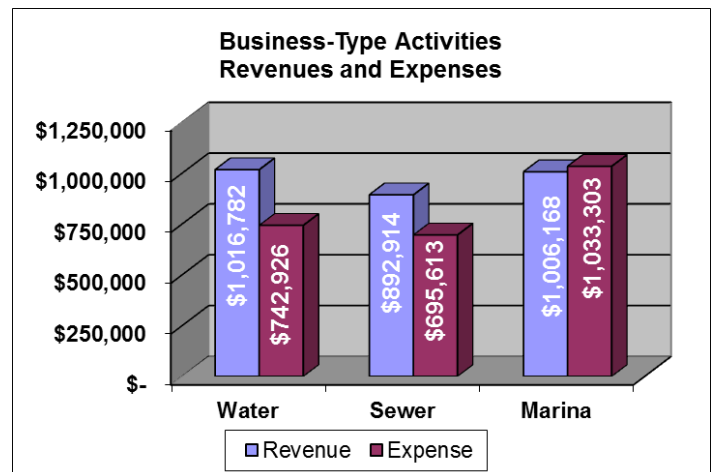
- Public safety expenses decreased 10.2%

due to staff vacancies in 2013.

- Public works expenses decreased 1.7% due to the reduction in spending on pavement maintenance needs in 2013.
- Community Development expenses increased 4% due to a reallocation of staff time from street reconstructions as the reconstruction projects have been delayed.
- Culture and Recreation increased 14.3% due to the remodel of the town hall police department offices.
- Housing expenses increased 33.4% due to an increase in the administrative fee assessed by the Summit Multi-Jurisdictional Housing Authority and the completion of a housing market study.
- Core Services (public safety, public works and culture and recreation) make up 65.9% 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 \$405,955, accounting for 43.5% of growth in the Town’s net position. Key elements of this increase are as follows:

- Charges for services increased .8% due to water and sewer rate increases.
- Water and Sewer and Marina 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 2013 as aging rental boats were replaced and improvements were made to the docks to accommodate water levels using beginning net position.

## **Financial Analysis of the Town of Dillon's Funds**

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

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

As of the end of the fiscal year 2013, the Town of Dillon's governmental funds reported combined ending fund balances of \$3,286,234, an increase of \$629,846 (23.7%) over 2012. Approximately 59.1% of this total amount constitutes unassigned fund balance (\$1,942,319), which is available for spending at the Town's discretion. The remainder of fund balance is restricted or assigned to indicate that it is not available for new spending because it has already been either restricted for 1) emergencies (\$175,168), 2) parks and open space projects (\$52,831), 3) affordable housing projects (\$326,655), 4) capital projects (\$303,593) or assigned for 1) cemetery purposes (\$13,671), 2) capital projects (\$394,885) or nonspendable for prepaid expenditures (\$12,950) and cemetery perpetual care balances (\$64,162).

The General Fund is the chief operating fund of the Town of Dillon. At the end of the fiscal year 2013, unassigned fund balance of the General Fund was \$1,952,993, while the total fund balance was \$2,141,111. 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 52.5% and 57.5% of the total general fund expenditures, respectively.

The Capital Improvement Fund ended the year with a fund balance of \$394,885. The net increase in fund balance during the fiscal year 2013 was \$86,264 as a result of an increase in sales tax collections and a decrease in spending for capital projects.

The Street Improvement Fund was created in 2008 to account for the issuance of debt for funding street reconstruction projects that were approved by the voters in 2008. The funding source for the debt repayment is the voter approved .5% sales tax. The fund balance at December 31, 2013 is \$224,839. 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 (\$52,831) 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 \$326,655. The Cemetery Perpetual Care Fund has a current fund balance of \$77,833 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 fund is the Special Improvement District #1, Anemone Trail Fund, which has a fund balance of \$78,754.

***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 \$1,767,724. The changes in net position for all three funds were an increase of \$273,856 for Water, \$197,301 for Sewer and a decrease of \$65,202 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 \$483,453 (29.2%) during the current fiscal year. Revenues were over budget by \$401,942 due to the growth in the economy. Expenditures were under budget by \$203,383 (5.1%) due to staff vacancies and reduction in spending in public safety and public works. Supplemental appropriations were approved by Town Council for an economic development incentive program, self-collection of sales tax business analysis case, donations and a settlement agreement.

### **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, 2013, amounts to \$24,026,096 (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	
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
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
Construction in Progress	--	--	28,629	--	28,629	--
Infrastructure	16,305,888	15,673,332	8,225,080	8,061,473	24,530,968	23,734,805
Buildings	1,497,310	1,497,310	480,243	480,243	1,977,553	1,977,553
Equipment & Vehicles	2,934,588	2,888,780	703,086	673,691	3,637,674	3,562,471
Parks & Amphitheatre	2,603,460	2,572,369	--	--	2,603,460	2,572,369
Furniture & Fixtures	288,947	288,947	--	--	288,947	288,947
Water Plant	--	--	3,654,117	3,654,117	3,654,117	3,654,117
Improvements	--	--	4,639,639	4,605,410	4,639,639	4,605,410
<b>Total</b>	<b>\$ 25,721,755</b>	<b>\$ 25,012,300</b>	<b>\$ 18,254,515</b>	<b>\$ 17,998,655</b>	<b>\$ 43,976,270</b>	<b>\$ 43,010,955</b>

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

- Work on reconstruction of Marina Drive (\$611k).
- Overlay of LaBonte Street (\$85k).
- Marina Park Improvements (\$31k).
- Purchase of Equipment/Vehicles (\$46k).
- The Water department continued work on the Old Dillon Reservoir enlargement (\$74k), replaced the water line in Marina Drive (\$48k), started the engineering and design work for the storage tank replacement project (\$28k) and rehabilitated manholes (\$30k).
- The Marina department installed dock extensions (\$34k) and replaced rentals boats (\$83k).

**Long-term debt.** At the end of the current fiscal year, the Town of Dillon had total long term debt outstanding of \$12,751,502. Of this amount, \$1,524,093 in water utility loans, \$553,208 in sewer utility loans, \$1,983,000 for the marina shoreline replacement project, and \$8,046,299 in bonds secured solely by specified revenue sources (i.e. revenue bonds). Additionally, the Town of Dillon has \$546,910 in lease financing for capital assets, \$120,747 in compensated absences and a bond discount (\$22,755). The Town of Dillon's total debt decreased by \$850,972 during the current fiscal year.

