

Town of Carbondale, Colorado

Financial Report

December 31, 2005

**Town of Carbondale, Colorado
Financial Report
December 31, 2005**

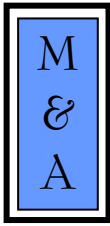
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Town Council Town of Carbondale, Colorado

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Carbondale, Colorado, (the "Town"), as of and for the year ended December 31, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town's nonmajor governmental funds as presented in the accompanying combining and individual fund financial statements and schedules as of and for the year ended December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the management of the Town. Our responsibility is to express an opinion 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 opinion.

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Carbondale, Colorado, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Town, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the debt service, the budgetary comparisons for nonmajor special revenues listed in the supplementary information section, and the budgetary comparisons for proprietary funds listed in the supplementary information section for the year then ended in conformity with generally accepted accounting principles in the United States.

The Management's Discussion and Analysis in Section B is not a required part of the basic financial statements but is 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Performing services for local governments throughout Colorado

*D. Jerry McMahan, C.P.A.
Paul J. Backes, C.P.A.*

*Daniel R. Cudahy, C.P.A.
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Members: American Institute of Certified Public Accountants/Colorado Society of Certified Public Accountants
National and Colorado Government Finance Officers Association/Colorado Municipal League

Our audit was made for the purpose of forming an opinion on the government-wide and fund financial statements taken as a whole. The accompanying financial information in Section's F is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Carbondale, Colorado. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

McMahan and Associates, LLC.

McMahan and Associates, L.L.C.

June 27, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Carbondale, Colorado

Management's Discussion and Analysis December 31, 2005

As management of the Town of Carbondale, ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2005.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include 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.

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

The Statement of Net Assets presents information on all Town 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 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 (i.e. uncollected revenues such as grants or earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, streets, and culture and recreation. The business-type activities of the Town include water distribution and system maintenance and wastewater treatment.

The government-wide financial statements can be found on pages C1 and C2 of this report.

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, 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 can be divided into two categories: governmental and proprietary 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 near-term financing requirements.

Overview of the Financial Statements (continued)

Governmental funds (continued): 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 near-term financing decisions. The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with the state budget statutes.

Proprietary funds: The Town maintains proprietary funds commonly known as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and wastewater 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 each of the business-type services provided by the Town, which are considered to be major funds of the Town.

The basic proprietary fund financial statements can be found in Section C of this report. The Town also presents a budgetary comparison for its proprietary funds.

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 in Section D of this report.

Government-wide financial analysis: As mentioned on page 2, the government-wide financial statements are designed to provide readers with a broad overview and long-term analysis of the Town's finances, in a manner similar to a private-sector business. The following graph shows the Town's net assets for 2005:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
	Current and other assets	\$ 11,675,509	11,124,489	3,618,877	3,420,352	15,294,386
Capital assets	6,963,715	6,049,153	16,389,127	16,557,924	23,352,842	22,607,077
Total assets	18,639,224	17,173,642	20,008,004	19,978,276	38,647,228	37,151,918
Other liabilities	1,115,786	1,217,154	521,878	535,300	1,637,664	1,752,454
Long-term liabilities outstanding	2,040,000	2,120,000	1,457,402	1,800,042	3,497,402	3,920,042
Total liabilities	3,155,786	3,337,154	1,979,280	2,335,342	5,135,066	5,672,496
Net assets:						
Invested in capital assets, net of related debt	7,069,804	6,516,413	14,589,085	14,410,206	21,658,889	20,926,619
Restricted	546,000	483,219	-	-	546,000	483,219
Unrestricted	7,867,634	6,836,856	3,439,639	3,232,728	11,307,273	10,069,584
Total net assets	\$ 15,483,438	13,836,488	18,028,724	17,642,934	33,512,162	31,479,422

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued): The largest portion of the Town's assets is reflected in the investment in capital assets (i.e. land, buildings, improvements, and equipment). Capital assets account for 60% of the total assets. The Town uses these assets to provide services to its citizens. The Town's remaining assets are generally available to pay liabilities or fund operations. At the end of the current fiscal year, the Town 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's capital assets increased due to the purchase of vehicles and equipment. Maturing for the Town's remaining debt are as follows; the Town's 1997A bond issues is scheduled to be retired in 2007; the Town's 1998B issue will be retired in 2015, and the Town's 2004 issue will be retired in 2024. Additional information regarding the Town's long-term debt is available in Section D of the footnotes.

The Town has reserved a portion of its net assets for the following purposes:

	Balance 1/1/05	Additions	Deletions	Balance 12/31/05
Emergency reserve	\$ 144,219	62,781	-	207,000
Health insurance	70,000	-	(70,000)	-
Parking	22,000	-	-	22,000
Manager contract	240,000	-	(22,500)	217,500
Affordable housing fee	7,000	-	(7,000)	-
Total	\$ 483,219	62,781	(99,500)	446,500

The following chart provides financial information from the Town's Statement of Activities:

	Town of Carbondale's Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
REVENUES:						
Program revenues:						
Charges for services	\$ 871,041	\$ 967,491	1,774,978	1,627,198	2,646,019	2,594,689
Operating grants and contributions	685,080	349,294	-	-	685,080	349,294
Capital grants and contributions	239,300	-	586,627	696,369	825,927	696,369
General revenues:						
Property taxes	340,000	329,135	-	-	340,000	329,135
Sales and use taxes	3,602,086	3,345,215	-	-	3,602,086	3,345,215
Other taxes	370,034	330,260	-	-	370,034	330,260
Interest and other revenue	397,222	205,736	78,743	68,079	475,965	273,815
Total Revenues	6,504,763	5,527,131	2,440,348	2,391,646	8,945,111	7,918,777
EXPENSES:						
General government	1,677,783	1,593,901	-	-	1,677,783	1,593,901
Public safety	1,410,001	1,322,962	-	-	1,410,001	1,322,962
Public works	501,693	854,281	-	-	501,693	854,281
Culture and recreation	1,145,728	955,242	-	-	1,145,728	955,242
Interest	91,902	42,230	-	-	91,902	42,230
Affordable housing	30,706	-	-	-	30,706	-
Water	-	-	962,071	1,136,141	962,071	1,136,141
Wastewater	-	-	1,092,487	1,218,107	1,092,487	1,218,107
Total Expenses	4,857,813	4,768,616	2,054,558	2,354,248	6,912,371	7,122,864
Change in Net Assets	1,646,950	758,515	385,790	37,398	2,032,740	795,913
Net Assets - Beginning	13,836,488	13,077,973	17,642,934	17,605,536	31,479,422	30,683,509
Net Assets - Ending	\$ 15,483,438	13,836,488	18,028,724	17,642,934	33,512,162	31,479,422

Overview of the Financial Statements (continued)

Governmental activities: Governmental activities increased the Town's net assets by \$1,646,950. Key elements of this increase are as follows:

- The Town capitalized \$1,124,707 in fixed asset additions during 2005.

Business-type activities: Business-type activities increased the Town's net assets by \$385,790. Key elements of this increase are as follows:

- Assets totaling \$499,376 were capitalized between the Water Fund and Wastewater Fund in 2005.
- The Water Fund and Wastewater Fund had net income of \$93,299 and \$292,491 respectively. On a cash basis, the Funds cumulatively increased their cash and investment holdings by \$206,490.

Financial Analysis of the Town's Funds

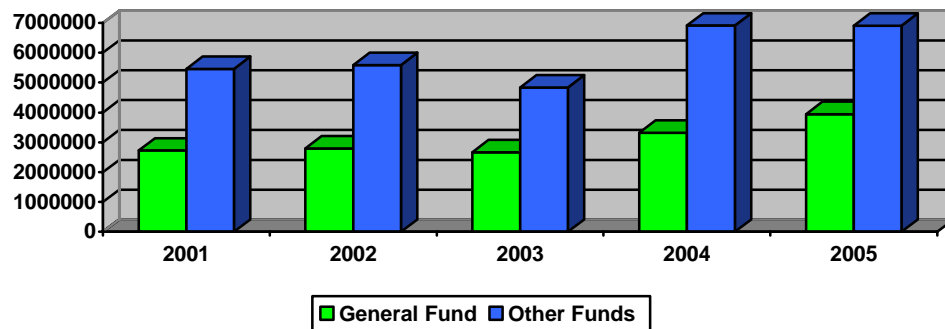
As mentioned on page 2 of this analysis, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, 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 current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,852,511; an increase of \$612,765 from the prior year's ending fund balances. The following details ending fund balances for the past several years:

Fund	2001	2002	2003	2004	2005
General	2,727,971	2,798,913	2,666,612	3,325,965	3,943,569
Sales and Use	345,112	384,256	393,178	423,692	465,802
Recreation Sales and Use	1,652,132	2,050,769	1,680,850	3,588,173	3,667,583
Bond and Bond Reserve	365,019	368,398	-	188,761	195,332
Capital Projects	1,166,445	1,030,053	1,032,152	722,762	149,733
Other Governmental	1,931,680	1,753,697	1,730,462	1,989,393	2,430,492
Total	8,188,359	8,386,086	7,503,254	10,238,746	10,852,511

As indicated on the table above, the General Fund, the Sales and Use Tax, the Recreation Sales and Use Tax, Bond and Bond Reserve Fund balances have increased from 2004. The following graph is based on the table previously presented:



Financial Analysis of the Town's Funds (continued)

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

Cash in the Water Fund at the end of the current fiscal year was \$792,591. The Wastewater Fund had cash of \$2,514,918.

Budget variances in the General Fund: The Town's General Fund revenues were over budget by \$318,631; General Fund expenditures were under budget by \$281,787. The General Fund's significant budget variances are detailed as follows:

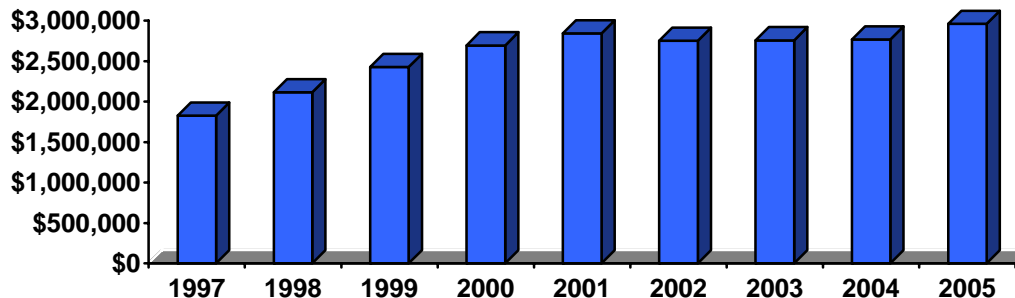
Account	Variance Positive (Negative)	Reason
Revenues:		
Intergovernmental	\$ 115,312	Mineral leasing (\$72,720) not anticipated
Interest	63,695	Conservative budgeting
Expenditures:		
Attorney	(52,914)	Crystal River de-annexation attempt
Town Manager	102,783	Conservative budgeting
Data processing	(48,339)	Computer room was rewired and rebuilt
Streets, alleys, snow removal	118,149	Street projects not completed as anticipated
Parks and cemetery	58,909	Not fully staffed for entire year

Capital assets: The Town's government-wide capital assets, net of accumulated depreciation, increased due to expenditures for various park upgrades, vehicle purchases and other miscellaneous capital asset purchases. Additional information as well as a detailed classification of the Town's net capital assets can be found in the Notes to the Financial Statements in Section D of this report.

Long-term debts: As of the end of the current fiscal year, the Town had \$4,069,170 in long-term debts. Additional information regarding the Town's debt can be found in Section D of this report.

Sales and use tax: The Town has 3.5% sales and use tax that is used to fund its governmental operations. One half percent of the tax is dedicated to recreation expenditures. Sales and use tax increased from 2004 by approximately 7.6%. The following chart indicates changes in the sales and use taxes:

Town of Carbondale Sales and Use Tax



Next year's budget and rates: The Town's General Fund balance at the end of the current fiscal year was \$3,943,569. The Town anticipates using \$788,825 of accumulated fund balance.

Financial Analysis of the Town's Funds (continued)

Other information: On November 5, 2002, the Town's electorate voted to form a "home rule" commission. Colorado's Home Rule legislation allows local governments to exempt themselves from certain state statutes. On April 29, 2003, the Town's electorate approved Home Rule Charter as established by the commission.

Request for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Carbondale, Finance Department, 511 Colorado Ave., Carbondale, Colorado 81623.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Town of Carbondale, Colorado
Statement of Net Assets
December 31, 2005

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	10,494,630	3,307,513	13,802,143
Receivables, net:			
Taxes	787,567	-	787,567
Accounts	-	209,131	209,131
Other	183,747	-	183,747
Intergovernmental	54,136	-	54,136
Prepaid expenses	57,198	44,075	101,273
Bond issuance costs, net	95,712	58,158	153,870
Inventories	2,519	-	2,519
Capital assets, net	6,963,715	16,389,127	23,352,842
Total Assets	<u>18,639,224</u>	<u>20,008,004</u>	<u>38,647,228</u>
Liabilities:			
Accounts payable	207,061	4	207,065
Deferred revenue	203,203	152,374	355,577
Other liabilities	317,022	3,000	320,022
Compensated absences	292,642	23,860	316,502
Accrued interest and bond premium	15,858	-	15,858
Bonded debt payable:			
Due within one year	80,000	342,640	422,640
Due in more than one year	2,040,000	1,457,402	3,497,402
Total Liabilities	<u>3,155,786</u>	<u>1,979,280</u>	<u>5,135,066</u>
Net Assets:			
Invested in capital assets, net of related debt	7,069,804	14,589,085	21,658,889
Restricted for other purposes	446,500	-	446,500
Unrestricted	7,967,134	3,439,639	11,406,773
Total Net Assets	<u>15,483,438</u>	<u>18,028,724</u>	<u>33,512,162</u>

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

Town of Carbondale, Colorado
Statement of Activities
For the Year Ended December 31, 2005

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Functions/Programs:							
Governmental activities:							
General government	1,677,783	664,674	190,532	239,300	(583,277)		(583,277)
Public safety	1,410,001	55,394	-	-	(1,354,607)		(1,354,607)
Public works	501,693	-	243,902	-	(257,791)		(257,791)
Culture and recreation	1,145,728	150,973	219,263	-	(775,492)		(775,492)
Affordable housing	30,706	-	31,383	-	677		677
Interest on long-term debt	91,902	-	-	-	(91,902)		(91,902)
Total governmental activities	<u>4,857,813</u>	<u>871,041</u>	<u>685,080</u>	<u>239,300</u>	<u>(3,062,392)</u>		<u>(3,062,392)</u>
Business-type activities:							
Water	962,071	890,518	-	158,600		87,047	87,047
Wastewater	1,092,487	884,460	-	428,027		220,000	220,000
Total business-type activities	<u>2,054,558</u>	<u>1,774,978</u>	<u>-</u>	<u>586,627</u>		<u>307,047</u>	<u>307,047</u>
Total	<u>6,912,371</u>	<u>2,646,019</u>	<u>685,080</u>	<u>825,927</u>	<u>(3,062,392)</u>	<u>307,047</u>	<u>(2,755,345)</u>
General revenues:							
Taxes:							
Property tax, levied for general purposes					340,000	-	340,000
Specific ownership tax					34,704	-	34,704
Sales and use tax					3,602,086	-	3,602,086
Franchise tax					191,682	-	191,682
Lodging Tax					58,999	-	58,999
Other miscellaneous taxes					84,649	-	84,649
Investment earnings					291,811	72,491	364,302
Miscellaneous					105,411	6,252	111,663
Total general revenues					<u>4,709,342</u>	<u>78,743</u>	<u>4,788,085</u>
Change in Net Assets					1,646,950	385,790	2,032,740
Net Assets - Beginning (Restated)					13,836,488	17,642,934	31,479,422
Net Assets - Ending					<u>15,483,438</u>	<u>18,028,724</u>	<u>33,512,162</u>

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

FUND FINANCIAL STATEMENTS

**Town of Carbondale, Colorado
Balance Sheet
Governmental Funds
December 31, 2005**

	<u>General</u>	<u>Recreation Sales and Use Tax</u>	<u>Sales and Use Tax</u>	<u>Capital Construction</u>	<u>Bond</u>	<u>Bond Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:								
Cash	4,263,039	3,485,911	1,099	149,733	16,435	178,897	2,399,518	10,494,632
Receivables, net of allowance for uncollectibles	116,413	100,860	-	-	-	-	-	217,273
Due from other governments	20,610	80,812	484,703	-	-	-	18,849	604,974
Due from other funds	7,875	-	-	-	1,372	-	20,000	29,247
Property tax receivable	203,203	-	-	-	-	-	145,000	348,203
Prepaid expenses	57,198	-	-	-	-	-	-	57,198
Inventory	2,519	-	-	-	-	-	-	2,519
Total Assets	<u>4,670,857</u>	<u>3,667,583</u>	<u>485,802</u>	<u>149,733</u>	<u>17,807</u>	<u>178,897</u>	<u>2,583,367</u>	<u>11,754,046</u>
Liabilities and Fund Equity:								
Liabilities:								
Accounts/vouchers payable	206,788	-	-	-	-	-	-	206,788
Other liabilities	271,626	-	-	-	-	-	-	271,626
Accrued payroll and related liabilities	45,671	-	-	-	-	-	-	45,671
Due to other funds	-	-	20,000	-	-	1,372	7,875	29,247
Deferred property taxes not collectible until subsequent year	203,203	-	-	-	-	-	145,000	348,203
Total Liabilities	<u>727,288</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>1,372</u>	<u>152,875</u>	<u>901,535</u>
Fund Balance:								
Reserved	446,500	-	-	-	15,901	172,860	-	635,261
Unreserved, reported in:								
General	3,497,069	-	-	-	-	-	-	3,497,069
Special revenue	-	3,667,583	465,802	-	-	-	2,430,492	6,563,877
Debt service	-	-	-	-	1,906	4,665	-	6,571
Capital projects	-	-	-	149,733	-	-	-	149,733
Total Fund Balance	<u>3,943,569</u>	<u>3,667,583</u>	<u>465,802</u>	<u>149,733</u>	<u>17,807</u>	<u>177,525</u>	<u>2,430,492</u>	<u>10,852,511</u>
Total Liabilities and Fund Balance	<u>4,670,857</u>	<u>3,667,583</u>	<u>485,802</u>	<u>149,733</u>	<u>17,807</u>	<u>178,897</u>	<u>2,583,367</u>	

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

Town of Carbondale, Colorado
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
December 31, 2005

Governmental Funds Total Fund Balance	\$ 10,852,511
Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	6,963,715
Deferred charges such as bond issuance costs are treated as current transactions on the fund financial statements but are capitalized and amortized on the Statement of Net Assets.	95,712
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of Town long-term liabilities.	(2,428,500)
Governmental Activities Net Assets	<u>\$ 15,483,438</u>

The notes to the financial statements are an integral part of this statement.

Town of Carbondale, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2005

	General	Recreation Sales and Use Tax	Sales and Use Tax	Capital Projects	Bond	Bond Reserve	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	415,405	500,976	2,960,485	-	-	-	294,631	4,171,497
Licenses, permits, and fees	251,802	-	-	-	-	-	-	251,802
Intergovernmental revenue	468,111	159,100	-	-	-	-	83,355	710,566
Charges for services	271,060	-	-	-	-	-	-	271,060
Fines and forfeitures	44,187	-	-	-	-	-	11,207	55,394
Investment income	109,297	103,420	625	13,538	2,051	4,665	58,215	291,811
Miscellaneous	378,652	791	-	-	-	-	373,867	753,310
Total Revenues	1,938,514	764,287	2,961,110	13,538	2,051	4,665	821,275	6,505,440
Expenditures:								
General government	1,936,596	-	-	-	150	-	31,383	1,968,129
Public safety	1,384,270	-	-	-	-	-	11,147	1,395,417
Public works	540,903	-	-	586,567	-	-	13,903	1,141,373
Culture and recreation	706,670	388,998	-	-	-	-	118,243	1,213,911
Debt service:								
Principal	-	-	-	-	80,000	-	-	80,000
Interest	-	-	-	-	92,843	-	-	92,843
Total Expenditures	4,568,439	388,998	-	586,567	172,993	-	174,676	5,891,673
Excess (Deficiency) of Revenues Over Expenditures	(2,629,925)	375,289	2,961,110	(573,029)	(170,942)	4,665	646,599	613,767
Other Financing Sources (Uses):								
Operating transfers in	-	-	-	-	172,848	-	20,000	192,848
Operating transfers (out)	3,247,531	(295,879)	(2,919,000)	-	-	-	(225,500)	(192,848)
Total Other Financing Sources (Uses)	3,247,531	(295,879)	(2,919,000)	-	172,848	-	(205,500)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	617,606	79,410	42,110	(573,029)	1,906	4,665	441,099	613,767
Fund Balance - Beginning	3,325,963	3,588,173	423,692	722,762	15,901	172,860	1,989,393	10,238,744
Fund Balance - Ending	3,943,569	3,667,583	465,802	149,733	17,807	177,525	2,430,492	10,852,511

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

Town of Carbondale, Colorado
Reconciliation of Revenues, Expenditures and Changes in Fund Balances (Deficit)
of Governmental Funds to the Statement of Activities
December 31, 2005

Governmental Funds Changes in Fund Balances (Deficit)	\$ 613,767
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay in excess of depreciation.	917,352
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	77,329
Changes in the Town employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences decreased.	41,293
The net effect of various miscellaneous transactions involving capital assets is a decrease to net assets.	(2,791)
Governmental Activities Change in Net Assets	<u>\$ 1,646,950</u>

The notes to the financial statements are an integral part of this statement.

Town of Carbondale, Colorado
Statement of Net Assets
Proprietary Funds
December 31, 2005

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and investments	792,591	2,514,918	3,307,509
Accounts receivable	81,100	84,168	165,268
Prepaid expenses	14,196	29,879	44,075
Total current assets	<u>887,887</u>	<u>2,628,965</u>	<u>3,516,852</u>
Non-current assets:			
Note receivable	-	43,863	43,863
Bond issuance costs, net of accumulated amortization	57,474	684	58,158
Land	51,048	133,391	184,439
Plant and system	12,250,289	10,027,491	22,277,780
Building and improvements	139,647	385,846	525,493
Machinery and equipment	297,821	413,542	711,363
Water rights	195,104	-	195,104
Accumulated depreciation	(2,548,504)	(4,956,548)	(7,505,052)
Total non-current assets	<u>10,442,879</u>	<u>6,048,269</u>	<u>16,491,148</u>
Total Assets	<u>11,330,766</u>	<u>8,677,234</u>	<u>20,008,000</u>
Liabilities:			
Current liabilities:			
Other liabilities	3,000	1,194	4,194
Deferred revenue	151,180	-	151,180
Due to (from) other fund	97,240	(97,240)	-
Bonds payable	102,640	240,000	342,640
Total current liabilities	<u>354,060</u>	<u>143,954</u>	<u>498,014</u>
Long-term liabilities:			
Bonds payable - Long-term portion	1,167,222	290,180	1,457,402
Accrued compensated absences	13,349	10,511	23,860
Total long-term liabilities	<u>1,180,571</u>	<u>300,691</u>	<u>1,481,262</u>
Total Liabilities	<u>1,534,631</u>	<u>444,645</u>	<u>1,979,276</u>
Net Assets:			
Invested in capital assets, net of related debt	9,115,543	5,473,542	14,589,085
Unrestricted	680,592	2,759,047	3,439,639
Total Net Assets	<u>9,796,135</u>	<u>8,232,589</u>	<u>18,028,724</u>

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

Town of Carbondale, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services:			
Service fees	814,959	872,701	1,687,660
Sale of meters	28,033	-	28,033
Other revenues:			
Penalty assessments	2,431	2,634	5,065
Miscellaneous	12,678	9,125	21,803
Total Operating Revenues	<u>858,101</u>	<u>884,460</u>	<u>1,742,561</u>
Operating Expenses:			
Operations and maintenance	11,484	123,227	134,711
Personnel costs	310,084	265,034	575,118
Administration	341,625	231,363	572,988
Depreciation	225,267	442,910	668,177
Miscellaneous	-	2,699	2,699
Total Operating Expenses	<u>888,460</u>	<u>1,065,233</u>	<u>1,953,693</u>
Operating (Loss)	<u>(30,359)</u>	<u>(180,773)</u>	<u>(211,132)</u>
Non-operating Revenue (Expenses):			
Investment income	38,669	72,491	111,160
Bond interest	(61,843)	(25,937)	(87,780)
Amortization of bond issuance costs	(11,768)	(1,317)	(13,085)
Total Non-operating Revenue (Expenses)	<u>(34,942)</u>	<u>45,237</u>	<u>10,295</u>
(Loss) Before Contributions	(65,301)	(135,536)	(200,837)
Capital contributions, and tap fees	158,600	428,027	586,627
Change in Net Assets	93,299	292,491	385,790
Total Net Assets - Beginning	<u>9,702,836</u>	<u>7,940,098</u>	<u>17,642,934</u>
Total Net Assets - Ending	<u><u>9,796,135</u></u>	<u><u>8,232,589</u></u>	<u><u>18,028,724</u></u>

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

Town of Carbondale, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash received from customers and others	839,472	887,144	1,726,616
Cash paid for goods, services and employees	(677,293)	(605,792)	(1,283,085)
Transfers	97,240	(97,240)	-
Net Cash Provided (Used) by Operating Activities	<u>259,419</u>	<u>184,112</u>	<u>443,531</u>
Cash Flows From Capital Financing Activities:			
Interest on bonds	(61,843)	(25,937)	(87,780)
Bond principal payment	(98,491)	(249,185)	(347,676)
Proceeds from tap and meter sales	158,600	428,027	586,627
Acquisition of capital assets	(290,902)	(208,475)	(499,377)
Net Cash Provided (Used) by Capital Financing Activities	<u>(292,636)</u>	<u>(55,570)</u>	<u>(348,206)</u>
Cash Flows From Investing Activities			
Interest received	38,669	72,491	111,160
Net Cash Provided by Investing Activities	<u>38,669</u>	<u>72,491</u>	<u>111,160</u>
Net Increase in Cash and Cash Equivalents	5,452	201,033	206,485
Cash and Cash Equivalents - Beginning	787,139	2,313,885	3,101,024
Cash and Cash Equivalents - Ending	<u>792,591</u>	<u>2,514,918</u>	<u>3,307,509</u>
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating (loss)	(30,359)	(180,773)	(211,132)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation expense	225,265	442,910	668,175
(Increase) decrease in operating accounts receivable	(18,629)	(2,905)	(21,534)
(Increase) decrease in prepaid expense	(14,196)	25,020	10,824
(Increase) decrease in notes receivable	-	5,589	5,589
Increase (decrease) in deposits	2,000	-	2,000
Increase (decrease) in compensated absences	(1,902)	(8,489)	(10,391)
Transfers	97,240	(97,240)	-
Total Adjustments	<u>289,778</u>	<u>364,885</u>	<u>654,663</u>
Net Cash Provided (Used) by Operating Activities	<u>259,419</u>	<u>184,112</u>	<u>443,531</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005

I. Summary of Significant Accounting Policies

The Town of Carbondale, Colorado (the "Town") is incorporated as a home rule municipality under Colorado statutes to provide public safety, highways and streets, water and sewer service, health and social services, culture-recreation, public health improvements, planning and zoning, and general administrative services. The Town is located in Garfield County, Colorado and operates under a Council-Manager form of government.

An elected Mayor and Town Council are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. The Town's major operations include water and sewer operations, road maintenance, police services, and culture and recreation.

The Town's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements after that date to its business-type activities and enterprise funds, the Town has not chosen to do so. The more significant accounting policies established by GAAP used by the Town are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the Town, and (b) organizations for which the Town is financially accountable. The Town is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either 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. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the Town. Organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based upon the above criteria, the Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

B. Government-wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's public safety, road maintenance, culture and recreation, and administration are classified as governmental activities. The Town's utilities, water and sewer service, are classified as a business activities.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (public safety, highways and streets, utilities, etc.). The functions are also supported by general government revenues (property and sales taxes, intergovernmental revenue, fines and permits, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, roads, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (property and sales taxes, interest income, etc.).

The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

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 *Recreation Sales and Use Tax Fund* - accounts for a ½ cent sales and use tax which is restricted for recreation purposes and for repayment of bonded debt.

The *Sales and Use Tax Fund* - accounts for the 3% sales and use tax revenues. The Sales and Use Tax Fund is presented as a special revenue fund because the revenues are derived from specific sales and use taxes and the expenditures involve not only various capital projects, but specific functions, activities, and debt service of the Town.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements (continued)

The *Capital Construction Fund* - accounts for capital construction costs incurred by the Town.

The *Bond Fund* - accounts for financial resources to be used for the payment of principal and interest on the 2004 Recreation Sales and Use Tax Revenue Bonds.

The *Bond Reserve Fund* - accounts for resources which are legally restricted for the payment of the 2004 Recreation Sales and Use Tax Revenue Bonds.

The Town reports the following non-major governmental funds:

The *Conservation Trust Fund* - accounts for funds received and restricted for use in the acquisition, development and maintenance of new conservation and recreation sites pursuant to Colorado Revised Statutes.

The *Victims Assistance Fund* - accounts for funds assessed upon police tickets and fines. The funds are required to be used for assistance to victims.

The *Highway 133 Fund* – accounts for funds earmarked for beautification and enhancements along Highway 133.

CHFA Affordable Housing Mortgage Reserve Fund - is a mortgage reserve fund used to purchase any affordable housing units from owners that default on their mortgage. The units purchased are required to be deed-restricted units originally sold by the Carbondale Housing Authority (“CHA”). The funds available are from a 1/4% sales charge on any CHA units sold.

The *Streetscape Fund* – accounts for a 1.5 mill ad valorem tax restricted to improvements to the downtown area of Carbondale.

The *Community Enhancement Fund* – accounts for funds restricted for beautification projects, energy conservation, underground utility lines, and sponsored community events.

The *Development Dedication Fee Fund* - accounts for funds received from developers.

The *Lodging Tax Fund* accounts for 2% tax on gross rents for lodging.

The Town reports the following proprietary or business-type funds:

The *Water Fund* accounts for the purchase and delivery of water to the citizens of the Town. The water fund also maintains the infrastructure needed to provide water service.

The *Wastewater Fund* accounts for activities related to the sewage treatment facilities and sewage transmission lines.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for the 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 non-operating revenues and expenses.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Investments

Investments are stated at fair value.

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

5. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets (only infrastructure acquired after January 1, 2002), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The Town defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities.

Infrastructure, buildings, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	15 - 30
Buildings and improvements	15 - 40
Distribution systems	40 - 60
Equipment and vehicles	5 - 8

6. Compensated Absences

Earned but unused vacation benefits are accrued when incurred in the government-wide and proprietary fund financial statements.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Assets

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net assets of governmental activities* as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The \$6,963,715 represents the book value of capital assets at December 31, 2005.

Another element of that reconciliation states that “Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The detail of this \$2,428,500 difference represents \$292,642 in accrued compensated absences, \$2,120,000 in bond debt, \$7,604 in interest payable and \$8,254 of unamortized bond premium.

Another element of the reconciliation states that “Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.” The \$95,712 represents the unamortized bond issuance costs.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes a reconciliation between *net change in fund balances of governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense”. The details of this \$917,352 difference are capital outlay of \$1,303,757 less depreciation expense of \$386,405.

Another element of the reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. This amount is the net effect of these differences in treatment of long-term debt and related items.” The details of this \$ 77,329 difference is a debt payment of \$80,000, accrued interest of \$133, plus \$808 of amortized bond premium, less \$3,612 in bond issuance costs.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year end.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

As required by Colorado Statutes, the Town followed the required timetable noted below in preparing, approving, and enacting its budget for 2005.

- (1) For the 2005 budget year, prior to August 25, 2004, the County Assessor sent to the Town an assessed valuation of all taxable property within the Town's boundaries.
- (2) The Mayor, or other qualified person appointed by the Council, submitted to the Council, on or before October 15, 2004, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the Town's operating requirements.
- (3) Prior to December 15, 2004, a public hearing was held for the budget, the Council certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Council adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
- (4) After adoption of the budget resolution, the Town may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2004 were collected in 2005 and taxes certified in 2005 will be collected in 2006. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

During the year, a supplemental appropriation ordinance was necessary. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made. The following funds had supplementary budget appropriations:

Fund	Original Appropriation	Supplemental Appropriation
Lodging Tax Fund	50,331	60,000
Sales and Use Tax Fund	2,533,000	3,025,270
Bond Reserve Fund	1,662	4,000

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly know as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved \$ 207,000 for TABOR purposes.

In 2002 the Town's electorate voted to allow the Town to collect, retain, and expend revenues notwithstanding any of TABOR's restrictions.

The Town's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

IV. Detailed Notes on all Funds

A. Deposits

Pursuant to its charter, the Town has adopted, by ordinance, an investment policy governing the types of institutions and investments with which it may deposit funds and transact business. Under this policy, the Town may invest in federally insured banks, debt obligations of the U.S. Government, its agencies and instrumentalities, governmental mutual fund and pools including 2a7-like pools, and repurchase agreements subject to policy requirements.

The Town's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). This FDIC insures the first \$100,000 of the Town's deposits at each financial institution. Deposit balances over \$100,000 are collateralized as required by PDPA. The carrying amount of the Town's demand deposit was \$6,637,080. Petty cash totaled \$427. At year end, the Town had the following investments and maturities:

	<u>Standard & Poors Rating</u>	<u>Carrying amounts</u>	<u>Maturities</u>	
			<u>Less than one year</u>	<u>Less than five years</u>
Deposits:				
Petty cash	Not Rated	427	427	
Demand deposits	Not Rated	6,637,080	6,637,080	
Investments:				
Certificates of Deposit	Not Rated	3,115,512		3,115,512
Investment pools	AAAm	4,049,124	4,049,124	
		<u>\$ 13,802,143</u>		

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits (continued)

The Town's holdings in investment pools are comprised of balances with COLOTRUST and CSAFE, which are investment vehicles established for local government entities in Colorado to pool surplus funds. They operate similarly to money market funds, whereby each share is equal in value to \$1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The Town has no regulatory oversight for the pools.

Interest Rate Risk: As a means of limiting its exposure to interest rate risk, the Town diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The Town coordinates its investments maturities to closely match cash flow needs and restricts the maximum investments term to less than five years from the purchase date. As a result of the limited length on maturities, the Town has limited its interest rate risk.

Credit Risk: State law and Town policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The Town's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would expect to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

B. Receivables

Receivables as of year-end for the Town's funds, including applicable allowances for uncollectible accounts, are as follows:

	General	Recreation Sales and Use Tax	Sales and Use Tax	Highway 133	Streetscape	Lodging Tax	Water	Wastewater	Total
Receivables:									
Taxes	-	-	-	-	1,082	2,286	-	-	3,368
Accounts	-	-	-	-	-	-	80,500	84,168	164,668
Other	116,413	100,860	-	15,481	-	-	-	-	232,754
Intergovernmental	20,610	80,812	484,703	-	-	-	600	-	586,725
Gross receivables	137,023	181,672	484,703	15,481	1,082	2,286	81,100	84,168	987,515
Less: allowance for uncollectible	-	-	-	-	-	-	-	-	-
Net receivables	\$ 137,023	181,672	484,703	15,481	1,082	2,286	81,100	84,168	987,515

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. This includes \$348,203 of deferred revenue for property taxes levied in 2005 but not available until 2006.

C. Note Receivable - Wastewater

The Town entered into a note with the Colorado Rocky Mountain School, Inc. (the "School") for payment of tap fees on property owned by the School. The note's principal is \$116,760 and requires monthly principal and interest payments of \$1,194 through July 1, 2008. The balance outstanding as of December 31, 2005 is \$35,009.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

IV. Detailed Notes on all Funds (continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 1,516,873	147,500	-	1,664,373
Construction in progress	-	31,550	-	31,550
Total capital assets, not being depreciated	<u>1,516,873</u>	<u>179,050</u>	<u>-</u>	<u>1,695,923</u>
Capital assets, being depreciated:				
Infrastructure	1,403,218	772,712	-	2,175,930
Buildings	2,384,797	-	-	2,384,797
Improvements other than buildings	1,656,809	231,102	-	1,887,911
Equipment	1,778,161	120,893	(66,608)	1,832,446
Total capital assets being depreciated	<u>7,222,985</u>	<u>1,124,707</u>	<u>(66,608)</u>	<u>8,281,084</u>
Less accumulated depreciation for:				
Infrastructure	(131,145)	(45,918)	-	(177,063)
Buildings	(618,498)	(79,436)	-	(697,934)
Improvements other than buildings	(684,889)	(117,476)	-	(802,365)
Equipment	(1,256,172)	(143,575)	63,817	(1,335,930)
Total accumulated depreciation	<u>(2,690,704)</u>	<u>(386,405)</u>	<u>63,817</u>	<u>(3,013,292)</u>
Total capital assets, being depreciated, net	<u>4,532,281</u>	<u>738,302</u>	<u>(2,791)</u>	<u>5,267,792</u>
Governmental activities				
capital assets, net	<u>\$ 6,049,154</u>	<u>917,352</u>	<u>(2,791)</u>	<u>6,963,715</u>

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 184,439	-	-	184,439
Water rights	179,020	16,084	-	195,104
Total capital assets, not being depreciated	<u>363,459</u>	<u>16,084</u>	<u>-</u>	<u>379,543</u>
Capital assets, being depreciated:				
Water/wastewater system and improvements	21,876,279	401,500	-	22,277,779
Buildings and improvements	512,539	12,954	-	525,493
Equipment	642,524	68,838	-	711,362
Total capital assets being depreciated	<u>23,031,342</u>	<u>483,292</u>	<u>-</u>	<u>23,514,634</u>
Less accumulated depreciation for:				
Water/wastewater system and improvements	(6,222,040)	(605,228)	-	(6,827,268)
Buildings and improvements	(155,143)	(13,126)	-	(168,269)
Equipment	(459,694)	(49,819)	-	(509,513)
Total accumulated depreciation	<u>(6,836,877)</u>	<u>(668,173)</u>	<u>-</u>	<u>(7,505,050)</u>
Total capital assets, being depreciated, net	<u>16,194,465</u>	<u>(184,881)</u>	<u>-</u>	<u>16,009,584</u>
Business-type activities capital assets, net	<u>\$ 16,557,924</u>	<u>(168,797)</u>	<u>-</u>	<u>16,389,127</u>

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

IV. Detailed Notes on all Funds (continued)

D. Capital Assets (continued)

The Town had the following capital outlay and depreciation expense for the following functions:

	Capital Outlay	Depreciation Expense
Governmental activities:		
General government	\$ 251,846	97,119
Public safety	20,554	32,186
Public works, including infrastructure	738,260	115,183
Culture and recreation	293,097	141,917
Total - governmental activities	\$ 1,303,757	386,405
Business-type activities:		
Water	\$ 290,901	225,267
Wastewater	208,475	442,910
Total - business-type activities	\$ 499,376	668,177

Any difference between capital outlay and additions to the business-type activity funds generally consists of contributed assets. Contributions of assets largely consist of assets provided by developers upon annexation.

E. Interfund Receivables, Payables, and Transfers

The Town had the following interfund receivables or payables as of December 31, 2005:

	Due from	Due to
Due from (to):		
General Fund	7,875	-
Highway 133 Fund	20,000	-
CHA Housing Fund	-	7,875
Sales and Use Tax Fund	-	20,000
Bond Fund	1,372	-
Bond Reserve Fund	-	1,372
Water Fund	-	97,240
Wastewater Fund	97,240	-
Total	\$ 126,487	126,487

Transfers were as follows:

Fund In (Out)	In	Reason
General / (Sales and Use Tax)	2,899,000	To pay for operations as provided by sales tax ordinance
General / (Recreation Sales and Use Tax)	123,031	To defray operating costs of the swimming pool
General / (Development Dedication)	225,500	To pay for related expenditures due to development
Highway 133 / (Sales and Use Tax)	20,000	To fund Hwy 133 project from sales tax related to La Fontana Plaza
Bond Fund / (Recreation Sales and Use Tax)	172,848	To fund debt service as provided by sales tax ordinance

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Operating Leases

The Town is committed under various leases for office equipment. These leases are considered, for accounting purposes, to be operating leases, and therefore, the liability and the related assets have not been recorded in these financial statements.

G. Long-term Debt

1. CWRPDA 1994 and 1998 Series B Bonds

In 1998, the Colorado Water Resources and Power Development Authority ("CWRPDA") issued \$1,436,968 of 1998 Series B bonds. The CWRPDA placed the proceeds of the issuance in escrow to provide funds to pay principal and interest on the refunded bonds (Series 1994B). All refunded bonds, maturing after October 1, 2004, are considered to be defeased. The difference between the cash flow required to service the old debt and that required to service the new debt is \$102,365. The Town realized a present value gain on the refunding of \$70,590.

The 1994 Series B bonds were originally issued by CWRPDA on behalf of several Colorado local governments, including the Town of Carbondale. \$1,900,000 of the 1994 Series B proceeds was then loaned to the Town for construction of a new water treatment plant. Series 1994 Bonds maturing through October 1, 2004, have not been refunded and are still outstanding. The bonds are payable solely from the net revenue derived by the Town from the operation of the water system.

The interest rate on the 1998 Series B bonds is between 3.35% and 4.75%. The bonds require interest payments on May 1 and November 1. Annual principle payments are made on November 1. The bonds mature on November 1, 2015. The net revenue derived by the Town from the operation of the water system is restricted solely for the payment of the principal and interest of the bonds.

2. CWRPDA 1997 Series A Bonds

In 1997, the CWRPDA issued bonds on behalf of several Colorado local governments, including the Town of Carbondale. The CWRPDA then loaned the Town \$2,327,490 of the bond proceeds for construction of a new wastewater treatment plant. Interest averaging 4.2% is payable each February 1 and August 1. The bonds require annual principle payments on August 1. The bonds require annual debt service payments through 2007. The net revenue derived by the Town from the operation of the water system is restricted solely for the payment of the principal and interest of the bonds.

3. Sales and Use Tax Series 2004 Bonds

On July 1, 2004, the Town issued Series 2004 Recreation Sales and Use Tax Bonds. The bond proceeds are to be used to finance the developing, constructing, and equipping of a new park and recreation facility, improvements to existing park facilities and to pay the costs of issuance of the bonds. The bonds after December 1, 2015, are subject to redemption prior to maturity, at the option of the Town. Interest is payable semi-annually on June 1 and December 1 at 2% to 5%. Principal payments are made December 1. The bonds require debt service payments through 2024.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

IV. Detailed Notes on all Funds (continued)

G. Long-term Debt (continued)

4. Advance Refunding

The Town has advance refunded the 1988 Sales Tax Revenue Bonds and 1994 Series B CWRPDA Water Bonds. Sufficient U.S. government, state and local government securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Town's financial records. The information relating to these two debt issuances is not available at year end.

5. Schedule of Future Payment

The Town's annual debt service is as follows:

Year	CWRPDA Series 1997A	CWRPDA Series 1998B	Recreation Sales and Use Bonds Series 2004	Total
2006	290,952	160,516	171,243	622,711
2007	294,346	160,359	169,443	624,148
2008	-	160,283	172,323	332,606
2009	-	161,643	169,773	331,416
2010	-	160,881	172,010	332,891
2011-2015	-	811,957	848,510	1,660,467
2016-2020	-	-	851,090	851,090
2021-2024	-	-	676,750	676,750
Total	585,298	1,615,639	3,231,142	5,432,079
Less: interest	(55,118)	(345,777)	(1,111,142)	(1,512,037)
Bonds outstanding	\$ 530,180	1,269,862	2,120,000	3,920,042

6. Compensated Absences

The Town has a policy for the accumulation of sick pay, vacation pay and compensatory time up to certain limits. Earned vacation pay accrues on a graduated scale from the date of employment and must be used within 12 months of the date of accrual. Upon retirement, an employee's accrued sick leave may be converted to monetary payment based upon the following scale:

Length of Employment	Percentage Payment
0 - 9 years	25%
10 - 14 years	33%
Over 15 years	50%

The estimated liability for accrued leave for the Water and Wastewater Fund employees is recorded on that fund's financial statements; the estimated liability for all other employees is recorded in governmental activities in the Statement of Net Assets.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

IV. Detailed Notes on all Funds (continued)

G. Long-term Debt (continued)

7. Changes in the Long-term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2005:

	<u>Balance 1/1/05</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance 12/31/05</u>
Governmental Activities:				
Series 2004 Bonds	\$ 2,200,000	-	(80,000)	2,120,000
Compensated absences	333,935	-	(41,293)	292,642
Business-Type Activities:				
CWRPDA 1997A Bonds	779,365	-	(249,185)	530,180
CWRPDA 1998B Bonds	1,368,353	-	(98,491)	1,269,862
Compensated absences	34,251	-	(10,391)	23,860
Total	<u>\$ 4,715,904</u>	<u>-</u>	<u>(479,360)</u>	<u>4,236,544</u>

8. Restricted Fund Balance

The Town had the following restrictions on the General Fund's fund balance at December 31, 2005:

	<u>Balance 1/1/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/05</u>
Emergency reserve	\$ 144,219	62,781	-	207,000
Health insurance	70,000	-	(70,000)	-
Parking	22,000	-	-	22,000
Manager contract	240,000	-	(22,500)	217,500
Affordable housing fee	7,000	-	(7,000)	-
Total	<u>\$ 483,219</u>	<u>62,781</u>	<u>(99,500)</u>	<u>446,500</u>

9. Bond Discount/Issuance Costs

Bond discounts and issuance costs for the proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Unamortized bond issuance costs at December 31, 2005, were \$95,712.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

V. Other Information

A. Benefits

The Town has established two contributory benefit plans as follows.

1. Contributory Pension Plan - IRS Section 401(a)

The Town established a defined contribution pension plan for all full-time employees. The plan is administered and invested by ICMA, Inc.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. All Town employees are eligible to participate in this plan. Eligibility is at the date of employment. The Town contributes 3% of the employees' compensation to this plan. The Town's contributions vest 40% after two years.

The Town's vesting percentage increases 20% each year thereafter, and become fully vested after five years. The assets are valued at market.

The Town's current year covered payroll was \$ 2,401,267 and current year total payroll was \$ 2,835,962 . During the year, the Town's required and actual contributions amounted to \$ 72,038 , which was 3% of its current year covered payroll.

2. Deferred Compensation Plan - IRC 457

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Town matches employee contributions up to 2% of the employees' wages. The Town does not administer the plan; therefore, it is not presented in the Town's financial statements.

3. Police Pension 401(a) Plan

The Town's police department is covered by a defined contribution plan allowed under I.R.C. 401(a). The plan is administered and invested by ICMA, Inc. and therefore, is not presented in the Town's financial statements.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

V. Other Information (continued)

A. Benefits (continued)

3. Police Pension 401(a) Plan (continued)

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. Eligibility is at the date of employment. Employee contributions are 100% vested when paid. Employees contribute 8% and the Town contributes 8% of the employee's annual salary.

The Town's current year covered payroll was \$ 771,988 and current year total payroll was \$838,018. During the year, the Town's required and actual contributions amounted to \$ 61,759 .

B. Commitments and Contingencies - Landfill

The Town stopped accepting waste at its landfill in 1993 and substantially completed closure in 1995. Due to the Town's landfill being closed, it is not subject to certain state and federal requirements. However, state and federal laws and regulations did require that the Town place a final cover on its landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. No future costs associated with the Landfill are anticipated.

C. Risk Management

The Town is exposed to various risks of loss related to workers' compensation, general liability, and worker unemployment. The Town has acquired commercial coverage for these risks. Any settled claims are not expected to exceed the commercial insurance coverage. The Town is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. The Town is a member of the insurance pool described below to cover these risks.

Pursuant to an inter-local agreement authorized by state statute, the Town joined the Colorado Intergovernmental Risk Sharing Agency ("CIRSA") to provide insurance coverage. Members of the Council of directors are nominated and elected by members to two-year, staggered terms and meet at least monthly to direct operations. CIRSA budgets are funded by contributions from member governments.

The Town's share of assets, liabilities and fund equity as of December 31, 2003, the latest date for which information is available, is as follows:

Property and Casualty Pool:	<u>%</u>
Loss fund	0.935%
Pooled excess fund	0.976%

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

V. Other Information (continued)

C. Risk Management (continued)

The December 31, 2005, combined financial information is as follows:

Cash and investments	\$ 40,821,727
Other assets	9,784,808
Total	<u><u>\$ 50,606,535</u></u>
Liabilities	\$ 32,242,203
Members fund balance	18,364,332
Total	<u><u>\$ 50,606,535</u></u>
Total revenue	\$ 20,646,828
Total expense	(17,492,576)
Excess of Revenue Over Expense	<u><u>\$ 3,154,252</u></u>

Coverage provided by CIRSA is as follows: 1) \$250,000 per claim/occurrence property; 2) \$1,000,000 per claim/occurrence liability; and 3) \$150,000 per claim/occurrence crime. CIRSA has also acquired additional excess coverage from outside sources. The Town may be liable for any losses in excess of the above coverage. At December 31, 2005, the Town does not expect to incur losses in excess of the above coverage.

Surpluses or deficits for any year are subject to change for reasons which include: interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

D. Restatement

The beginning fund balance of the Water Fund was restated by \$151,179 to reflect an adjustment to prior year water tap revenue. The government-wide beginning governmental activities net asset was restated by \$467,258 to reflect changes made during the year to update the fixed assets of the Town.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Carbondale, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2005
With Comparative Totals For the Year Ended December 31, 2004

	2005		Variance Positive (Negative)	2004
	Original and Final Budget	Actual		Actual
Revenues:				
Taxes	391,075	415,405	24,330	381,538
Licenses and permits	155,950	251,802	95,852	176,921
Intergovernmental	352,799	468,111	115,312	435,665
Charges for services	232,930	271,060	38,130	220,228
Fines and forfeitures	77,000	44,187	(32,813)	50,779
Interest	45,602	109,297	63,695	47,976
Administrative charges	274,012	274,012	-	268,639
Developer reimbursable	35,000	24,873	(10,127)	27,299
Other	55,515	79,767	24,252	82,366
Total Revenues	1,619,883	1,938,514	318,631	1,691,411
Expenditures:				
General Government:				
Attorney	109,607	162,521	(52,914)	128,579
Municipal elections	10,100	-	10,100	5,048
Trustees	76,243	71,623	4,620	72,097
Municipal Court	29,745	28,908	837	32,225
Town Manager	367,066	264,283	102,783	327,146
Administrative services	325,801	263,981	61,820	260,440
Finance and records	304,227	286,076	18,151	266,237
Planning	334,400	341,133	(6,733)	208,080
Data processing	28,600	76,939	(48,339)	26,233
Building operations	76,004	75,939	65	109,225
Motor pool	165,906	174,959	(9,053)	119,698
Economic development	89,460	74,682	14,778	90,215
Sales tax administration	-	273	(273)	-
Affordable housing	33,000	33,000	-	-
Total General Government	1,950,159	1,854,317	95,842	1,645,223
Public Safety:				
Police department	1,207,405	1,204,528	2,877	1,170,278
Communications	33,100	29,294	3,806	30,527
Building inspection	92,635	94,751	(2,116)	84,569
Ordinance control	62,502	55,697	6,805	47,233
Total Public Safety	1,395,642	1,384,270	11,372	1,332,607
Public Works:				
Streets, alleys, snow removal	537,907	419,758	118,149	459,995
Public works administration	99,745	121,145	(21,400)	82,670
Total Public Works	637,652	540,903	96,749	542,665

(continued)

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

Town of Carbondale, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2005
With Comparative Totals For the Year Ended December 31, 2004
(Continued)

	<u>2005</u>			<u>2004</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Expenditures (continued):				
Culture and Recreation:				
Recreation	249,747	285,995	(36,248)	231,660
Municipal pool	140,863	123,031	17,832	109,178
Parks and cemetery	314,903	255,994	58,909	170,059
Community affairs	45,000	41,650	3,350	22,750
Total Culture and Recreation	<u>750,513</u>	<u>706,670</u>	<u>43,843</u>	<u>533,647</u>
Other:				
Landfill reclamation	-	-	-	-
Environmental health and recycling	11,260	13,940	(2,680)	13,006
Contingency	105,000	68,339	36,661	-
Total Other	<u>116,260</u>	<u>82,279</u>	<u>33,981</u>	<u>13,006</u>
Total Expenditures	<u>4,850,226</u>	<u>4,568,439</u>	<u>281,787</u>	<u>4,067,148</u>
(Deficiency) of Revenues Over Expenditures	(3,230,343)	(2,629,925)	600,418	(2,375,737)
Other Financing Sources:				
Sale of fixed assets	-	-	-	2,210
Transfers in	2,863,500	3,247,531	384,031	3,032,876
Total Other Financing Sources	<u>2,863,500</u>	<u>3,247,531</u>	<u>384,031</u>	<u>3,035,086</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(366,843)	617,606	984,449	659,349
Fund Balance - Beginning	<u>3,038,588</u>	<u>3,325,963</u>	<u>287,375</u>	<u>2,666,612</u>
Fund Balance - Ending	<u>2,671,745</u>	<u>3,943,569</u>	<u>1,271,824</u>	<u>3,325,961</u>

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

Town of Carbondale, Colorado
Recreation Sales and Use Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2005
With Comparative Totals For the Year Ended December 31, 2004

	2005		Variance Positive (Negative)	2004
	Original and Final Budget	Actual		Actual
Revenues:				
Sales tax revenue	390,220	475,296	85,076	417,124
Use tax - Building permits	32,200	25,680	(6,520)	44,263
Investment earnings	43,703	103,420	59,717	34,074
Intergovernmental	159,100	159,100	-	440
Other income	2,500	791	(1,709)	7,719
	Total Revenues	764,287	136,564	503,620
Expenditures:				
Design	-	-	-	27,712
Park improvements	600,000	27,590	572,410	160,908
Trail improvements	370,100	172,859	197,241	35,121
Riding area and building	10,000	40,629	(30,629)	6,702
Skate park	195,000	3,500	191,500	37,917
Salaries and benefits	60,133	50,248	9,885	52,197
Park and recreation facilities	2,159,650	94,172	2,065,478	54,317
	Total Expenditures	388,998	3,005,885	374,874
Excess (Deficiency) of Revenues Over Expenditures	(2,767,160)	375,289	3,142,449	128,746
Other Financing Sources (Uses):				
Operating transfers (out)	(313,943)	(295,879)	18,064	(431,321)
Bond proceeds	-	-	-	2,209,901
Total Other Financing (Uses)	(313,943)	(295,879)	18,064	1,778,580
Excess (Deficiency) of Revenues Over Expenditures and Other Financing (Uses)	(3,081,103)	79,410	3,160,513	1,907,326
Fund Balance - Beginning	3,496,220	3,588,173	91,953	1,680,849
Fund Balance - Ending	415,117	3,667,583	3,252,466	3,588,175

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

Town of Carbondale, Colorado
Sales and Use Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2005
With Comparative Totals For the Year Ended December 31, 2004

	<u>2005</u>			Final Budget Variance Positive (Negative)	<u>2004</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Sales tax	2,059,200	2,551,470	2,489,538	(61,932)	2,218,955
Use tax - motor vehicle	255,530	255,530	316,870	61,340	282,955
Use tax - building permits	192,800	192,800	154,077	(38,723)	266,062
Investment earnings	230	230	625	395	258
Total Revenues	<u>2,507,760</u>	<u>3,000,030</u>	<u>2,961,110</u>	<u>(38,920)</u>	<u>2,768,230</u>
Expenditures:					
Miscellaneous	-	-	-	-	19
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19</u>
Excess of Revenues Over Expenditures	2,507,760	3,000,030	2,961,110	(38,920)	2,768,211
Other Financing (Uses):					
Operating transfers (out)	(2,533,000)	(3,025,270)	(2,919,000)	106,270	(2,737,697)
Total Other Financing (Uses)	<u>(2,533,000)</u>	<u>(3,025,270)</u>	<u>(2,919,000)</u>	<u>-</u>	<u>(2,737,697)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing (Uses)	(25,240)	(25,240)	42,110	67,350	30,514
Fund Balance - Beginning	397,209	397,209	423,692	26,483	393,177
Fund Balance (Deficit) - Ending	<u>371,969</u>	<u>371,969</u>	<u>465,802</u>	<u>93,833</u>	<u>423,691</u>

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

SUPPLEMENTARY INFORMATION

Town of Carbondale, Colorado
Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2005
With Comparative Totals For the Year Ended December 31, 2004

	<u>2005</u>		<u>2004</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Investment earnings	625	2,051	1,426	126
Total Revenues	<u>625</u>	<u>2,051</u>	<u>1,426</u>	<u>126</u>
Expenditures:				
Bond principal	80,000	80,000	-	-
Bond issuance costs	-	-	-	99,323
Bond interest	92,843	92,843	-	35,332
Agents fee	300	150	150	225
Total Expenditures	<u>173,143</u>	<u>172,993</u>	<u>150</u>	<u>134,880</u>
(Deficiency) of Revenues Over Expenditures	(172,518)	(170,942)	1,576	(134,754)
Other Financing Sources (Uses):				
Operating transfers in	173,143	172,848	(295)	150,655
Total Other Financing Sources (Uses)	<u>173,143</u>	<u>172,848</u>	<u>(295)</u>	<u>150,655</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	625	1,906	1,281	15,901
Fund Balance - Beginning	<u>15,029</u>	<u>15,901</u>	<u>872</u>	<u>-</u>
Fund Balance - Ending	<u><u>15,654</u></u>	<u><u>17,807</u></u>	<u><u>2,153</u></u>	<u><u>15,901</u></u>

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

Town of Carbondale, Colorado
 Bond Reserve Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
 For the Year Ended December 31, 2005
 With Comparative Totals For the Year Ended December 31, 2004

	2005			Final Budget Variance Positive (Negative)	2004
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Investment earnings	1,662	4,000	4,665	665	1,372
Total Revenues	<u>1,662</u>	<u>4,000</u>	<u>4,665</u>	<u>665</u>	<u>1,372</u>
Excess (Deficiency) of Revenues Over Expenditures	1,662	4,000	4,665	665	1,372
Other Financing Sources (Uses):					
Operating transfers in	-	-	-	-	172,860
Operating transfers (out)	(1,662)	(4,000)	-	4,000	(1,372)
Total Other Financing Sources (Uses)	<u>(1,662)</u>	<u>(4,000)</u>	<u>-</u>	<u>4,000</u>	<u>171,488</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	-	-	4,665	4,665	172,860
Fund Balance - Beginning	<u>173,960</u>	<u>173,960</u>	<u>172,860</u>	<u>(1,100)</u>	<u>-</u>
Fund Balance - Ending	<u><u>173,960</u></u>	<u><u>173,960</u></u>	<u><u>177,525</u></u>	<u><u>3,565</u></u>	<u><u>172,860</u></u>

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

Town of Carbondale, Colorado
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2005
With Comparative Totals For the Year Ended December 31, 2004

	<u>2005</u>		<u>2004</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Investment earnings	8,322	13,538	5,216	10,070
Total Revenues	<u>8,322</u>	<u>13,538</u>	<u>5,216</u>	<u>10,070</u>
Expenditures:				
Construction	620,474	-	620,474	-
Intersection	-	-	-	2,225
Contribution for RFTA Park 'n Ride	100,000	-	100,000	200,399
Street resurfacing	120,000	586,567	(466,567)	16,836
Total Expenditures	<u>840,474</u>	<u>586,567</u>	<u>253,907</u>	<u>219,460</u>
(Deficiency) of Revenues Over Expenditures	(832,152)	(573,029)	(248,691)	(209,390)
Other Financing Sources (Uses):				
Operating transfers (out)	-	-	-	(100,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	(832,152)	(573,029)	259,123	(309,390)
Fund Balance - Beginning	<u>832,152</u>	<u>722,762</u>	<u>(109,390)</u>	<u>1,032,152</u>
Fund Balance - Ending	<u><u>-</u></u>	<u><u>149,733</u></u>	<u><u>149,733</u></u>	<u><u>722,762</u></u>

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

Town of Carbondale, Colorado
Schedule of Revenues and Expenditures
Budget and Actual
Proprietary Funds
For the Year Ended December 31, 2005
With Comparative Totals For the Year Ended December 31, 2004

	Water Fund				Wastewater Fund			
	2005		Variance Positive (Negative)	2004	2005		Variance Positive (Negative)	2004
	Original and Final Budget	Actual		Actual	Original and Final Budget	Actual		Actual
Revenues:								
Charges for services:								
Sale of meters	24,400	28,033	3,633	32,313	-	-	-	-
Service fees	805,000	814,959	9,959	767,019	911,891	872,701	(39,190)	827,866
Penalty assessments	2,900	2,431	(469)	2,240	2,882	2,634	(248)	2,418
Miscellaneous	4,448	12,678	8,230	11,332	4,916	9,125	4,209	7,807
Total Revenues	<u>836,748</u>	<u>858,101</u>	<u>21,353</u>	<u>812,904</u>	<u>919,689</u>	<u>884,460</u>	<u>(35,229)</u>	<u>838,091</u>
Operating Expenses:								
Operations and maintenance	572,260	11,484	560,776	148,455	962,693	123,227	839,466	240,575
Personnel costs	345,299	310,084	35,215	334,939	296,004	265,034	(30,970)	277,504
Administration	370,349	341,625	28,724	347,366	500,085	231,363	268,722	224,422
Miscellaneous	100,000	-	-	-	100,000	2,699	(2,699)	544
Capital outlay	-	290,901	(290,901)	116,748	-	208,475	(208,475)	175,380
Total operating expenses	<u>1,387,908</u>	<u>954,094</u>	<u>333,814</u>	<u>947,508</u>	<u>1,858,782</u>	<u>830,798</u>	<u>866,044</u>	<u>918,425</u>
Operating Income (Loss) Budget Basis	(551,160)	(95,993)	(312,461)	(134,604)	(939,093)	53,662	(901,273)	(80,334)
Nonoperating revenues (expenses):								
Investment earnings	7,849	38,669	(30,820)	15,447	21,136	72,491	51,355	30,170
Loan payments	-	(98,491)	98,491	(95,337)	-	(249,185)	(249,185)	(238,581)
Interest expense	(159,142)	(61,843)	(97,299)	(66,400)	(25,937)	(25,937)	-	(33,571)
Total nonoperating revenues (expenses):	<u>(151,293)</u>	<u>(121,665)</u>	<u>(29,628)</u>	<u>(146,290)</u>	<u>(4,801)</u>	<u>(202,631)</u>	<u>(197,830)</u>	<u>(241,982)</u>
Capital contributions	306,400	158,600	147,800	328,558	349,040	428,027	(78,987)	366,475
Excess (Deficiency) of Revenues Over Expenditures Budget (Non-GAAP) Basis	<u>(396,053)</u>	<u>(59,058)</u>	<u>(194,289)</u>	<u>47,664</u>	<u>(594,854)</u>	<u>279,058</u>	<u>(1,178,090)</u>	<u>44,159</u>
Reconciliation to GAAP Basis:								
Capitalized assets		290,901		116,748		208,475		175,380
Principal payments		98,491		95,337		249,185		238,581
Depreciation		(225,267)		(226,300)		(442,910)		(439,555)
Amortization of bond issue costs		(11,768)		(12,680)		(1,317)		(1,935)
Net Income - GAAP Basis		<u>93,299</u>		<u>20,769</u>		<u>292,491</u>		<u>16,630</u>

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

Town of Carbondale, Colorado
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2005

	Special Revenue								
	Conservation Trust	Victims Assistance	Highway 133	CHFA Mortgage	Streetscape	Community Enhancement	Development Dedication	Lodging Tax	Total Non-Major Governmental Funds
Assets:									
Cash	67,258	14,758	175,856	41,432	345,169	13,484	1,743,468	(1,907)	2,399,518
Other receivables	-	-	15,481	-	1,082	-	-	2,286	18,849
Due from other funds	-	-	20,000	-	-	-	-	-	20,000
Property taxes receivables	-	-	-	-	145,000	-	-	-	145,000
Total Assets	<u>67,258</u>	<u>14,758</u>	<u>211,337</u>	<u>41,432</u>	<u>491,251</u>	<u>13,484</u>	<u>1,743,468</u>	<u>379</u>	<u>2,583,367</u>
Liabilities:									
Due to other funds	-	-	-	7,875	-	-	-	-	7,875
Deferred revenue	-	-	-	-	145,000	-	-	-	145,000
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,875</u>	<u>145,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,875</u>
Fund Balance:									
Unreserved	67,258	14,758	211,337	33,557	346,251	13,484	1,743,468	379	2,430,492
Total Fund Balance	<u>67,258</u>	<u>14,758</u>	<u>211,337</u>	<u>33,557</u>	<u>346,251</u>	<u>13,484</u>	<u>1,743,468</u>	<u>379</u>	<u>2,430,492</u>
Total Liabilities and Fund Balance	<u>67,258</u>	<u>14,758</u>	<u>211,337</u>	<u>41,432</u>	<u>491,251</u>	<u>13,484</u>	<u>1,743,468</u>	<u>379</u>	<u>2,583,367</u>

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

Town of Carbondale, Colorado
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended December 31, 2005

	Special Revenue								
	Conservation Trust	Victims Assistance	Highway 133	CHFA Mortgage	Streetscape	Community Enhancement	Development Dedication	Lodging Tax	Total Non-major Governmental Funds
Revenues:									
Taxes	-	-	84,651	-	150,981	-	-	58,999	294,631
Intergovernmental revenue	51,972	-	-	31,383	-	-	-	-	83,355
Fines and forfeitures	-	11,207	-	-	-	-	-	-	11,207
Interest	2,487	440	3,820	2,307	9,014	50	39,881	216	58,215
Miscellaneous	-	-	-	677	-	4,025	369,165	-	373,867
Total Revenues	<u>54,459</u>	<u>11,647</u>	<u>88,471</u>	<u>34,367</u>	<u>159,995</u>	<u>4,075</u>	<u>409,046</u>	<u>59,215</u>	<u>821,275</u>
Expenditures:									
General government	-	-	-	31,383	-	-	-	-	31,383
Public safety	-	11,147	-	-	-	-	-	-	11,147
Public works	-	-	4,415	-	9,488	-	-	-	13,903
Culture and recreation	59,332	-	-	-	-	-	-	58,911	118,243
Total Expenditures	<u>59,332</u>	<u>11,147</u>	<u>4,415</u>	<u>31,383</u>	<u>9,488</u>	<u>-</u>	<u>-</u>	<u>58,911</u>	<u>174,676</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,873)</u>	<u>500</u>	<u>84,056</u>	<u>2,984</u>	<u>150,507</u>	<u>4,075</u>	<u>409,046</u>	<u>304</u>	<u>646,599</u>
Other Financing Sources (Uses):									
Operating transfers in	-	-	20,000	-	-	-	-	-	20,000
Operating transfers (out)	-	-	-	-	-	-	(225,500)	-	(225,500)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(225,500)</u>	<u>-</u>	<u>(205,500)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(4,873)</u>	<u>500</u>	<u>104,056</u>	<u>2,984</u>	<u>150,507</u>	<u>4,075</u>	<u>183,546</u>	<u>304</u>	<u>441,099</u>
Fund Balance - Beginning	<u>72,131</u>	<u>14,258</u>	<u>107,281</u>	<u>30,573</u>	<u>195,744</u>	<u>9,409</u>	<u>1,559,922</u>	<u>75</u>	<u>1,989,393</u>
Fund Balance - Ending	<u><u>67,258</u></u>	<u><u>14,758</u></u>	<u><u>211,337</u></u>	<u><u>33,557</u></u>	<u><u>346,251</u></u>	<u><u>13,484</u></u>	<u><u>1,743,468</u></u>	<u><u>379</u></u>	<u><u>2,430,492</u></u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2005
With Comparative Totals For the Year Ended December 31, 2004

	<u>2005</u>	<u>2004</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Intergovernmental revenue	52,000	51,972	(28)	50,037
Interest	600	2,487	1,887	892
Total Revenues	<u>52,600</u>	<u>54,459</u>	<u>1,859</u>	<u>50,929</u>
Expenditures:				
Capital purchases	15,000	13,979	1,021	6,857
Park improvements	30,500	32,746	(2,246)	34,510
Trail improvements	10,000	1,295	8,705	-
Equipment	-	-	-	19,521
ADA Compliance	15,000	11,312	3,688	-
Total Expenditures	<u>70,500</u>	<u>59,332</u>	<u>11,168</u>	<u>60,888</u>
Excess (Deficiency) of Revenues Over Expenditures	(17,900)	(4,873)	13,027	(9,959)
Fund Balance - Beginning	<u>78,958</u>	<u>72,131</u>	<u>(6,827)</u>	<u>82,089</u>
Fund Balance - Ending	<u>61,058</u>	<u>67,258</u>	<u>6,200</u>	<u>72,130</u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Victims Assistance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2005
With Comparative Totals For the Year Ended December 31, 2004

	<u>2005</u>		<u>2004</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Fines and surcharge	23,100	11,207	(11,893)	12,432
Interest	128	440	312	179
Total Revenues	<u>23,228</u>	<u>11,647</u>	<u>(11,581)</u>	<u>12,611</u>
Expenditures:				
Victim's assistance	35,000	11,147	23,853	8,099
Total Expenditures	<u>35,000</u>	<u>11,147</u>	<u>23,853</u>	<u>8,099</u>
Excess (Deficiency) of Revenues Over Expenditures	(11,772)	500	12,272	4,512
Fund Balance - Beginning	<u>12,758</u>	<u>14,258</u>	<u>1,500</u>	<u>9,745</u>
Fund Balance - Ending	<u><u>986</u></u>	<u><u>14,758</u></u>	<u><u>13,772</u></u>	<u><u>14,257</u></u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Highway 133 Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2005
With Comparative Totals For the Year Ended December 31, 2004

	2005		Variance Positive (Negative)	2004
	Original and Final Budget	Actual		Actual
Revenues:				
RTA tax	64,640	84,651	20,011	69,791
Interest	600	3,820	3,220	716
Total Revenues	65,240	88,471	23,231	70,507
Expenditures:				
Highway 133 construction	175,588	4,415	171,173	74,074
Total Expenditures	175,588	4,415	171,173	74,074
Excess (Deficiency) of Revenues Over Expenditures	(110,348)	84,056	194,404	(3,567)
Other Financing Sources:				
Operating transfers in	40,000	20,000	(20,000)	20,000
Total Other Financing Sources	40,000	20,000	(20,000)	20,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(70,348)	104,056	174,404	16,433
Fund Balance - Beginning	70,348	107,281	36,933	90,848
Fund Balance - Ending	-	211,337	211,337	107,281

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

Town of Carbondale, Colorado
Special Revenue Funds
CHFA Mortgage Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2005
With Comparative Totals For the Year Ended December 31, 2004

	Original and Final Budget	2005 Actual	Variance Positive (Negative)	2004 Actual
Revenues:				
Fannie Mae mortgage fee	1,500	677	(823)	1,910
Grant revenue	150,000	31,383	(118,617)	4,872
Interest	300	2,307	2,007	409
Total Revenues	151,800	34,367	(117,433)	7,191
Expenditures:				
Mortgage purchase	16,591	-	16,591	-
Grant expense	166,591	31,383	135,208	4,872
Total Expenditures	183,182	31,383	151,799	4,872
Excess (Deficiency) of Revenues Over Expenditures	(31,382)	2,984	34,366	2,319
Fund Balance - Beginning	29,791	30,573	782	28,254
Fund Balance - Ending	(1,591)	33,557	35,148	30,573

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

Town of Carbondale, Colorado
Special Revenue Funds
Streetscape Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2005
With Comparative Totals For the Year Ended December 31, 2004

	<u>2005</u>		<u>2004</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Property tax	135,000	136,400	1,400	132,609
Specific ownership tax	12,000	13,989	1,989	15,561
Delinquent tax and interest	-	592	592	570
Interest income	1,796	9,014	7,218	1,893
Total Revenues	<u>148,796</u>	<u>159,995</u>	<u>11,199</u>	<u>150,633</u>
Expenditures:				
Treasurer fee	2,900	2,739	161	2,664
Streetscape improvements	324,973	6,749	318,224	110
Miscellaneous	500	-	500	-
Total Expenditures	<u>328,373</u>	<u>9,488</u>	<u>318,885</u>	<u>2,774</u>
Excess (Deficiency) of Revenues Over Expenditures	(179,577)	150,507	330,084	147,859
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	100,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	(179,577)	150,507	330,084	247,859
Fund Balance (Deficit) - Beginning	<u>179,577</u>	<u>195,744</u>	<u>16,167</u>	<u>(52,115)</u>
Fund Balance (Deficit) - Ending	<u>-</u>	<u>346,251</u>	<u>346,251</u>	<u>195,744</u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Community Enhancement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2005
With Comparative Totals For the Year Ended December 31, 2004

	<u>2005</u>		<u>Variance Positive (Negative)</u>	<u>2004</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Community enhancement	3,000	4,025	1,025	3,746
Interest	<u>7</u>	<u>50</u>	<u>43</u>	<u>9</u>
Total Revenues	<u>3,007</u>	<u>4,075</u>	<u>1,068</u>	<u>3,755</u>
Expenditures:				
Community projects	<u>11,668</u>	<u>-</u>	<u>11,668</u>	<u>-</u>
Total Expenditures	<u>11,668</u>	<u>-</u>	<u>11,668</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(8,661)	4,075	12,736	3,755
Fund Balance - Beginning	<u>8,661</u>	<u>9,409</u>	<u>748</u>	<u>5,654</u>
Fund Balance - Ending	<u><u>-</u></u>	<u><u>13,484</u></u>	<u><u>13,484</u></u>	<u><u>9,409</u></u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Development Dedication Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2005
With Comparative Totals For the Year Ended December 31, 2004

	<u>Original and Final Budget</u>	<u>2005 Actual</u>	<u>Variance Positive (Negative)</u>	<u>2004 Actual</u>
Revenues:				
Park development fee	3,500	239,300	235,800	14,000
General development fee	185,000	129,865	(55,135)	163,394
Investment earnings	14,192	39,881	25,689	22,542
Total Revenues	<u>202,692</u>	<u>409,046</u>	<u>206,354</u>	<u>199,936</u>
Expenditures:				
Reserve	200,000	-	200,000	-
Total Expenditures	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Excess of Revenues Over Expenditures	2,692	409,046	406,354	199,936
Other Financing (Uses):				
Operating transfers (out)	(225,500)	(225,500)	-	(206,000)
Total Other Financing (Uses)	<u>(225,500)</u>	<u>(225,500)</u>	<u>-</u>	<u>(206,000)</u>
(Deficiency) of Revenues Over Expenditures and Other Financing (Uses)	(222,808)	183,546	406,354	(6,064)
Fund Balance - Beginning	<u>1,271,317</u>	<u>1,559,922</u>	<u>288,605</u>	<u>1,565,986</u>
Fund Balance - Ending	<u>1,048,509</u>	<u>1,743,468</u>	<u>694,959</u>	<u>1,559,922</u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Lodging Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2005
With Comparative Totals For the Year Ended December 31, 2004

	<u>2005</u>		<u>Variance Positive (Negative)</u>	<u>2004</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Lodging tax	59,969	58,999	(970)	59,326
Investment earnings	31	216	185	75
Total Revenues	<u>60,000</u>	<u>59,215</u>	<u>(785)</u>	<u>59,401</u>
Expenditures:				
Chamber of Commerce	60,000	58,911	1,089	59,326
Total Expenditures	<u>60,000</u>	<u>58,911</u>	<u>1,089</u>	<u>59,326</u>
Excess of Revenues Over Expenditures	-	304	304	75
Fund Balance - Beginning	-	75	75	-
Fund Balance - Ending	<u>-</u>	<u>379</u>	<u>379</u>	<u>75</u>

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

**ANNUAL SCHEDULE OF REVENUES AND
EXPENDITURES FOR ROADS, BRIDGES AND STREETS**

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town
		YEAR ENDING : December 2005
This Information From The Records Of (example - City of _ or County of Town of Carbondale	Prepared By: Phone:	Nancy Barnett 970-963-2733

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	590,982
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	356,233
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	9,513
2. General fund appropriations	966,934	b. Snow and ice removal	40,580
3. Other local imposts (from page 2)	230,534	c. Other	51,077
4. Miscellaneous local receipts (from page 2)	72,475	d. Total (a. through c.)	101,170
5. Transfers from toll facilities		4. General administration & miscellaneous	48,462
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	499,155
a. Bonds - Original Issues		6. Total (1 through 5)	1,596,002
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,269,943	b. Redemption	
B. Private Contributions	101,329	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	151,395	2. Notes:	
D. Receipts from Federal Government (from page 2)	73,335	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,596,002	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			1,596,002

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,596,002	1,596,002		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2005

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	90,884	a. Interest on investments	28,288
b. Other local imposts:		b. Traffic Fines & Penalties	44,187
1. Sales Taxes	84,649	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	55,001	g. Other Misc. Receipts	
6. Total (1. through 5.)	139,650	h. Other	
c. Total (a. + b.)	230,534	i. Total (a. through h.)	72,475
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	131,100	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	20,295	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	73,335
f. Total (a. through e.)	20,295	g. Total (a. through f.)	73,335
4. Total (1. + 2. + 3.f)	151,395	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs	4,415		4,415
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		586,567	586,567
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	586,567	586,567
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	4,415	586,567	590,982
			(Carry forward to page 1)

Notes and Comments:

A.3.b.5. Specific Ownership and Road & Bridge