

# Town of Dillon, Colorado



## Financial Statements December 31, 2009



*make it Dillon!*

for every season, there's a reason

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Honorable Mayor and Town Council  
Town of Dillon  
Dillon, Colorado

### **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dillon as of and for the year ended December 31, 2009, which collectively comprise the basic financial statements of the Town of Dillon, as listed in the table of contents. These financial statements are the responsibility of the Town of Dillon's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dillon as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

*Swanhorst & Company LLC*

June 4, 2010

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## Management's Discussion and Analysis

As management of the Town of Dillon, we offer readers of the Town of Dillon's financial statements this narrative overview and analysis of the financial activities of the Town of Dillon for the fiscal year ended December 31, 2009.

### Financial Highlights

- The assets of the Town of Dillon exceeded its liabilities at the close of fiscal year 2009 by \$14,853,071 (*net assets*). Of this amount, \$5,186,647 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$55,128.
- As of the close of the fiscal year 2009, the Town of Dillon's governmental funds reported combined ending fund balances of \$4,438,090, a decrease of \$2,912,135 compared with the prior year. Approximately 72.6% of this total amount, \$3,222,240, is available for spending at the government's discretions (*unreserved fund balance*).
- At the end of the fiscal year ended December 31, 2009, unreserved fund balance for the General Fund was \$1,258,726, or 34.5% of the total general fund expenditures.
- The Town of Dillon's total debt increased by \$241,585 during the fiscal year ended December 31, 2009.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Dillon, assets exceeded liabilities by \$14,853,071 at the close of the fiscal year 2009.



Combined net assets of the Town at December 31, 2009 were:

**Town of Dillon's Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$5,238,561	\$7,934,329	\$3,594,515	\$3,721,087	8,833,076	11,655,416
Capital Assets	9,844,986	6,835,782	6,537,771	6,295,124	16,382,757	13,176,156
<b>Total Assets</b>	<b>15,083,547</b>	<b>14,770,111</b>	<b>10,132,286</b>	<b>10,016,211</b>	<b>25,215,833</b>	<b>24,786,322</b>
Other Liabilities	709,390	485,211	98,991	190,372	808,381	675,583
Noncurrent Liabilities	8,007,194	7,467,096	1,547,187	1,845,700	9,554,381	9,312,796
<b>Total Liabilities</b>	<b>8,716,584</b>	<b>7,952,307</b>	<b>1,646,178</b>	<b>2,036,072</b>	<b>10,362,762</b>	<b>9,988,379</b>
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	2,754,577	3,598,961	6,443,708	5,875,550	9,198,285	9,474,511
Restricted	468,139	455,566	--	--	468,139	455,566
Unrestricted	3,144,247	2,763,277	2,042,400	2,104,589	5,186,647	4,867,866
<b>Total Net Assets</b>	<b>\$6,366,963</b>	<b>\$6,817,804</b>	<b>\$8,486,108</b>	<b>\$7,980,139</b>	<b>\$14,853,071</b>	<b>\$14,797,943</b>

A large portion of the Town of Dillon's net assets (61.9 percent) that reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Dillon's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Town of Dillon's net assets (3.15%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$5,186,647) may be used to meet the government's ongoing obligations to citizens and creditors.

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

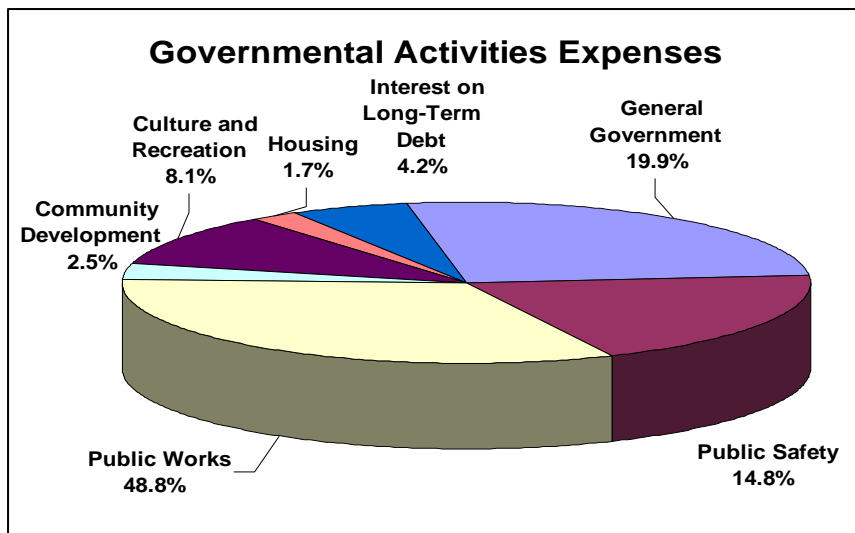
The Town of Dillon's net assets increased by \$55,128 during the fiscal year 2009. The net assets of Governmental Activities decreased by \$450,841 which can be attributed to a decrease in sales tax and lodging tax revenues and an increase in capital spending for street reconstructions. Net assets of Business-Type Activities increased by \$505,969 which is the result of an increase in water and sewer tap fee collections and an increase in the sewer funds' investment in the Joint Sewer Authority.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
<b>Program Revenues</b>						
Charges for Services	\$ 262,891	\$ 225,220	\$2,305,205	\$2,387,901	\$2,568,096	\$2613,121
Operating Grants and Contributions	130,792	124,373	93,791	--	224,583	124,373
Capital Grants and Contributions	118,031	151,146	198,827	160,611	316,858	311,757
<b>General Revenues</b>						
Sales Tax	4,181,625	4,289,774	--	--	4,181,625	4,289,774
Other Tax	261,707	547,725	--	--	261,707	547,725
Other General Revenues	448,628	235,565	164,353	188,545	612,981	424,110
<b>Total Revenues</b>	<b>5,403,674</b>	<b>5,573,803</b>	<b>2,762,176</b>	<b>2,737,057</b>	<b>8,165,850</b>	<b>8,310,860</b>
<b>Program Expenses</b>						
General Government	1,526,134	1,244,630	--	--	1,526,134	1,244,630
Public Safety	1,130,934	1,102,813	--	--	1,130,934	1,102,813
Public Works	1,883,615	1,491,679	--	--	1,883,615	1,491,679
Community Development	194,624	205,754	--	--	194,624	205,754
Culture and Recreation	612,513	609,494	--	--	612,513	609,494
Housing	127,487	44,980	--	--	127,487	44,980
Interest on Long-Term Debt	322,705	227,399	--	--	322,705	227,399
Water	--	--	652,109	693,999	652,109	693,999
Sewer	--	--	692,012	659,343	692,012	659,343
Marina	--	--	968,589	1,098,486	968,589	1,098,486
<b>Total Expenses</b>	<b>5,798,012</b>	<b>4,926,749</b>	<b>2,312,710</b>	<b>2,451,828</b>	<b>8,110,722</b>	<b>7,378,577</b>
Transfers	(56,503)	(261,933)	56,503	261,933	--	--
Changes in Net Assets	(450,841)	385,121	505,969	547,162	55,128	932,283
Net Assets-Begin of Year	6,817,804	6,432,683	7,980,139	7,432,977	14,797,943	13865,660
Net Assets-End of Year	\$6,366,963	\$6,817,804	\$8,486,108	\$7,980,139	\$14,853,071	\$14,797,943

**Governmental activities.** Governmental activities decreased the Town of Dillon's net assets by \$450,841. The following are illustrative summaries of Governmental Activities breaking out revenues and expenses:

- Sales tax, the primary source of revenues to the General Fund (77% of governmental revenues), decreased \$108,149 over 2008 due to continuing economic struggles.
- Other taxes decreased 52% due to decreases in assessed valuation and lodging tax collections.
- Charges for services are up 16.7% over 2008 from traffic fines.
- Capital grants and contributions were down 21.9% due to a reduction in impact fees and sales tax designated for affordable housing in 2009.
- Other revenues increased due to the collection of loan proceeds for capital equipment purchases in 2009.