### Town of Dillon's Outstanding Debt

	General Obligation and Revenue Bonds		Business-Type		Total	
	Governmental Activities		Activities			
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
Water Utility Loans	--	--	1,524,093	1,541,756	1,541,756	1,541,756
Sewer Utility Loans	--	--	553,208	677,412	677,412	677,412
Marina Facility Loan	--	--	1,983,000	2,058,000	2,058,000	2,058,000
Revenue Bonds	8,046,299	8,359,639	--	--	8,359,639	8,359,639
Capital Lease Obligations	546,910	844,140	--	--	844,140	844,140
Compensated Absences	102,001	121,867	18,746	23,900	145,767	145,767
Bond Discount	(22,755)	(24,240)	--	--	(24,240)	(24,240)
<b>Total</b>	<b>\$ 8,672,455</b>	<b>\$ 9,301,406</b>	<b>\$ 4,079,047</b>	<b>\$ 4,301,068</b>	<b>\$ 12,751,502</b>	<b>\$ 13,602,474</b>

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

- Sales tax revenues account for 81.2% 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 2014 were projected to be flat to 2013 due to continuing uncertainty of the economy. Sales tax collections in 2013 were up by 9.5% to 2012.
- Assessed valuations have decreased 1.6% from 2013 to 2014.
- Capital spending represents 27% of the 2014 budget of all expenditures appropriated for capital projects in the Capital Improvement Fund, Street Improvement Fund, Water Fund, Sewer Fund and Marina Fund.
- The paving of the parking area at the marina and the landscaping improvements to Marina Park are the major capital projects for 2014.
- 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 2014 fiscal year.

## **Requests for Information**

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



TOWN OF DILLON, COLORADO  
**STATEMENT OF NET POSITION**  
December 31, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 2,286,228	\$ 1,921,493	\$ 4,207,721
Restricted Cash and Investments	-	274,308	274,308
Accounts Receivable	89,854	77,615	167,469
Current Taxes Receivable	1,961	-	1,961
Intergovernmental Receivable	1,018,725	-	1,018,725
Property Taxes Receivable	210,586	-	210,586
Notes Receivable	5,604	-	5,604
Prepaid Expenses	12,950	-	12,950
Investment in Joint Sewer Authority	-	1,521,224	1,521,224
Capital Assets			
Non-Depreciable Assets	2,091,562	552,350	2,643,912
Depreciable Assets, Net	11,241,436	10,140,748	21,382,184
Total Assets	16,958,906	14,487,738	31,446,644
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on Debt Refunding, Net of Accumulated Amortization	5,600	-	5,600
<b>LIABILITIES</b>			
Accounts Payable	59,669	88,337	148,006
Interest Payable	42,459	111,004	153,463
Accrued Liabilities	53,919	13,297	67,216
Unearned Revenues	15,500	-	15,500
Noncurrent Liabilities			
Due Within One Year	641,592	244,709	886,301
Due in More Than One Year	8,030,863	3,834,338	11,865,201
Total Liabilities	8,844,002	4,291,685	13,135,687
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	210,586	-	210,586
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,768,144	8,428,329	13,196,473
Restricted for:			
Cemetery, Nonexpendable	64,162	-	64,162
Emergencies	175,168	-	175,168
Parks and Open Space	52,831	-	52,831
Housing	326,655	-	326,655
Capital Projects	303,593	-	303,593
Unrestricted	2,219,365	1,767,724	3,987,089
Total Net Position	\$ 7,909,918	\$ 10,196,053	\$ 18,105,971

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

TOWN OF DILLON, COLORADO  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2013

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 1,276,355	\$ 59,382	\$ -	\$ -
Public Safety	1,232,954	246,128	-	-
Public Works	1,892,193	-	131,801	-
Community Development	241,209	14,404	-	-
Culture and Recreation	696,282	17,552	-	9,733
Housing	32,980	-	-	96,699
Interest on Long-Term Debt	426,232	-	-	-
<b>Total Governmental Activities</b>	<b>5,798,205</b>	<b>337,466</b>	<b>131,801</b>	<b>106,432</b>
<b>Business-Type Activities</b>				
Water	742,926	993,127	-	16,707
Sewer	695,613	847,220	-	12,925
Marina	1,033,303	976,493	-	-
<b>Total Business-Type Activities</b>	<b>2,471,842</b>	<b>2,816,840</b>	<b>-</b>	<b>29,632</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 8,270,047</b>	<b>\$ 3,154,306</b>	<b>\$ 131,801</b>	<b>\$ 136,064</b>

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

TOTAL GENERAL REVENUES

TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

PRIMARY GOVERNMENT

<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
\$ (1,216,973)	\$ -	\$ (1,216,973)
(986,826)	-	(986,826)
(1,760,392)	-	(1,760,392)
(226,805)	-	(226,805)
(668,997)	-	(668,997)
63,719	-	63,719
<u>(426,232)</u>	<u>-</u>	<u>(426,232)</u>
 <u>(5,222,506)</u>	 <u>-</u>	 <u>(5,222,506)</u>
 -	266,908	266,908
-	164,532	164,532
<u>-</u>	<u>(56,810)</u>	<u>(56,810)</u>
 <u>-</u>	 <u>374,630</u>	 <u>374,630</u>
 <u>(5,222,506)</u>	 <u>374,630</u>	 <u>(4,847,876)</u>
 5,109,070	-	5,109,070
213,828	-	213,828
128,008	-	128,008
147,209	-	147,209
18,585	-	18,585
9,739	6,011	15,750
<u>86,068</u>	<u>63,381</u>	<u>149,449</u>
5,712,507	69,392	5,781,899
<u>38,067</u>	<u>(38,067)</u>	<u>-</u>
528,068	405,955	934,023
<u>7,381,850</u>	<u>9,790,098</u>	<u>17,171,948</u>
 <u>\$ 7,909,918</u>	 <u>\$ 10,196,053</u>	 <u>\$ 18,105,971</u>

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

TOWN OF DILLON, COLORADO  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2013

	General	Capital Improvement	Street Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Assets					
Cash and Investments	\$ 1,493,647	\$ 198,486	\$ 102,959	\$ 491,136	\$ 2,286,228
Accounts Receivable	89,854	-	-	-	89,854
Current Taxes Receivable	1,961	-	-	-	1,961
Intergovernmental Receivable	641,421	205,657	121,880	49,767	1,018,725
Property Taxes Receivable	180,547	30,039	-	-	210,586
Notes Receivable	5,604	-	-	-	5,604
Due from Other Funds	10,674	-	-	-	10,674
Prepaid Expenditures	12,950	-	-	-	12,950
Total Assets	\$ 2,436,658	\$ 434,182	\$ 224,839	\$ 540,903	\$ 3,636,582
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 45,581	\$ 9,258	\$ -	\$ 4,830	\$ 59,669
Accrued Liabilities	53,919	-	-	-	53,919
Unearned Revenues	15,500	-	-	-	15,500
Due to Other Funds	-	-	-	10,674	10,674
Total Liabilities	115,000	9,258	-	15,504	139,762
Deferred Inflows of Resources					
Property Taxes	180,547	30,039	-	-	210,586
Fund Balances					
Nonspendable:					
Prepaid Expenditures	12,950	-	-	-	12,950
Cemetery	-	-	-	64,162	64,162
Restricted for:					
Emergencies	175,168	-	-	-	175,168
Parks and Open Space	-	-	-	52,831	52,831
Housing	-	-	-	326,655	326,655
Capital Projects	-	-	224,839	78,754	303,593
Assigned to:					
Cemetery	-	-	-	13,671	13,671
Capital Projects	-	394,885	-	-	394,885
Unassigned	1,952,993	-	-	(10,674)	1,942,319
Total Fund Balances	2,141,111	394,885	224,839	525,399	3,286,234
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,436,658	\$ 434,182	\$ 224,839	\$ 540,903	

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.	13,332,998
Long-term liabilities, including bonds payable (\$8,046,299), leases payable (\$546,910), interest payable (\$42,459), accrued compensated absences (\$102,001) offset by loss on refunding \$5,600 and bond discount \$22,755 are not due and payable in the current period and, therefore, not reported in the funds.	(8,709,314)
<b>Net Position of Governmental Activities</b>	<b>\$ 7,909,918</b>

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, 2013

	General	Capital Improvement	Street Improvement	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 3,675,291	\$ 1,093,453	\$ 667,446	\$ 161,925	\$ 5,598,115
Charges for Services	33,535	-	-	3,400	36,935
Licenses and Permits	54,672	-	-	-	54,672
Intergovernmental	195,457	-	-	100,659	296,116
Fines and Forfeitures	245,859	-	-	-	245,859
Interest	8,151	308	794	486	9,739
Miscellaneous	36,897	1,400	-	8,473	46,770
Total Revenues	4,249,862	1,095,161	668,240	274,943	6,288,206
<b>EXPENDITURES</b>					
Current					
General Government	1,192,921	-	-	-	1,192,921
Public Safety	1,188,627	-	-	-	1,188,627
Public Works	610,367	-	3,587	-	613,954
Community Development	242,133	-	-	-	242,133
Culture and Recreation	488,361	-	-	36,622	524,983
Housing	-	-	-	32,980	32,980
Capital Outlay	-	760,754	117,140	-	877,894
Debt Service					
Principal	-	297,230	185,000	128,340	610,570
Interest	-	32,980	364,399	14,986	412,365
Total Expenditures	3,722,409	1,090,964	670,126	212,928	5,696,427
Excess of Revenues Over (Under) Expenditures	527,453	4,197	(1,886)	62,015	591,779
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	82,067	-	-	82,067
Transfers Out	(44,000)	-	-	-	(44,000)
Total Other Financing Sources (Uses)	(44,000)	82,067	-	-	38,067
Net Changes in Fund Balance	483,453	86,264	(1,886)	62,015	629,846
Fund Balances, Beginning of Year	1,657,658	308,621	226,725	463,384	2,656,388
Fund Balances, End of Year	\$ 2,141,111	\$ 394,885	\$ 224,839	\$ 525,399	\$ 3,286,234

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, 2013

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

Net Change in Fund Balances of Governmental Funds	\$ 629,846
Capital outlays to purchase or build capital assets \$774,210 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 (\$1,492,557).	(718,347)
Repayments of bond principal \$313,340 and lease payments of \$297,230 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.	610,570
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 \$19,866 and accrued interest payable \$4,879.	24,745
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 discounts (\$1,485) and loss on refunding (\$17,261).	<u>(18,746)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 528,068</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, 2013

	Water Fund	Sewer Fund	Marina Fund	Total Business-Type Activities
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 821,595	\$ 917,276	\$ 182,622	\$ 1,921,493
Restricted Cash and Investments	274,308	-	-	274,308
Accounts Receivable	48,567	23,853	5,195	77,615
Total Current Assets	1,144,470	941,129	187,817	2,273,416
Noncurrent Assets				
Investment in Joint Sewer Authority	-	1,521,224	-	1,521,224
Capital Assets				
Non-Depreciable Assets	552,350	-	-	552,350
Depreciable Assets, Net	4,497,833	2,116,564	3,526,351	10,140,748
Total Noncurrent Assets	5,050,183	3,637,788	3,526,351	12,214,322
Total Assets	6,194,653	4,578,917	3,714,168	14,487,738
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	79,053	576	8,708	88,337
Interest Payable	83,417	12,219	15,368	111,004
Accrued Liabilities	7,468	1,502	4,327	13,297
Leases and Loans Payable	36,106	129,603	79,000	244,709
Total Current Liabilities	206,044	143,900	107,403	457,347
Noncurrent Liabilities				
Compensated Absences	4,046	1,626	13,074	18,746
Leases and Loans Payable	1,487,987	423,605	1,904,000	3,815,592
Total Noncurrent Liabilities	1,492,033	425,231	1,917,074	3,834,338
Total Liabilities	1,698,077	569,131	2,024,477	4,291,685
<b>NET POSITION</b>				
Net Investment in Capital Assets	3,800,398	3,084,580	1,543,351	8,428,329
Unrestricted	696,178	925,206	146,340	1,767,724
<b>TOTAL NET POSITION</b>	\$ 4,496,576	\$ 4,009,786	\$ 1,689,691	\$ 10,196,053

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, 2013

	Water Fund	Sewer Fund	Marina Fund	Total Business-Type Activities
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 993,127	\$ 847,220	\$ 976,493	\$ 2,816,840
Total Operating Revenues	<u>993,127</u>	<u>847,220</u>	<u>976,493</u>	<u>2,816,840</u>
<b>OPERATING EXPENSES</b>				
Operations	378,514	111,289	677,222	1,167,025
Maintenance	33,962	29,899	37,287	101,148
Distribution	17,075	-	-	17,075
Treatment	29,017	452,731	-	481,748
Depreciation	226,316	74,991	224,539	525,846
Total Operating Expenses	<u>684,884</u>	<u>668,910</u>	<u>939,048</u>	<u>2,292,842</u>
Operating Income (Loss)	<u>308,243</u>	<u>178,310</u>	<u>37,445</u>	<u>523,998</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Revenue	4,957	916	138	6,011
Miscellaneous Revenue	1,991	252	29,537	31,780
Interest Expense	(58,042)	(26,703)	(94,255)	(179,000)
Joint Sewer Authority	-	31,601	-	31,601
Total Nonoperating Revenues (Expenses)	<u>(51,094)</u>	<u>6,066</u>	<u>(64,580)</u>	<u>(109,608)</u>
Net Income Before Transfers and Capital Contributions	257,149	184,376	(27,135)	414,390
Transfer Out	-	-	(38,067)	(38,067)
Capital Contributions	<u>16,707</u>	<u>12,925</u>	<u>-</u>	<u>29,632</u>
<b>CHANGE IN NET POSITION</b>	273,856	197,301	(65,202)	405,955
<b>NET POSITION, Beginning</b>	<u>4,222,720</u>	<u>3,812,485</u>	<u>1,754,893</u>	<u>9,790,098</u>
<b>NET POSITION, Ending</b>	<u><u>\$ 4,496,576</u></u>	<u><u>\$ 4,009,786</u></u>	<u><u>\$ 1,689,691</u></u>	<u><u>\$ 10,196,053</u></u>

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

TOWN OF DILLON, COLORADO  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Increase (Decrease) in Cash and Cash Equivalents**  
For the Year Ended December 31, 2013

	Water Fund	Sewer Fund	Marina Fund	Totals
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 988,271	\$ 841,567	\$ 972,313	\$ 2,802,151
Cash Paid to Suppliers	(270,767)	(522,894)	(285,409)	(1,079,070)
Cash Paid to Employees	(263,600)	(72,462)	(432,095)	(768,157)
Net Cash Provided by Operating Activities	<u>453,904</u>	<u>246,211</u>	<u>254,809</u>	<u>954,924</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of Capital Assets	(151,214)	(41,022)	(117,677)	(309,913)
Debt Principal Payments	(17,663)	(124,204)	(75,000)	(216,867)
Interest Payments	(884)	(29,447)	(94,837)	(125,168)
Tap Fees and Other Contributed Capital	16,707	12,925	-	29,632
Transfer Out	-	-	(38,067)	(38,067)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(153,054)</u>	<u>(181,748)</u>	<u>(325,581)</u>	<u>(660,383)</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Miscellaneous	<u>1,991</u>	<u>252</u>	<u>29,537</u>	<u>31,780</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Interest Received	<u>4,957</u>	<u>916</u>	<u>138</u>	<u>6,011</u>
Net Increase (Decrease) in Cash & Cash Equivalents	307,798	65,631	(41,097)	332,332
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>788,105</u>	<u>851,645</u>	<u>223,719</u>	<u>1,863,469</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u><u>\$ 1,095,903</u></u>	<u><u>\$ 917,276</u></u>	<u><u>\$ 182,622</u></u>	<u><u>\$ 2,195,801</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income	\$ 308,243	\$ 178,310	\$ 37,445	\$ 523,998
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	226,316	74,991	224,539	525,846
Net Gain from Joint Venture	-	(7,961)	-	(7,961)
Changes in Assets and Liabilities				
Accounts Receivable	(4,856)	2,308	(4,180)	(6,728)
Accounts Payable	(77,077)	(134)	(3,125)	(80,336)
Accrued Liabilities	4,718	89	452	5,259
Compensated Absences	(3,440)	(1,392)	(322)	(5,154)
Net Cash Provided by Operating Activities	<u><u>\$ 453,904</u></u>	<u><u>\$ 246,211</u></u>	<u><u>\$ 254,809</u></u>	<u><u>\$ 954,924</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, 2013

	Summit County Telecommunications Consortium
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 86,703
Accounts Receivable	8,606
Total Current Assets	\$ 95,309
 <b>LIABILITIES</b>	
Liabilities	
Accounts Payable	\$ 482
Accrued Liabilities	486
Funds Held for Others	94,341
Total Liabilities	\$ 95,309

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

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2013

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, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The agency fund uses the accrual basis of accounting. Revenues are recorded in the period in which they are earned and expenses are recognized when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

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

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

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

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

When both restricted and unrestricted resources are available for 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, 2013

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, 2013

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

Unearned Revenues

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

Compensated Absences

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

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

Long-Term Obligations

In the government-wide financial statements, and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums, discounts and accounting losses from debt refundings are deferred and amortized over the life of the bonds using the straight-line method. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses or expenditures when paid.



TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2013

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.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments as of December 31, 2013 follows:

Deposits	\$2,397,302
Petty Cash	300
Investments	1,896,822
Cash Held by Third Party	<u>274,308</u>
Total Cash on Hand and Investments	<u>\$4,568,732</u>

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

Cash and Investments	\$4,207,721
Restricted Cash and Investments	274,308
Agency Fund Cash and Investments	<u>86,703</u>
Total Cash and Investments	<u>\$4,568,732</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, 2013, the Town had bank deposits of \$306,059 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, 2013

NOTE 2: CASH AND INVESTMENTS (continued)

Investments

At December 31, 2013, the Town had the following investments:

<u>Investment Type</u>	<u>S&amp;P Rating</u>	<u>Investment in Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>Fair Value</u>
Federated Prime Cash Obligation	AAAm	\$ 643,847	\$ 643,847
Local Government Investment Pools	AAAm	<u>1,252,975</u>	<u>1,252,975</u>
Total		<u>\$1,896,822</u>	<u>\$1,896,822</u>

The Town has a formal investment policy that limits its investment choices and the length of maturity to five 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 one or more Nationally Recognized Statistical Rating Organizations (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, 2013 the Town had \$516,608 invested in the Colorado Surplus Asset Fund Trust (CSAFE) and \$736,367 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 \$274,308 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 2014 for the Old Dillon Reservoir enlargement.

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2013

NOTE 3: CAPITAL ASSETS

Governmental Activities

Capital assets activity for governmental activities for the year ended December 31, 2013 is summarized below:

	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/13</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ <u>2,091,562</u>	\$ --	\$ --	\$ <u>2,091,562</u>
Capital Assets, Being Depreciated				
Infrastructure	15,673,332	697,311	(64,755)	16,305,888
Buildings	1,497,310	--	--	1,497,310
Equipment & Vehicles	2,888,780	45,808	--	2,934,588
Parks & Amphitheatre	2,572,369	31,091	--	2,603,460
Furniture & Fixtures	<u>288,947</u>	<u>--</u>	<u>--</u>	<u>288,947</u>
Total Capital Assets, Being Depreciated	<u>22,920,738</u>	<u>774,210</u>	<u>(64,755)</u>	<u>23,630,193</u>
Less: Accumulated Depreciation For				
Infrastructure	7,190,780	1,006,287	(64,755)	8,132,312
Buildings	1,051,290	46,818	--	1,098,108
Equipment & Vehicles	1,342,057	257,800	--	1,599,857
Parks & Amphitheatre	1,147,805	138,892	--	1,286,697
Furniture & Fixtures	<u>229,023</u>	<u>42,760</u>	<u>--</u>	<u>271,783</u>
Total Accumulated Depreciation	<u>10,960,955</u>	<u>1,492,557</u>	<u>(64,755)</u>	<u>12,388,757</u>
Total Capital Assets, Being Depreciated, Net	<u>11,959,783</u>	<u>(718,347)</u>	<u>--</u>	<u>11,241,436</u>
Governmental Activities Capital Assets, Net	<u>\$14,051,345</u>	<u>\$(718,347)</u>	<u>\$ --</u>	<u>\$13,332,998</u>

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2013

NOTE 3: CAPITAL ASSETS (continued)

Business-Type Activities

Capital assets activity for business-type activities for the year ended December 31, 2013 is summarized below:

	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/13</u>
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 219,652	--	--	\$ 219,652
Water Rights	304,069	--	--	304,069
Construction in Progress	<u>--</u>	<u>28,629</u>	<u>--</u>	<u>28,629</u>
Total Capital Assets, Not Being Depreciated	<u>523,721</u>	<u>28,629</u>	<u>--</u>	<u>552,350</u>
Capital Assets, Being Depreciated				
Water Plant	3,654,117	--	--	3,654,117
Lines	5,687,259	78,709	--	5,765,968
Buildings	480,243	--	--	480,243
Equipment & Vehicles	673,691	83,448	(54,053)	703,086
Lift Station	892,800	10,498	--	903,298
Reservoirs	1,481,414	74,400	--	1,555,814
Improvements	<u>4,605,410</u>	<u>34,229</u>	<u>--</u>	<u>4,639,639</u>
Total Capital Assets, Being Depreciated	<u>17,474,934</u>	<u>281,284</u>	<u>(54,053)</u>	<u>17,702,165</u>
Less: Accumulated Depreciation For				
Water Plant	1,834,633	103,867	--	1,938,500
Lines	2,988,345	119,433	--	3,107,778
Buildings	363,566	22,499	--	386,065
Equipment & Vehicles	502,962	75,103	(54,053)	524,012
Lift Station	133,940	24,712	--	158,652
Reservoirs	79,579	38,895	--	118,474
Improvements	<u>1,186,599</u>	<u>141,337</u>	<u>--</u>	<u>1,327,936</u>
Total Accumulated Depreciation	<u>7,089,624</u>	<u>525,846</u>	<u>(54,053)</u>	<u>7,561,417</u>
Total Capital Assets, Being Depreciated, Net	<u>10,385,310</u>	<u>(244,562)</u>	<u>--</u>	<u>10,140,748</u>
Business-Type Activities				
Capital Assets, Net	<u>\$10,909,031</u>	<u>\$(215,933)</u>	<u>\$ --</u>	<u>\$10,693,098</u>

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2013

NOTE 3: CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 73,801
Public Safety	29,123
Public Works	1,232,114
Community Development	3,651
Culture and Recreation	<u>153,868</u>
Total Governmental Activities Depreciation Expense	<u>\$1,492,557</u>
Business-Type Activities	
Water Fund	\$ 226,316
Sewer Fund	74,991
Marina Fund	<u>224,539</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 525,846</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, 2013 of \$1,521,224, which represents a 13.10% share in the joint venture. At December 31, 2013, the Town was responsible for 20.7% 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, 2013

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, 2013:

	Beginning 12/31/12	<u>Additions</u>	<u>Retirement</u>	Ending 12/31/13	Due Within One Year
Excise Tax Revenue Bond-05	\$ 399,639	\$ --	\$(128,340)	271,299	133,153
Capital Project Lease-09	386,245	--	(189,801)	196,444	196,444
Capital Project Lease-06	457,895	--	(107,429)	350,466	111,995
Excise Tax Revenue Bonds-08	4,980,000	--	(115,000)	4,865,000	120,000
Excise Tax Revenue Bonds-10	2,980,000	--	(70,000)	2,910,000	80,000
08 Bond Discount	(24,240)	--	1,485	(22,755)	--
Compensated Absences	<u>121,867</u>	<u>--</u>	<u>(19,866)</u>	<u>102,001</u>	<u>--</u>
Total	<u>\$ 9,301,406</u>	<u>\$ --</u>	<u>\$(628,951)</u>	<u>\$8,672,455</u>	<u>\$641,592</u>

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

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. Principal payments are due on December 1 of each year through 2028.

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. Principal payments are due on December 1 of each year through 2030.

The Excise Tax Revenue Bonds, Series 2004, Series 2005, Series 2008 and Series 2010 are payable solely from the Town's sales and lodging taxes. During the year ended December 31, 2013, revenues of \$5,237,078 were available to pay annual debt service of \$692,725 for all three bonds. The outstanding debt service at December 31, 2013 for all three bonds is \$11,944,906.

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, 2013, capital assets of \$1,048,021 have been recorded using the lease proceeds.

On December 7, 2009, the Town entered into a lease purchase agreement for \$918,000 with Wells Fargo Brokerage Services, LLC for the purchase of a New Holland 6070 tractor and a John Deere backhoe. The interest rate is 3.50%. Annual payments of \$203,320 are required through December 7, 2014. At December 31, 2013, capital assets of \$920,360 have been recorded using the lease proceeds.

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2013

NOTE 5: LONG-TERM DEBT (continued)

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2013:

	Beginning <u>12/31/12</u>	<u>Additions</u>	<u>Retirement</u>	Ending <u>12/31/13</u>	Due Within <u>One Year</u>
Marina Lease-10	\$ 2,058,000	--	(75,000)	1,983,000	79,000
Water Lot 50 Loan-04	26,756	--	(17,663)	9,093	9,093
CWCB Loan-09	1,515,000	--	--	1,515,000	27,013
Sewer Revenue Note 1-07	359,082	--	(65,900)	293,182	68,733
Sewer Revenue Note 2-07	318,330	--	(58,304)	260,026	60,870
Compensated Absences	<u>23,900</u>	<u>--</u>	<u>(5,154)</u>	<u>18,746</u>	<u>--</u>
Total	<u>\$4,301,068</u>	<u>\$ --</u>	<u>\$(222,021)</u>	<u>\$4,079,047</u>	<u>\$244,709</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 2011.

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 2014. The interest rate is 4% and matures 30 years after completion of the project. Principal and interest payments are due on December 1 of each year. The anticipated maturity date is December 1, 2043.

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, 2013, net revenues of \$267,394 were available to pay annual debt service of \$153,651. The outstanding debt service at December 31, 2013 for both loans is \$614,607.



TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2013

NOTE 5: LONG-TERM DEBT (continued)

Future Debt Service Requirements

**Governmental Activities**

Annual debt service requirements for the outstanding revenue bonds at December 31, 2013 are as follows:

Year Ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 333,153	\$ 368,573	\$ 701,726
2015	348,146	357,018	705,164
2016	360,000	344,628	704,628
2017	370,000	331,128	701,128
2018	385,000	316,428	701,428
2019-2023	2,190,000	1,321,188	3,511,188
2024-2028	2,755,000	758,425	3,513,425
2029-2030	<u>1,305,000</u>	<u>101,219</u>	<u>1,406,219</u>
Total	<u>\$8,046,299</u>	<u>\$3,898,607</u>	<u>\$11,944,906</u>

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligations at December 31, 2013:

Year Ended December 31,	
2014	330,210
2015	126,890
2016	<u>126,890</u>
Total Minimum Lease Payments	583,990
Less: Interest	<u>(37,080)</u>
Present Value of Future Minimum Lease Payments	<u>\$546,910</u>

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2013

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, 2013 are as follows:

Year Ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 165,709	\$ 84,828	\$ 250,537
2015	163,330	77,933	241,263
2016	170,333	70,932	241,265
2017	177,637	63,628	241,265
2018	31,601	56,012	87,613
2019-2023	178,008	260,056	438,064
2024-2028	216,573	221,491	438,064
2029-2033	263,494	174,569	438,063
2034-2038	320,580	117,482	438,062
2039-2043	390,036	48,026	438,062
	<u>\$2,077,301</u>	<u>\$1,174,957</u>	<u>\$3,252,258</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,	
2014	\$170,303
2015	170,583
2016	170,677
2017	170,585
2018	170,307
2019-2023	848,481
2024-2028	850,005
2029-2030	<u>338,833</u>
Total Minimum Lease Payments	2,889,774
Less: Interest	<u>(906,774)</u>
Present Value of Future Minimum Lease Payments	<u>\$1,983,000</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 \$39,392 for the year ended December 31, 2013.

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2013

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 General Fund transferred \$44,000 to the Capital Improvement Fund to pay for police equipment purchases from staff vacancies in the Police Department within the General Fund.

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, 2013, was \$10,674.

NOTE 7: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

At December 31, 2013, 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, 2013 were \$61,295 and \$34,821 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, 2013 were \$17,939 which equals the required contributions. All plan assets are held in trust for the exclusive benefit of the employees.

NOTE 9: RISK MANAGEMENT

Public Entity Risk Pool

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

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.

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2013

NOTE 9: RISK MANAGEMENT (continued)

Public Entity Risk Pool (continued)

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, 2013 the Town had restricted \$175,168 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.

NOTE 11: CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2013, the Town adopted the standards of Governmental Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities. As a result, the Town's net position at December 31, 2012, was restated to remove debt issuance costs capitalized in previous years, as follows.

	<u>Governmental Activities</u>	<u>Water Fund</u>	<u>Marina Fund</u>	<u>Business-Type Activities</u>
Net Position, December 31, 2012				
As Originally Stated	\$7,501,086	\$4,236,142	\$1,828,127	\$9,876,754
Debt Issuance Costs	<u>(119,236)</u>	<u>(13,422)</u>	<u>(73,234)</u>	<u>(86,656)</u>
Net Position, December 31, 2012				
As Restated	<u>\$7,381,850</u>	<u>\$4,222,720</u>	<u>\$1,754,893</u>	<u>\$9,790,098</u>

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TOWN OF DILLON, COLORADO  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 3,337,532	\$ 3,401,732	\$ 3,675,291	\$ 273,559
Charges for Services	28,282	30,282	33,535	3,253
Licenses and Permits	35,108	35,108	54,672	19,564
Intergovernmental	151,414	168,916	195,457	26,541
Fines and Forfeitures	174,181	174,181	245,859	71,678
Interest	7,839	7,839	8,151	312
Miscellaneous	4,862	29,862	36,897	7,035
Total Revenues	3,739,218	3,847,920	4,249,862	401,942
<b>EXPENDITURES</b>				
General Government	1,160,000	1,224,200	1,192,921	31,279
Public Safety	1,227,745	1,326,247	1,188,627	137,620
Public Works	722,793	722,793	610,367	112,426
Community Development	233,169	233,169	242,133	(8,964)
Culture and Recreation	417,383	419,383	488,361	(68,978)
Total Expenditures	3,761,090	3,925,792	3,722,409	203,383
Excess of Revenue Over (Under) Expenditures	(21,872)	(77,872)	527,453	605,325
<b>OTHER FINANCING USES</b>				
Transfer Out	-	(44,000)	(44,000)	-
Net Change in Fund Balance	(21,872)	(121,872)	483,453	605,325
Fund Balance, Beginning of Year	1,106,279	1,206,279	1,657,658	451,379
Fund Balance, End of Year	\$ 1,084,407	\$ 1,084,407	\$ 2,141,111	\$ 1,056,704

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2013

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 OF DILLON, COLORADO  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2013

	Special Revenue				Debt Service	Total
	Conservation Trust	Housing Initiative 5A	Cemetery Perpetual Care	Dillon Urban Renewal Authority	Special Improvement District	Nonmajor Governmental Funds
<b>ASSETS</b>						
Cash and Investments	\$ 52,831	\$ 313,041	\$ 77,833	\$ -	\$ 47,431	\$ 491,136
Intergovernmental Receivable	-	18,444	-	-	31,323	49,767
Total Assets	<u>\$ 52,831</u>	<u>\$ 331,485</u>	<u>\$ 77,833</u>	<u>\$ -</u>	<u>\$ 78,754</u>	<u>\$ 540,903</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts Payable	\$ -	\$ 4,830	\$ -	\$ -	\$ -	\$ 4,830
Due to Other Funds	-	-	-	10,674	-	10,674
Total Liabilities	<u>-</u>	<u>4,830</u>	<u>-</u>	<u>10,674</u>	<u>-</u>	<u>15,504</u>
Fund Balances						
Nonspendable:						
Cemetery	-	-	64,162	-	-	64,162
Restricted for:						
Parks and Open Space	52,831	-	-	-	-	52,831
Housing	-	326,655	-	-	-	326,655
Capital Projects	-	-	-	-	78,754	78,754
Assigned to:						
Cemetery	-	-	13,671	-	-	13,671
Unassigned	-	-	-	(10,674)	-	(10,674)
Total Fund Balances	<u>52,831</u>	<u>326,655</u>	<u>77,833</u>	<u>(10,674)</u>	<u>78,754</u>	<u>525,399</u>
Total Liabilities and Fund Balances	<u>\$ 52,831</u>	<u>\$ 331,485</u>	<u>\$ 77,833</u>	<u>\$ -</u>	<u>\$ 78,754</u>	<u>\$ 540,903</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, 2013

	Special Revenue				Debt Service	Total
	Conservation Trust	Housing Initiative 5A	Cemetery Perpetual Care	Dillon Urban Renewal Authority	Special Improvement District	Nonmajor Governmental Funds
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 161,925	\$ 161,925
Charges for Services	-	-	3,400	-	-	3,400
Intergovernmental	9,733	90,926	-	-	-	100,659
Interest	29	4	447	-	6	486
Miscellaneous	-	5,773	2,700	-	-	8,473
Total Revenues	<u>9,762</u>	<u>96,703</u>	<u>6,547</u>	<u>-</u>	<u>161,931</u>	<u>274,943</u>
<b>EXPENDITURES</b>						
Culture and Recreation	34,782	-	1,840	-	-	36,622
Housing	-	32,980	-	-	-	32,980
Debt Service						
Principal	-	-	-	-	128,340	128,340
Interest	-	-	-	-	14,986	14,986
Total Expenditures	<u>34,782</u>	<u>32,980</u>	<u>1,840</u>	<u>-</u>	<u>143,326</u>	<u>212,928</u>
Net Change in Fund Balances	(25,020)	63,723	4,707	-	18,605	62,015
Fund Balances, Beginning of Year	<u>77,851</u>	<u>262,932</u>	<u>73,126</u>	<u>(10,674)</u>	<u>60,149</u>	<u>463,384</u>
Fund Balances, End of Year	<u>\$ 52,831</u>	<u>\$ 326,655</u>	<u>\$ 77,833</u>	<u>\$ (10,674)</u>	<u>\$ 78,754</u>	<u>\$ 525,399</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO  
**CAPITAL IMPROVEMENT FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,020,325	\$ 1,020,325	\$ 1,093,453	\$ 73,128
Interest	1,000	1,000	308	(692)
Miscellaneous	16,800	36,800	1,400	(35,400)
Total Revenues	<u>1,038,125</u>	<u>1,058,125</u>	<u>1,095,161</u>	<u>37,036</u>
<b>EXPENDITURES</b>				
Capital Outlay	761,900	905,900	760,754	145,146
Debt Service				
Principal	297,230	297,230	297,230	-
Interest	32,980	32,980	32,980	-
Total Expenditures	<u>1,092,110</u>	<u>1,236,110</u>	<u>1,090,964</u>	<u>145,146</u>
Excess of Revenues Over (Under) Expenditures	(53,985)	(177,985)	4,197	182,182
<b>OTHER FINANCING SOURCES</b>				
Transfer In	<u>48,067</u>	<u>92,067</u>	<u>82,067</u>	<u>(10,000)</u>
Net Change in Fund Balance	(5,918)	(85,918)	86,264	172,182
Fund Balance, Beginning	<u>35,661</u>	<u>115,661</u>	<u>308,621</u>	<u>192,960</u>
Fund Balance, Ending	<u>\$ 29,743</u>	<u>\$ 29,743</u>	<u>\$ 394,885</u>	<u>\$ 365,142</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO  
**STREET IMPROVEMENT FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 631,830	\$ 631,830	\$ 667,446	\$ 35,616
Interest	<u>1,000</u>	<u>1,000</u>	<u>794</u>	<u>(206)</u>
Total Revenues	<u>632,830</u>	<u>632,830</u>	<u>668,240</u>	<u>35,410</u>
<b>EXPENDITURES</b>				
Public Works	7,000	7,000	3,587	3,413
Capital Outlay	60,000	120,000	117,140	2,860
Debt Service				
Principal	185,000	185,000	185,000	-
Interest	<u>364,399</u>	<u>364,399</u>	<u>364,399</u>	<u>-</u>
Total Expenditures	<u>616,399</u>	<u>676,399</u>	<u>670,126</u>	<u>6,273</u>
Net Change in Fund Balance	16,431	(43,569)	(1,886)	41,683
Fund Balance, Beginning	<u>87,693</u>	<u>147,693</u>	<u>226,725</u>	<u>79,032</u>
Fund Balance, Ending	<u>\$ 104,124</u>	<u>\$ 104,124</u>	<u>\$ 224,839</u>	<u>\$ 120,715</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO  
**CONSERVATION TRUST FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 7,300	\$ 9,733	\$ 2,433
Interest	50	29	(21)
Total Revenues	<u>7,350</u>	<u>9,762</u>	<u>2,412</u>
<b>EXPENDITURES</b>			
Culture and Recreation	<u>60,000</u>	<u>34,782</u>	<u>25,218</u>
Net Change in Fund Balance	(52,650)	(25,020)	27,630
Fund Balance, Beginning of Year	<u>76,036</u>	<u>77,851</u>	<u>1,815</u>
Fund Balance, End of Year	<u><u>\$ 23,386</u></u>	<u><u>\$ 52,831</u></u>	<u><u>\$ 29,445</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, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 82,967	\$ 82,967	\$ 90,926	\$ 7,959
Interest	30	30	4	(26)
Miscellaneous	-	-	5,773	5,773
Total Revenues	<u>82,997</u>	<u>82,997</u>	<u>96,703</u>	<u>13,706</u>
<b>EXPENDITURES</b>				
Housing	<u>28,980</u>	<u>32,980</u>	<u>32,980</u>	<u>-</u>
Net Change in Fund Balance	54,017	50,017	63,723	13,706
Fund Balance, Beginning of Year	<u>249,340</u>	<u>253,340</u>	<u>262,932</u>	<u>9,592</u>
Fund Balance, End of Year	<u><u>\$ 303,357</u></u>	<u><u>\$ 303,357</u></u>	<u><u>\$ 326,655</u></u>	<u><u>\$ 23,298</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, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Charges for Services	\$ 1,500	\$ 3,400	\$ 1,900
Interest	70	447	377
Miscellaneous	-	2,700	2,700
Total Revenues	<u>1,570</u>	<u>6,547</u>	<u>4,977</u>
<b>EXPENDITURES</b>			
Culture and Recreation	<u>7,000</u>	<u>1,840</u>	<u>5,160</u>
Net Change in Fund Balance	(5,430)	4,707	10,137
Fund Balance, Beginning of Year	<u>73,187</u>	<u>73,126</u>	<u>(61)</u>
Fund Balance, End of Year	<u><u>\$ 67,757</u></u>	<u><u>\$ 77,833</u></u>	<u><u>\$ 10,076</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO  
**DILLON URBAN RENEWAL AUTHORITY**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Miscellaneous	\$ 10,000	\$ -	\$ (10,000)
<b>EXPENDITURES</b>			
Urban Renewal	9,700	-	9,700
Net Change in Fund Balance	300	-	(300)
Fund Balance, Beginning of Year	-	(10,674)	(10,674)
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, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Taxes	\$ 155,471	\$ 161,925	\$ 6,454
Interest	20	6	(14)
Total Revenues	<u>155,491</u>	<u>161,931</u>	<u>6,440</u>
<b>EXPENDITURES</b>			
Debt Service			
Principal	128,340	128,340	-
Interest	<u>14,986</u>	<u>14,986</u>	<u>-</u>
Total Expenditures	<u>143,326</u>	<u>143,326</u>	<u>-</u>
Net Change in Fund Balance	12,165	18,605	6,440
Fund Balance, Beginning of Year	<u>29,503</u>	<u>60,149</u>	<u>30,646</u>
Fund Balance, End of Year	<u><u>\$ 41,668</u></u>	<u><u>\$ 78,754</u></u>	<u><u>\$ 37,086</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO  
**WATER FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Utility Sales	\$ 1,016,610	\$ 1,016,610	\$ 993,127	\$ (23,483)
Tap Fees	16,876	16,876	16,707	(169)
Interest	4,878	4,878	4,957	79
Miscellaneous	6,991	6,991	1,991	(5,000)
Loan Proceeds	-	246,348	-	(246,348)
Total Revenues	<u>1,045,355</u>	<u>1,291,703</u>	<u>1,016,782</u>	<u>(274,921)</u>
<b>EXPENDITURES</b>				
Current				
Operations	440,571	440,571	378,514	62,057
Maintenance	35,379	35,379	33,962	1,417
Distribution	29,113	29,113	17,075	12,038
Treatment	33,850	33,850	29,017	4,833
Capital Outlay	263,379	543,727	151,214	392,513
Debt Service				
Principal	17,663	17,663	17,663	-
Interest	88,497	88,497	58,042	30,455
Total Expenditures	<u>908,452</u>	<u>1,188,800</u>	<u>685,487</u>	<u>503,313</u>
<b>NET INCOME, Budget Basis</b>	<u>\$ 136,903</u>	<u>\$ 102,903</u>	331,295	<u>\$ 228,392</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Principal Payments on Debt			17,663	
Capital Outlay			151,214	
Depreciation			<u>(226,316)</u>	
<b>NET INCOME, GAAP Basis</b>			273,856	
<b>NET POSITION, Beginning</b>			<u>4,222,720</u>	
<b>NET POSITION, Ending</b>			<u>\$4,496,576</u>	

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO  
**SEWER FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Utility Sales	\$ 858,278	\$ 858,278	\$ 847,220	\$ (11,058)
Tap Fees	13,056	13,056	12,925	(131)
Interest	912	912	916	4
Miscellaneous Income	<u>50,000</u>	<u>50,000</u>	<u>252</u>	<u>(49,748)</u>
Total Revenues	<u>922,246</u>	<u>922,246</u>	<u>861,313</u>	<u>(60,933)</u>
<b>EXPENDITURES</b>				
Current				
Operations	89,484	122,532	111,289	11,243
Maintenance	31,135	31,135	29,899	1,236
Treatment	476,054	476,054	452,731	23,323
Capital Outlay	106,752	106,752	41,022	65,730
Debt Service				
Principal	138,210	138,210	124,204	14,006
Interest	<u>15,441</u>	<u>15,441</u>	<u>26,703</u>	<u>(11,262)</u>
Total Expenditures	<u>857,076</u>	<u>890,124</u>	<u>785,848</u>	<u>104,276</u>
<b>NET INCOME, Budget Basis</b>	<u>\$ 65,170</u>	<u>\$ 32,122</u>	75,465	<u>\$ 43,343</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Principal Payments on Debt			124,204	
Capital Outlay			41,022	
Depreciation			(74,991)	
Investment in Joint Sewer Authority			<u>31,601</u>	
<b>NET INCOME, GAAP Basis</b>			197,301	
<b>NET POSITION, Beginning</b>			<u>3,812,485</u>	
<b>NET POSITION, Ending</b>			<u>\$ 4,009,786</u>	

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO  
**MARINA FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for Services	\$ 971,800	\$ 976,493	\$ 4,693
Interest	5,000	138	(4,862)
Miscellaneous	65,000	29,537	(35,463)
Total Revenues	<u>1,041,800</u>	<u>1,006,168</u>	<u>(35,632)</u>
<b>EXPENDITURES</b>			
Current			
Operations	681,552	677,222	4,330
Maintenance	36,750	37,287	(537)
Capital Outlay	119,500	117,677	1,823
Debt Service			
Principal	75,000	75,000	-
Interest	94,837	94,255	582
Transfer Out	48,067	38,067	10,000
Total Expenditures	<u>1,055,706</u>	<u>1,039,508</u>	<u>16,198</u>
<b>NET INCOME, Budget Basis</b>	<u>\$ (13,906)</u>	(33,340)	<u>\$ (19,434)</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>			
Principal Payments on Debt		75,000	
Capital Outlay		117,677	
Depreciation		<u>(224,539)</u>	
<b>NET INCOME, GAAP Basis</b>		(65,202)	
<b>NET POSITION, Beginning</b>		<u>1,754,893</u>	
<b>NET POSITION, Ending</b>		<u>\$1,689,691</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, 2013

	<u>Balance</u> <u>January 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31, 2013</u>
<b>Summit County Telecommunications Consortium</b>				
<b>ASSETS</b>				
Cash and Investments	\$ 93,391	\$ 151,717	158,405	\$ 86,703
Accounts Receivable	<u>8,464</u>	<u>8,606</u>	<u>8,464</u>	<u>8,606</u>
<b>Total Assets</b>	<b><u>\$ 101,855</u></b>	<b><u>\$ 160,323</u></b>	<b><u>\$ 166,869</u></b>	<b><u>\$ 95,309</u></b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 482	\$ -	\$ 482
Accrued Liabilities	1,770	486	1,770	486
Funds Held for Others	<u>100,085</u>	<u>94,341</u>	<u>100,085</u>	<u>94,341</u>
<b>Total Liabilities</b>	<b><u>\$ 101,855</u></b>	<b><u>\$ 95,309</u></b>	<b><u>\$ 101,855</u></b>	<b><u>\$ 95,309</u></b>

See the accompanying Independent Auditors' Report.

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Town of Dillon
		YEAR ENDING : December 2013
This Information From The Records Of (example - City of _ or County of _) Town of Dillon	Prepared By: Phone:	Carri McDonnell 970-262-3404

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

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

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	697,311
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	16,281
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	17,611
2. General fund appropriations		b. Snow and ice removal	29,147
3. Other local imposts (from page 2)	1,325,573	c. Other	
4. Miscellaneous local receipts (from page 2)	245,629	d. Total (a. through c.)	46,758
5. Transfers from toll facilities		4. General administration & miscellaneous	31,308
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	192,875
a. Bonds - Original Issues		6. Total (1 through 5)	984,533
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	379,385
7. Total (1 through 6)	1,571,202	b. Redemption	313,340
<b>B. Private Contributions</b>		c. Total (a. + b.)	692,725
<b>C. Receipts from State government</b> (from page 2)	106,056	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	1,677,258	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	692,725
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	1,677,258

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	8,359,639	0	313,340	8,046,299
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,677,258	1,677,258		0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2013

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	213,828	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	245,629
1. Sales Taxes	1,111,745	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	1,111,745	h. Other	
c. Total (a. + b.)	1,325,573	i. Total (a. through h.)	245,629
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	93,457	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	12,599	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.)	12,599	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	106,056	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		697,311	697,311
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	697,311	697,311
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	697,311	697,311
			(Carry forward to page 1)

Notes and Comments: