

Town of Carbondale, Colorado

Financial Report

December 31, 2008



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Financial Report
December 31, 2008**

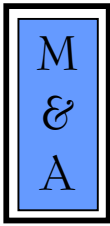
Table of Contents

| | Page |
|---|-------------|
| INDEPENDENT AUDITOR'S REPORT | A1 – A2 |
| Management's Discussion and Analysis | B1 – B7 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | C1 |
| Statement of Activities | C2 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | C3 |
| Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets | C4 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds | C5 |
| Reconciliation of Revenues, Expenditures and Changes in Fund Balance (Deficit) of Governmental Funds to the Statement of Activities | C6 |
| Statement of Net Assets - Proprietary Funds | C7 |
| Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds | C8 |
| Statement of Cash Flows - Proprietary Funds | C9 |
| Notes to the Financial Statements | D1 - D18 |
| Required Supplementary Information: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual: | |
| General Fund | E1 - E2 |
| Recreation Sales and Use Tax Fund | E3 |
| Sales and Use Tax Fund | E4 |
| Streetscape Fund | E5 |
| Supplementary Information: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Bond Fund | F1 |

**Town of Carbondale, Colorado
Financial Report
December 31, 2008**

**Table of Contents
(Continued)**

| | Page |
|--|-------------|
| Supplementary Information (continued): | |
| Schedule of Revenues and Expenditures - Budget and Actual - Proprietary Funds | F2 |
| Combining Balance Sheet - Non-major Governmental Funds | F3 – F4 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds | F5 – F6 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Revenue Funds: | |
| Conservation Trust Fund | F7 |
| Victims Assistance Fund | F8 |
| Highway 133 Fund | F9 |
| CHA Mortgage Fund | F10 |
| Community Enhancement Fund | F11 |
| Development Dedication Fund | F12 |
| Lodging Tax Fund | F13 |
| 1% of Arts Fund | F14 |
| Efficient Building Fund | F15 |
| Bond Fund | F16 |
| Bond Reserve Fund | F17 |
| Annual Schedule of Revenues and Expenditures for Roads, Bridges and Streets | F18 – F19 |



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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, 2008, 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 non-major governmental funds as presented in the accompanying combining and individual fund financial statements and schedules as of and for the year ended December 31, 2008, 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 and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. 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, each major fund, and the aggregate remaining fund information of the Town of Carbondale, Colorado, as of December 31, 2008, 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.

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.

The budgetary schedules in section E are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. The budgetary fund information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects the basic financial statements taken as a whole.

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.
Michael N. Jenkins, C.A., C.P.A.*

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, L.L.C.

June 30, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS



Town of Carbondale, Colorado

Management's Discussion and Analysis December 31, 2008

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, 2008.

Financial Highlights

- In 2008, the Town finished the construction of the new Town recreation center. The center opened for operations in March 2008.
- The Town's governmental fund balances decreased \$1,940,743 and the Town's business-type activities increased \$745,639. The governmental fund balance decrease is related to construction expenditures on the Town's new recreation center.

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.

Overview of the Financial Statements (continued)

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.

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 previously mentioned, 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.

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued):

The following graph shows the Town's net assets for 2008:

Town of Carbondale's Net Assets

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|-------------------|-----------------------------|-------------------|-------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Current and other assets | 9,128,881 | 11,579,867 | 5,337,741 | 4,374,167 | 14,466,622 | 15,954,034 |
| Capital assets | 15,840,998 | 11,651,627 | 15,886,038 | 16,136,903 | 31,727,036 | 27,788,530 |
| Total assets | 24,969,879 | 23,231,494 | 21,223,779 | 20,511,070 | 46,193,658 | 43,742,564 |
| Other liabilities | 1,152,759 | 1,588,359 | 48,505 | (29,409) | 1,201,264 | 1,558,950 |
| Long-term liabilities outstanding | 2,365,000 | 2,470,000 | 949,436 | 1,060,277 | 3,314,436 | 3,530,277 |
| Total liabilities | 3,517,759 | 4,058,359 | 997,941 | 1,030,868 | 4,515,700 | 5,089,227 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 13,583,149 | 9,181,627 | 14,936,602 | 15,076,626 | 28,519,751 | 24,258,253 |
| Restricted | 458,462 | 496,701 | - | - | 458,462 | 496,701 |
| Unrestricted | 7,410,509 | 9,494,807 | 5,289,236 | 4,403,576 | 12,699,745 | 13,898,383 |
| Total net assets | \$ 21,452,120 | 19,173,135 | 20,225,838 | 19,480,202 | 41,677,958 | 38,653,337 |

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 63% 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, the Town's 2004 issue will be retired in 2024, the Town's 2006 issue will retire in 2024 and the Town's 2006 supplemental interest coupon will retire in 2010. 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 1/1/08 | Additions | Deletions | Balance 12/31/08 |
|-------------------|-------------------|---------------|-----------------|---------------------|
| Emergency reserve | \$ 206,624 | - | (19,362) | 187,262 |
| Parking | 31,400 | - | - | 31,400 |
| Manager contract | 258,677 | - | (29,877) | 228,800 |
| Solar panels | - | 11,000 | - | 11,000 |
| Total | \$ 496,701 | 11,000 | (49,239) | 458,462 |

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued):

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

Town of Carbondale's Changes in Net Assets

| | Governmental | | Business-type | | Total | |
|------------------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Activities | | Activities | | | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| REVENUES: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,210,041 | \$ 879,639 | 2,505,757 | 2,482,988 | 3,715,798 | 3,362,627 |
| Operating grants and contributions | 677,583 | 766,339 | - | - | 677,583 | 766,339 |
| Capital grants and contributions | 296,912 | 936,836 | 683,326 | 952,199 | 980,238 | 1,889,035 |
| General revenues: | | | | | | |
| Property taxes | 426,285 | 354,166 | - | - | 426,285 | 354,166 |
| Sales and use taxes | 5,022,166 | 4,756,927 | - | - | 5,022,166 | 4,756,927 |
| Other taxes | 503,966 | 516,164 | - | - | 503,966 | 516,164 |
| Interest and other revenue | 384,115 | 698,330 | 95,401 | 152,175 | 479,516 | 850,505 |
| Special items | 2,000,000 | - | - | - | 2,000,000 | - |
| Total Revenues | 10,521,068 | 8,908,401 | 3,284,484 | 3,587,362 | 13,805,552 | 12,495,763 |
| EXPENSES: | | | | | | |
| General government | 2,579,772 | 2,487,849 | - | - | 2,579,772 | 2,487,849 |
| Public safety | 2,512,333 | 1,645,619 | - | - | 2,512,333 | 1,645,619 |
| Public works | 954,404 | 1,010,461 | - | - | 954,404 | 1,010,461 |
| Culture and recreation | 2,071,776 | 1,604,410 | - | - | 2,071,776 | 1,604,410 |
| Interest | 110,011 | 115,315 | - | - | 110,011 | 115,315 |
| Affordable housing | 13,786 | 23,823 | - | - | 13,786 | 23,823 |
| Water | - | - | 1,243,874 | 1,314,335 | 1,243,874 | 1,314,335 |
| Wastewater | - | - | 1,294,972 | 1,490,682 | 1,294,972 | 1,490,682 |
| Total Expenses | 8,242,082 | 6,887,477 | 2,538,846 | 2,805,017 | 10,780,928 | 9,692,494 |
| Change in Net Assets | 2,278,986 | 2,020,924 | 745,638 | 782,345 | 3,024,624 | 2,803,269 |
| Net Assets - Beginning | 19,173,134 | 17,152,211 | 19,480,202 | 18,697,857 | 38,653,336 | 35,850,068 |
| Net Assets - Ending | \$ 21,452,120 | 19,173,135 | 20,225,840 | 19,480,202 | 41,677,960 | 38,653,337 |

The following provide additional insight into the above chart:

- General Government expense increases included economic development (CES), environmental health energy management plan and the 190 main street property trade.
- Public works increased due to downtown enhancements and sidewalks / infrastructure additions.

Overview of the Financial Statements (continued)

Governmental activities: Governmental activities increased the Town's net assets by \$2,278,985. Key elements of this increase are as follows:

- The Town capitalized \$4,874,385 in fixed asset additions during 2008. The majority of this increase was relating to the recreation center.

Business-type activities: Business-type activities increased the Town's net assets by \$745,638. Key elements of this increase are as follows:

- Assets totaling \$592,456 were capitalized between the Water Fund and Wastewater Fund in 2008.
- The Water Fund and Wastewater Fund had net income of \$348,276 and \$397,361 respectively. On a cash basis, the Funds cumulatively increased their cash and investment holdings by \$983,695.

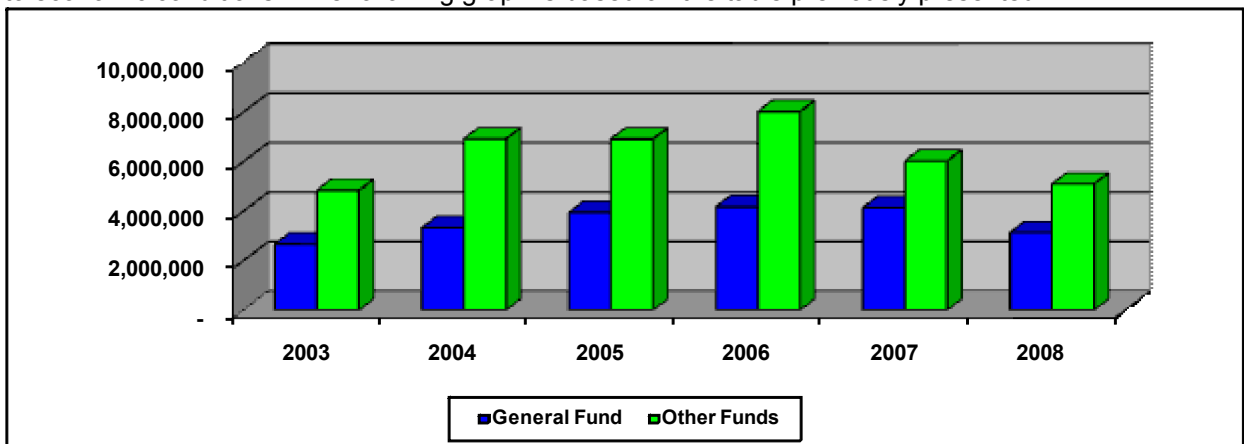
Financial Analysis of the Town's Funds

As mentioned on page B2 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 \$8,223,435; a decrease of \$1,940,743 from the prior year's ending fund balances. The following details ending fund balances for the past several years:

| Fund | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|--------------------------|------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| General | 2,666,612 | 3,325,965 | 3,943,569 | 4,172,128 | 4,138,332 | 3,128,437 |
| Sales and Use | 393,178 | 423,692 | 465,802 | 318,141 | 372,610 | 346,700 |
| Recreation Sales and Use | 1,680,850 | 3,588,173 | 3,667,583 | 4,214,290 | 2,301,633 | 1,822,069 |
| Streetscape | (52,115) | 195,744 | 346,251 | 352,579 | 467,316 | 199,513 |
| Capital Projects | 1,032,152 | 722,762 | 149,733 | 738,019 | 587,542 | 950,101 |
| Other Governmental | 1,782,577 | 1,982,410 | 2,279,573 | 2,398,319 | 2,296,745 | 1,776,615 |
| Total | 7,503,254 | 10,238,746 | 10,852,511 | 12,193,476 | 10,164,178 | 8,223,435 |

As indicated on the table above, the Town's fund balances were reduced from the prior year due to economic conditions. 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 \$1,511,357. The Wastewater Fund had cash of \$3,567,714.