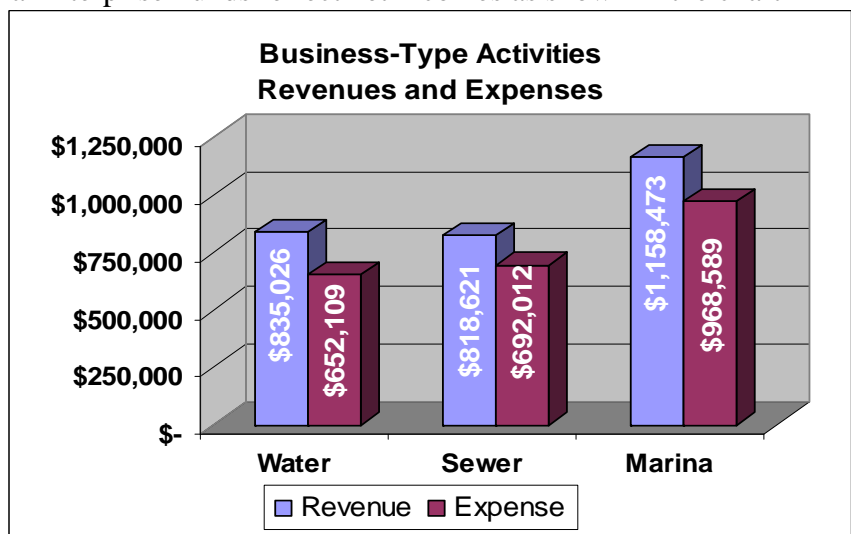
- Expenses for governmental activities are up 55.5%. The chart to the left (see *Governmental Activities Expenses*) represents department expenses as a percentage of the total expenses for governmental activities.
- General government expenses are up 22.6% due to increases in

- building maintenance, events programs and vacancies in the planner position in 2008.
- Public safety expenses increased 2.5% due to increased costs at the Summit County Communications Center.
- Public works expenses increased 26.3% due to the reconstruction of two streets in 2009.
- Housing expenses increased 283% due to the Town’s participation in the Solarado Townhomes affordable housing project.
- Interest expenses increased 41.9% due to the issuance of a capital projects loan for the purchase of equipment.
- Core Services (public safety, public works and culture and recreation) make up 71.7% of the expenses. General Government consists of Town Council, general administration and marketing and events.

**Business-type activities.** Business-type activities increased the Town of Dillon’s net assets by \$505,969, accounting for the only growth in the government’s net assets. Key elements of this increase are as follows:

- Charges for services decreased 2.6% due to effects of the economy on the marina revenues.
- Water, Sewer and Marina Enterprise Funds reflect net incomes as shown in the chart to the right. The water, sewer and marina operations anticipate major capital projects in the next five years to be funded with these excess revenues.

Anticipated projects include the expansion of the Old Dillon Reservoir, replacement of the membranes for the water microfiltration system and construction of marina projects included in the Marina Master Plan.



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

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

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

As of the end of the fiscal year 2009, the Town of Dillon's governmental funds reported combined ending fund balances of \$4,438,090, a decrease of \$2,912,135 (39.6%) over 2008. Approximately 73.2% of this total amount (\$3,252,240) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) as a reserve for emergencies (\$256,298), 2) as a reserve for parks and open space projects (\$82,619), 3) as a reserve for the capital equipment purchases from the proceeds of the capital projects loan in 2009 (\$711,599), 4) as a reserve for capital street projects from the issuance of the Sales Tax Revenue Bonds, Series 2008 (\$6,112) or 5) as a reserve for affordable housing projects (\$129,222).

The General Fund is the chief operating fund of the Town of Dillon. At the end of the fiscal year 2009, unreserved fund balance of the General Fund was \$1,258,726, while the total fund balance was \$1,545,024. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved and total fund balance represents 35.4% and 42.4% of the total general fund expenditures respectively.

The Capital Improvement Fund ended the year with a fund balance of \$1,814,691. The net increase in fund balance during the fiscal year 2009 was \$589,732 as a result of the loan proceeds from the capital projects loan.

The Street Improvement Fund was created in 2008 to account for the issuance of the Sales Tax Revenue Bonds, Series 2008, sales tax collections from the voter approved .5% sales tax increase and expenses associated with major street reconstruction projects. The fund balance at December 31, 2009 is \$418,639 of which \$6,112 is reserved for future street reconstruction projects in 2010. The remaining balance of \$412,527 is available to pay the annual debt payments.

The nonmajor special revenue funds include the Conservation Trust Fund, Parks and Open Space Fund, Housing Initiative 5A Fund and the Cemetery Perpetual Care Fund. The fund balance in the Conservation Trust Fund (\$82,619) is restricted by the State of Colorado for parks and open space projects as approved by Great Outdoors Colorado (GOCO). The Parks and Open Space Fund was created in 2005 to collect park donations and the property tax portion set aside by Town Council for parks and open space expenses. The Parks and Open Space Fund has a current fund balance of \$84,535. 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 \$129,222. The Cemetery Perpetual Care Fund

has a current fund balance of \$62,514 and only the donations and interest earnings can be expended for cemetery purposes only. The Cemetery Advisory Committee is charged with obtaining donations and make recommendations for future projects.

The nonmajor capital project funds including Special Improvement District, Anemone Trail Fund and the Town Center Improvement Fund have fund balances of \$36,889 and \$263,957, respectively.

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

Unrestricted net assets of the Water, Sewer and Marina Funds at the end of the year amounted to \$2,042,400. The changes in net assets for all three funds were an increase of \$277,487 for Water, \$126,609 for Sewer and \$101,873 for Marina. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town of Dillon's business-type activities.

### **General Fund Budgetary Highlights**

The fund balance of the Town of Dillon's General Fund decreased by \$257,600 (14.3%) during the current fiscal year. Revenues were under budget by \$338,454 from the decline in sales tax collections, business licenses and interest earnings. Expenditures were under budget by \$66,242 (1.8%) primarily in the general government.

### **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, 2009, amounts to \$16,382,757 (net of accumulated depreciation). This investment in capital assets includes land, streets, sidewalks, buildings, equipment and vehicles, parks and amphitheatre, furniture and fixtures, water plant, water and sewer lines, marina facilities and other improvements.

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

- Reconstruction of Gold Run Circle and a portion of Tenderfoot Street (\$3,150,145).
- Overlay of Dillon Ridge Rd, Main St, Schroeder Ave and Village Place (\$96,478).
- Island Infill on Lake Dillon Drive (\$28,678).
- Town Hall parking lot reconstruction (\$64,665).
- Overlay of the recreational path from Gold Run to Marina Drive (\$28,062).
- Completion of the Marina Park Pavilion (\$167,914).
- The Water department installed a pipe in the return ditch from the plant (\$142,271) and upsized the water line in Upper Gold Run Circle (\$94,570).
- The Sewer department replaced the force main at the lift station (\$7,000).
- The Marina department replaced a portion of the rental boat fleet (\$93,791), improved the gabion wall (\$15,600), installed a dock at the launch ramp (\$27,060) and prepared construction drawings and plans for the Marina Road realignment and the parking structure (\$125,396).

### Town of Dillon's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 107,952	\$ 107,952	\$ 219,652	\$ 219,652	\$ 327,604	\$ 327,604
Infrastructure	11,313,575	7,945,547	6,411,767	6,083,513	17,725,342	14,029,060
Buildings	1,246,415	1,196,907	443,944	443,944	1,690,359	1,640,851
Equipment & Vehicles	2,654,440	2,430,405	662,927	566,328	3,317,367	2,996,733
Parks & Amphitheatre	1,989,427	1,782,075	--	--	1,989,427	1,782,075
Furniture & Fixtures	203,124	108,068	--	--	203,124	108,068
Water Plant	--	--	3,073,143	3,073,143	3,073,143	3,073,143
Improvements	--	--	1,645,387	1,430,432	1,645,387	1,430,432
<b>Total</b>	<b>\$ 17,514,933</b>	<b>\$ 13,570,954</b>	<b>\$ 12,456,820</b>	<b>\$ 11,817,012</b>	<b>\$ 29,971,753</b>	<b>\$ 25,387,966</b>

**Long-term debt.** At the end of the current fiscal year, the Town of Dillon had total long term debt outstanding of \$9,554,381. Of this amount, \$430,601 in water utility loans, \$1,019,834 in sewer utility loans, \$71,768 for a marina facility loan, \$225,000 in general obligation bonds and \$6,072,490 in bonds secured solely by specified revenue sources (i.e. revenue bonds). Additionally, the Town of Dillon has \$1,672,613 in lease financing for capital assets, \$132,977 in compensated absences offset by a loss on refunding of (\$61,790) and a bond discount (\$9,112).

The Town of Dillon's total debt increased by \$241,585 during the current fiscal year. The debt increase was due to the addition of the 2009 Capital Project Loan in the amount of \$918,000 to be used for equipment purchases.

### Town of Dillon's Outstanding Debt

#### General Obligation and Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Water Utility Loans	\$ --	\$ --	\$ 430,601	\$ 554,914	\$ 430,601	\$ 554,914
Sewer Utility Loans	--	--	1,019,834	1,124,599	1,019,834	1,124,599
Marina Facility Loan	--	--	71,768	140,884	71,768	140,884
Revenue Bonds	6,072,490	6,283,257	--	--	6,072,490	6,283,257
General Obligation Bonds	225,000	295,000	--	--	225,000	295,000
Capital Lease Obligations	1,672,613	879,961	--	--	1,672,613	879,961
Compensated Absences	107,993	91,119	24,984	25,303	132,977	116,422
Bond Discount	(9,112)	(9,618)	--	--	(9,112)	(9,618)
Loss on Refunding	(61,790)	(72,623)	--	--	(61,790)	(72,623)
<b>Total</b>	<b>\$ 8,007,194</b>	<b>\$ 7,467,096</b>	<b>\$ 1,547,187</b>	<b>\$ 1,845,700</b>	<b>\$ 9,554,381</b>	<b>\$ 9,312,796</b>

State statutes limit the amount of general obligation debt a governmental entity may issue to three percent of its total assessed valuation. The current debt limit for the Town of Dillon is \$1,927,405.

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

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

- Sales tax revenues account for 77% of total governmental fund revenues and is the primary source for providing funds for general operations, maintenance, debt payments and capital projects of the Town of Dillon.
- Sales tax collections in 2010 are projected to be flat to 2009 due to continuing uncertainty of the economy. Sales tax collections in 2009 were down 8.5% to 2008 resulting in reductions in operational and capital spending in 2009 and 2010.
- Assessed valuations have increased 20% from 2009 to 2010. The Town charter restricts the growth in property tax revenues to 5% per year so the mill levy for general operating was temporarily reduced from 3.340 to 2.656. The mill levy for GO Town Center Debt was also reduced from 1.058 to .203 as the bonds are anticipated to be called in 2010.
- Capital spending is the main focus of the 2010 budget with 49.6% of expenditures appropriated for capital projects in the Capital Improvement Fund, Street Improvement Fund, Water Fund, Sewer Fund and Marina Fund.
- The Town will issue \$3 million in bonds in April 2010 to continue the street reconstruction projects approved by the voters in April 2008. The 2010 street projects include Corinthian Circle and the completion of Upper Gold Run Circle and lower Tenderfoot Street that began in 2009.
- The Town completed the water and sewer fee and rate study with Red Oak Consulting in 2010. The study included a 10 year financial plan and change in the water rate structure. The recommendation's for water and sewer was an overall increase of 10% in both utilities to support the 10 year financial plans.
- Marina revenues continue to decline due to the effects of the economy resulting in a projected decline of 22% in revenues and a reduction in spending of 31.9%.

All of these factors were considered in the preparation for the Town of Dillon's budget for the 2010 fiscal year.

### **Requests for Information**

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

TOWN OF DILLON, COLORADO  
**STATEMENT OF NET ASSETS**  
December 31, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 3,171,786	\$ 2,106,946	\$ 5,278,732
Restricted Cash and Investments	717,711	-	717,711
Accounts Receivable	59,465	59,429	118,894
Current Taxes Receivable	362,090	-	362,090
Property Taxes Receivable	220,859	-	220,859
Notes Receivable	7,456	-	7,456
Prepaid Expense	30,000	-	30,000
Intergovernmental Receivable	578,113	-	578,113
Bond Issuance Costs, Net	91,081	-	91,081
Investment in Joint Sewer Authority	-	1,428,140	1,428,140
Capital Assets, Net of Accumulated Depreciation			
Non-Depreciable Assets	107,952	219,652	327,604
Depreciable Assets, Net	9,737,034	6,318,119	16,055,153
Total Assets	15,083,547	10,132,286	25,215,833
<b>LIABILITIES</b>			
Accounts Payable	367,852	48,413	416,265
Interest Payable	-	26,753	26,753
Accrued Liabilities	120,439	22,889	143,328
Deferred Revenues	221,099	-	221,099
Due to Other Governments	-	936	936
Noncurrent Liabilities			
Due Within One Year	560,929	310,416	871,345
Due in More Than One Year	7,446,265	1,236,771	8,683,036
Total Liabilities	8,716,584	1,646,178	10,362,762
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	2,754,577	6,443,708	9,198,285
Restricted for Emergencies	256,298	-	256,298
Restricted for Parks and Open Space	82,619	-	82,619
Restricted for Housing	129,222	-	129,222
Unrestricted	3,144,247	2,042,400	5,186,647
Total Net Assets	\$ 6,366,963	\$ 8,486,108	\$ 14,853,071

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



TOWN OF DILLON, COLORADO  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2009

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	\$ 1,526,134	\$ 34,212	\$ -	\$ -
Public Safety	1,130,934	201,089	-	-
Public Works	1,883,615	-	130,792	21,064
Community Development	194,624	16,488	-	-
Culture and Recreation	612,513	11,102	-	7,774
Housing	127,487	-	-	89,193
Interest on Long-Term Debt	322,705	-	-	-
<b>Total Governmental Activities</b>	<b>5,798,012</b>	<b>262,891</b>	<b>130,792</b>	<b>118,031</b>
<b>Business-Type Activities</b>				
Water	652,109	710,939	-	102,310
Sewer	692,012	665,970	-	81,517
Marina	968,589	928,296	93,791	15,000
<b>Total Business-Type Activities</b>	<b>2,312,710</b>	<b>2,305,205</b>	<b>93,791</b>	<b>198,827</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 8,110,722</b>	<b>\$ 2,568,096</b>	<b>\$ 224,583</b>	<b>\$ 316,858</b>

GENERAL REVENUES

Sales Taxes  
Property Taxes  
Other Taxes  
Interest  
Miscellaneous

TOTAL GENERAL REVENUES

TRANSFERS

CHANGE IN NET ASSETS

NET ASSETS, Beginning

NET ASSETS, Ending

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

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (1,491,922)	\$ -	\$ (1,491,922)
(929,845)	-	(929,845)
(1,731,759)	-	(1,731,759)
(178,136)	-	(178,136)
(593,637)	-	(593,637)
(38,294)	-	(38,294)
<u>(322,705)</u>	<u>-</u>	<u>(322,705)</u>
<u>(5,286,298)</u>	<u>-</u>	<u>(5,286,298)</u>
-	161,140	161,140
-	55,475	55,475
<u>-</u>	<u>68,498</u>	<u>68,498</u>
<u>-</u>	<u>285,113</u>	<u>285,113</u>
<u>(5,286,298)</u>	<u>285,113</u>	<u>(5,001,185)</u>
4,181,625	-	4,181,625
261,707	-	261,707
259,860	-	259,860
142,134	39,527	181,661
<u>46,634</u>	<u>124,826</u>	<u>171,460</u>
4,891,960	164,353	5,056,313
<u>(56,503)</u>	<u>56,503</u>	<u>-</u>
(450,841)	505,969	55,128
<u>6,817,804</u>	<u>7,980,139</u>	<u>14,797,943</u>
<u>\$ 6,366,963</u>	<u>\$ 8,486,108</u>	<u>\$ 14,853,071</u>

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

TOWN OF DILLON, COLORADO  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2009

	General	Capital Improvement	Street Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Assets					
Cash and Investments	\$ 1,071,222	\$ 938,503	\$ 555,219	\$ 606,842	\$ 3,171,786
Restricted Cash and Investments	-	711,599	6,112	-	717,711
Accounts Receivable	59,465	-	-	-	59,465
Current Taxes Receivable	2,074	200,073	102,292	57,651	362,090
Property Taxes Receivable	168,179	23,937	-	28,743	220,859
Notes Receivable	7,456	-	-	-	7,456
Prepaid Expenditures	30,000	-	-	-	30,000
Intergovernmental Receivable	578,113	-	-	-	578,113
Total Assets	\$ 1,916,509	\$ 1,874,112	\$ 663,623	\$ 693,236	\$ 5,147,480
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 82,627	\$ 35,484	\$ 244,984	\$ 4,757	\$ 367,852
Accrued Liabilities	120,439	-	-	-	120,439
Deferred Property Taxes	168,179	23,937	-	28,743	220,859
Deferred Revenues	240	-	-	-	240
Total Liabilities	371,485	59,421	244,984	33,500	709,390
Fund Balances					
Reserved for Prepaid Expenditures	30,000	-	-	-	30,000
Reserved for Emergencies	256,298	-	-	-	256,298
Reserved for Capital Projects	-	711,599	6,112	-	717,711
Reserved for Parks and Open Space	-	-	-	82,619	82,619
Reserved for Housing	-	-	-	129,222	129,222
Unreserved, Reported In					
General Fund	1,258,726	-	-	-	1,258,726
Special Revenue Funds	-	-	-	147,049	147,049
Capital Project Funds	-	1,103,092	412,527	300,846	1,816,465
Total Fund Balances	1,545,024	1,814,691	418,639	659,736	4,438,090
Total Liabilities and Fund Balances	\$ 1,916,509	\$ 1,874,112	\$ 663,623	\$ 693,236	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 9,844,986

Long-term liabilities, including bonds payable (\$6,297,490), lease payable (\$1,672,613), and accrued compensated absences (\$107,993), net of bond issuance costs \$91,081, bond discount of \$9,112 and loss on refunding \$61,790 are not due and payable payable in the current period and; therefore, not reported in the funds. (7,916,113)