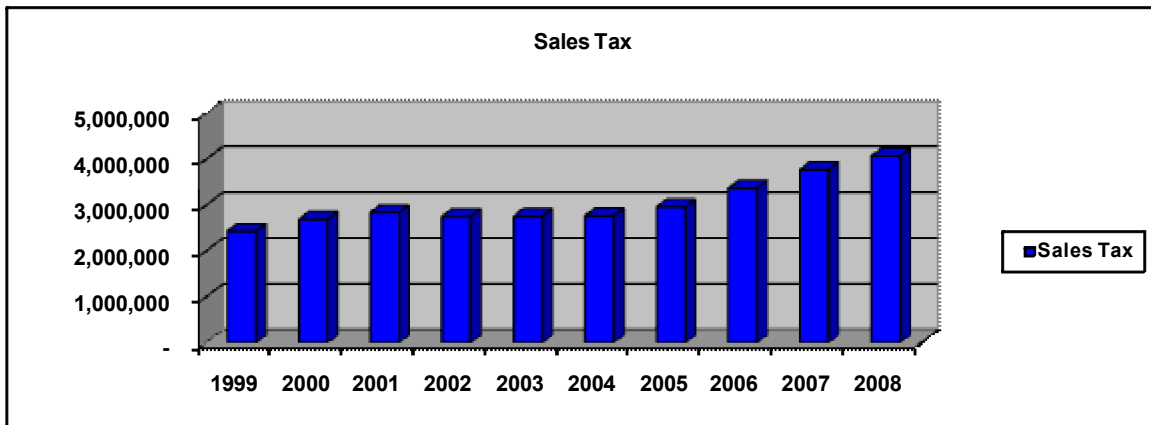
Budget variances in the General Fund: The Town's General Fund revenues were over budget by \$141,525; General Fund expenditures were under budget by \$189,957. The General Fund's significant budget variances are detailed as follows:

| | Variance Positive (Negative) | Reason |
|-------------------------|---|---|
| Revenues: | | |
| Intergovernmental | 132,422 | State of Colorado grants, motor vehicle special assessment, and GARCO sales tax |
| Other | 97,646 | Developer reimbursables for project development, and refund of expenditures |
| Expenditures: | | |
| Administrative services | 131,893 | Human resource consulting and COLA contingency |
| Police department | 103,395 | Vacant positions, community park plan, consulting, and Federal grant expenditures |
| Parks and cemetery | 77,385 | Building maintenance expenditures, playground equipment, vehicle purchase, and trails maintenance |

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 \$3,686,495 in long-term debts. Additional information regarding the Town's debt can be found in Section D of this report.

Sales tax: The Town has a 3.5% sales tax that is used to fund its governmental operations. One half percent of the tax is dedicated to recreation expenditures. Sales tax increased from 2007 by approximately 1.5%. The following chart indicates changes in the sales tax:



Financial Analysis of the Town's Funds (continued)

Next year's budget and rates: The Town's General Fund balance at the end of fiscal year 2008 was \$3,128,437. The Town anticipates using \$100,138 of accumulated fund balance.

Other information: Phase II of the Streetscape will be completed in 2009 with an additional project at Snowmass & Main St. This will be accomplished with an EIAF grant of \$291,175.

Due to economic conditions, other discretionary spending will be at a minimum. A salary and hiring freeze was implemented in the 2009 budget and will likely remain through 2010.

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, 2008

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|-------------------|
| Assets: | | | |
| Cash and cash equivalents | 7,762,669 | 5,079,070 | 12,841,739 |
| Receivables, net: | | | |
| Taxes | 674,483 | - | 674,483 |
| Accounts | - | 216,045 | 216,045 |
| Other | 382,408 | - | 382,408 |
| Intergovernmental | 64,757 | 50 | 64,807 |
| Prepaid expenses | 133,955 | 14,543 | 148,498 |
| Bond issuance costs, net | 107,151 | 28,033 | 135,184 |
| Inventories | 3,458 | - | 3,458 |
| Capital assets, net | 15,840,998 | 15,886,038 | 31,727,036 |
| Total Assets | <u>24,969,879</u> | <u>21,223,779</u> | <u>46,193,658</u> |
| Liabilities: | | | |
| Accounts payable | 185,633 | - | 185,633 |
| Deferred revenue | 257,329 | 152,374 | 409,703 |
| Other liabilities | 219,421 | 4,000 | 223,421 |
| Compensated absences | 344,014 | 28,045 | 372,059 |
| Accrued interest and bond premium | 10,448 | - | 10,448 |
| Due to (from) other funds | 135,914 | (135,914) | - |
| Bonded debt payable: | | | |
| Due within one year | 105,000 | 118,274 | 223,274 |
| Due in more than one year | 2,260,000 | 831,162 | 3,091,162 |
| Total Liabilities | <u>3,517,759</u> | <u>997,941</u> | <u>4,515,700</u> |
| Net Assets: | | | |
| Invested in capital assets, net of related debt | 13,583,149 | 14,936,602 | 28,519,751 |
| Restricted for other purposes | 458,462 | - | 458,462 |
| Unrestricted | 7,410,509 | 5,289,236 | 12,699,745 |
| Total Net Assets | <u>21,452,120</u> | <u>20,225,838</u> | <u>41,677,958</u> |

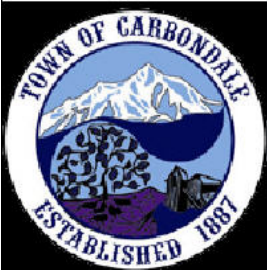
The accompanying notes are an integral part of these financial statements.

Town of Carbondale, Colorado
Statement of Activities
For the Year Ended December 31, 2008

| | <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 | 2,579,772 | 691,684 | 218,845 | 49,150 | (1,620,093) | - | (1,620,093) |
| Public safety | 2,512,333 | 74,194 | - | - | (2,438,139) | - | (2,438,139) |
| Public works | 954,404 | 15,000 | 365,293 | - | (574,111) | - | (574,111) |
| Culture and recreation | 2,071,776 | 400,783 | 93,445 | 247,762 | (1,329,786) | - | (1,329,786) |
| Affordable housing | 13,786 | 28,380 | - | - | 14,594 | - | 14,594 |
| Interest on long-term debt | 110,011 | - | - | - | (110,011) | - | (110,011) |
| Total governmental activities | <u>8,242,082</u> | <u>1,210,041</u> | <u>677,583</u> | <u>296,912</u> | <u>(6,057,546)</u> | <u>-</u> | <u>(6,057,546)</u> |
| Business-type activities: | | | | | | | |
| Water | 1,243,874 | 1,237,401 | - | 344,561 | - | 338,088 | 338,088 |
| Wastewater | 1,294,972 | 1,268,356 | - | 338,765 | - | 312,149 | 312,149 |
| Total business-type activities | <u>2,538,846</u> | <u>2,505,757</u> | <u>-</u> | <u>683,326</u> | <u>-</u> | <u>650,237</u> | <u>650,237</u> |
| Total | <u>10,780,928</u> | <u>3,715,798</u> | <u>677,583</u> | <u>980,238</u> | <u>(6,057,546)</u> | <u>650,237</u> | <u>(5,407,309)</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property tax, levied for general purposes | | | | | 426,285 | - | 426,285 |
| Specific ownership tax | | | | | 38,330 | - | 38,330 |
| Sales and use tax | | | | | 5,022,166 | - | 5,022,166 |
| Franchise tax | | | | | 231,530 | - | 231,530 |
| Lodging Tax | | | | | 83,633 | - | 83,633 |
| Other miscellaneous taxes | | | | | 150,473 | - | 150,473 |
| Investment earnings | | | | | 195,227 | 65,069 | 260,296 |
| Miscellaneous | | | | | 188,888 | 30,332 | 219,220 |
| Special items | | | | | 2,000,000 | - | 2,000,000 |
| Total general revenues and special items | | | | | <u>8,336,532</u> | <u>95,401</u> | <u>8,431,933</u> |
| Change in Net Assets | | | | | <u>2,278,986</u> | <u>745,638</u> | <u>3,024,624</u> |
| Net Assets - Beginning (restated) | | | | | <u>19,173,134</u> | <u>19,480,201</u> | <u>38,653,335</u> |
| Net Assets - Ending | | | | | <u>21,452,120</u> | <u>20,225,839</u> | <u>41,677,959</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, 2008

| | <u>General</u> | <u>Recreation Sales and Use Tax</u> | <u>Sales and Use Tax</u> | <u>Streetscape</u> | <u>Capital Construction</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|------------------|---|------------------------------|--------------------|---------------------------------|---|---|
| Assets: | | | | | | | |
| Cash | 3,265,557 | 1,740,465 | 2,693 | 369,677 | 950,101 | 1,434,176 | 7,762,669 |
| Receivables, net of allowance for uncollectibles | 116,523 | 25,000 | 400 | - | - | - | 141,923 |
| Due from other governments | 13,493 | 57,107 | 342,521 | 1,103 | - | 308,172 | 722,396 |
| Due from other funds | - | - | (18,914) | - | - | 249,200 | 230,286 |
| Property tax receivable | 257,329 | - | - | 184,300 | - | - | 441,629 |
| Prepaid expenses | 133,955 | - | - | - | - | - | 133,955 |
| Inventory | 3,458 | - | - | - | - | - | 3,458 |
| Total Assets | <u>3,790,315</u> | <u>1,822,572</u> | <u>326,700</u> | <u>555,080</u> | <u>950,101</u> | <u>1,991,548</u> | <u>9,436,316</u> |
| Liabilities and Fund Equity: | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts/vouchers payable | 185,361 | - | - | - | - | - | 185,361 |
| Other liabilities | 154,551 | 503 | - | - | - | - | 155,054 |
| Accrued payroll and related liabilities | 64,637 | - | - | - | - | - | 64,637 |
| Due to other funds | - | - | - | 366,200 | - | - | 366,200 |
| Deferred property taxes not collectible until subsequent year | 257,329 | - | - | 184,300 | - | - | 441,629 |
| Total Liabilities | <u>661,878</u> | <u>503</u> | <u>-</u> | <u>550,500</u> | <u>-</u> | <u>-</u> | <u>1,212,881</u> |
| Fund Balance: | | | | | | | |
| Reserved | 447,462 | 11,000 | - | - | - | - | 458,462 |
| Unreserved, reported in: | | | | | | | |
| General | 2,680,975 | - | - | - | - | - | 2,680,975 |
| Special revenue | - | 1,811,069 | 326,700 | 4,580 | - | 1,792,035 | 3,934,384 |
| Debt service | - | - | - | - | - | 199,513 | 199,513 |
| Capital projects | - | - | - | - | 950,101 | - | 950,101 |
| Total Fund Balance | <u>3,128,437</u> | <u>1,822,069</u> | <u>326,700</u> | <u>4,580</u> | <u>950,101</u> | <u>1,991,548</u> | <u>8,223,435</u> |
| Total Liabilities and Fund Balance | <u>3,790,315</u> | <u>1,822,572</u> | <u>326,700</u> | <u>555,080</u> | <u>950,101</u> | <u>1,991,548</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, 2008

| | |
|--|----------------------|
| Governmental Funds Total Fund Balance | \$ 8,223,435 |
| Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds. | 15,840,998 |
| 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. | 107,151 |
| 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. | (2,719,462) |
| Governmental Activities Net Assets | <u>\$ 21,452,122</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, 2008

| | General | Recreation Sales and Use Tax | Sales and Use Tax | Streetscape | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|--------------------|---|------------------------------|--------------------|-----------------------------|---|---|
| Revenues: | | | | | | | |
| Taxes | 501,937 | 683,025 | 4,075,058 | 193,333 | - | 198,756 | 5,652,109 |
| Licenses, permits, and fees | 200,046 | - | - | - | - | - | 200,046 |
| Intergovernmental revenue | 769,529 | 247,763 | - | - | - | 62,292 | 1,079,584 |
| Charges for services | 294,458 | 212,703 | - | - | - | - | 507,161 |
| Fines and forfeitures | 60,015 | - | - | - | - | 14,179 | 74,194 |
| Investment income | 97,039 | 34,643 | 2,504 | 13,178 | 2,282 | 45,560 | 195,206 |
| Miscellaneous | 528,962 | 43,571 | - | - | - | 244,081 | 816,614 |
| Total Revenues | 2,451,986 | 1,221,705 | 4,077,562 | 206,511 | 2,282 | 564,868 | 8,524,914 |
| Expenditures: | | | | | | | |
| General government | 2,498,375 | - | - | - | - | 19,557 | 2,517,932 |
| Public safety | 1,739,079 | - | - | - | - | 10,694 | 1,749,773 |
| Public works | 943,633 | - | - | 773,626 | 1,181,516 | 254,627 | 3,153,402 |
| Culture and recreation | 1,060,963 | 1,638,682 | - | - | - | 132,770 | 2,832,415 |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | 105,000 | 105,000 |
| Interest | - | - | - | - | - | 108,610 | 108,610 |
| Total Expenditures | 6,242,050 | 1,638,682 | - | 773,626 | 1,181,516 | 631,258 | 10,467,132 |
| Excess (Deficiency) of Revenues Over Expenditures | (3,790,064) | (416,977) | 4,077,562 | (567,115) | (1,179,234) | (66,390) | (1,942,218) |
| Other Financing Sources (Uses): | | | | | | | |
| Sale of fixed assets | 1,475 | - | - | - | - | - | 1,475 |
| Operating transfers in | 4,383,073 | 300,000 | - | 104,379 | 1,541,793 | 240,445 | 6,569,690 |
| Operating transfers (out) | (1,604,379) | (362,587) | (4,123,472) | - | - | (479,252) | (6,569,690) |
| Total Other Financing Sources (Uses) | 2,780,169 | (62,587) | (4,123,472) | 104,379 | 1,541,793 | (238,807) | 1,475 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses) | (1,009,895) | (479,564) | (45,910) | (462,736) | 362,559 | (305,197) | (1,940,743) |
| Fund Balance - Beginning | 4,138,332 | 2,301,633 | 372,610 | 467,316 | 587,542 | 2,296,745 | 10,164,178 |
| Fund Balance - Ending | 3,128,437 | 1,822,069 | 326,700 | 4,580 | 950,101 | 1,991,548 | 8,223,435 |

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, 2008

| | |
|--|----------------------------|
| Governmental Funds Changes in Fund Balances (Deficit) | \$ (1,940,743) |
| 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. | 4,189,371 |
| 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. | 99,762 |
| Changes in the Town employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences decreased. | (69,403) |
| Governmental Activities Change in Net Assets | <u><u>\$ 2,278,987</u></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, 2008

| | <u>Water Fund</u> | <u>Wastewater Fund</u> | <u>Total</u> |
|---|-----------------------|----------------------------|--------------------|
| Assets: | | | |
| Current assets: | | | |
| Cash and investments | 1,511,357 | 3,567,714 | 5,079,071 |
| Accounts receivable | 95,841 | 120,254 | 216,095 |
| Prepaid expenses | 12,769 | 1,774 | 14,543 |
| Total current assets | <u>1,619,967</u> | <u>3,689,742</u> | <u>5,309,709</u> |
| Non-current assets: | | | |
| Bond issuance costs, net of accumulated amortization | 28,033 | - | 28,033 |
| Land | 51,048 | 133,391 | 184,439 |
| Plant and system | 12,715,782 | 10,336,552 | 23,052,334 |
| Building and improvements | 229,526 | 495,123 | 724,649 |
| Machinery and equipment | 422,548 | 633,256 | 1,055,804 |
| Water rights | 234,880 | - | 234,880 |
| Construction in progress | 15,597 | 118,885 | 134,482 |
| Accumulated depreciation | <u>(3,294,519)</u> | <u>(6,206,032)</u> | <u>(9,500,551)</u> |
| Total non-current assets | <u>10,402,895</u> | <u>5,511,175</u> | <u>15,914,070</u> |
| Total Assets | <u>12,022,862</u> | <u>9,200,917</u> | <u>21,223,779</u> |
| Liabilities: | | | |
| Current liabilities: | | | |
| Other liabilities | 4,000 | 1,193 | 5,193 |
| Deferred revenue | 151,180 | - | 151,180 |
| Due to (from) other fund | 98,326 | (234,240) | (135,914) |
| Bonds payable | 118,274 | - | 118,274 |
| Total current liabilities | <u>371,780</u> | <u>(233,047)</u> | <u>138,733</u> |
| Long-term liabilities: | | | |
| Bonds payable - Long-term portion | 831,162 | - | 831,162 |
| Accrued compensated absences | 13,996 | 14,049 | 28,045 |
| Total long-term liabilities | <u>845,158</u> | <u>14,049</u> | <u>859,207</u> |
| Total Liabilities | <u>1,216,938</u> | <u>(218,998)</u> | <u>997,940</u> |
| Net Assets: | | | |
| Invested in capital assets, net of related debt | 9,425,426 | 5,511,175 | 14,936,601 |
| Unrestricted | <u>1,380,500</u> | <u>3,908,739</u> | <u>5,289,239</u> |
| Total Net Assets | <u>10,805,926</u> | <u>9,419,914</u> | <u>20,225,840</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, 2008

| | <u>Water Fund</u> | <u>Wastewater Fund</u> | <u>Total</u> |
|---|-----------------------|----------------------------|-------------------|
| Operating Revenues: | | | |
| Charges for services: | | | |
| Service fees | 1,102,674 | 1,195,127 | 2,297,801 |
| Sale of meters | 33,282 | - | 33,282 |
| Other revenues: | | | |
| Penalty assessments | 3,659 | 3,964 | 7,623 |
| Miscellaneous | 71,771 | 89,408 | 161,179 |
| Total Operating Revenues | <u>1,211,386</u> | <u>1,288,499</u> | <u>2,499,885</u> |
| Operating Expenses: | | | |
| Operations and maintenance | 185,014 | 301,273 | 486,287 |
| Personnel costs | 462,270 | 359,959 | 822,229 |
| Administration | 281,355 | 189,087 | 470,442 |
| Depreciation | 256,994 | 444,653 | 701,647 |
| Total Operating Expenses | <u>1,185,633</u> | <u>1,294,972</u> | <u>2,480,605</u> |
| Operating (Loss) | <u>25,753</u> | <u>(6,473)</u> | <u>19,280</u> |
| Non-operating Revenue (Expenses): | | | |
| Investment income | 36,204 | 65,069 | 101,273 |
| Bond interest | (49,442) | - | (49,442) |
| Amortization of bond issuance costs | (8,798) | - | (8,798) |
| Total Non-operating Revenue (Expenses) | <u>(22,036)</u> | <u>65,069</u> | <u>43,033</u> |
| (Loss) Before Contributions | 3,717 | 58,596 | 62,313 |
| Capital contributions, and tap fees | 344,561 | 338,765 | 683,326 |
| Change in Net Assets | 348,278 | 397,361 | 745,639 |
| Total Net Assets - Beginning (restated) | <u>10,457,648</u> | <u>9,022,553</u> | <u>19,480,201</u> |
| Total Net Assets - Ending | <u>10,805,926</u> | <u>9,419,914</u> | <u>20,225,840</u> |

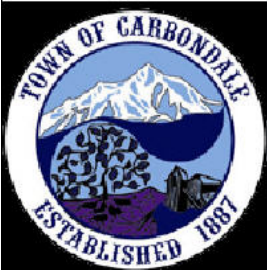
The accompanying notes are an integral part of these financial statements.

Town of Carbondale, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

| | Water Fund | Wastewater Fund | Total |
|---|-----------------------|----------------------------|------------------|
| Cash Flows From Operating Activities: | | | |
| Cash received from customers and others | 1,144,058 | 1,205,292 | 2,349,350 |
| Cash paid for goods, services and employees | (921,109) | (842,175) | (1,763,284) |
| Transfers | - | 63,000 | 63,000 |
| Other cash receipts | 71,771 | 89,408 | 161,179 |
| Net Cash Provided (Used) by Operating Activities | <u>294,720</u> | <u>515,525</u> | <u>810,245</u> |
| Cash Flows From Capital Financing Activities: | | | |
| Interest on bonds | (49,442) | - | (49,442) |
| Bond principal payment | (110,842) | - | (110,842) |
| Proceeds from tap and meter sales | 344,561 | 338,765 | 683,326 |
| Acquisition of capital assets | (250,488) | (200,375) | (450,863) |
| Net Cash Provided (Used) by Capital Financing Activities | <u>(66,211)</u> | <u>138,390</u> | <u>72,179</u> |
| Cash Flows From Investing Activities | | | |
| Interest received | 36,204 | 65,069 | 101,273 |
| Net Cash Provided by Investing Activities | <u>36,204</u> | <u>65,069</u> | <u>101,273</u> |
| Net Increase in Cash and Cash Equivalents | 264,713 | 718,984 | 983,697 |
| Cash and Cash Equivalents - Beginning | 1,246,646 | 2,848,730 | 4,095,376 |
| Cash and Cash Equivalents - Ending | <u>1,511,359</u> | <u>3,567,714</u> | <u>5,079,073</u> |
| Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating (loss) | 25,753 | (6,473) | 19,280 |
| Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation expense | 256,994 | 444,653 | 701,647 |
| (Increase) decrease in operating accounts receivable | 4,443 | (4,244) | 199 |
| (Increase) decrease in prepaid expense | 760 | - | 760 |
| (Increase) decrease in notes receivable | - | 10,445 | 10,445 |
| Increase (decrease) in deposits | (1,104) | - | (1,104) |
| Increase (decrease) in compensated absences | 7,874 | 8,144 | 16,018 |
| Transfers | - | 63,000 | 63,000 |
| Total Adjustments | <u>268,967</u> | <u>521,998</u> | <u>790,965</u> |
| Net Cash Provided (Used) by Operating Activities | <u>294,720</u> | <u>515,525</u> | <u>810,245</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, 2008

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, culture-recreation, public health improvements, planning and zoning, and general administrative services. The Town is located in Garfield County, Colorado and operates under a Board of Trustees-Manager form of government.

An elected Mayor and Board of Trustees 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, 2008
(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 Recreation Sales and Use Tax Fund is considered a special revenue fund.

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, 2008
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

The *Streetscape Fund* - accounts for a 1.5 mill ad valorem tax restricted to public streetscape improvements within the Town, including expanded downtown parking, pedestrian safety and street lights and beautification.

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

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.

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.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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.

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.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

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.

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 \$15,840,998 represents the book value of capital assets at December 31, 2008.

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 \$2,719,462 difference represents \$344,014 in accrued compensated absences, \$2,365,000 in bond debt, \$8,838 in interest payable, \$6,014 of unamortized bond premium and less \$(4,404) in unamortized bond discount.

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 \$107,151 represents the unamortized bond issuance costs.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements (continued)

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 \$4,189,371 difference are capital outlay of \$4,874,385 less depreciation expense of \$685,014.

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 \$99,762 difference is \$715 in bond premium, a debt payment of \$105,000, accrued interest of \$213, (\$2,329) of amortized bond discount, and (\$3,837) 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.

As required by Colorado Statutes, the Town followed the required timetable noted below in preparing, approving, and enacting its budget for 2008.

- (1) For the 2008 budget year, prior to August 25, 2007, the County Assessor sent to the Town an assessed valuation of all taxable property within the Town's boundaries.
- (2) The Town Manager, or other qualified person appointed by the Board of Trustees, submitted to the Board of Trustees, on or before October 15, 2007, 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, 2007, a public hearing was held for the budget, the Board of Trustees certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Board of Trustees 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.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2007 were collected in 2008 and taxes certified in 2008 will be collected in 2009. 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.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known 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.

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 \$105,000 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.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

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"). The FDIC insures the first \$250,000 of the Town's interest-bearing deposits at each financial institution. Non-interest bearing deposits are fully insured by the FDIC. Interest-bearing deposit balances over \$250,000 are collateralized as required by PDPA. Deposit balances over \$100,000 are collateralized as required by PDPA. The carrying amount of the Town's demand deposit was \$5,934,694. Petty cash totaled \$858.

At year end, the Town had the following investments and maturities:

| | Standard & Poors Rating | Carrying amounts | Maturities | |
|--------------------------|--|-----------------------------|-------------------------------|---------------------------------|
| | | | Less than one year | Less than five years |
| Deposits: | | | | |
| Petty cash | Not Rated | 858 | 858 | - |
| Demand deposits | Not Rated | 5,934,694 | 5,934,694 | - |
| Certificates of Deposit | Not Rated | 3,113,498 | - | 3,113,498 |
| Savings and money market | Not Rated | - | - | - |
| Investments: | | | | |
| Investment pools | AAAm | 3,792,689 | 3,792,689 | |
| | | <u>\$ 12,841,739</u> | | |

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.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits (continued)

Concentration of Credit Risk: The Town places a fifty percent (50%) limit in which the Town may invest in any one issuer. Also, a twenty-five percent (25%) limit of the Town's portfolio may be invested in any single investment, except for U.S. Treasury Obligations.

At year end, more than five percent of the Town's investments were held in COLOTRUST and CSAFE. Such concentration is permitted by the Town's investment policy.

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 | Development Dedicaton | Lodging Tax | Water | Wastewater | Total |
|--------------------------------------|-------------------|---------------------------------|----------------------|----------------|--------------|--------------------------|----------------|---------------|----------------|------------------|
| Receivables: | | | | | | | | | | |
| Accounts | - | - | - | - | - | - | - | 95,791 | 120,254 | 216,045 |
| Other | 116,523 | 25,000 | 400 | 16,423 | - | 287,011 | 4,738 | - | - | 450,095 |
| Intergovernmental | 13,493 | 57,107 | 342,521 | - | 1,103 | - | - | 50 | - | 414,274 |
| Gross receivables | 130,016 | 82,107 | 342,921 | 16,423 | 1,103 | 287,011 | 4,738 | 95,841 | 120,254 | 1,080,414 |
| Less: allowance for uncollectible | - | - | - | - | - | - | - | - | - | - |
| Net receivables | \$ 130,016 | 82,107 | 342,921 | 16,423 | 1,103 | 287,011 | 4,738 | 95,841 | 120,254 | 1,080,414 |

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 \$441,629 of deferred revenue for property taxes levied in 2008 but not available until 2009.

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 was \$116,760 and required monthly principal and interest payments of \$1,194 through July 1, 2008.

D. Note Receivable – Mountain Sage

The Town entered into a note with the Colorado-Main Development, LLC, dba Mountain Sage for payment of park development fees on Mountain Sage development. The note's principal is \$287,011 and requires principal and interest payments of \$11,038 on each unit sold in the development. If the total payment is not received by October 9, 2009 the entire principal and interest becomes due. The note carries an interest rate of 5.3% per annum.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Capital Assets

Capital asset activity for the year ended December 31, 2008 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 | \$ 2,119,503 | - | - | 2,119,503 |
| Construction in progress | 4,028,734 | 46,405 | (3,932,676) | 142,463 |
| Total capital assets, not being depreciated | <u>6,148,237</u> | <u>46,405</u> | <u>(3,932,676)</u> | <u>2,261,966</u> |
| Capital assets, being depreciated: | | | | |
| Infrastructure | 2,661,986 | 1,869,062 | - | 4,531,048 |
| Buildings | 2,442,928 | 5,813,031 | - | 8,255,959 |
| Improvements other than buildings | 1,922,723 | 578,977 | - | 2,501,700 |
| Vehicles | 243,469 | 144,695 | - | 388,164 |
| Equipment | 2,137,799 | 354,891 | (53,024) | 2,439,666 |
| Total capital assets being depreciated | <u>9,408,905</u> | <u>8,760,656</u> | <u>(53,024)</u> | <u>18,116,537</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (328,630) | (133,660) | - | (462,290) |
| Buildings | (859,245) | (132,237) | - | (991,482) |
| Improvements other than buildings | (1,068,197) | (144,279) | - | (1,212,476) |
| Vehicles | (60,284) | (31,958) | - | (92,242) |
| Equipment | (1,589,159) | (242,880) | 53,024 | (1,779,015) |
| Total accumulated depreciation | <u>(3,905,515)</u> | <u>(685,014)</u> | <u>53,024</u> | <u>(4,537,505)</u> |
| Total capital assets, being depreciated, net | <u>5,503,390</u> | <u>8,075,642</u> | <u>-</u> | <u>13,579,032</u> |
| Governmental activities capital assets, net | <u>\$ 11,651,627</u> | <u>8,122,047</u> | <u>(3,932,676)</u> | <u>15,840,998</u> |
| | | | | |
| | <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 | 221,351 | 13,529 | - | 234,880 |
| Construction in progress | 204,770 | 71,304 | (141,593) | 134,481 |
| Total capital assets, not being depreciated | <u>610,560</u> | <u>84,833</u> | <u>(141,593)</u> | <u>553,800</u> |
| Capital assets, being depreciated: | | | | |
| Water/wastewater system and improvements | 22,790,466 | 261,838 | - | 23,052,304 |
| Buildings and improvements | 583,057 | 141,593 | - | 724,650 |
| Equipment | 1,050,218 | 104,192 | (98,606) | 1,055,804 |
| Total capital assets being depreciated | <u>24,423,741</u> | <u>507,623</u> | <u>(98,606)</u> | <u>24,832,758</u> |
| Less accumulated depreciation for: | | | | |
| Water/wastewater system and improvements | (8,091,699) | (619,254) | - | (8,710,953) |
| Buildings and improvements | (197,105) | (21,375) | - | (218,480) |
| Equipment | (608,594) | (61,018) | 98,524 | (571,088) |
| Total accumulated depreciation | <u>(8,897,398)</u> | <u>(701,647)</u> | <u>98,524</u> | <u>(9,500,521)</u> |
| Total capital assets, being depreciated, net | <u>15,526,343</u> | <u>(194,024)</u> | <u>(82)</u> | <u>15,332,237</u> |
| Business-type activities capital assets, net | <u>\$ 16,136,903</u> | <u>(109,191)</u> | <u>(141,675)</u> | <u>15,886,037</u> |

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

IV. Detailed Notes on all Funds (continued)

E. 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 | \$ 2,009,890 | 115,922 |
| Public safety | 54,433 | 28,697 |
| Public works, including infrastructure | 1,897,944 | 186,124 |
| Culture and recreation | 4,844,794 | 354,271 |
| Total - governmental activities | \$ 8,807,061 | 685,014 |
| Business-type activities: | | |
| Water | \$ 250,488 | 256,994 |
| Wastewater | 200,375 | 444,653 |
| Total - business-type activities | \$ 450,863 | 701,647 |

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.

F. Interfund Receivables, Payables, and Transfers

The Town had the following interfund receivables or payables as of December 31, 2008:

| Fund | Interfund Receivable | Interfund Payable |
|-----------------------------|---------------------------------|------------------------------|
| Development Dedication Fund | \$ 229,200 | - |
| Streetscape Capital Fund | - | 366,200 |
| Sales and Use Tax Fund | (18,914) | - |
| Water Fund | - | 98,326 |
| Wastewater Fund | 234,240 | - |
| Total | \$ 464,526 | 464,526 |

The interfund loans between the Wastewater Fund and the Streetscape Fund and the Development Dedication Fund and the Streetscape Fund will be paid off in greater than one year.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Interfund Receivables, Payables, and Transfers (continued)

Transfers were as follows:

| <u>Fund In (Out)</u> | <u>Amount</u> | <u>Reason</u> |
|---|---------------|---|
| General / (Sales and Use Tax) | 4,103,472 | Operating transfer |
| General / (Recreation Sales and Use Tax) | 104,601 | To fund pool operations |
| General / (Development Dedication) | 175,000 | To fund growth related expenditures |
| Capital Construction / (General) | 1,604,379 | To fund capital projects |
| Highway 133 / (Sales and Use Tax) | 20,000 | Sales tax from La Fontana Plaza |
| 1% of Arts / (Recreation Sales and Use Tax) | 3,009 | To fund art project at new recreation center |
| Recreation Sales and Use Tax / (Development Dedication) | 300,000 | To fund recreation center construction |
| Bond Fund / (Bond Reserve) | 4,252 | Interest earnings to fund debt service |
| Bond Fund / (Recreation Sales and Use Tax) | 254,976 | Debt service for 2004 and 2006 Sales and Use Tax bonds. |

G. 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.

H. 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.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

IV. Detailed Notes on all Funds (continued)

H. Long-term Debt (continued)

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 wastewater system is restricted solely for the payment of the principal and interest of the bonds.

3. Recreation Sales and Use Tax Series 2004 Bonds

On July 1, 2004, the Town issued Series 2004 Recreation Sales and Use Tax Bonds in the amount of \$2,200,000. 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.

4. Recreation Sales and Use Tax Series 2006 Bonds

On November 2, 2006, the Town issued Series 2006 Recreation Sales and Use Tax Bonds in the amount of \$450,000. 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, 2017, 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 4.5% to 5.0%. Principal payments are made December 1. The bonds require debt service payments through 2024.

5. Recreation Sales and Use Tax Series 2006 Supplemental Interest

In conjunction with the Series 2006 Recreation Sales and Use Tax Bonds, the Town issued "B" Interest Coupons in the amount of \$75,000. The coupon 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 coupons are paid annually on December 1 with a yield of 5.25%. The coupons require debt service payments through 2010.

6. 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.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

IV. Detailed Notes on all Funds (continued)

H. Long-term Debt (continued)

7. Schedule of Future Payment

The Town's annual debt service is as follows:

| Year | CWRPDA Series 1998B | Recreation Sales and Use Bonds Series 2004 | Recreation Sales and Use Bonds Series 2006 | Recreation Sales and Use Bonds Supplemental Interest 2006 | Total |
|-------------------|---------------------------|--|--|--|-------------|
| 2009 | 162,117 | 169,773 | 21,288 | 20,000 | 373,178 |
| 2010 | 160,225 | 172,010 | 21,288 | 20,000 | 373,523 |
| 2011 | 162,849 | 168,860 | 46,288 | - | 377,997 |
| 2012 | 160,238 | 170,620 | 45,160 | - | 376,018 |
| 2013 | 162,784 | 172,010 | 44,038 | - | 378,832 |
| 2014-2018 | 326,156 | 843,500 | 221,888 | - | 1,391,544 |
| 2019-2023 | - | 853,360 | 224,225 | - | 1,077,585 |
| 2024 | - | 168,000 | 47,250 | - | 215,250 |
| Total | 1,134,369 | 2,718,133 | 671,425 | 40,000 | 4,563,927 |
| Less: interest | (184,933) | (843,133) | (221,425) | - | (1,249,491) |
| Bonds outstanding | 949,436 | 1,875,000 | 450,000 | 40,000 | 3,314,436 |

8. 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:

| <u>Length of Employment</u> | <u>Percentage Payment</u> |
|---------------------------------|-------------------------------|
| 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, 2008
(Continued)

IV. Detailed Notes on all Funds (continued)

H. Long-term Debt (continued)

9. Changes in the Long-term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2008:

| | <u>Balance 1/1/08</u> | <u>Additions</u> | <u>(Reductions)</u> | <u>Balance 12/31/08</u> | <u>Due in One Year</u> |
|-----------------------------------|---------------------------|------------------|---------------------|-----------------------------|------------------------|
| Governmental Activities: | | | | | |
| Series 2004 Bonds | \$ 1,960,000 | - | (85,000) | 1,875,000 | 85,000 |
| Series 2006 Bonds | 450,000 | - | - | 450,000 | - |
| Series 2006 Supplemental Interest | 60,000 | - | (20,000) | 40,000 | 20,000 |
| Compensated absences | 274,611 | 69,403 | - | 344,014 | 10,320 |
| Business-Type Activities: | | | | | |
| CWRPDA 1997A Bonds | - | - | - | - | - |
| CWRPDA 1998B Bonds | 1,060,277 | - | (110,841) | 949,436 | 118,274 |
| Compensated absences | 12,029 | 16,016 | - | 28,045 | 841 |
| Total | <u>\$ 3,816,917</u> | <u>85,419</u> | <u>(215,841)</u> | <u>3,686,495</u> | <u>234,436</u> |

10. Restricted Fund Balance

The Town had the following restrictions on the General Fund's fund balance at December 31, 2008:

| | <u>Balance 1/1/08</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 12/31/08</u> |
|-------------------|---------------------------|------------------|------------------|-----------------------------|
| Emergency reserve | \$ 206,624 | - | (19,362) | 187,262 |
| Parking | 31,400 | - | - | 31,400 |
| Manager contract | 258,677 | - | (29,877) | 228,800 |
| Solar panels | - | 11,000 | - | 11,000 |
| Total | <u>\$ 496,701</u> | <u>11,000</u> | <u>(49,239)</u> | <u>458,462</u> |

11. Bond Discount, Premium and Issuance Costs

Bond discounts, premiums and issuance costs for the governmental 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, 2008, were \$107,151.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2008
(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 full time 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 \$3,184,833 and current year total payroll was \$3,421,547. During the year, the Town's required and actual contributions amounted to \$95,545, which was 3% of its current year covered payroll.

2. Deferred Compensation Plan - IRC 457

The Town offers its full time 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, 2008
(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 \$840,588 and current year total payroll was \$937,460. During the year, the Town's required and actual contributions amounted to \$67,247.

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, 2008, the latest date for which information is available, is as follows:

| Property and Casualty Pool: | % |
|------------------------------------|----------|
| Loss fund | 1.087% |
| Pooled excess fund | 0.763% |

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

V. Other Information (continued)

C. Risk Management (continued)

The December 31, 2008, combined financial information is as follows:

| | |
|---------------------------------------|-----------------------------|
| Cash and investments | \$ 17,547,717 |
| Other assets | 54,254,675 |
| Total | <u><u>\$ 71,802,392</u></u> |
| | |
| Liabilities | \$ 33,243,800 |
| Members fund balance | 38,558,592 |
| Total | <u><u>\$ 71,802,392</u></u> |
| | |
| Total revenue | \$ 24,327,643 |
| Total expense | (19,368,896) |
| Excess of Revenue Over Expense | <u><u>\$ 4,958,747</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, 2008, 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. Nonmonetary Transaction

During the year, the Town entered into a transaction with Roaring Fork School District RE-1 under which the Town exchanged a parcel of land for another parcel of land and a building. A capital asset with a net book value of \$400,000 was exchanged for the land and building with a fair market value of \$2.4 million which includes the remaining net book value of the Town property exchanged and a contribution of approximately \$2 million for the market value of the capital assets received over the value of the capital asset exchanged. The \$2 million contribution element of this nonmonetary transaction is reported as a special item, following general revenues, in the government-wide statement of activities.

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, 2008
With Comparative Totals For the Year Ended December 31, 2007

| | 2008 | | Variance Positive (Negative) | 2007 |
|---------------------------------|--|------------------|---|------------------|
| | Original and Final Budget | Actual | | Actual |
| Revenues: | | | | |
| Taxes | 511,750 | 501,937 | (9,813) | 472,941 |
| Licenses and permits | 274,850 | 200,046 | (74,804) | 241,592 |
| Intergovernmental | 637,107 | 769,529 | 132,422 | 725,261 |
| Charges for services | 299,500 | 294,458 | (5,042) | 295,160 |
| Fines and forfeitures | 35,000 | 60,015 | 25,015 | 34,718 |
| Interest | 193,925 | 97,039 | (96,886) | 181,062 |
| Administrative charges | 296,513 | 297,505 | 992 | 287,876 |
| Developer reimbursable | 40,000 | 111,995 | 71,995 | 46,070 |
| Other | 21,816 | 119,462 | 97,646 | 92,511 |
| Total Revenues | 2,310,461 | 2,451,986 | 141,525 | 2,377,191 |
| Expenditures: | | | | |
| General Government: | | | | |
| Attorney | 85,500 | 138,151 | (52,651) | 120,268 |
| Municipal elections | 8,200 | 2,919 | 5,281 | 11 |
| Trustees | 93,853 | 88,949 | 4,904 | 85,040 |
| Municipal Court | 36,568 | 25,609 | 10,959 | 31,901 |
| Town Manager | 295,871 | 309,145 | (13,274) | 271,098 |
| Administrative services | 492,550 | 360,657 | 131,893 | 378,205 |
| Finance and records | 354,016 | 344,082 | 9,934 | 336,393 |
| Planning | 382,028 | 489,295 | (107,267) | 343,123 |
| Data processing | 61,500 | 57,489 | 4,011 | 65,824 |
| Building operations | 106,270 | 91,082 | 15,188 | 198,352 |
| Motor pool | 185,614 | 251,804 | (66,190) | 209,252 |
| Economic development | 99,300 | 49,197 | 50,103 | 135,690 |
| Sales tax administration | 29,645 | 26,526 | 3,119 | 24,413 |
| Affordable housing | 75,000 | 59,693 | 15,307 | 25,000 |
| Total General Government | 2,305,915 | 2,294,598 | 11,317 | 2,224,570 |
| Public Safety: | | | | |
| Police department | 1,557,101 | 1,453,706 | 103,395 | 1,383,222 |
| Communications | 69,300 | 79,369 | (10,069) | 78,357 |
| Building inspection | 139,956 | 132,367 | 7,589 | 147,648 |
| Ordinance control | 75,200 | 73,637 | 1,563 | 55,737 |
| Total Public Safety | 1,841,557 | 1,739,079 | 102,478 | 1,664,964 |
| Public Works: | | | | |
| Streets, alleys, snow removal | 654,714 | 736,043 | (81,329) | 560,532 |
| Public works administration | 222,737 | 207,590 | 15,147 | 194,772 |
| Total Public Works | 877,451 | 943,633 | (66,182) | 755,304 |

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, 2008
With Comparative Totals For the Year Ended December 31, 2007
(Continued)

| | 2008 | | | 2007 |
|--|--|--------------------|---|--------------------|
| | Original and Final Budget | Actual | Variance Positive (Negative) | Actual |
| Expenditures (continued): | | | | |
| Culture and Recreation: | | | | |
| Recreation | 319,852 | 328,957 | (9,105) | 304,451 |
| Municipal pool | 155,892 | 104,601 | 51,291 | 89,751 |
| Parks and cemetery | 649,790 | 572,405 | 77,385 | 605,810 |
| Community affairs | 63,975 | 55,000 | 8,975 | 43,732 |
| Total Culture and Recreation | 1,189,509 | 1,060,963 | 128,546 | 1,043,744 |
| Other: | | | | |
| Environmental health and recycling | 117,575 | 156,152 | (38,577) | 130,923 |
| Contingency | 100,000 | 47,625 | 52,375 | 142,889 |
| Total Other | 217,575 | 203,777 | 13,798 | 273,812 |
| Total Expenditures | 6,432,007 | 6,242,050 | 189,957 | 5,962,394 |
| (Deficiency) of Revenues Over Expenditures | (4,121,546) | (3,790,064) | 331,482 | (3,585,203) |
| Other Financing Sources: | | | | |
| Sale of fixed assets | 50,000 | 1,475 | (48,525) | 3,663 |
| Transfers (out) | (1,604,379) | (1,604,379) | - | (568,173) |
| Transfers in | 4,330,892 | 4,383,073 | 52,181 | 4,126,382 |
| Total Other Financing Sources | 2,776,513 | 2,780,169 | 3,656 | 3,561,872 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures | (1,345,033) | (1,009,895) | 335,138 | (23,331) |
| Fund Balance - Beginning | 3,878,507 | 4,138,332 | 259,825 | 4,161,663 |
| Fund Balance - Ending | 2,533,474 | 3,128,437 | 594,963 | 4,138,332 |

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, 2008
With Comparative Totals For the Year Ended December 31, 2007

| | <u>2008</u> | | <u>Variance Positive (Negative)</u> | <u>2007</u> |
|---|--|------------------|---|------------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | | <u>Actual</u> |
| Revenues: | | | | |
| Sales tax revenue | 561,050 | 550,011 | (11,039) | 538,955 |
| Use tax - motor vehicle | 60,900 | 60,191 | (709) | 63,640 |
| Use tax - building permits | 40,000 | 72,822 | 32,822 | 48,814 |
| Investment earnings | 107,546 | 34,643 | (72,903) | 162,952 |
| Intergovernmental | 462,547 | 247,763 | (214,784) | 500,000 |
| Charges for services | 150,758 | 212,703 | 61,945 | - |
| Other income | - | 43,572 | 43,572 | 101 |
| Total Revenues | <u>1,382,801</u> | <u>1,221,705</u> | <u>(161,096)</u> | <u>1,314,462</u> |
| Expenditures: | | | | |
| Park improvements | 645,000 | 494,215 | 150,785 | 285,947 |
| Trail improvements | 334,547 | 33,778 | 300,769 | 39,204 |
| Riding area and building | 55,000 | 18,352 | 36,648 | 1,069 |
| Salaries and benefits | 283,321 | 268,182 | 15,139 | 87,974 |
| Park and recreation facilities | 972,747 | 824,155 | 148,592 | 3,287,838 |
| Total Expenditures | <u>2,290,615</u> | <u>1,638,682</u> | <u>651,933</u> | <u>3,702,032</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (907,814) | (416,977) | 490,837 | (2,387,570) |
| Other Financing Sources (Uses): | | | | |
| Operating transfers in | 300,000 | 300,000 | - | 775,000 |
| Operating transfers (out) | (360,892) | (362,587) | (1,695) | (300,087) |
| Total Other Financing (Uses) | <u>(60,892)</u> | <u>(62,587)</u> | <u>(1,695)</u> | <u>474,913</u> |
| Excess (Deficiency) of Revenues Over Expenditures and Other Financing (Uses) | (968,706) | (479,564) | 489,142 | (1,912,657) |
| Fund Balance - Beginning | <u>2,150,924</u> | <u>2,301,633</u> | <u>150,709</u> | <u>4,214,290</u> |
| Fund Balance - Ending | <u>1,182,218</u> | <u>1,822,069</u> | <u>639,851</u> | <u>2,301,633</u> |

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, 2008
With Comparative Totals For the Year Ended December 31, 2007

| | <u>2008</u> | | <u>2007</u> |
|---|--|-----------------------|---|
| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
| | | | <u>Actual</u> |
| Revenues: | | | |
| Sales tax | 3,383,800 | 3,277,261 | (106,539) |
| Use tax - motor vehicle | 378,000 | 361,019 | (16,981) |
| Use tax - building permits | 250,000 | 436,778 | 186,778 |
| Investment earnings | 1,500 | 2,504 | 1,004 |
| Total Revenues | <u>4,013,300</u> | <u>4,077,562</u> | <u>64,262</u> |
| Expenditures: | | | |
| Miscellaneous | - | - | - |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues Over Expenditures | 4,013,300 | 4,077,562 | 64,262 |
| Other Financing (Uses): | | | |
| Operating transfers (out) | (4,020,000) | (4,123,472) | (103,472) |
| Total Other Financing (Uses) | <u>(4,020,000)</u> | <u>(4,123,472)</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over Expenditures and Other Financing (Uses) | (6,700) | (45,910) | (39,210) |
| Fund Balance - Beginning | <u>336,987</u> | <u>372,610</u> | <u>35,623</u> |
| Fund Balance - Ending | <u><u>330,287</u></u> | <u><u>326,700</u></u> | <u><u>(3,587)</u></u> |

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

Town of Carbondale, Colorado
Streetscape Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2008
With Comparative Totals For the Year Ended December 31, 2007

| | <u>2008</u> | | <u>2007</u> | |
|---|--|----------------|---|----------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> | <u>Actual</u> |
| Revenues: | | | | |
| Property tax | 170,000 | 176,710 | 6,710 | 148,492 |
| Specific ownership tax | 12,600 | 15,992 | 3,392 | 12,962 |
| Delinquent tax and interest | - | 631 | 631 | 308 |
| Interest income | 2,000 | 13,178 | 11,178 | 39,004 |
| Other revenue | - | - | - | 4,153 |
| Total Revenues | <u>184,600</u> | <u>206,511</u> | <u>21,911</u> | <u>204,919</u> |
| Expenditures: | | | | |
| Treasurer fee | 3,000 | 3,546 | (546) | 2,978 |
| Streetscape improvements | 1,025,680 | 770,080 | 255,600 | 87,204 |
| Street furniture | 171,250 | - | 171,250 | - |
| Total Expenditures | <u>1,199,930</u> | <u>773,626</u> | <u>426,304</u> | <u>90,182</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (1,015,330) | (567,115) | 448,215 | 114,737 |
| Other Financing Sources (Uses): | | | | |
| Operating transfers in | 104,379 | 104,379 | - | - |
| Total Other Financing Sources (Uses) | <u>104,379</u> | <u>104,379</u> | <u>-</u> | <u>-</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses) | (910,951) | (462,736) | 448,215 | 114,737 |
| Fund Balance - Beginning | <u>910,951</u> | <u>467,316</u> | <u>(443,635)</u> | <u>352,579</u> |
| Fund Balance - Ending | <u>-</u> | <u>4,580</u> | <u>4,580</u> | <u>467,316</u> |

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

SUPPLEMENTARY INFORMATION



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, 2008
With Comparative Totals For the Year Ended December 31, 2007

| | 2008 | | | Variance Positive (Negative) | 2007 |
|---|----------------------------|--|--------------------|---|------------------|
| | Original Budget | Original and Final Budget | Actual | | Actual |
| Revenues: | | | | | |
| Grants | 420,000 | 420,000 | - | (420,000) | - |
| Investment earnings | 12,000 | 12,000 | 2,282 | (9,718) | 26,257 |
| Total Revenues | 432,000 | 432,000 | 2,282 | (429,718) | 26,257 |
| Expenditures: | | | | | |
| Construction | 30,000 | 30,000 | 31,278 | (1,278) | 47,456 |
| Miscellaneous | - | - | - | - | 717 |
| Construction | 1,527,249 | 1,527,249 | 1,118,108 | 409,141 | 442,050 |
| Street resurfacing | 152,000 | 152,000 | 32,130 | 119,870 | 254,684 |
| Total Expenditures | 1,709,249 | 1,709,249 | 1,181,516 | 527,733 | 744,907 |
| (Deficiency) of Revenues Over Expenditures | (1,277,249) | (1,277,249) | (1,179,234) | (957,451) | (718,650) |
| Other Financing Sources (Uses): | | | | | |
| Operating transfers in | 1,541,793 | 1,541,793 | 1,541,793 | - | 568,173 |
| Total Other Financing Sources (Uses) | 1,541,793 | 1,541,793 | 1,541,793 | - | 568,173 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses) | 264,544 | 264,544 | 362,559 | 98,015 | (150,477) |
| Fund Balance - Beginning | 635,456 | 635,456 | 587,542 | (47,914) | 738,019 |
| Fund Balance - Ending | 900,000 | 900,000 | 950,101 | 50,101 | 587,542 |

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, 2008
With Comparative Totals For the Year Ended December 31, 2007

| | Water Fund | | | | Wastewater Fund | | | |
|--|---------------------------------|------------------|------------------------------------|------------------|---------------------------------|------------------|------------------------------------|------------------|
| | 2008 | | Variance Positive (Negative) | 2007 | 2008 | | Variance Positive (Negative) | 2007 |
| | Original and Final Budget | Actual | | Actual | Original and Final Budget | Actual | | Actual |
| Revenues: | | | | | | | | |
| Charges for services: | | | | | | | | |
| Sale of meters | 30,000 | 33,282 | 3,282 | 33,888 | - | - | - | - |
| Service fees | 1,023,500 | 1,102,674 | 79,174 | 1,197,793 | 1,144,500 | 1,195,127 | 50,627 | 1,111,543 |
| Penalty assessments | 4,000 | 3,659 | (341) | 3,611 | 3,060 | 3,964 | 904 | 3,689 |
| Miscellaneous | 5,420 | 71,771 | 66,351 | 25,343 | 128,100 | 89,408 | (38,692) | 64,607 |
| Total Revenues | <u>1,062,920</u> | <u>1,211,386</u> | <u>148,466</u> | <u>1,260,635</u> | <u>1,275,660</u> | <u>1,288,499</u> | <u>12,839</u> | <u>1,179,839</u> |
| Operating Expenses: | | | | | | | | |
| Operations and maintenance | 272,500 | 185,014 | 87,486 | 267,022 | 247,032 | 301,273 | (54,241) | 479,461 |
| Personnel costs | 475,441 | 462,270 | 13,171 | 379,069 | 473,849 | 359,959 | 113,890 | 313,588 |
| Administration | 336,727 | 281,355 | 55,372 | 358,935 | 208,896 | 189,087 | 19,809 | 235,958 |
| Miscellaneous / contingency | 100,000 | - | 100,000 | - | 100,000 | - | 100,000 | - |
| Capital outlay | 339,300 | 352,628 | (13,328) | 204,226 | 1,517,200 | 200,374 | 1,316,826 | 384,182 |
| Total operating expenses | <u>1,523,968</u> | <u>1,281,267</u> | <u>242,701</u> | <u>1,209,252</u> | <u>2,546,977</u> | <u>1,050,693</u> | <u>1,496,284</u> | <u>1,413,189</u> |
| Operating Income (Loss) Budget Basis | (461,048) | (69,881) | 391,167 | 51,383 | (1,271,317) | 237,806 | 1,509,123 | (233,350) |
| Nonoperating revenues (expenses): | | | | | | | | |
| Investment earnings | 33,870 | 36,204 | 2,334 | 66,400 | 148,699 | 65,069 | (83,630) | 128,288 |
| Loan payments | - | (110,841) | (110,841) | (106,945) | (800,000) | - | 800,000 | (275,694) |
| Interest expense | (160,283) | (49,442) | 110,841 | (53,414) | - | - | - | (9,342) |
| Grant revenue | - | - | - | - | 500,000 | - | (500,000) | - |
| Total nonoperating revenues (expenses): | <u>(126,413)</u> | <u>(124,079)</u> | <u>2,334</u> | <u>(93,959)</u> | <u>(151,301)</u> | <u>65,069</u> | <u>216,370</u> | <u>(156,748)</u> |
| Capital contributions | 315,000 | 344,561 | 29,561 | 459,496 | 336,000 | 338,765 | 2,765 | 492,703 |
| Transfers (out) | - | - | - | - | (1,000) | - | 1,000 | - |
| Excess (Deficiency) of Revenues Over Expenditures Budget (Non-GAAP) Basis | <u>(272,461)</u> | <u>150,601</u> | <u>423,062</u> | <u>416,920</u> | <u>(1,087,618)</u> | <u>641,640</u> | <u>1,729,258</u> | <u>102,605</u> |
| Reconciliation to GAAP Basis: | | | | | | | | |
| Capitalized assets | | 352,628 | | 204,226 | | 200,374 | | 384,182 |
| Principal payments | | 110,841 | | 106,945 | | - | | 275,694 |
| Depreciation | | (256,994) | | (246,070) | | (444,653) | | (451,649) |
| Amortization of bond issue costs | | (8,798) | | (9,825) | | - | | (684) |
| Net Income - GAAP Basis | | <u>348,278</u> | | <u>472,196</u> | | <u>397,361</u> | | <u>310,148</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, 2008**

| | <u>Special Revenue</u> | | | | | Sub-total Non-Major Governmental Funds |
|---|-------------------------------|-------------------------------|------------------------|-------------------------|----------------------------------|---|
| | Conservation Trust | Victims Assistance | Highway 133 | CHA Mortgage | Community Enhancement | |
| Assets: | | | | | | |
| Cash | 66,212 | 21,019 | 417,327 | 61,642 | 28,867 | 595,067 |
| Other receivables | - | - | 16,423 | - | - | 16,423 |
| Total Assets | <u>66,212</u> | <u>21,019</u> | <u>453,750</u> | <u>61,642</u> | <u>28,867</u> | <u>631,490</u> |
| Liabilities: | | | | | | |
| Due to other funds | - | - | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance: | | | | | | |
| Unreserved | 66,212 | 21,019 | 453,750 | 61,642 | 28,867 | 631,490 |
| Total Fund Balance | <u>66,212</u> | <u>21,019</u> | <u>453,750</u> | <u>61,642</u> | <u>28,867</u> | <u>631,490</u> |
| Total Liabilities and Fund Balance | <u>66,212</u> | <u>21,019</u> | <u>453,750</u> | <u>61,642</u> | <u>28,867</u> | <u>631,490</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, 2008
(Continued)

| | Special Revenue | | | | Debt Service | | Sub-total Non-Major Governmental Funds | Total Non-Major Governmental Funds |
|---|---------------------------|----------------|------------|-----------------------|---------------|-----------------|---|---|
| | Development Dedication | Lodging Tax | 1% of Arts | Efficient Building | Bond | Bond Reserve | | |
| Assets: | | | | | | | | |
| Cash | 623,682 | 739 | - | 15,175 | 26,537 | 172,976 | 595,067 | 1,434,176 |
| Other receivables | 287,011 | 4,738 | - | - | - | - | 16,423 | 308,172 |
| Due from other funds | 229,200 | - | - | - | - | - | 20,000 | 249,200 |
| Total Assets | 1,139,893 | 5,477 | - | 15,175 | 26,537 | 172,976 | 631,490 | 1,991,548 |
| Liabilities: | | | | | | | | |
| Due to other funds | - | - | - | - | - | - | - | - |
| Total Liabilities | - | - | - | - | - | - | - | - |
| Fund Balance: | | | | | | | | |
| Unreserved, reported in: | | | | | | | | |
| Special revenue | 1,139,893 | 5,477 | - | 15,175 | - | - | 631,490 | 1,792,035 |
| Debt service | - | - | - | - | 26,537 | 172,976 | - | 199,513 |
| Total Fund Balance | 1,139,893 | 5,477 | - | 15,175 | 26,537 | 172,976 | 631,490 | 1,991,548 |
| Total Liabilities and Fund Balance | 1,139,893 | 5,477 | - | 15,175 | 26,537 | 172,976 | 631,490 | 1,991,548 |

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, 2008

| | Special Revenue | | | | | Sub-total Non-major Governmental Funds |
|--|-------------------------------|-------------------------------|------------------------|-------------------------|----------------------------------|---|
| | Conservation Trust | Victims Assistance | Highway 133 | CHA Mortgage | Community Enhancement | |
| Revenues: | | | | | | |
| Taxes | - | - | 115,123 | - | - | 115,123 |
| Intergovernmental revenue | 62,292 | - | - | - | - | 62,292 |
| Fines and forfeitures | - | 14,179 | - | - | - | 14,179 |
| Interest | 772 | 253 | 8,411 | 886 | 84 | 10,406 |
| Miscellaneous | - | - | 35,350 | 33,700 | 5,137 | 74,187 |
| Total Revenues | 63,064 | 14,432 | 158,884 | 34,586 | 5,221 | 276,187 |
| Expenditures: | | | | | | |
| General government | - | - | - | 19,107 | - | 19,107 |
| Public safety | - | 10,694 | - | - | - | 10,694 |
| Public works | - | - | 242,318 | - | - | 242,318 |
| Culture and recreation | 33,254 | - | - | - | - | 33,254 |
| Total Expenditures | 33,254 | 10,694 | 242,318 | 19,107 | - | 305,373 |
| Excess (Deficiency) of Revenues Over Expenditures | 29,810 | 3,738 | (83,434) | 15,479 | 5,221 | (29,186) |
| Financing (Uses) | 29,810 | 3,738 | (63,434) | 15,479 | 5,221 | (9,186) |
| Fund Balance - Beginning | 36,402 | 17,281 | 517,184 | 46,163 | 23,646 | 640,676 |
| Fund Balance - Ending | 66,212 | 21,019 | 453,750 | 61,642 | 28,867 | 631,490 |

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, 2008
(Continued)

| | Special Revenue | | | | Debt Service | | Sub-total Non-major Governmental Funds | Total Non-major Governmental Funds |
|---|---------------------------|----------------|-----------------|-----------------------|------------------|-----------------|---|---|
| | Development Dedication | Lodging Tax | 1% of Arts | Efficient Building | Bond | Bond Reserve | | |
| Revenues: | | | | | | | | |
| Taxes | - | 83,633 | - | - | - | - | 115,123 | 198,756 |
| Intergovernmental revenue | - | - | - | - | - | - | 62,292 | 62,292 |
| Fines and forfeitures | - | - | - | - | - | - | 14,179 | 14,179 |
| Interest | 26,007 | 257 | 87 | 2,335 | 2,008 | 4,460 | 10,406 | 45,560 |
| Miscellaneous | 154,894 | - | - | 15,000 | - | - | 74,187 | 244,081 |
| Total Revenues | <u>180,901</u> | <u>83,890</u> | <u>87</u> | <u>17,335</u> | <u>2,008</u> | <u>4,460</u> | <u>276,187</u> | <u>564,868</u> |
| Expenditures: | | | | | | | | |
| General government | - | - | - | - | 450 | - | 19,107 | 19,557 |
| Public safety | - | - | - | - | - | - | 10,694 | 10,694 |
| Public works | - | - | - | 12,309 | - | - | 242,318 | 254,627 |
| Culture and recreation | - | 85,832 | 13,684 | - | - | - | 33,254 | 132,770 |
| Debt service: | | | | | | | | |
| Principal | - | - | - | - | 105,000 | - | - | 105,000 |
| Interest | - | - | - | - | 108,610 | - | - | 108,610 |
| Total Expenditures | <u>-</u> | <u>85,832</u> | <u>13,684</u> | <u>12,309</u> | <u>214,060</u> | <u>-</u> | <u>305,373</u> | <u>631,258</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>180,901</u> | <u>(1,942)</u> | <u>(13,597)</u> | <u>5,026</u> | <u>(212,052)</u> | <u>4,460</u> | <u>(29,186)</u> | <u>(66,390)</u> |
| Other Financing Sources (Uses): | | | | | | | | |
| Operating transfers in | - | - | 3,009 | - | 217,436 | - | 20,000 | 240,445 |
| Operating transfers (out) | (475,000) | - | - | - | - | (4,252) | - | (479,252) |
| Total Other Financing Sources (Uses) | <u>(475,000)</u> | <u>-</u> | <u>3,009</u> | <u>-</u> | <u>217,436</u> | <u>(4,252)</u> | <u>20,000</u> | <u>(238,807)</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses) | <u>(294,099)</u> | <u>(1,942)</u> | <u>(10,588)</u> | <u>5,026</u> | <u>5,384</u> | <u>208</u> | <u>(9,186)</u> | <u>(305,197)</u> |
| Fund Balance - Beginning | <u>1,433,992</u> | <u>7,419</u> | <u>10,588</u> | <u>10,149</u> | <u>21,153</u> | <u>172,768</u> | <u>640,676</u> | <u>2,296,745</u> |
| Fund Balance - Ending | <u>1,139,893</u> | <u>5,477</u> | <u>-</u> | <u>15,175</u> | <u>26,537</u> | <u>172,976</u> | <u>631,490</u> | <u>1,991,548</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, 2008
With Comparative Totals For the Year Ended December 31, 2007

| | 2008 | | | Variance Positive (Negative) | 2007 |
|--|----------------------------|--|---------------|---|---------------|
| | Original Budget | Original and Final Budget | Actual | | Actual |
| Revenues: | | | | | |
| Intergovernmental revenue | 60,000 | 60,000 | 62,292 | 2,292 | 60,271 |
| Interest | 1,455 | 1,455 | 772 | (683) | 1,418 |
| Total Revenues | 61,455 | 61,455 | 63,064 | 1,609 | 61,689 |
| Expenditures: | | | | | |
| Capital purchases | 30,000 | 30,000 | 7,467 | 22,533 | - |
| Park maintenance | 33,000 | 33,000 | 25,787 | 7,213 | 14,623 |
| Park improvemetns | | 7,500 | - | 7,500 | - |
| Equipment | - | - | - | - | 10,463 |
| ADA Compliance | - | - | - | - | 37,466 |
| Total Expenditures | 63,000 | 70,500 | 33,254 | 37,246 | 62,552 |
| Excess (Deficiency) of Revenues Over Expenditures | (1,545) | (9,045) | 29,810 | 38,855 | (863) |
| Fund Balance - Beginning | 29,106 | 29,106 | 36,402 | 7,296 | 37,265 |
| Fund Balance - Ending | 27,561 | 20,061 | 66,212 | 46,151 | 36,402 |

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, 2008
With Comparative Totals For the Year Ended December 31, 2007

| | Original and Final Budget | 2008 Actual | Variance Positive (Negative) | 2007 Actual |
|--|--|------------------------|---|------------------------|
| Revenues: | | | | |
| Fines and surcharge | 10,500 | 14,179 | 3,679 | 8,448 |
| Interest | 750 | 253 | (497) | 698 |
| Total Revenues | 11,250 | 14,432 | 3,182 | 9,146 |
| Expenditures: | | | | |
| Victim's assistance | 27,576 | 10,694 | 16,882 | 9,641 |
| Board expenses | 100 | - | 100 | - |
| Total Expenditures | 27,676 | 10,694 | 16,982 | 9,641 |
| Excess (Deficiency) of Revenues Over Expenditures | (16,426) | 3,738 | 20,164 | (495) |
| Fund Balance - Beginning | 16,426 | 17,281 | 855 | 17,776 |
| Fund Balance - Ending | - | 21,019 | 21,019 | 17,281 |

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, 2008
With Comparative Totals For the Year Ended December 31, 2007

| | 2008 | | Variance Positive (Negative) | 2007 |
|--|--|-----------------|---|----------------|
| | Original and Final Budget | Actual | | Actual |
| Revenues: | | | | |
| RTA tax | 114,030 | 115,123 | 1,093 | 113,286 |
| Transportation impact fee | - | 35,350 | 35,350 | 35,350 |
| Interest | 12,000 | 8,411 | (3,589) | 15,416 |
| Total Revenues | 126,030 | 158,884 | 32,854 | 164,052 |
| Expenditures: | | | | |
| Highway 133 construction | 620,468 | 242,318 | 378,150 | 4,706 |
| Total Expenditures | 620,468 | 242,318 | 378,150 | 4,706 |
| Excess (Deficiency) of Revenues Over Expenditures | (494,438) | (83,434) | 411,004 | 159,346 |
| Other Financing Sources: | | | | |
| Operating transfers in | 20,000 | 20,000 | - | 20,000 |
| Total Other Financing Sources | 20,000 | 20,000 | - | 20,000 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures | (474,438) | (63,434) | 411,004 | 179,346 |
| Fund Balance - Beginning | 474,438 | 517,184 | 42,746 | 337,838 |
| Fund Balance - Ending | - | 453,750 | 453,750 | 517,184 |

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

Town of Carbondale, Colorado
Special Revenue Funds
CHA Mortgage Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2008
With Comparative Totals For the Year Ended December 31, 2007

| | <u>2008</u> | | <u>2007</u> | |
|--|--|----------------------|---|----------------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> | <u>Actual</u> |
| Revenues: | | | | |
| Fannie Mae mortgage fee | 500 | 5,320 | 4,820 | 1,185 |
| Lease income | 28,380 | 28,380 | - | 28,380 |
| Grant revenue | - | - | - | 3,500 |
| Other revenue | - | - | - | 2,500 |
| Interest | 500 | 886 | 386 | 1,554 |
| Total Revenues | <u>29,380</u> | <u>34,586</u> | <u>5,206</u> | <u>37,119</u> |
| Expenditures: | | | | |
| Other expense | 2,100 | 3,728 | (1,628) | 20,000 |
| Grant expense | 59,676 | 15,379 | 44,297 | 5,007 |
| Total Expenditures | <u>61,776</u> | <u>19,107</u> | <u>42,669</u> | <u>25,007</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (32,396) | 15,479 | 47,875 | 12,112 |
| Fund Balance - Beginning | <u>45,149</u> | <u>46,163</u> | <u>1,014</u> | <u>34,051</u> |
| Fund Balance - Ending | <u><u>12,753</u></u> | <u><u>61,642</u></u> | <u><u>48,889</u></u> | <u><u>46,163</u></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, 2008
With Comparative Totals For the Year Ended December 31, 2007

| | <u>2008</u> | | | <u>2007</u> |
|--|--|----------------------|---|----------------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> | <u>Actual</u> |
| Revenues: | | | | |
| Community enhancement | 5,200 | 5,137 | (63) | 5,144 |
| Interest | 200 | 84 | (116) | 138 |
| Total Revenues | <u>5,400</u> | <u>5,221</u> | <u>(179)</u> | <u>5,282</u> |
| Expenditures: | | | | |
| Community projects | 29,024 | - | 29,024 | - |
| Total Expenditures | <u>29,024</u> | <u>-</u> | <u>29,024</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (23,624) | 5,221 | 28,845 | 5,282 |
| Fund Balance - Beginning | <u>23,624</u> | <u>23,646</u> | <u>22</u> | <u>18,364</u> |
| Fund Balance - Ending | <u><u>-</u></u> | <u><u>28,867</u></u> | <u><u>28,867</u></u> | <u><u>23,646</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, 2008
With Comparative Totals For the Year Ended December 31, 2007

| | <u>2008</u> | | <u>Variance Positive (Negative)</u> | <u>2007</u> |
|--|--|-------------------------|---|-------------------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | | <u>Actual</u> |
| Revenues: | | | | |
| Park development fee | 20,000 | 49,150 | 29,150 | 422,836 |
| General development fee | 135,000 | 105,744 | (29,256) | 197,145 |
| Investment earnings | 64,944 | 26,007 | (38,937) | 62,457 |
| Total Revenues | <u>219,944</u> | <u>180,901</u> | <u>(39,043)</u> | <u>682,438</u> |
| Expenditures: | | | | |
| Reserve | - | - | - | - |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues Over Expenditures | 219,944 | 180,901 | (39,043) | 682,438 |
| Other Financing (Uses): | | | | |
| Operating transfers (out) | (475,000) | (475,000) | - | (975,000) |
| Total Other Financing (Uses) | <u>(475,000)</u> | <u>(475,000)</u> | <u>-</u> | <u>(975,000)</u> |
| (Deficiency) of Revenues Over Expenditures and Other Financing (Uses) | (255,056) | (294,099) | (39,043) | (292,562) |
| Fund Balance - Beginning | <u>1,298,879</u> | <u>1,433,992</u> | <u>135,113</u> | <u>1,726,554</u> |
| Fund Balance - Ending | <u><u>1,043,823</u></u> | <u><u>1,139,893</u></u> | <u><u>96,070</u></u> | <u><u>1,433,992</u></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, 2008
With Comparative Totals For the Year Ended December 31, 2007

| | <u>2008</u> | | <u>2007</u> | |
|---|--|---------------|---|---------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> | <u>Actual</u> |
| Revenues: | | | | |
| Lodging tax | 90,000 | 83,633 | (6,367) | 86,393 |
| Investment earnings | 400 | 257 | (143) | 1,212 |
| Total Revenues | <u>90,400</u> | <u>83,890</u> | <u>(6,510)</u> | <u>87,605</u> |
| Expenditures: | | | | |
| Chamber of Commerce | 90,400 | 85,832 | 4,568 | 80,668 |
| Total Expenditures | <u>90,400</u> | <u>85,832</u> | <u>4,568</u> | <u>80,668</u> |
| Excess of Revenues Over Expenditures | - | (1,942) | (1,942) | 6,937 |
| Fund Balance - Beginning (restated) | <u>-</u> | <u>7,419</u> | <u>7,419</u> | <u>482</u> |
| Fund Balance - Ending | <u>-</u> | <u>5,477</u> | <u>5,477</u> | <u>7,419</u> |

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

Town of Carbondale, Colorado
Special Revenue Funds
1% of Arts Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2008

| | 2008 | | Variance Positive (Negative) |
|---|--|-----------------|---|
| | Original and Final Budget | Actual | |
| Revenues: | | | |
| Investment earnings | 100 | 87 | (13) |
| Total Revenues | 100 | 87 | (13) |
| Expenditures: | | | |
| Reserve | 15,138 | 13,684 | 1,454 |
| Total Expenditures | 15,138 | 13,684 | 1,454 |
| Excess of Revenues Over Expenditures | (15,038) | (13,597) | 1,441 |
| Other Financing Sources: | | | |
| Operating transfers in | - | 3,009 | 3,009 |
| Total Other Financing Sources | - | 3,009 | 3,009 |
| Excess of Revenues Over Expenditures and Other Financing Sources | (15,038) | (10,588) | 4,450 |
| Fund Balance - Beginning | 16,538 | 10,588 | (5,950) |
| Fund Balance - Ending | 1,500 | - | (1,500) |

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

Town of Carbondale, Colorado
Special Revenue Funds
Efficient Building Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2008

| | 2008 | | Variance Positive (Negative) | 2007 |
|---|--|---------------|---|---------------|
| | Original and Final Budget | Actual | | Actual |
| Revenues: | | | | |
| Grants | - | - | - | 10,000 |
| Investment earnings | - | 2,335 | 2,335 | 149 |
| Miscellaneous | 22,500 | 15,000 | (7,500) | - |
| Total Revenues | 22,500 | 17,335 | (5,165) | 10,149 |
| Expenditures: | | | | |
| Building inspection | 20,000 | 12,309 | 7,691 | - |
| Total Expenditures | 20,000 | 12,309 | 7,691 | - |
| Excess of Revenues Over Expenditures | 2,500 | 5,026 | 2,526 | 10,149 |
| Fund Balance - Beginning | - | 10,149 | 10,149 | - |
| Fund Balance - Ending | 2,500 | 15,175 | 12,675 | 10,149 |

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

Town of Carbondale, Colorado
Debt Service Funds
Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2008
With Comparative Totals For the Year Ended December 31, 2007

| | <u>2008</u> | | <u>2007</u> | |
|---|--|----------------------|---|----------------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> | <u>Actual</u> |
| Revenues: | | | | |
| Investment earnings | 6,900 | 2,008 | (4,892) | 4,964 |
| Total Revenues | <u>6,900</u> | <u>2,008</u> | <u>(4,892)</u> | <u>4,964</u> |
| Expenditures: | | | | |
| Bond principal | 205,000 | 105,000 | 100,000 | 95,000 |
| Bond interest | - | 108,610 | (108,610) | 112,122 |
| Agents fee | - | 450 | (450) | 300 |
| Total Expenditures | <u>205,000</u> | <u>214,060</u> | <u>(9,060)</u> | <u>207,422</u> |
| (Deficiency) of Revenues Over Expenditures | (198,100) | (212,052) | (13,952) | (202,458) |
| Other Financing Sources (Uses): | | | | |
| Operating transfers in | 186,498 | 217,436 | 30,938 | 191,475 |
| Operating transfers (out) | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>186,498</u> | <u>217,436</u> | <u>30,938</u> | <u>191,475</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses) | (11,602) | 5,384 | 16,986 | (10,983) |
| Fund Balance - Beginning | <u>16,134</u> | <u>21,153</u> | <u>5,019</u> | <u>32,136</u> |
| Fund Balance - Ending | <u><u>4,532</u></u> | <u><u>26,537</u></u> | <u><u>22,005</u></u> | <u><u>21,153</u></u> |

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

Town of Carbondale, Colorado
Debt Service Funds
Bond Reserve Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2008
With Comparative Totals For the Year Ended December 31, 2007

| | <u>2008</u> | <u>2007</u> | | |
|---|--|-----------------------|---|-----------------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> | <u>Actual</u> |
| Revenues: | | | | |
| Investment earnings | 7,500 | 4,460 | (3,040) | 8,925 |
| Total Revenues | <u>7,500</u> | <u>4,460</u> | <u>(3,040)</u> | <u>8,925</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 7,500 | 4,460 | (3,040) | 8,925 |
| Other Financing Sources (Uses): | | | | |
| Operating transfers (out) | (7,500) | (4,252) | 3,248 | (12,276) |
| Total Other Financing Sources (Uses) | <u>(7,500)</u> | <u>(4,252)</u> | <u>3,248</u> | <u>(12,276)</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses) | - | 208 | 208 | (3,351) |
| Fund Balance - Beginning | <u>-</u> | <u>172,768</u> | <u>172,768</u> | <u>176,119</u> |
| Fund Balance - Ending | <u><u>-</u></u> | <u><u>172,976</u></u> | <u><u>172,976</u></u> | <u><u>172,768</u></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: Carbondale |
| | YEAR ENDING : December 2008 |

| | |
|--|---|
| This Information From The Records Of Town of Carbondale: | Prepared By: Nancy Barnett Phone: 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) | 1,181,064 |
| a. Motor Fuel (from Item I.A.5.) | | 2. Maintenance: | 659,440 |
| b. Motor Vehicle (from Item I.B.5.) | | 3. Road and street services: | |
| c. Total (a.+b.) | | a. Traffic control operations | 9,218 |
| 2. General fund appropriations | 1,845,526 | b. Snow and ice removal | 143,413 |
| 3. Other local imposts (from page 2) | 541,930 | c. Other | 54,424 |
| 4. Miscellaneous local receipts (from page 2) | 64,979 | d. Total (a. through c.) | 207,055 |
| 5. Transfers from toll facilities | | 4. General administration & miscellaneous | 62,352 |
| 6. Proceeds of sale of bonds and notes: | | 5. Highway law enforcement and safety | 596,848 |
| a. Bonds - Original Issues | | 6. Total (1 through 5) | 2,706,759 |
| 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) | 2,452,435 | b. Redemption | |
| B. Private Contributions | | c. Total (a. + b.) | 0 |
| C. Receipts from State government (from page 2) | 170,062 | 2. Notes: | |
| D. Receipts from Federal Government (from page 2) | 84,262 | a. Interest | |
| E. Total receipts (A.7 + B + C + D) | 2,706,759 | 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) | 2,706,759 |

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 |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
| | | 2,706,759 | 2,706,759 | | 0 |

Notes and Comments:

| | | | |
|---|---------------------------|--|--|
| LOCAL HIGHWAY FINANCE REPORT | | STATE: Colorado | |
| | | YEAR ENDING (mm/yy): December 2008 | |
| 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 | 184,999 | a. Interest on investments | 20,352 |
| b. Other local imposts: | | b. Traffic Fines & Penalties | 44,627 |
| 1. Sales Taxes | 169,361 | c. Parking Garage Fees | |
| 2. Infrastructure & Impact Fees | 35,350 | d. Parking Meter Fees | |
| 3. Liens | | e. Sale of Surplus Property | |
| 4. Licenses | | f. Charges for Services | |
| 5. Specific Ownership &/or Other | 152,220 | g. Other Misc. Receipts | |
| 6. Total (1. through 5.) | 356,931 | h. Other | |
| c. Total (a. + b.) | 541,930 | i. Total (a. through h.) | 64,979 |
| | (Carry forward to page 1) | | (Carry forward to page 1) |
| III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL | | | |
| ITEM | AMOUNT | ITEM | AMOUNT |
| C. Receipts from State Government | | D. Receipts from Federal Government | |
| 1. Highway-user taxes | 145,565 | 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 | 24,497 | d. Federal Transit Admin | |
| d. Other (Specify) | | e. U.S. Corps of Engineers | |
| e. Other (Specify) | | f. Other Federal | 84,262 |
| f. Total (a. through e.) | 24,497 | g. Total (a. through f.) | 84,262 |
| 4. Total (1. + 2. + 3.f) | 170,062 | 3. Total (1. + 2.g) | |
| | | | (Carry forward to page 1) |
| | | 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 | | | 0 |
| c. Construction: | | | |
| (1). New Facilities | | | 0 |
| (2). Capacity Improvements | | | 0 |
| (3). System Preservation | | 1,181,064 | 1,181,064 |
| (4). System Enhancement & Operation | | | 0 |
| (5). Total Construction (1) + (2) + (3) + (4) | | 0 | 1,181,064 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | | 0 | 1,181,064 |
| | | | (Carry forward to page 1) |
| Notes and Comments: | | | |