Net Assets of Governmental Activities \$ 6,366,963

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, 2009

	General	Capital Improvement	Street Improvement	Other Governmental Funds	Total Governmental Funds
<b>OPERATING REVENUES</b>					
Taxes	\$ 2,925,955	\$ 970,331	\$ 467,987	\$ 334,423	\$ 4,698,696
Charges for Services	28,018	-	-	2,450	30,468
Assessments	-	-	-	21,064	21,064
Licenses and Permits	31,557	-	-	-	31,557
Intergovernmental	135,288	-	-	89,646	224,934
Fines and Forfeitures	200,866	-	-	-	200,866
Interest	53,952	14,025	66,408	7,749	142,134
Miscellaneous	10,449	31,002	-	12,504	53,955
<b>TOTAL OPERATING REVENUES</b>	<u>3,386,085</u>	<u>1,015,358</u>	<u>534,395</u>	<u>467,836</u>	<u>5,403,674</u>
<b>OPERATING EXPENSES</b>					
Current					
General Government	1,146,809	-	189,822	-	1,336,631
Public Safety	1,150,841	-	-	-	1,150,841
Public Works	740,067	18,000	-	-	758,067
Community Development	189,882	-	-	-	189,882
Culture and Recreation	416,086	-	-	2,000	418,086
Housing	-	-	-	127,487	127,487
Capital Outlay	-	1,201,393	3,360,669	-	4,562,062
Debt Service					
Principal	-	125,348	5,000	275,767	406,115
Interest	-	36,952	228,030	57,723	322,705
<b>TOTAL EXPENDITURES</b>	<u>3,643,685</u>	<u>1,381,693</u>	<u>3,783,521</u>	<u>462,977</u>	<u>9,271,876</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(257,600)</u>	<u>(366,335)</u>	<u>(3,249,126)</u>	<u>4,859</u>	<u>(3,868,202)</u>
<b>OTHER FINANCING SOURCES</b>					
Loan Proceeds	-	918,000	-	-	918,000
Transfers In	-	38,067	-	-	38,067
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>956,067</u>	<u>-</u>	<u>-</u>	<u>956,067</u>
<b>NET CHANGE IN FUND BALANCES</b>	(257,600)	589,732	(3,249,126)	4,859	(2,912,135)
<b>FUND BALANCE, Beginning</b>	<u>1,802,624</u>	<u>1,224,959</u>	<u>3,667,765</u>	<u>654,877</u>	<u>7,350,225</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,545,024</u>	<u>\$ 1,814,691</u>	<u>\$ 418,639</u>	<u>\$ 659,736</u>	<u>\$ 4,438,090</u>

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, 2009

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

Net Change in Fund Balances of Governmental Funds	\$ (2,912,135)
Capital outlays to purchase or build capital assets \$4,168,503 are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense (\$1,128,995).	3,039,508
The net effect of various miscellaneous transactions involving capital assets (i.e. disposal of assets) are not reported in the governmental funds.	(30,304)
Repayments of bond principal \$280,767, lease payments of \$125,348 and increases in compensated absences payable (\$16,874) are expenditures in the governmental funds, but they increase long-term liabilities in the statement of net assets and do not affect the statement of activities.	389,241
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items: loan proceeds (\$918,000), amortization of bonds costs, discounts and loss on refunding (\$19,151).	<u>(937,151)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (450,841)</u></u>

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

TOWN OF DILLON, COLORADO  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
December 31, 2009

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Marina Fund</u>	<u>Total Business-Type Activities</u>
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 709,025	\$ 576,600	\$ 821,321	\$ 2,106,946
Accounts Receivable	<u>18,442</u>	<u>20,207</u>	<u>20,780</u>	<u>59,429</u>
Total Current Assets	<u>727,467</u>	<u>596,807</u>	<u>842,101</u>	<u>2,166,375</u>
Noncurrent Assets				
Investment in Joint Sewer Authority	-	1,428,140	-	1,428,140
Capital Assets				
Non-Depreciable Assets	219,652	-	-	219,652
Depreciable Assets, Net	<u>2,922,233</u>	<u>2,291,368</u>	<u>1,104,518</u>	<u>6,318,119</u>
Total Noncurrent Assets	<u>3,141,885</u>	<u>3,719,508</u>	<u>1,104,518</u>	<u>7,965,911</u>
Total Assets	<u>3,869,352</u>	<u>4,316,315</u>	<u>1,946,619</u>	<u>10,132,286</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	36,530	6,286	5,597	48,413
Interest Payable	3,239	22,530	984	26,753
Accrued Liabilities	10,286	2,870	9,733	22,889
Due to Other Governments	-	-	936	936
Bonds, notes and loans payable	<u>129,328</u>	<u>109,320</u>	<u>71,768</u>	<u>310,416</u>
Total Current Liabilities	<u>179,383</u>	<u>141,006</u>	<u>89,018</u>	<u>409,407</u>
Noncurrent Liabilities				
Compensated Absences	9,272	4,665	11,047	24,984
Note Payable	<u>301,273</u>	<u>910,514</u>	<u>-</u>	<u>1,211,787</u>
Total Noncurrent Liabilities	<u>310,545</u>	<u>915,179</u>	<u>11,047</u>	<u>1,236,771</u>
Total Liabilities	<u>489,928</u>	<u>1,056,185</u>	<u>100,065</u>	<u>1,646,178</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	2,711,284	2,699,674	1,032,750	6,443,708
Unrestricted	<u>668,140</u>	<u>560,456</u>	<u>813,804</u>	<u>2,042,400</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 3,379,424</u></u>	<u><u>\$ 3,260,130</u></u>	<u><u>\$ 1,846,554</u></u>	<u><u>\$ 8,486,108</u></u>

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

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

For the Year Ended December 31, 2009

	Water Fund	Sewer Fund	Marina Fund	Total Business-Type Activities
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 710,939	\$ 665,970	\$ 949,076	\$ 2,325,985
Miscellaneous	1,488	34,235	-	35,723
<b>TOTAL OPERATING REVENUES</b>	<u>712,427</u>	<u>700,205</u>	<u>949,076</u>	<u>2,361,708</u>
<b>OPERATING EXPENSES</b>				
Operations	425,605	115,128	720,736	1,261,469
Maintenance	8,737	26,318	36,277	71,332
Distribution	37,565	-	-	37,565
Treatment	28,462	428,733	-	457,195
Depreciation	131,719	75,264	207,820	414,803
<b>TOTAL OPERATING EXPENSES</b>	<u>632,088</u>	<u>645,443</u>	<u>964,833</u>	<u>2,242,364</u>
<b>OPERATING INCOME (LOSS)</b>	<u>80,339</u>	<u>54,762</u>	<u>(15,757)</u>	<u>119,344</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Revenue	13,063	9,582	16,882	39,527
Miscellaneous Revenue	7,226	-	127,571	134,797
Interest Expense	(20,021)	(46,569)	(3,756)	(70,346)
Joint Sewer Authority	-	27,317	-	27,317
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>268</u>	<u>(9,670)</u>	<u>140,697</u>	<u>131,295</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	80,607	45,092	124,940	250,639
Transfer Out	-	-	(38,067)	(38,067)
Capital Contributions	196,880	81,517	15,000	293,397
<b>CHANGE IN NET ASSETS</b>	277,487	126,609	101,873	505,969
<b>NET ASSETS, Beginning</b>	<u>3,101,937</u>	<u>3,133,521</u>	<u>1,744,681</u>	<u>7,980,139</u>
<b>NET ASSETS, Ending</b>	<u>\$ 3,379,424</u>	<u>\$ 3,260,130</u>	<u>\$ 1,846,554</u>	<u>\$ 8,486,108</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, 2009

	Water Fund	Sewer Fund	Marina Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 744,811	\$ 696,711	\$ 930,398	\$ 2,371,920
Cash Paid to Suppliers	(244,320)	(495,162)	(389,519)	(1,129,001)
Cash Paid to Employees	(254,429)	(69,434)	(447,231)	(771,094)
Net Cash Provided by Operating Activities	<u>246,062</u>	<u>132,115</u>	<u>93,648</u>	<u>471,825</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of Capital Assets	(247,134)	(7,000)	(308,746)	(562,880)
Debt Principal Payments	(124,313)	(104,765)	(69,116)	(298,194)
Interest Payments	(20,922)	(48,886)	(4,703)	(74,511)
Tap Fees and Other Contributed Capital	102,310	81,517	-	183,827
Transfer Out	-	-	(38,067)	(38,067)
Grant Proceeds	-	-	93,791	93,791
Reimbursement	7,226	-	21,280	28,506
Proceeds from Sale of Assets	-	-	12,500	12,500
Net Cash Provided (Used) by Capital Financing	<u>(282,833)</u>	<u>(79,134)</u>	<u>(293,061)</u>	<u>(655,028)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	13,063	9,582	16,882	39,527
Net Cash Provided by Investing Activities	<u>13,063</u>	<u>9,582</u>	<u>16,882</u>	<u>39,527</u>
Net Increase (Decrease) in Cash & Cash Equivalents	(23,708)	62,563	(182,531)	(143,676)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>732,733</u>	<u>514,037</u>	<u>1,003,852</u>	<u>2,250,622</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u><u>\$ 709,025</u></u>	<u><u>\$ 576,600</u></u>	<u><u>\$ 821,321</u></u>	<u><u>\$ 2,106,946</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 80,339	\$ 54,762	\$ (15,757)	\$ 119,344
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation	131,719	75,264	207,820	414,803
Disposal of Assets	-	-	9,000	9,000
Changes in Assets and Liabilities				
Accounts Receivable	32,384	(3,494)	(18,678)	10,212
Accounts Payable	(2,038)	4,632	(98,140)	(95,546)
Accrued Liabilities	3,901	931	9,449	14,281
Due to Other Governments	-	-	50	50
Compensated Absences	(243)	20	(96)	(319)
Net Cash Provided by Operating Activities	<u><u>\$ 246,062</u></u>	<u><u>\$ 132,115</u></u>	<u><u>\$ 93,648</u></u>	<u><u>\$ 471,825</u></u>
Non Cash Transaction-Capital Assets Contributed	<u><u>\$ 94,570</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,000</u></u>	<u><u>\$ 109,570</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, 2009

	Summit County Telecommunications Consortium
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 49,066
Accounts Receivable	8,570
Total Current Assets	\$ 57,636
 <b>LIABILITIES</b>	
Liabilities	
Accounts Payable	\$ 657
Accrued Liabilities	3,383
Funds Held in Trust for Others	53,596
Total Liabilities	\$ 57,636

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

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

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

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

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The *Capital Improvement Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities and/or assets (other than those financed by proprietary funds and fiduciary funds).

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

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

The Town reports the following major proprietary funds:

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

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

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

Additionally, the Town reports the following Fiduciary Fund:

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

Cash and Investments

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

Capital Assets

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

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

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (continued)

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

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

Deferred Revenues

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

Compensated Absences

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

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

Long-Term Obligations

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

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

Net Assets/Fund Balance

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

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

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

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments as of December 31, 2009 follows:

Deposits	\$3,571,603
Petty Cash	300
Investments	<u>2,473,606</u>
 Total Cash on Hand and Investments	 <u>\$6,045,509</u>

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

Cash and Investments	\$5,278,732
Restricted Cash and Investments	717,711
Agency Fund Cash and Investments	<u>49,066</u>
 Total Cash and Investments	 <u>\$6,045,509</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2009, the State regulatory commissioners had indicated that all financial institutions holding deposits for the Town are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the 102% of the uninsured deposits. At December 31, 2009, the Town had bank deposits of \$1,730,095 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, 2009

NOTE 2: CASH AND INVESTMENTS (continued)

Restricted Cash

At December 31, 2009, the Town had \$717,711 in restricted cash for specific capital projects. Restricted cash in the Capital Improvement Fund of \$711,599 is the remaining funds from the 2009 Capital Project Loan with Wells Fargo Brokerage Services, LLC. The Town anticipates the restricted cash will be spent in 2010. Restricted cash of \$6,112 in the Street Improvement Fund is the remaining funds from the 2008 Sales Tax Revenue Bonds to be used in 2010 for street reconstruction projects.

Investments

At December 31, 2009, 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>
Dreyfus Government Cash Mgmt	AAAm	\$ 17,301	\$ 17,301
Wells Fargo Adv Government MMF	AAAm	711,599	711,599
Local Government Investment Pools	AAAm	<u>1,744,706</u>	<u>1,744,706</u>
Total		<u>\$2,473,606</u>	<u>\$2,473,606</u>

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

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

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

*Local Government Investment Pools* – At December 31, 2009 the Town had \$712,861 invested in the Colorado Surplus Asset Fund Trust (CSAFE) and \$1,031,845 in the Colorado Local Government Liquid Asset Trust (Colotrust). The trusts are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Trusts. The Trusts operate similarly to a money market fund with each share equal in value to \$1.00. The Trusts are rated AAAM by Standard and Poor’s. Investments of the Trusts are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian’s internal records identify the investments owned by the participating governments.

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

NOTE 3: CAPITAL ASSETS

Governmental Activities

Capital assets activity for governmental activities for the year ended December 31, 2009 is summarized below:

	<u>Balance</u> <u>12/31/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/09</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 107,952	\$ --	\$ --	\$ 107,952
Capital Assets, Being Depreciated				
Infrastructure	7,945,547	3,368,028	--	11,313,575
Buildings	1,196,907	49,508	--	1,246,415
Equipment & Vehicles	2,430,405	415,639	(191,604)	2,654,440
Parks & Amphitheatre	1,782,075	207,352	--	1,989,427
Furniture & Fixtures	<u>108,068</u>	<u>127,976</u>	<u>(32,920)</u>	<u>203,124</u>
Total Capital Assets, Being Depreciated	<u>13,463,002</u>	<u>4,168,503</u>	<u>(224,524)</u>	<u>17,406,981</u>
Less: Accumulated Depreciation For				
Infrastructure	4,070,807	730,540	--	4,801,347
Buildings	870,127	43,492	--	913,619
Equipment & Vehicles	1,058,340	210,523	(161,300)	1,107,563
Parks & Amphitheatre	664,430	109,695	--	774,125
Furniture & Fixtures	<u>71,468</u>	<u>34,745</u>	<u>(32,920)</u>	<u>73,293</u>
Total Accumulated Depreciation	<u>6,735,172</u>	<u>1,128,995</u>	<u>(194,220)</u>	<u>7,669,947</u>
Total Capital Assets, Being Depreciated, Net	<u>6,727,830</u>	<u>3,039,508</u>	<u>(30,304)</u>	<u>9,737,034</u>
Governmental Activities Capital Assets, Net	<u>\$6,835,782</u>	<u>\$3,039,508</u>	<u>\$ (30,304)</u>	<u>\$9,844,986</u>



TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

NOTE 3: CAPITAL ASSETS (continued)

Business-Type Activities

Capital assets activity for business-type activities for the year ended December 31, 2009 is summarized below:

	Restated Balance <u>12/31/08</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/09</u>
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 219,652	--	--	\$ 219,652
Capital Assets, Being Depreciated				
Water Plant	3,073,143	--	--	3,073,143
Lines	5,115,179	236,841	--	5,352,020
Buildings	443,944	--	--	443,944
Equipment & Vehicles	566,328	114,241	(17,642)	662,927
Lift Station	885,800	7,000	--	892,800
Reservoirs	82,534	84,413	--	166,947
Improvements	<u>1,430,432</u>	<u>214,955</u>	<u>--</u>	<u>1,645,387</u>
Total Capital Assets, Being Depreciated	<u>11,597,360</u>	<u>657,450</u>	<u>(17,642)</u>	<u>12,237,168</u>
Less: Accumulated Depreciation For				
Water Plant	1,571,004	49,007	--	1,620,011
Lines	2,513,977	118,641	--	2,632,618
Buildings	276,746	21,041	--	297,787
Equipment & Vehicles	363,328	116,638	(17,642)	462,324
Lift Station	43,493	22,612	--	66,105
Reservoirs	2,378	4,174	--	6,552
Improvements	<u>750,962</u>	<u>82,690</u>	<u>--</u>	<u>833,652</u>
Total Accumulated Depreciation	<u>5,521,888</u>	<u>414,803</u>	<u>(17,642)</u>	<u>5,919,049</u>
Total Capital Assets, Being Depreciated, Net	<u>6,075,472</u>	<u>242,647</u>	<u>--</u>	<u>6,318,119</u>
Business-Type Activities				
Capital Assets, Net	<u>\$6,295,124</u>	<u>\$ 242,647</u>	<u>\$ --</u>	<u>\$6,537,771</u>

Depreciation in the Water and Marina Funds was recorded incorrectly during the year ended December 31, 2008. The property on Little Beaver Trail was reclassified to land from buildings after the removal of the structure on the property. Business-type activities net assets at December 31, 2008 have been restated as follows:

	<u>Capital Assets</u>	<u>Net Assets</u>
Balance, December 31, 2008, as Originally Stated	\$6,287,236	\$7,972,251
Adjustment, Depreciation	<u>7,888</u>	<u>7,888</u>
Balance, December 31, 2009, as Restated	<u>\$6,295,124</u>	<u>\$7,980,139</u>

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

NOTE 3: CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 78,237
Public Safety	18,878
Public Works	902,383
Culture and Recreation	<u>129,497</u>
Total Governmental Activities Depreciation Expense	<u>\$1,128,995</u>
Business-Type Activities	
Water Fund	\$131,719
Sewer Fund	75,264
Marina Fund	<u>207,820</u>
Total Business-Type Activities Depreciation Expense	<u>\$414,803</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, 2009 of \$1,428,140, which represents a 13.10% share in the joint venture. At December 31, 2009, the Town was responsible for 20.8% of the Authority's operating expenses.

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

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

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, 2009:

	Beginning <u>12/31/08</u>	<u>Additions</u>	<u>Retirement</u>	Ending <u>12/31/09</u>	Due Within <u>One Year</u>
General Obligation Bond-03	\$ 295,000	\$ --	\$ (70,000)	\$ 225,000	\$ 70,000
Excise Tax Revenue Bond-04	415,000	--	(95,000)	320,000	105,000
Excise Tax Revenue Bond-05	868,257	--	(110,767)	757,490	114,920
Street Sweeper Lease-04	34,395	--	(34,395)	--	--
Capital Project Lease-06	845,566	--	(90,953)	754,613	94,819
Excise Tax Revenue Bonds-08	5,000,000	--	(5,000)	4,995,000	5,000
09 Capital Project Lease	--	918,000	--	918,000	171,190
Bond Discount-08	(9,618)	--	506	(9,112)	--
Compensated Absences	91,119	16,874	--	107,993	--
Loss on Refunding	<u>(72,623)</u>	<u>--</u>	<u>10,833</u>	<u>(61,790)</u>	<u>--</u>
Total	<u>\$7,467,096</u>	<u>\$ 934,874</u>	<u>\$(394,776)</u>	<u>\$8,007,194</u>	<u>\$560,929</u>

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

In October 2003, the Town advance refunded its General Obligation Bonds, Series 1992 with its General Obligation Refunding Bonds, Series 2003. This refunding was undertaken in order to take advantage of favorable interest rates. The bonds bear interest at 3.6% per annum, payable on October 1 and April 1 of each year. Principal payments are due on October 1 of each year through 2012. The outstanding principal balance as of December 31, 2009 is \$225,000.

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

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

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

The Excise Tax Bonds, Series 2004 and Series 2005 and the Excise Tax Revenue Bonds, Series 2008 are payable solely from the Town's sales and lodging taxes. During the year ended December 31, 2009, revenues of \$4,287,184 were available to pay annual debt service of \$485,689 for all three bonds. The outstanding debt service at 12/31/09 for all three bonds is \$9,222,605.

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2009

NOTE 5: LONG-TERM DEBT (continued)

Governmental Activities (continued)

On March 30, 2006, the Town entered into a lease purchase agreement with Wells Fargo Brokerage Services, LLC for capital projects and heavy equipment. The interest rate is 4.25%. Annual payments of \$126,890 are required through March 30, 2016.

On December 7, 2009, the Town entered into a lease purchase agreement 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, 2009, capital assets of \$205,906 have been recorded using the lease proceeds. The balance of the proceeds will be spent in 2010 to purchase additional equipment.

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2009:

	Beginning <u>12/31/08</u>	<u>Additions</u>	<u>Retirement</u>	Ending Due Within <u>12/31/09</u>	<u>One Year</u>
Marina Lease Purchase-03	\$ 140,884	\$ --	\$ (69,116)	\$ 71,768	\$ 71,768
Drinking Water Revolving Loan	464,027	--	(109,208)	354,819	113,621
Lot 50 Loan-04	90,887	--	(15,105)	75,782	15,707
Sewer Revenue Note 1-07	596,610	--	(55,686)	540,924	58,081
Sewer Revenue Note 2-07	527,989	--	(49,079)	478,910	51,239
Compensated Absences	<u>25,303</u>	<u>--</u>	<u>(319)</u>	<u>24,984</u>	<u>--</u>
Total	<u>\$1,845,700</u>	<u>\$ --</u>	<u>\$(298,513)</u>	<u>\$1,547,187</u>	<u>\$310,416</u>

In 2003, the Town refinanced its Marina Building Improvement Note and Marina Lease Purchase Agreement-95 with its Marina Lease Purchase Agreement-03. The interest rate is 3.8% and matures August 20, 2010. The outstanding principal balance as of December 31, 2009 is \$71,768.

Drinking Water Revolving Loan – On October 18, 2002, the Town entered into a loan agreement for the microfiltration conversion at the water plant. The interest rate is 4% and matures on November 1, 2012. This loan is payable solely from revenues from the Town’s water utility system after deduction of operating and maintenance costs. During the year ended December 31, 2009, net revenues of \$334,657 were available to pay annual debt service of \$126,689.

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

On May 4, 2007, the Town entered into a loan agreement with Wells Fargo Brokerage Services, LLC for the construction of the Gold Run Lift Station. The interest rate is 4.3% and matures May 4, 2017.

On August 24, 2007, the Town entered into a loan agreement with Wells Fargo Brokerage Services, LLC for the rehabilitation of various sewer lines throughout Town. The interest rate is 4.4% and matures August 24, 2017.

The Sewer Revenue Note 1-07 and 2-07 are payable solely from revenues from the Town’s sewer utility system after deduction of operating and maintenance costs. During the year ended December 31, 2009, net revenues of \$221,145 were available to pay annual debt service of \$153,651. The outstanding debt service at December 31, 2009 for both loans is \$1,229,211.

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2009

NOTE 5: LONG-TERM DEBT (continued)

Future Debt Service Requirements

**Governmental Activities**

Annual debt service requirements for the outstanding bonds at December 31, 2009 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 294,920	\$ 274,807	\$ 569,727
2011	304,230	263,719	567,949
2012	318,701	252,156	570,857
2013	243,340	242,329	485,669
2014	253,153	232,917	486,070
2015-2019	1,413,146	1,007,003	2,420,149
2020-2024	1,750,000	674,720	2,424,720
2025-2028	<u>1,720,000</u>	<u>219,000</u>	<u>1,939,000</u>
Total	<u>\$6,297,490</u>	<u>\$3,166,651</u>	<u>\$9,464,141</u>

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligations at December 31, 2009:

Year Ended December 31,	
2010	\$ 330,210
2011	330,210
2012	330,210
2013	330,210
2014	330,210
2015-2016	<u>253,779</u>
Total Minimum Lease Payments	1,904,829
Less: Interest	<u>(232,216)</u>
Present Value of Future Minimum Lease Payments	<u>\$1,672,613</u>

**Business-Type Activities**

Annual debt service requirements for the outstanding loans at December 31, 2009 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 238,648	\$ 60,240	\$ 298,888
2011	248,616	50,271	298,887
2012	259,002	39,885	298,887
2013	141,867	30,331	172,198
2014	138,697	24,228	162,925
2015-2017	<u>423,605</u>	<u>37,350</u>	<u>460,955</u>
Total	<u>\$1,450,435</u>	<u>\$242,305</u>	<u>\$1,692,740</u>

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2009

NOTE 5: LONG-TERM DEBT (continued)

Future Debt Service Requirements (continued)

**Business-Type Activities (continued)**

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligations at December 31, 2009:

Year Ended December 31, 2010	<u>\$73,820</u>
Total Minimum Lease Payments	73,820
Less: Interest	<u>(2,052)</u>
Present Value of Future Minimum Lease Payments	<u>\$71,768</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 \$38,967 for the year ended December 31, 2009.

NOTE 6: INTERFUND TRANSFERS

The Marina Fund transferred \$38,067 to the Capital Improvement Fund to assist in the payment of the Capital Project lease. The Street Improvement Fund transferred an asset in the amount of \$94,570 to the Water Fund for the replacement of a water line during the reconstruction of Upper Gold Run Circle.

NOTE 7: RETIREMENT COMMITMENTS

Town employees participate in the Colorado County Officials and Employees Retirement Association (CCOERA) defined contribution plan. Full-time employees are required to contribute 5% of their gross salary and the Town matches the contribution, as required by plan documents. In 1996, the Town added a defined contribution plan through International City Managers Association (ICMA) for full-time police officers and department heads. These employees also contribute 5% of gross salaries with the Town matching their contribution. Employee and Town contributions vest at a rate of 20% each year and employees become fully vested after five years for either pension plan. Plan provisions and contribution requirements of the Town and the employees are established and may be amended by the Town Council. Total contributions of the CCOERA and ICMA retirement plans made by the Town for the year ended December 31, 2009 were \$61,130 and \$49,220 respectively, which equals the required contributions. In addition to the retirement plans, the Town also contributes to a 457 deferred compensation plan for the benefit of the sworn police officers. The Town and the employee each contribute 5% of gross wages. The Town contributions for the year ended December 31, 2009 were \$31,223 which equals the required contributions.

TOWN OF DILLON, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

NOTE 8: RISK MANAGEMENT

Public Entity Risk Pool

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

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

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

NOTE 9: COMMITMENTS AND 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, 2009 the Town had reserved \$256,298 to comply with this requirement.

Economic Development Agreement

The Town entered into an Economic Development Agreement with Vitamin Cottage Natural Food Markets on December 5, 2006. Vitamin Cottage opened a store at 761 Anemone in Dillon in January 2007. The Town agreed to rebate \$100,000 in sales tax revenues to Vitamin Cottage for a maximum of four years at a rate of 20% of their sales tax revenues per year. For the year ended December, 31, 2009 the Town paid \$34,035 leaving an outstanding balance of \$4,983.

Litigation

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

TOWN OF DILLON, COLORADO  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2009

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 3,300,945	\$ 2,925,955	\$ (374,990)
Licenses and Permits	39,926	31,557	(8,369)
Intergovernmental	120,264	135,288	15,024
Charges for Services	31,476	28,018	(3,458)
Fines and Forfeitures	170,400	200,866	30,466
Interest	58,000	53,952	(4,048)
Miscellaneous	<u>3,528</u>	<u>10,449</u>	<u>6,921</u>
<b>TOTAL REVENUES</b>	<u>3,724,539</u>	<u>3,386,085</u>	<u>(338,454)</u>
<b>EXPENDITURES</b>			
General Government	1,022,782	1,146,809	(124,027)
Public Safety	1,145,823	1,150,841	(5,018)
Public Works	846,749	740,067	106,682
Community Development	198,851	189,882	8,969
Culture and Recreation	<u>495,722</u>	<u>416,086</u>	<u>79,636</u>
<b>TOTAL EXPENDITURES</b>	<u>3,709,927</u>	<u>3,643,685</u>	<u>66,242</u>
<b>NET CHANGE IN FUND BALANCE</b>	14,612	(257,600)	(272,212)
<b>FUND BALANCE, Beginning</b>	<u>1,340,529</u>	<u>1,802,624</u>	<u>462,095</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,355,141</u>	<u>\$ 1,545,024</u>	<u>\$ 189,883</u>

See the accompanying Independent Auditors' Report.



TOWN OF DILLON, COLORADO  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2009

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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

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

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

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

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

### **Capital Projects Funds**

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

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

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

**TOWN OF DILLON, COLORADO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2009

	Special Revenue			Capital Projects		Total Nonmajor Governmental Funds	
	Conservation Trust	Parks and Open Space	Housing Initiative 5A	Cemetery Perpetual Care	Special Improvement District		Town Center Improvement
<b>ASSETS</b>							
Cash and Investments	\$ 82,619	\$ 84,535	\$ 117,646	\$ 62,514	\$ 6,618	\$ 252,910	\$ 606,842
Current Taxes Receivable	-	-	16,333	-	30,271	11,047	57,651
Property Taxes Receivable	-	12,972	-	-	-	15,771	28,743
Total Assets	<u>\$ 82,619</u>	<u>\$ 97,507</u>	<u>\$ 133,979</u>	<u>\$ 62,514</u>	<u>\$ 36,889</u>	<u>\$ 279,728</u>	<u>\$ 693,236</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities							
Accounts Payable	\$ -	\$ -	\$ 4,757	\$ -	\$ -	\$ -	\$ 4,757
Deferred Property Taxes	-	12,972	-	-	-	15,771	28,743
Total Liabilities	<u>-</u>	<u>12,972</u>	<u>4,757</u>	<u>-</u>	<u>-</u>	<u>15,771</u>	<u>33,500</u>
Fund Balances							
Reserved for Parks/Open Space	82,619	-	-	-	-	-	82,619
Reserved for Housing	-	-	129,222	-	-	-	129,222
Unreserved, Reported in							
Special Revenue Funds	-	84,535	-	62,514	-	-	147,049
Capital Projects Funds	-	-	-	-	36,889	263,957	300,846
Total Fund Balances	<u>82,619</u>	<u>84,535</u>	<u>129,222</u>	<u>62,514</u>	<u>36,889</u>	<u>263,957</u>	<u>659,736</u>
Total Liabilities and Fund Balances	<u>\$ 82,619</u>	<u>\$ 97,507</u>	<u>\$ 133,979</u>	<u>\$ 62,514</u>	<u>\$ 36,889</u>	<u>\$ 279,728</u>	<u>\$ 693,236</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, 2009

	Special Revenue			Capital Projects		Total Nonmajor Governmental Funds	
	Conservation Trust	Parks and Open Space	Housing Initiative 5A	Cemetery Perpetual Care	Special Improvement District		Town Center Improvement
<b>REVENUES</b>							
Taxes	\$ -	\$10,728	\$ -	\$ -	\$ 150,485	\$ 173,210	\$ 334,423
Charges for Services	-	-	-	2,450	-	-	2,450
Assessments	-	-	-	-	-	21,064	21,064
Intergovernmental	7,774	-	81,872	-	-	-	89,646
Interest	992	926	1,538	980	894	2,419	7,749
Miscellaneous	-	-	7,321	5,183	-	-	12,504
Total Revenues	<u>8,766</u>	<u>11,654</u>	<u>90,731</u>	<u>8,613</u>	<u>151,379</u>	<u>196,693</u>	<u>467,836</u>
<b>EXPENDITURES</b>							
Culture and Recreation	-	-	-	2,000	-	-	2,000
Housing	-	-	127,487	-	-	-	127,487
Debt Service							
Principal	-	-	-	-	110,767	165,000	275,767
Interest	-	-	-	-	32,559	25,164	57,723
Total Expenditures	<u>-</u>	<u>-</u>	<u>127,487</u>	<u>2,000</u>	<u>143,326</u>	<u>190,164</u>	<u>462,977</u>
Net Change in Fund Balance	8,766	11,654	(36,756)	6,613	8,053	6,529	4,859
Fund Balance, Beginning of Year	<u>73,853</u>	<u>72,881</u>	<u>165,978</u>	<u>55,901</u>	<u>28,836</u>	<u>257,428</u>	<u>654,877</u>
Fund Balance, End of Year	<u>\$ 82,619</u>	<u>\$84,535</u>	<u>\$129,222</u>	<u>\$ 62,514</u>	<u>\$ 36,889</u>	<u>\$ 263,957</u>	<u>\$ 659,736</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO  
**CAPITAL IMPROVEMENT FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 1,082,668	\$ 1,082,668	\$ 970,331	\$ (112,337)
Interest	20,000	20,000	14,025	(5,975)
Miscellaneous	<u>90,000</u>	<u>90,000</u>	<u>31,002</u>	<u>(58,998)</u>
<b>TOTAL REVENUES</b>	<u>1,192,668</u>	<u>1,192,668</u>	<u>1,015,358</u>	<u>(177,310)</u>
<b>EXPENDITURES</b>				
Public Works	-	18,000	18,000	-
Capital Outlay	1,833,090	2,038,996	1,201,393	837,603
Debt Service				
Principal	125,348	125,348	125,348	-
Interest	<u>36,952</u>	<u>36,952</u>	<u>36,952</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>1,995,390</u>	<u>2,219,296</u>	<u>1,381,693</u>	<u>837,603</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(802,722)</u>	<u>(1,026,628)</u>	<u>(366,335)</u>	<u>660,293</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan Proceeds	-	918,000	918,000	-
Transfer In	<u>38,067</u>	<u>38,067</u>	<u>38,067</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>38,067</u>	<u>956,067</u>	<u>956,067</u>	<u>-</u>
Net Change in Fund Balance	(764,655)	(70,561)	589,732	660,293
Fund Balance, Beginning	<u>1,182,570</u>	<u>1,182,570</u>	<u>1,224,959</u>	<u>42,389</u>
Fund Balance, Ending	<u>\$ 417,915</u>	<u>\$ 1,112,009</u>	<u>\$ 1,814,691</u>	<u>\$ 702,682</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO  
**STREET IMPROVEMENT FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 521,810	\$ 521,810	\$ 467,987	\$ (53,823)
Interest	50,000	50,000	66,408	16,408
<b>TOTAL REVENUES</b>	571,810	571,810	534,395	(37,415)
<b>EXPENDITURES</b>				
General Government	52,500	52,500	189,822	(137,322)
Capital Outlay	3,587,500	3,587,500	3,360,669	226,831
Debt Service				
Principal	5,000	5,000	5,000	-
Interest	228,030	228,030	228,030	-
<b>TOTAL EXPENDITURES</b>	3,873,030	3,873,030	3,783,521	89,509
Net Change in Fund Balance	(3,301,220)	(3,301,220)	(3,249,126)	52,094
Fund Balance, Beginning	3,318,876	3,318,876	3,667,765	348,889
Fund Balance, Ending	\$ 17,656	\$ 17,656	\$ 418,639	\$ 400,983

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO  
**CONSERVATION TRUST FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2009

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 8,200	\$ 7,774	\$ (426)
Interest	<u>1,600</u>	<u>992</u>	<u>(608)</u>
Total Revenues	<u>9,800</u>	<u>8,766</u>	<u>(1,034)</u>
 Net Change in Fund Balance	 9,800	 8,766	 (1,034)
 Fund Balance, Beginning of Year	 <u>23,569</u>	 <u>73,853</u>	 <u>50,284</u>
 Fund Balance, End of Year	 <u>\$ 33,369</u>	 <u>\$ 82,619</u>	 <u>\$ 49,250</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO  
**PARKS AND OPEN SPACE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2009

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 9,789	\$ 10,728	\$ 939
Interest	<u>2,000</u>	<u>926</u>	<u>(1,074)</u>
Total Revenues	<u>11,789</u>	<u>11,654</u>	<u>(135)</u>
 Net Change in Fund Balance	 11,789	 11,654	 (135)
 Fund Balance, Beginning of Year	 <u>50,006</u>	 <u>72,881</u>	 <u>22,875</u>
 Fund Balance, End of Year	 <u><u>\$ 61,795</u></u>	 <u><u>\$ 84,535</u></u>	 <u><u>\$ 22,740</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, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 80,016	\$ 80,016	\$ 81,872	\$ 1,856
Interest	1,500	1,500	1,538	38
Miscellaneous	-	-	7,321	7,321
Total Revenues	81,516	81,516	90,731	9,215
<b>EXPENDITURES</b>				
Housing	20,739	127,499	127,487	12
Net Change in Fund Balance	60,777	(45,983)	(36,756)	9,227
Fund Balance, Beginning of Year	145,750	145,750	165,978	20,228
Fund Balance, End of Year	\$ 206,527	\$ 99,767	\$ 129,222	\$ 29,455

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO  
**CEMETERY PERPETUAL CARE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Charges for Services	\$ 1,500	\$ 1,500	\$ 2,450	\$ 950
Miscellaneous	-	-	5,183	5,183
Interest	1,000	1,000	980	(20)
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>8,613</u>	<u>6,113</u>
<b>EXPENDITURES</b>				
Culture and Recreation	<u>1,200</u>	<u>2,000</u>	<u>2,000</u>	-
Total Expenditures	<u>1,200</u>	<u>2,000</u>	<u>2,000</u>	-
Net Change in Fund Balance	1,300	500	6,613	6,113
Fund Balance, Beginning of Year	<u>55,635</u>	<u>55,635</u>	<u>55,901</u>	<u>266</u>
Fund Balance, End of Year	<u>\$ 56,935</u>	<u>\$ 56,135</u>	<u>\$ 62,514</u>	<u>\$ 6,379</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, 2009

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Taxes	\$ 142,000	\$ 150,485	\$ 8,485
Interest	<u>1,000</u>	<u>894</u>	<u>(106)</u>
Total Revenues	<u>143,000</u>	<u>151,379</u>	<u>8,379</u>
<b>EXPENDITURES</b>			
Debt Service			
Principal	110,767	110,767	-
Interest	<u>32,860</u>	<u>32,559</u>	<u>301</u>
Total Expenditures	<u>143,627</u>	<u>143,326</u>	<u>301</u>
Net Change in Fund Balance	(627)	8,053	8,680
Fund Balance, Beginning of Year	<u>1,396</u>	<u>28,836</u>	<u>27,440</u>
Fund Balance, End of Year	<u>\$ 769</u>	<u>\$ 36,889</u>	<u>\$ 36,120</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO  
**TOWN CENTER IMPROVEMENT FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2009

	Original and Final Budget	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 192,695	\$ 173,210	\$ (19,485)
Assessments	22,000	21,064	(936)
Interest	<u>5,700</u>	<u>2,419</u>	<u>(3,281)</u>
Total Revenues	<u>220,395</u>	<u>196,693</u>	<u>(23,702)</u>
<b>EXPENDITURES</b>			
Debt Service			
Principal	165,000	165,000	-
Interest	<u>25,173</u>	<u>25,164</u>	<u>9</u>
Total Expenditures	<u>190,173</u>	<u>190,164</u>	<u>9</u>
Net Change in Fund Balance	30,222	6,529	(23,693)
Fund Balance, Beginning of Year	<u>238,849</u>	<u>257,428</u>	<u>18,579</u>
Fund Balance, End of Year	<u><u>\$ 269,071</u></u>	<u><u>\$ 263,957</u></u>	<u><u>\$ (5,114)</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO  
**WATER FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Utility Sales	\$ 725,054	\$ 725,054	\$ 710,939	\$ (14,115)
Tap Fees	14,000	14,000	102,310	88,310
Interest	10,850	10,850	13,063	2,213
Miscellaneous Income	<u>25,111</u>	<u>25,111</u>	<u>8,714</u>	<u>(16,397)</u>
Total Revenues	<u>775,015</u>	<u>775,015</u>	<u>835,026</u>	<u>60,011</u>
<b>EXPENDITURES</b>				
Current				
Operations	380,452	380,452	425,605	(45,153)
Maintenance	10,225	10,225	8,737	1,488
Distribution	65,900	65,900	37,565	28,335
Treatment	32,362	32,362	28,462	3,900
Capital Outlay	301,500	356,500	247,134	109,366
Debt Service				
Principal	124,313	124,313	124,313	-
Interest	<u>20,923</u>	<u>20,923</u>	<u>20,021</u>	<u>902</u>
Total Expenditures	<u>935,675</u>	<u>990,675</u>	<u>891,837</u>	<u>98,838</u>
<b>NET INCOME, Budget Basis</b>	<u>\$ (160,660)</u>	<u>\$ (215,660)</u>	(56,811)	<u>\$ 158,849</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Principal Payments on Debt			124,313	
Capital Outlay			247,134	
Depreciation			(131,719)	
Contributed Capital			<u>94,570</u>	
<b>NET INCOME, GAAP Basis</b>			277,487	
<b>NET ASSETS, Beginning</b>			<u>3,101,937</u>	
<b>NET ASSETS, Ending</b>			<u>\$3,379,424</u>	

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO  
**SEWER FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2009

	Original and Final Budget	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>			
Utility Sales	\$ 691,255	\$ 665,970	\$ (25,285)
Tap Fees	11,000	81,517	70,517
Interest	38,560	9,582	(28,978)
Miscellaneous Income	<u>1,285</u>	<u>34,235</u>	<u>32,950</u>
Total Revenues	<u>742,100</u>	<u>791,304</u>	<u>49,204</u>
<b>EXPENDITURES</b>			
Current			
Operations	117,263	115,128	2,135
Maintenance	38,815	26,318	12,497
Treatment	424,730	428,733	(4,003)
Capital Outlay	21,500	7,000	14,500
Debt Service			
Principal	104,765	104,765	-
Interest	<u>48,886</u>	<u>46,569</u>	<u>2,317</u>
Total Expenditures	<u>755,959</u>	<u>728,513</u>	<u>27,446</u>
<b>NET INCOME, Budget Basis</b>	<u>\$ (13,859)</u>	62,791	<u>\$ 76,650</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>			
Principal Payments on Debt		104,765	
Capital Outlay		7,000	
Depreciation		(75,264)	
Investment in Joint Sewer Authority		<u>27,317</u>	
<b>NET INCOME, GAAP Basis</b>		126,609	
<b>NET ASSETS, Beginning</b>		<u>3,133,521</u>	
<b>NET ASSETS, Ending</b>		<u>\$ 3,260,130</u>	

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO  
**MARINA FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2009

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Charges for Services	\$1,015,000	\$ 949,076	\$ (65,924)
Interest	18,000	16,882	(1,118)
Miscellaneous	198,000	127,571	(70,429)
Total Revenues	<u>1,231,000</u>	<u>1,093,529</u>	<u>(137,471)</u>
<b>EXPENDITURES</b>			
Current			
Operations	751,480	720,736	30,744
Maintenance	50,550	36,277	14,273
Capital Outlay	530,000	308,746	221,254
Debt Service			
Principal	69,116	69,116	-
Interest	4,703	3,756	947
Transfer Out	38,067	38,067	-
Total Expenditures	<u>1,443,916</u>	<u>1,176,698</u>	<u>267,218</u>
<b>NET INCOME, Budget Basis</b>	<u>\$ (212,916)</u>	(83,169)	<u>\$ (129,747)</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>			
Principal Payments on Debt		69,116	
Capital Outlay		308,746	
Capital Contribution		15,000	
Depreciation		<u>(207,820)</u>	
<b>NET INCOME, GAAP Basis</b>		101,873	
<b>NET ASSETS, Beginning</b>		<u>1,744,681</u>	
<b>NET ASSETS, Ending</b>		<u>\$ 1,846,554</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, 2009

	<u>Balance</u> <u>January 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31, 2009</u>
<b>Summit County Telecommunications Consortium</b>				
<b>ASSETS</b>				
Cash and Investments	\$ 41,422	\$ 158,210	150,566	\$ 49,066
Accounts Receivable	<u>\$ 8,761</u>	<u>\$ 8,570</u>	<u>8,761</u>	<u>\$ 8,570</u>
<b>Total Assets</b>	<u><u>\$ 50,183</u></u>	<u><u>\$ 166,780</u></u>	<u><u>\$ 159,327</u></u>	<u><u>\$ 57,636</u></u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,133	\$ 657	\$ 1,133	\$ 657
Accrued Liabilities	\$ 2,022	\$ 3,383	\$ 2,022	\$ 3,383
Funds Held for Others	<u>\$ 47,028</u>	<u>\$ 53,596</u>	<u>\$ 47,028</u>	<u>\$ 53,596</u>
<b>Total Liabilities</b>	<u><u>\$ 50,183</u></u>	<u><u>\$ 57,636</u></u>	<u><u>\$ 50,183</u></u>	<u><u>\$ 57,636</u></u>

See the accompanying Independent Auditors' Report.



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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: Town of Dillon
	YEAR ENDING : December 2009

This Information From The Records Of (example - City of _ or County of _) Town of Dillon	Prepared By: Carri McDonnell Phone: 970-262-3404
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**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	3,563,447
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	29,754
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	26,761
2. General fund appropriations		b. Snow and ice removal	24,405
3. Other local imposts (from page 2)	506,898	c. Other	
4. Miscellaneous local receipts (from page 2)	200,866	d. Total (a. through c.)	51,166
5. Transfers from toll facilities		4. General administration & miscellaneous	47,574
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	250,171
a. Bonds - Original Issues	3,500,000	6. Total (1 through 5)	3,942,112
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	3,500,000	a. Interest	221,011
7. Total (1 through 6)	4,207,764	b. Redemption	146,167
<b>B. Private Contributions</b>		c. Total (a. + b.)	367,178
<b>C. Receipts from State government</b> (from page 2)	101,526	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>	4,309,290	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	367,178
		<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>	4,309,290

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

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	2,501,057	3,500,000	146,167	5,854,890
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
		4,309,290	4,309,290		0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2009

**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	183,328	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	200,866
1. Sales Taxes	323,570	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.)	323,570	h. Other	
c. Total (a. + b.)	506,898	i. Total (a. through h.)	200,866
	(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	86,833	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	14,693	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	14,693	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	101,526	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		6,153	6,153
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		3,557,294	3,557,294
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	3,557,294	3,557,294
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	3,563,447	3,563,447
			(Carry forward to page 1)

Notes and Comments: