

Town of Carbondale, Colorado

Financial Report

December 31, 2011



**Town of Carbondale, Colorado
Financial Report
December 31, 2011**

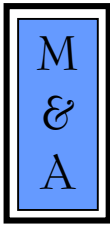
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INDEPENDENT AUDITOR'S REPORT

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, 2011, 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, 2011, 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 U.S. generally accepted auditing standards. 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, 2011, and the respective changes in financial position and cash flows, where applicable for the year then ended in conformity with U.S. generally accepted accounting principles.

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

The budgetary fund information in Section E is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. The budgetary fund information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Member: American Institute of Certified Public Accountants

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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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budgetary fund information, combining non-major fund financial statements, and the Annual Schedule of Revenues and Expenditures for Roads, Bridges and Streets found in Section F, and listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary fund information, combining non-major fund financial statements, and the Annual Schedule of Revenues and Expenditures for Roads, Bridges and Streets are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McMahan and Associates, L.L.C.

June 28, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS



Town of Carbondale, Colorado

Management's Discussion and Analysis December 31, 2011

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, 2011.

Financial Highlights

- Employee wages remained frozen at 2009. A 2% wage increase was approved in the 2012 Budget for full time employees.
- Excluding a onetime collection of \$54,000 through a State audit in 2010, sales tax revenue increased 1% in 2011. Use tax on motor vehicle sales saw a 19% increase over 2010. Revenue for construction related revenue sources through the Building Department fell by 52% due to outstanding us tax that was collected in 2010. In addition, only one single family building permit was issued in 2011.
- The Town's governmental fund balances increased \$693,079, which includes the General Fund balance increase of \$478,013, and the Town's business-type activities increased \$41,850.

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.

Overview of the Financial Statements (continued)

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

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

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 2011:

Town of Carbondale's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 10,559,354	10,328,416	6,307,744	6,250,875	16,867,098	16,579,291
Capital assets	19,068,247	19,219,419	16,545,698	16,724,592	35,613,945	35,944,011
Total assets	29,627,601	29,547,835	22,853,442	22,975,467	52,481,043	52,523,302
Other liabilities	1,536,334	2,011,927	36,956	49,562	1,573,290	2,061,489
Long-term liabilities outstanding	2,036,736	2,152,000	2,637,900	2,789,169	4,674,636	4,941,169
Total liabilities	3,573,070	4,163,927	2,674,856	2,838,731	6,247,926	7,002,658
Net assets:						
Invested in capital assets, net of related debt	17,125,453	17,166,672	15,999,781	16,047,920	33,125,234	33,214,592
Restricted	2,814,232	326,989	-	-	2,814,232	326,989
Unrestricted	6,114,846	7,890,247	4,178,805	4,088,816	10,293,651	11,979,063
Total net assets	\$ 26,054,531	25,383,908	20,178,586	20,136,736	46,233,117	45,520,644

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 68% 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 and donation of land, as well as construction in process on the wastewater system. Maturing for the Town's remaining debt are as follows; 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 retired in 2010. Additional information regarding the Town's long-term debt is available in Section D of the footnotes.

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			
	2011	2010	2011	2010	2011	2010
REVENUES:						
Program revenues:						
Charges for services	\$ 1,475,595	1,109,146	2,226,482	2,330,480	3,702,077	3,439,626
Operating grants and contributions	949,643	897,269	-	-	949,643	897,269
Capital grants and contributions	430,746	791,330	269,501	607,150	700,247	1,398,480
General revenues:						
Property taxes	637,151	626,524	-	-	637,151	626,524
Sales and use taxes	3,561,978	3,633,355	-	-	3,561,978	3,633,355
Other taxes	331,857	328,635	-	-	331,857	328,635
Interest and other revenue	189,862	280,668	26,665	36,607	216,527	317,275
Special items	-	2,050,000	-	-	-	2,050,000
Total Revenues	7,576,832	9,716,927	2,522,648	2,974,237	10,099,480	12,691,164
EXPENSES:						
General government	2,455,248	2,230,392	-	-	2,455,248	2,230,392
Public safety	1,547,306	1,617,077	-	-	1,547,306	1,617,077
Public works	1,013,478	1,090,847	-	-	1,013,478	1,090,847
Culture and recreation	1,789,461	1,854,065	-	-	1,789,461	1,854,065
Interest	99,520	102,759	-	-	99,520	102,759
Affordable housing	1,196	1,094	-	-	1,196	1,094
Water	-	-	1,158,562	1,176,036	1,158,562	1,176,036
Wastewater	-	-	1,322,236	1,133,098	1,322,236	1,133,098
Total Expenses	6,906,209	6,896,234	2,480,798	2,309,134	9,387,007	9,205,368
Change in Net Assets	670,623	2,820,693	41,850	665,103	712,473	3,485,796
Net Assets - Beginning (restated)	25,383,908	22,563,215	20,136,736	19,471,633	45,520,644	42,034,848
Net Assets - Ending	\$ 26,054,531	25,383,908	20,178,586	20,136,736	46,233,117	45,520,644

The following provide additional insight into the above chart:

- Under Revenues, capital grants and contributions decreased significantly due to a DOLA grant received in 2010
- The reduction in Special Items from 2010 relates to \$2,050,000 of donated land by governmental entities (Gateway River Park acquisition) in 2010.
- Overall expenses reflect completion of Town Center infrastructure and completion of Main Street/Snowmass Drive intersection.

Overview of the Financial Statements (continued)

Governmental activities: Governmental activities increased the Town's net assets by \$670,623. Key elements of this increase are as follows:

- The Town capitalized \$572,701 in fixed asset additions during 2011. The majority of this increase related to the Town Center project.

Business-type activities: Business-type activities increased the Town's net assets by \$41,850. Key elements of this increase are as follows:

- Assets totaling \$375,621 were capitalized between the Water Fund and Wastewater Fund in 2011.
- The Water Fund and Wastewater Fund had net income (loss) of \$44,663 and (\$2,813) respectively. On a cash basis, the Funds cumulatively increased their cash and investment holdings by \$443,003.

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.

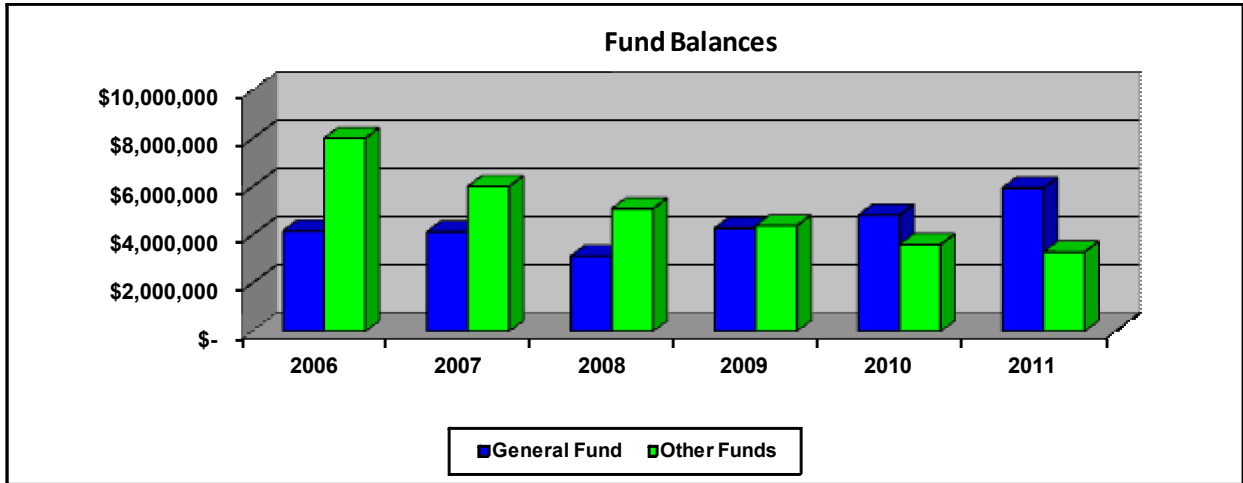
Governmental funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, fund balance may serve as a useful measure of a government's 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 \$9,253,240; an increase of \$808,734 from the prior year's ending fund balances. The following details ending fund balances for the past several years:

Fund	2006	2007	2008	2009	2010	2011
General	\$ 4,172,128	4,138,332	3,128,437	4,285,547	4,832,055	5,952,230
Recreation Sales and Use	4,214,290	2,301,633	1,822,069	1,675,570	1,084,189	897,153
Sales and Use	318,141	372,610	346,700	259,477	290,165	305,798
Streetscape	352,579	467,316	199,513	225	91,022	318,808
Development Dedication	1,726,554	1,433,992	1,139,893	1,020,657	940,589	778,061
Capital Projects	738,019	587,542	950,101	471,693	222,415	496,827
Other Governmental	671,765	862,753	636,722	967,284	984,071	504,363
Total	\$ 12,193,476	10,164,178	8,223,435	8,680,453	8,444,506	9,253,240

Financial Analysis of the Town's Funds (continued)

Governmental funds (continued):

As indicated on the table on the previous page, the General Fund, the Sales and Use Tax Fund, and the Streetscape Fund balances have increased from the prior year. Certain Town fund balances were reduced from the prior year due to projects undertaken in the current year. The following graph is based on the table previously presented:



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 \$1,562,518. The Wastewater Fund had cash of \$4,489,038.

Budget variances in the General Fund: The Town's General Fund revenues were over budget by \$1,010,122; General Fund expenditures were under budget by \$763,391. The General Fund's significant budget variances are detailed as follows:

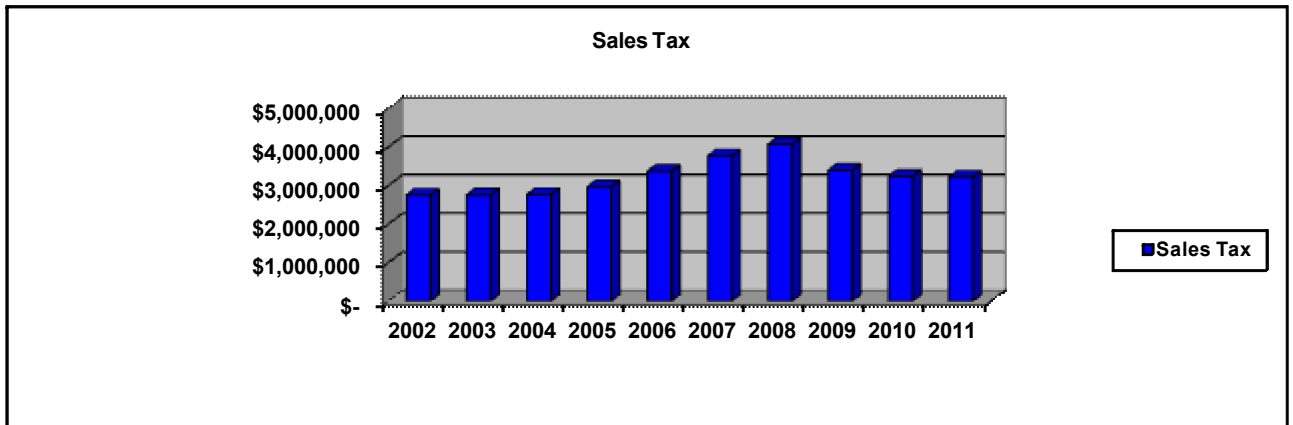
	Variance Positive (Negative)	Reason
Revenues:		
Intergovernmental	\$ 577,168	Mineral Lease and Mineral Sevarance (\$428,900)
Developer reimbursable	453,794	CR Market Place and Thompson Park
Other	63,647	Draw on Mt. Sage L.O.C.
Expenditures:		
Attorney	(64,844)	Development review
Administrative services	81,360	Recruiting expense, municipal insurance
Economic development	(141,708)	Grant pass through to TSC, First Friday funding
Streets, alleys, snow removal	215,636	Street sweeper purchased in 2012, reduced snow removal
Public works administration	(104,522)	Performance contracting
Contingency	311,800	Performance contracting, Access Roaring For, Comp. Plan

Financial Analysis of the Town's Funds (continued)

Capital assets: The Town's government-wide capital assets, net of accumulated depreciation, increased due to expenditures for various construction in progress and infrastructure. 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 \$5,020,958 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 decreased from 2010 by approximately 0.7%. The following chart indicates changes in the sales tax:



Next year's budget and rates: The Town's General Fund balance at the end of fiscal year 2011 was \$5,952,230. In the 2012 budget, the Town anticipates reducing accumulated fund balance by approximately \$44,000.

Other information: Phase II of the Streetscape was completed in 2011 with an additional project at Snowmass & Main St. This will was accomplished with an EIAF grant of \$291,175.

A salary and hiring freeze was implemented in the 2010 budget, and remained in effect through 2011. A 2% wage increase for full time employees was approved in the 2012 budget.

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, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents - Unrestricted	8,771,614	6,051,556	14,823,170
Cash and cash equivalents - Restricted	366,995	-	366,995
Receivables, net:			
Taxes	809,975	-	809,975
Accounts	-	226,807	226,807
Other	209,393	-	209,393
Intergovernmental	159,596	-	159,596
Prepaid expenses	144,615	20,989	165,604
Bond issuance costs, net	93,942	8,392	102,334
Inventories	3,224	-	3,224
Capital assets, net	19,068,247	16,545,698	35,613,945
Total Assets	<u>29,627,601</u>	<u>22,853,442</u>	<u>52,481,043</u>
Liabilities:			
Accounts payable	236,892	-	236,892
Deferred revenue	447,602	-	447,602
Other liabilities	527,678	5,078	532,756
Compensated absences	316,180	31,878	348,058
Accrued interest	7,982	-	7,982
Reimbursable prepaid tap fees	-	2,091,983	2,091,983
Bonded debt payable:			
Due within one year	120,000	99,850	219,850
Due in more than one year	1,916,736	446,067	2,362,803
Total Liabilities	<u>3,573,070</u>	<u>2,674,856</u>	<u>6,247,926</u>
Net Assets:			
Invested in capital assets, net of related debt	17,125,453	15,999,781	33,125,234
Restricted for other purposes	2,814,232	-	2,814,232
Unrestricted	6,114,846	4,178,805	10,293,651
Total Net Assets	<u>26,054,531</u>	<u>20,178,586</u>	<u>46,233,117</u>

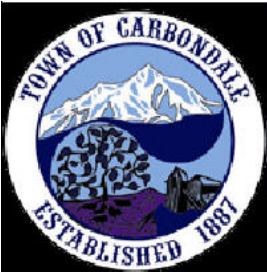
The accompanying notes are an integral part of these financial statements.

Town of Carbondale, Colorado
Statement of Activities
For the Year Ended December 31, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental activities:							
General government	2,455,248	954,704	132,258	135,065	(1,233,221)	-	(1,233,221)
Public safety	1,547,306	61,751	-	-	(1,485,555)	-	(1,485,555)
Public works	1,013,478	1,470	720,094	190,681	(101,233)	-	(101,233)
Culture and recreation	1,789,461	438,360	97,291	105,000	(1,148,810)	-	(1,148,810)
Affordable housing	1,196	19,310	-	-	18,114	-	18,114
Interest on long-term debt	99,520	-	-	-	(99,520)	-	(99,520)
Total governmental activities	6,906,209	1,475,595	949,643	430,746	(4,050,225)	-	(4,050,225)
Business-type activities:							
Water	1,158,562	1,040,953	-	146,130	-	28,521	28,521
Wastewater	1,322,236	1,185,529	-	123,371	-	(13,336)	(13,336)
Total business-type activities	2,480,798	2,226,482	-	269,501	-	15,185	15,185
Total	9,387,007	3,702,077	949,643	700,247	(4,050,225)	15,185	(4,035,040)
General revenues:							
Taxes:							
Property tax, levied for general purposes					637,151	-	637,151
Specific ownership tax					33,095	-	33,095
Sales and use tax					3,561,978	-	3,561,978
Franchise tax					250,905	-	250,905
Lodging Tax					47,857	-	47,857
Investment earnings					37,155	10,523	47,678
Miscellaneous					152,707	16,142	168,849
Total general revenues and special items					4,720,848	26,665	4,747,513
Change in Net Assets					670,623	41,850	712,473
Net Assets - Beginning (restated)					25,383,908	20,136,736	45,520,644
Net Assets - Ending					26,054,531	20,178,586	46,233,117

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

FUND FINANCIAL STATEMENTS



Town of Carbondale, Colorado
Balance Sheet
Governmental Funds
December 31, 2011

	<u>General</u>	<u>Recreation Sales and Use Tax</u>	<u>Sales and Use Tax</u>	<u>Streetscape</u>	<u>Development Dedication</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:								
Cash - Unrestricted	6,280,241	735,096	779	317,950	768,376	172,866	496,305	8,771,613
Cash - Restricted	366,995	-	-	-	-	-	-	366,995
Receivables, net of allowance for uncollectibles	212,976	8,958	15,165	-	9,685	-	-	246,784
Due from other governments	14,148	156,661	309,854	858	-	-	3,058	484,579
Due from other funds	20,000	-	-	-	-	326,861	5,000	351,861
Property tax receivable	260,790	-	-	186,812	-	-	-	447,602
Prepaid expenses	144,615	-	-	-	-	-	-	144,615
Inventory	3,224	-	-	-	-	-	-	3,224
Total Assets	<u>7,302,989</u>	<u>900,715</u>	<u>325,798</u>	<u>505,620</u>	<u>778,061</u>	<u>499,727</u>	<u>504,363</u>	<u>10,817,273</u>
Liabilities and Fund Equity:								
Liabilities:								
Accounts/vouchers payable	236,840	52	-	-	-	-	-	236,892
Other liabilities	411,166	1,410	-	-	-	-	-	412,576
Accrued payroll and related liabilities	115,102	-	-	-	-	-	-	115,102
Due to other funds	326,861	2,100	20,000	-	-	2,900	-	351,861
Deferred property taxes not collectible until subsequent year	260,790	-	-	186,812	-	-	-	447,602
Total Liabilities	<u>1,350,759</u>	<u>3,562</u>	<u>20,000</u>	<u>186,812</u>	<u>-</u>	<u>2,900</u>	<u>-</u>	<u>1,564,033</u>
Fund Balance:								
Nonspendable	218,114	-	-	-	-	-	-	218,114
Restricted	757,541	897,153	305,798	318,808	-	190,681	344,251	2,814,232
Committed	277,904	-	-	-	778,061	-	160,112	1,216,077
Assigned	278,201	-	-	-	-	306,146	-	584,347
Unassigned	4,420,470	-	-	-	-	-	-	4,420,470
Total Fund Balance	<u>5,952,230</u>	<u>897,153</u>	<u>305,798</u>	<u>318,808</u>	<u>778,061</u>	<u>496,827</u>	<u>504,363</u>	<u>9,253,240</u>
Total Liabilities and Fund Balance	<u>7,302,989</u>	<u>900,715</u>	<u>325,798</u>	<u>505,620</u>	<u>778,061</u>	<u>499,727</u>	<u>504,363</u>	<u>10,817,273</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, 2011

Governmental Funds Total Fund Balance 9,253,240

Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.
 Details of these amounts are as follows:

Capital asset	25,906,361	
Accumulated depreciation	<u>(6,838,115)</u>	19,068,246

Deferred charges such as bond issuance costs, deferred refunding costs, and premiums and discounts on bonded debt, are treated as current transactions on the fund financial statements but are capitalized and amortized on the Statement of Net Assets. Details of these amounts are as follows:

Bond issuance costs, net	93,942	
Discount on bonded debt, net	2,335	
Premium on bonded debt, net	<u>(4,070)</u>	92,207

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. Details of these amounts are as follows:

Accrued interest payable	(7,982)	
Bonded debt	(2,035,000)	
Compensated absences	<u>(316,180)</u>	<u>(2,359,162)</u>

Governmental Activities Net Assets	<u><u>26,054,531</u></u>
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Town of Carbondale, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2011

	General	Recreation Sales and Use Tax	Sales and Use Tax	Streetscape	Development Dedication	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	643,221	494,971	2,910,533	277,929	-	-	47,857	4,374,511
Licenses, permits, and fees	83,270	-	-	-	4,403	-	-	87,673
Intergovernmental revenue	1,159,674	105,000	-	-	-	190,681	61,391	1,516,746
Charges for services	102,238	300,442	-	-	-	-	-	402,680
Fines and forfeitures	49,418	-	-	-	-	-	12,333	61,751
Investment income	25,521	2,467	-	1	8,069	1,020	78	37,156
Miscellaneous	975,243	66,771	-	-	-	-	31,728	1,073,742
Total Revenues	3,038,585	969,651	2,910,533	277,930	12,472	191,701	153,387	7,554,259
Expenditures:								
General government	2,340,063	-	-	-	-	-	4,599	2,344,662
Public safety	1,524,252	-	-	-	-	-	5,217	1,529,469
Public works	811,987	-	-	50,144	-	241,250	-	1,103,381
Culture and recreation	656,364	937,215	-	-	-	-	103,996	1,697,575
Debt service:								
Principal	-	-	-	-	-	-	115,000	115,000
Interest	-	-	-	-	-	-	100,148	100,148
Total Expenditures	5,332,666	937,215	-	50,144	-	241,250	328,960	6,890,235
Excess (Deficiency) of Revenues Over Expenditures	(2,294,081)	32,436	2,910,533	227,786	12,472	(49,549)	(175,573)	664,024
Other Financing Sources (Uses):								
Sale of fixed assets	29,055	-	-	-	-	-	-	29,055
Operating transfers in	3,069,900	-	-	-	-	326,861	222,372	3,619,133
Operating transfers (out)	(326,861)	(219,472)	(2,894,900)	-	(175,000)	(2,900)	-	(3,619,133)
Total Other Financing Sources (Uses)	2,772,094	(219,472)	(2,894,900)	-	(175,000)	323,961	222,372	29,055
Net Change in Fund Balance	478,013	(187,036)	15,633	227,786	(162,528)	274,412	46,799	693,079
Fund Balance - Beginning (Restated)	5,474,217	1,084,189	290,165	91,022	940,589	222,415	457,564	8,560,161
Fund Balance - Ending	5,952,230	897,153	305,798	318,808	778,061	496,827	504,363	9,253,240

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, 2011

Governmental Funds Changes in Fund Balances (Deficit)	693,079
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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. The amount of capital outlay and depreciation are as follows:

Capital additions	572,702	
Depreciation expense	<u>(720,999)</u>	(148,297)

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.

Repayment of principal on bonds	115,000	
Amortization of debt related deferrals, net	(5,049)	
Adjustments to current year interest	<u>364</u>	110,315

Changes in the Town employees' accrued compensated absences are considered changes in long-term liabilities. This is the change in accrued compensated absences during the year	<u>18,401</u>
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The net effect of various miscellaneous transactions involving capital assets is a decrease to net assets.	(2,875)
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Governmental Activities Change in Net Assets	<u><u>670,623</u></u>
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Town of Carbondale, Colorado
Statement of Net Assets
Proprietary Funds
December 31, 2011

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and investments	1,562,518	4,489,038	6,051,556
Accounts receivable	115,626	111,180	226,806
Prepaid expenses	20,989	-	20,989
Total current assets	<u>1,699,133</u>	<u>4,600,218</u>	<u>6,299,351</u>
Non-current assets:			
Bond issuance costs, net of accumulated amortization	8,392	-	8,392
Land	51,048	133,391	184,439
Plant and system	13,224,994	12,154,270	25,379,264
Building and improvements	229,526	495,123	724,649
Machinery and equipment	442,421	653,129	1,095,550
Water rights	273,383	-	273,383
Accumulated depreciation	<u>(4,104,579)</u>	<u>(7,007,008)</u>	<u>(11,111,587)</u>
Total non-current assets	<u>10,125,185</u>	<u>6,428,905</u>	<u>16,554,090</u>
Total Assets	<u>11,824,318</u>	<u>11,029,123</u>	<u>22,853,441</u>
Liabilities:			
Current liabilities:			
Other liabilities	5,077	-	5,077
Bonds payable	99,850	-	99,850
Total current liabilities	<u>104,927</u>	<u>-</u>	<u>104,927</u>
Long-term liabilities:			
Bonds payable - Long-term portion	446,067	-	446,067
Accrued compensated absences	17,591	14,287	31,878
Reimbursable prepaid tap fees	846,830	1,245,153	2,091,983
Total long-term liabilities	<u>1,310,488</u>	<u>1,259,440</u>	<u>2,569,928</u>
Total Liabilities	<u>1,415,415</u>	<u>1,259,440</u>	<u>2,674,855</u>
Net Assets:			
Invested in capital assets, net of related debt	9,570,876	6,428,905	15,999,781
Unrestricted	<u>838,027</u>	<u>3,340,778</u>	<u>4,178,805</u>
Total Net Assets	<u>10,408,903</u>	<u>9,769,683</u>	<u>20,178,586</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, 2011

	Water Fund	Wastewater Fund	Total
Operating Revenues:			
Charges for services:			
Service fees	1,031,502	1,109,193	2,140,695
Sale of meters	922	-	922
Other revenues:			
Penalty assessments	5,181	5,418	10,599
Miscellaneous	17,405	70,918	88,323
Total Operating Revenues	<u>1,055,010</u>	<u>1,185,529</u>	<u>2,240,539</u>
Operating Expenses:			
Operations and maintenance	211,640	405,108	616,748
Personnel costs	377,881	423,268	801,149
Administration	262,700	208,877	471,577
Depreciation	269,531	284,984	554,515
Total Operating Expenses	<u>1,121,752</u>	<u>1,322,237</u>	<u>2,443,989</u>
Operating (Loss)	<u>(66,742)</u>	<u>(136,708)</u>	<u>(203,450)</u>
Non-operating Revenue (Expenses):			
Investment income	2,084	10,524	12,608
Bond interest	(31,442)	-	(31,442)
Amortization of bond issuance costs	(5,367)	-	(5,367)
Total Non-operating Revenue (Expenses)	<u>(34,725)</u>	<u>10,524</u>	<u>(24,201)</u>
(Loss) Before Contributions	(101,467)	(126,184)	(227,651)
Capital contributions, and tap fees	146,130	123,371	269,501
Change in Net Assets	44,663	(2,813)	41,850
Total Net Assets - Beginning (restated)	<u>10,364,240</u>	<u>9,772,496</u>	<u>20,136,736</u>
Total Net Assets - Ending	<u>10,408,903</u>	<u>9,769,683</u>	<u>20,178,586</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, 2011

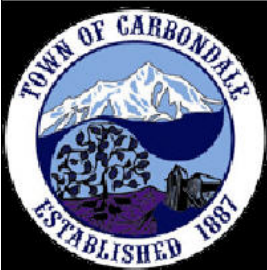
	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash received from customers and others	1,032,550	1,120,900	2,153,450
Cash paid for goods, services and employees	(866,926)	(1,041,924)	(1,908,850)
Transfers	(358)	(473)	(831)
Other cash receipts	16,280	70,918	87,198
Net Cash Provided (Used) by Operating Activities	<u>181,546</u>	<u>149,421</u>	<u>330,967</u>
Cash Flows From Capital Financing Activities:			
Interest on bonds	(31,442)	-	(31,442)
Bond principal payment	(140,750)	-	(140,750)
Proceeds from tap and meter sales	39,118	24,382	63,500
Acquisition of capital assets	(32,969)	(140,606)	(173,575)
Proceeds from capital grants	-	381,695	381,695
Net Cash Provided (Used) by Capital Financing Activities	<u>(166,043)</u>	<u>265,471</u>	<u>99,428</u>
Cash Flows From Investing Activities			
Interest received	2,084	10,524	12,608
Net Cash Provided by Investing Activities	<u>2,084</u>	<u>10,524</u>	<u>12,608</u>
Net Increase in Cash and Cash Equivalents	17,587	425,416	443,003
Cash and Cash Equivalents - Beginning	1,544,931	4,063,622	5,608,553
Cash and Cash Equivalents - Ending	<u>1,562,518</u>	<u>4,489,038</u>	<u>6,051,556</u>
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating (loss)	(66,742)	(136,708)	(203,450)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation expense	269,531	284,984	554,515
(Increase) decrease in operating accounts receivable	(5,055)	6,290	1,235
(Increase) decrease in prepaid expense	(7,894)	-	(7,894)
Increase (decrease) in other liabilities	(1,125)	-	(1,125)
Increase (decrease) in compensated absences	(6,811)	(4,672)	(11,483)
Transfers	(358)	(473)	(831)
Total Adjustments	<u>248,288</u>	<u>286,129</u>	<u>534,417</u>
Net Cash Provided (Used) by Operating Activities	<u>181,546</u>	<u>149,421</u>	<u>330,967</u>

Schedule of Noncash Investing, Capital and Financing Activities:

The Water Fund and the Wastewater Fund received \$110,210 and \$91,835, respectively, in contributed capital assets.

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, 2011

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, 2011
(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, 2011
(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 *Development Dedication Fund* - accounts for revenue received from developers for new construction. It is based on a dollar value per square foot and assessed at time of building permit. This fee applies to all new annexations. Also represented in this fund are revenue derived from park dedication fees associated with new development.

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, 2011
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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. Restricted Assets

Certain deposits and investments held by the Town are classified as restricted assets on the balance sheet because their use is limited to TRIDENT purposes.

3. Investments

Investments are stated at fair value.

4. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

5. 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, 2011
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. 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

7. Compensated Absences

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

8. 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.

9. Categories and Classification of Fund Balance

Governmental accounting standards establish fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note III.H.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Town's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Proprietary Funds

As required by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Town has elected to follow for its proprietary funds, all (1) GASB pronouncements and (2) FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

3. Restricted and Unrestricted Resources

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

II. 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 2011.

- (1) For the 2011 budget year, prior to August 25, 2010, 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, 2010, 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, 2010, 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.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

- (4) After adoption of the budget resolution, the Town may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2010 were collected in 2011 and taxes certified in 2011 will be collected in 2012. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

During the year, supplemental appropriations were necessary. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made.

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 \$208,000 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, 2011
(Continued)

III. 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 \$250,000 are collateralized as required by PDPA. The carrying amount of the Town's deposits was \$13,963,097. Petty cash totaled \$938.

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	\$ 938	938	-
Checking	Not Rated	4,449,704	4,449,704	-
Certificates of Deposit	Not Rated	2,972,102	2,972,102	-
Savings and money market	Not Rated	6,541,291	6,541,291	-
Investments:				
Investment pools	AAAm	1,226,130	1,226,130	-
		<u>\$ 15,190,165</u>	<u>15,190,165</u>	<u>-</u>

The Town's holding in an investment pool is comprised of a balance with COLOTRUST, 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, 2011
(Continued)

III. 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. 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	Streetscape	Development Dedicaton	Lodging Tax	Water	Wastewater	Total
Receivables:									
Accounts	\$ -	-	-	-	-	-	115,626	111,180	226,806
Other	212,976	8,958	15,165	-	9,685	3,058	-	-	249,842
Intergovernmental	14,148	156,661	309,854	858	-	-	-	-	481,521
Gross receivables	227,124	165,619	325,019	858	9,685	3,058	115,626	111,180	958,169
Less: allowance for uncollectible	-	-	-	-	-	-	-	-	-
Net receivables	\$ 227,124	165,619	325,019	858	9,685	3,058	115,626	111,180	958,169

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 \$447,602 of deferred revenue for property taxes levied in 2011 but not available until 2012.

C. Note Receivable – Colorado-Main Development

In December 2009, 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 was \$299,845 and required Mountain Sage to pay \$11,038 upon the sale of each townhome lot by Mountain Sage and monthly interest only payments of \$1,493, and the entire principal balance and any unpaid interest is due at maturity, December 1, 2010. The note carries an interest rate of 6.0% per annum. The note was secured by an irrevocable standby letter of credit in the amount of \$486,000.

In December 2010, a new note was entered into which extended the maturity until December 1, 2011. At that time the principal balance owed was \$204,109. The note required monthly interest only payments of \$1,021, and the entire principal balance and any unpaid interest is due at maturity. The note carried an interest rate of 6.0% per annum. The note was secured by an irrevocable standby letter of credit in the amount of \$383,716. In December 2011, the standby letter of credit was called for the full amount plus accrued interest.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

III. Detailed Notes on all Funds (continued)

E. Capital Assets

Capital asset activity for the year ended December 31, 2011 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	\$ 4,745,343	-	-	4,745,343
Construction in progress	346,022	-	(305,314)	40,708
Total capital assets, not being depreciated	<u>5,091,365</u>	<u>-</u>	<u>(305,314)</u>	<u>4,786,051</u>
Capital assets, being depreciated:				
Infrastructure	5,485,494	578,110	-	6,063,604
Buildings	9,019,985	-	-	9,019,985
Improvements other than buildings	2,955,776	299,906	-	3,255,682
Vehicles	1,065,418	-	-	1,065,418
Equipment	1,779,939	-	(9,200)	1,770,739
Total capital assets being depreciated	<u>20,306,612</u>	<u>878,016</u>	<u>(9,200)</u>	<u>21,175,428</u>
Less accumulated depreciation for:				
Infrastructure	(841,934)	(214,712)	-	(1,056,646)
Buildings	(1,417,666)	(228,330)	-	(1,645,996)
Improvements other than buildings	(1,516,786)	(163,737)	-	(1,680,523)
Vehicles	(856,745)	(50,984)	-	(907,729)
Equipment	(1,545,427)	(63,236)	6,325	(1,602,338)
Total accumulated depreciation	<u>(6,178,558)</u>	<u>(720,999)</u>	<u>6,325</u>	<u>(6,893,232)</u>
Total capital assets, being depreciated, net	<u>14,128,054</u>	<u>157,017</u>	<u>(2,875)</u>	<u>14,282,196</u>
Governmental activities capital assets, net	<u>\$ 19,219,419</u>	<u>157,017</u>	<u>(308,189)</u>	<u>19,068,247</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	260,288	13,096	-	273,384
Construction in progress	1,306,046	-	(1,306,046)	-
Total capital assets, not being depreciated	<u>1,750,773</u>	<u>13,096</u>	<u>(1,306,046)</u>	<u>457,823</u>
Capital assets, being depreciated:				
Water/wastewater system and improvements	23,750,437	1,628,828	-	25,379,265
Buildings and improvements	724,650	-	-	724,650
Equipment	1,055,804	39,743	-	1,095,547
Total capital assets being depreciated	<u>25,530,891</u>	<u>1,668,571</u>	<u>-</u>	<u>27,199,462</u>
Less accumulated depreciation for:				
Water/wastewater system and improvements	(9,530,477)	(463,025)	-	(9,993,502)
Buildings and improvements	(294,859)	(21,375)	-	(316,234)
Equipment	(731,736)	(70,115)	-	(801,851)
Total accumulated depreciation	<u>(10,557,072)</u>	<u>(554,515)</u>	<u>-</u>	<u>(11,111,587)</u>
Total capital assets, being depreciated, net	<u>14,973,819</u>	<u>1,114,056</u>	<u>-</u>	<u>16,087,875</u>
Business-type activities capital assets, net	<u>\$ 16,724,592</u>	<u>1,127,152</u>	<u>(1,306,046)</u>	<u>16,545,698</u>

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

III. 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	\$ -	155,845
Public safety	-	26,520
Public works, including infrastructure	339,508	258,548
Culture and recreation	233,194	280,086
Total - governmental activities	\$ 572,702	720,999
Business-type activities:		
Water	\$ 32,969	269,531
Wastewater	140,606	284,984
Total - business-type activities	\$ 173,575	554,515

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, 2011:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 20,000	326,861
1% of Arts Funds	5,000	-
Capital Construction Fund	326,861	2,900
Recreation Sales and Use Tax Fund	-	2,100
Sales and Use Tax Fund	-	20,000
Total	\$ 351,861	351,861

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

III. 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)	\$ 2,894,900	Operating transfer
General / (Development Dedication)	175,000	To fund growth related expenditures
Capital Construction / (General)	326,861	To complete public improvements for Town Center and Colorado-Main Development
1% of Arts / (Recreation Sales and Use Tax) and (Capital Projects)	5,000	To fund the purchase of art in public places
Bond Fund / (Recreation Sales and Use Tax)	217,372	Debt service for 2004 and 2006 Sales and Use Tax bonds.
Capital Projects / (Streetscape)	326,861	Repayment on funding for projects

G. Long-term Debt

1. CWRPDA 1994 and 1998 Series B Bonds

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

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

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

2. 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.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

III. Detailed Notes on all Funds (continued)

G. Long-term Debt (continued)

3. 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.

4. Advance Refunding

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

5. Schedule of Future Payment

The Town's annual debt service is as follows:

<u>Year</u>	<u>CWRPDA Series 1998B</u>	<u>Recreation Sales and Use Bonds Series 2004</u>	<u>Recreation Sales and Use Bonds Series 2006</u>	<u>Total</u>
2012	\$ 120,178	170,620	45,160	335,958
2013	162,784	172,010	44,038	378,832
2014	163,585	168,010	42,913	374,508
2015	162,572	169,010	46,788	378,370
2016	-	169,075	45,438	214,513
2017-2021	-	852,015	220,475	1,072,490
2022-2024	-	506,750	137,750	644,500
Total	609,119	2,207,490	582,562	3,399,171
Less: interest	(63,202)	(597,490)	(157,562)	(818,254)
Bonds outstanding	<u>\$ 545,917</u>	<u>1,610,000</u>	<u>425,000</u>	<u>2,580,917</u>
Add: Unamortized bond premium				4,070
Less: Unamortized bond discount				(2,334)
Total debt				<u><u>2,582,653</u></u>

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

III. Detailed Notes on all Funds (continued)

G. Long-term Debt (continued)

6. Compensated Absences

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

<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.

7. Tap Fees Agreement

In November 2010, the Town entered into an agreement regarding tap fees (the "agreement" with Crystal River Limited Partnership ("CRLP"). As part of this agreement CRLP paid the Town \$493,761 to prepay water and wastewater tap fees. After the payment, CRLP had prepaid the Town for River Valley Ranch ("RVR") water and wastewater tap fees which CRLP had not issued prepaid tap fee certificates ("Remaining Credit Earned") to owners of lots with RVR; this amount totaled \$2,112,497.

The Town agreed, under certain conditions, that fees collected to serve properties within RVR shall reimburse CRLP up to the amount of the Remaining Credit Earned. One of the conditions is that the term to repay the obligation shall not exceed eight years. If the Town has not reimbursed its obligation to CRLP in 2017, the amount owed under the obligation will be considered extinguished, and the Town will no longer be liable for the obligation under the Agreement.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

III. Detailed Notes on all Funds (continued)

G. Long-term Debt (continued)

8. Changes in the Long-term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2011:

	<u>Balance</u> <u>1/1/11</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance</u> <u>12/31/11</u>	<u>Due in One Year</u>
Governmental Activities:					
Series 2004 Bonds	\$ 1,700,000	-	(90,000)	1,610,000	95,000
Series 2006 Bonds	450,000	-	(25,000)	425,000	25,000
Compensated absences	334,581	-	(18,401)	316,180	9,485
Business-Type Activities:					
CWRPDA 1998B Bonds	676,672	-	(130,755)	545,917	99,850
Compensated absences	43,360	-	(11,482)	31,878	956
Reimbursable prepaid tap fees	2,112,497	-	(20,514)	2,091,983	-
Total	<u>\$ 5,317,110</u>	<u>-</u>	<u>(296,152)</u>	<u>5,020,958</u>	<u>230,292</u>

H. Fund Balance

The Town classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is Board of Trustees. The Town's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Board of Trustees platform to review, and/or make changes to each department's budget. Before year end, a budgetary committee will meet again with each department for final review and approval of preliminary budget. The Budget is then formally presented to Board of Trustees via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after Board of Trustees approval, must be presented via a public process and again approval by Board of Trustees.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Trustees or its management designee.

Unassigned - includes residual positive fund balance within a general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

III. Detailed Notes on all Funds (continued)

H. Fund Balance (continued)

The Town uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. The Town does not have a formal minimum fund balance policy.

In addition to the above note disclosure, GASB 54 requires disclosure of the following fund definitions:

General Fund:

The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Capital Projects Funds:

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Debt Service Funds:

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

III. Detailed Notes on all Funds (continued)

H. Fund Balance (continued)

Fund balance classifications are reported in the aggregate on the face of the balance sheet. The components of each classification are as follows:

	General	Recreation Sales and Use Tax	Sales and Use Tax	Streetscape	Development Dedication	Capital Projects	Conservation Trust	Victims Assistance
Nonspendable:								
Prepaid expenses	\$ 144,615	-	-	-	-	-	-	-
Inventory	3,224	-	-	-	-	-	-	-
Economic development	70,275	-	-	-	-	-	-	-
Total Nonspendable:	218,114	-	-	-	-	-	-	-
Restricted:								
Constitutionally required emergency reserve	208,000	-	-	-	-	-	-	-
Capital projects	-	-	305,798	-	-	190,681	-	-
Community enhancement	-	-	-	318,808	-	-	-	-
Culture and recreation	-	897,153	-	-	-	-	107,959	-
Highway 133	526,595	-	-	-	-	-	-	-
Tree funding	22,946	-	-	-	-	-	-	-
Total Restricted:	757,541	897,153	305,798	318,808	-	190,681	107,959	-
Committed:								
Developer improvements	237,204	-	-	-	-	-	-	-
General operating	-	-	-	-	778,061	-	-	-
Parking	40,700	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	10,170
Total Committed:	277,904	-	-	-	778,061	-	-	10,170
Assigned:								
Town Manger contract	219,267	-	-	-	-	-	-	-
Economic development	58,934	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	587,380	-	-
Total Assigned:	278,201	-	-	-	-	587,380	-	-
	CHA Mortgage	Community Enhancement	Lodging Tax	1% of Arts	Efficient Building	Bond	Bond Reserve	
Restricted:								
Culture and recreation	-	45,870	3,798	-	-	-	-	-
Debt service	-	-	-	-	-	13,006	173,618	-
Total Restricted:	-	45,870	3,798	-	-	13,006	173,618	-
Committed:								
Community enhancement	-	-	-	18,209	-	-	-	-
Affordable housing	127,159	-	-	-	-	-	-	-
Efficient building	-	-	-	-	4,574	-	-	-
Total Committed:	127,159	-	-	18,209	4,574	-	-	-

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. 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 \$3,013,400 and current year total payroll was \$3,472,779. During the year, the Town's required and actual contributions amounted to \$90,402, 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 previously matched 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.

Due to economic conditions, the Town indefinitely suspended all matching contributions to the plan on January 1, 2010. Reinstatement of the matching contributions will be considered in future budgets.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Other Information (continued)

A. Benefits (continued)

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.

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 \$809,100 and current year total payroll was \$877,672. During the year, the Town's required and actual contributions amounted to \$64,728.

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.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Other Information (continued)

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, 2011, the latest date for which information is available, is as follows:

Property and Casualty Pool:	<u>%</u>
Loss fund	0.961%
Pooled excess fund	0.414%

The December 31, 2011, combined financial information is as follows:

Cash and investments	\$ 19,462,803
Other assets	57,941,835
Total	<u><u>\$ 77,404,638</u></u>
Liabilities	\$ 43,787,928
Members fund balance	33,616,710
Total	<u><u>\$ 77,404,638</u></u>
Total revenue	\$ 22,933,579
Total expense	(25,305,813)
Excess of Revenue Over Expense	<u><u>\$ (2,372,234)</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, 2011, 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.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Other Information (continued)

D. Lease Agreements

1. 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.

2. Building Lease

In October, 2008 the Town entered into a lease agreement with Carbondale Community Nonprofit Center for use of a building. The term of the lease is for 49 years and will expire on August 31, 2057, with an option to extend. The lease requires a onetime base lease payment of \$49 and reimbursement of certain costs incurred by the Town.

F. Restatement

Due to the Town's implementation of GASB 54, the General Fund's beginning fund balance was restated by \$526,507. The Highway 133 Fund which had been previously reported as a separated fund is now being reported in the General Fund as required by GASB 54. Certain amounts in 2010 have been reclassified to conform to the 2011 presentation.

In addition, the General Fund's beginning fund balance was restated for the Revolving Loan Fund receivables in the amount of \$115,651.

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, 2011
With Comparative Totals For the Year Ended December 31, 2010

	2011		Variance Positive (Negative)	2010
	Original and Final Budget	Actual		Actual
Revenues:				
Taxes	642,590	643,221	631	639,226
Licenses and permits	78,850	83,270	4,420	86,848
Intergovernmental	622,506	1,159,674	537,168	1,558,683
Charges for services	117,500	102,238	(15,262)	127,766
Fines and forfeitures	80,000	49,418	(30,582)	62,473
Interest	27,311	25,521	(1,790)	20,119
Administrative charges	390,956	389,052	(1,904)	379,639
Developer reimbursable	50,000	503,794	453,794	114,233
Other	18,750	82,397	63,647	124,914
Total Revenues	2,028,463	3,038,585	1,010,122	3,113,901
Expenditures:				
General Government:				
Attorney	95,000	159,844	(64,844)	170,183
Municipal elections	-	53	(53)	8,549
Trustees	87,565	116,902	(29,337)	110,080
Municipal Court	32,364	27,161	5,203	28,100
Town Manager	228,089	261,715	(33,626)	237,625
Administrative services	382,332	300,972	81,360	379,471
Finance and records	372,913	368,674	4,239	349,617
Planning	304,370	380,268	(75,898)	338,137
Data processing	46,897	41,528	5,369	48,092
Building operations	96,042	134,516	(38,474)	72,939
Motor pool	219,096	214,359	4,737	207,562
Economic development	25,000	166,708	(141,708)	787,866
Sales tax administration	33,529	32,685	844	26,791
Affordable housing	50,000	37,801	12,199	50,275
Total General Government	1,973,197	2,243,186	(269,989)	2,815,287
Public Safety:				
Police department	1,312,824	1,300,159	12,665	1,312,745
Communications	54,000	42,341	11,659	51,542
Building inspection	138,094	132,052	6,042	125,829
Ordinance control	72,372	49,700	22,672	69,144
Total Public Safety	1,577,290	1,524,252	53,038	1,559,260
Public Works:				
Streets, alleys, snow removal	695,114	479,478	215,636	492,498
Public works administration	227,987	332,509	(104,522)	200,272
Highway 133 construction	566,461	-	566,461	-
Total Public Works	1,489,562	811,987	677,575	692,770

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, 2011
With Comparative Totals For the Year Ended December 31, 2010
(Continued)

	2011			(Restated)
	Original and		Variance	2010
	Final		Positive	
	Budget	Actual	(Negative)	Actual
Expenditures (continued):				
Culture and Recreation:				
Recreation	297,182	263,294	33,888	278,472
Parks and cemetery	292,136	255,775	36,361	239,705
RV park	-	67,798	(67,798)	-
Boat ramp	-	6,767	(6,767)	-
Community affairs	53,300	62,730	(9,430)	53,862
Total Culture and Recreation	642,618	656,364	(13,746)	572,039
Other:				
Environmental health and recycling	61,590	56,877	4,713	51,710
Contingency	351,800	40,000	311,800	-
Total Other	413,390	96,877	316,513	51,710
Total Expenditures	6,096,057	5,332,666	763,391	5,691,066
Excess (Deficiency) of Revenues				
Over Expenditures	(4,067,594)	(2,294,081)	1,773,513	(2,577,165)
Other Financing Sources (Uses):				
Sale of fixed assets	-	29,055	29,055	1,818
Transfers (out)	-	(326,861)	(326,861)	-
Transfers in	3,085,000	3,069,900	(15,100)	3,123,000
Total Other Financing Sources (Uses)	3,085,000	2,772,094	(312,906)	3,124,818
Net Change in Fund Balance	(982,594)	478,013	1,460,607	547,653
Fund Balance - Beginning (Restated)		5,474,217		4,926,564
Fund Balance - Ending		5,952,230		5,474,217

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, 2011
With Comparative Totals For the Year Ended December 31, 2010

	<u>Original and Final Budget</u>	<u>2011 Actual</u>	<u>Variance Positive (Negative)</u>	<u>2010 Actual</u>
Revenues:				
Sales tax revenue	481,649	483,359	1,710	478,379
Use tax - building permits	7,288	11,612	4,324	24,082
Investment earnings	8,720	2,467	(6,253)	7,891
Intergovernmental	300,000	105,000	(195,000)	173,673
Charges for services	317,000	300,442	(16,558)	304,816
Other income	53,500	66,771	13,271	54,633
Total Revenues	<u>1,168,157</u>	<u>969,651</u>	<u>(198,506)</u>	<u>1,043,474</u>
Expenditures:				
Park improvements	8,500	5,449	3,051	499,733
Trail improvements	162,000	30	161,970	181,541
Riding area and building	-	34	(34)	-
Salaries and benefits	429,415	425,869	3,546	422,842
Park and recreation facilities	486,246	505,833	(19,587)	317,139
Contingency	50,000	-	50,000	-
Total Expenditures	<u>1,136,161</u>	<u>937,215</u>	<u>198,946</u>	<u>1,421,255</u>
Excess (Deficiency) of Revenues Over Expenditures	31,996	32,436	440	(377,781)
Other Financing Sources (Uses):				
Operating transfers (out)	(213,500)	(219,472)	(5,972)	(213,600)
Total Other Financing Sources (Uses)	<u>(213,500)</u>	<u>(219,472)</u>	<u>(5,972)</u>	<u>(213,600)</u>
Net Change in Fund Balance	<u>(181,504)</u>	<u>(187,036)</u>	<u>(5,532)</u>	<u>(591,381)</u>
Fund Balance - Beginning		<u>1,084,189</u>		<u>1,675,570</u>
Fund Balance - Ending		<u>897,153</u>		<u>1,084,189</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, 2011
With Comparative Totals For the Year Ended December 31, 2010

	<u>2011</u>			Final Budget Variance Positive (Negative)	<u>2010</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Sales tax	2,653,464	2,653,464	2,627,368	(26,096)	2,655,749
Use tax - motor vehicle	206,521	206,521	213,924	7,403	178,489
Use tax - building permits	43,712	43,712	69,241	25,529	144,447
Investment earnings	-	-	-	-	3
Total Revenues	<u>2,903,697</u>	<u>2,903,697</u>	<u>2,910,533</u>	<u>6,836</u>	<u>2,978,688</u>
Expenditures:					
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	2,903,697	2,903,697	2,910,533	6,836	2,978,688
Other Financing (Uses):					
Operating transfers (out)	<u>(2,910,000)</u>	<u>(3,035,000)</u>	<u>(2,894,900)</u>	<u>140,100</u>	<u>(2,948,000)</u>
Total Other Financing (Uses)	<u>(2,910,000)</u>	<u>(3,035,000)</u>	<u>(2,894,900)</u>	<u>-</u>	<u>(2,948,000)</u>
Net Change in Fund Balance	<u>(6,303)</u>	<u>(131,303)</u>	15,633	<u>146,936</u>	30,688
Fund Balance - Beginning			<u>290,165</u>		<u>259,477</u>
Fund Balance - Ending			<u>305,798</u>		<u>290,165</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, 2011
With Comparative Totals For the Year Ended December 31, 2010

	<u>2011</u>		<u>2010</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
			<u>Actual</u>
Revenues:			
Property tax	260,000	262,896	2,896
Specific ownership tax	9,100	13,813	4,713
Delinquent tax and interest	-	1,220	1,220
Interest income	75	1	(74)
Total Revenues	<u>269,175</u>	<u>277,930</u>	<u>8,755</u>
Expenditures:			
Treasurer fee	5,800	5,282	518
Streetscape improvements	355,102	44,862	310,240
Total Expenditures	<u>360,902</u>	<u>50,144</u>	<u>310,758</u>
Excess (Deficiency) of Revenues Over Expenditures	(91,727)	227,786	319,513
Other Financing Sources (Uses):			
Operating transfers (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(172,000)</u>
Net Change in Fund Balance	<u>(91,727)</u>	227,786	<u>319,513</u>
Fund Balance - Beginning		91,022	225
Fund Balance - Ending		<u>318,808</u>	<u>91,022</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, 2011
With Comparative Totals For the Year Ended December 31, 2010

	<u>2011</u>			Final Budget Variance Positive (Negative)	<u>2010</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Park development fee	-	-	4,200	4,200	14,000
General development fee	-	-	203	203	25,390
Investment earnings	600	600	8,069	7,469	55,542
Total Revenues	<u>600</u>	<u>600</u>	<u>12,472</u>	<u>11,872</u>	<u>94,932</u>
Expenditures:					
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	600	600	12,472	11,872	94,932
Other Financing Sources (Uses):					
Operating transfers (out)	<u>(175,000)</u>	<u>(175,000)</u>	<u>(175,000)</u>	-	<u>(175,000)</u>
Total Other Financing Sources (Uses)	<u>(175,000)</u>	<u>(175,000)</u>	<u>(175,000)</u>	-	<u>(175,000)</u>
Net Change in Fund Balance	<u>(174,400)</u>	<u>(174,400)</u>	<u>(162,528)</u>	<u>11,872</u>	<u>(80,068)</u>
Fund Balance - Beginning			<u>940,589</u>		<u>1,020,657</u>
Fund Balance - Ending			<u>778,061</u>		<u>940,589</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, 2011
With Comparative Totals For the Year Ended December 31, 2010

	2011		2010
	Original and Final Budget	Actual	Variance Positive (Negative)
			Actual
Revenues:			
Grants	-	190,681	190,681
Investment earnings	200	1,020	820
Total Revenues	<u>200</u>	<u>191,701</u>	<u>191,501</u>
Expenditures:			
Highway 133	15,000	1,176	13,824
Miscellaneous	290,000	167,979	122,021
Construction	80,000	26,455	53,545
Street resurfacing	150,000	45,640	104,360
Total Expenditures	<u>535,000</u>	<u>241,250</u>	<u>293,750</u>
Excess (Deficiency) of Revenues Over Expenditures	(534,800)	(49,549)	(102,249)
Other Financing Sources (Uses):			
Operating transfers in	-	326,861	(326,861)
Operating transfers (out)	-	(2,900)	2,900
Total Other Financing Sources (Uses)	<u>-</u>	<u>323,961</u>	<u>(323,961)</u>
Net Change in Fund Balance	<u>(534,800)</u>	274,412	<u>809,212</u>
Fund Balance - Beginning		<u>222,415</u>	<u>471,693</u>
Fund Balance - Ending		<u>496,827</u>	<u>222,415</u>

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

Town of Carbondale, Colorado
Schedule of Revenues and Expenditures
Budget and Actual
Proprietary Funds
For the Year Ended December 31, 2011
With Comparative Totals For the Year Ended December 31, 2010

	Water Fund				Wastewater Fund			
	2011		Variance Positive (Negative)	2010	2011		Variance Positive (Negative)	2010
	Original and Final Budget	Actual		Actual	Original and Final Budget	Actual		Actual
Revenues:								
Charges for services:								
Sale of meters	5,000	922	(4,078)	2,406	-	-	-	-
Service fees	1,105,000	1,031,502	(73,498)	1,083,383	1,268,750	1,109,193	(159,557)	1,155,395
Penalty assessments	2,500	5,181	2,681	4,891	3,247	5,418	2,171	5,299
Miscellaneous	5,009	17,405	12,396	15,330	66,000	70,918	4,918	71,324
Total Revenues	<u>1,117,509</u>	<u>1,055,010</u>	<u>(62,499)</u>	<u>1,106,010</u>	<u>1,337,997</u>	<u>1,185,529</u>	<u>(152,468)</u>	<u>1,232,018</u>
Operating Expenses:								
Operations and maintenance	186,927	157,468	29,459	168,247	303,119	396,247	(93,128)	249,084
Personnel costs	420,126	377,881	42,245	409,526	451,891	423,268	28,623	447,452
Administration	294,413	262,700	31,713	272,492	209,090	208,877	213	187,378
Miscellaneous / contingency	100,000	-	100,000	3,463	100,000	-	100,000	3,463
Capital outlay	190,474	87,141	103,333	(4,440)	285,712	149,467	136,245	(15,787)
Total operating expenses	<u>1,191,940</u>	<u>885,190</u>	<u>306,750</u>	<u>849,288</u>	<u>1,349,812</u>	<u>1,177,859</u>	<u>171,953</u>	<u>871,590</u>
Operating Income (Loss) Budget Basis	(74,431)	169,820	244,251	256,722	(11,815)	7,670	19,485	360,428
Non-operating revenues (expenses):								
Investment earnings	7,150	2,084	(5,066)	4,754	18,764	10,524	(8,240)	24,305
Principal payments	-	(9,995)	(9,995)	(123,990)	-	(10,519)	(10,519)	493,761
Interest expense	(162,000)	(31,442)	130,558	(36,891)	-	-	-	-
Grant revenue	10,352	-	(10,352)	-	10,353	-	(10,353)	473,654
Total non-operating revenues (expenses):	<u>(144,498)</u>	<u>(39,353)</u>	<u>105,145</u>	<u>(156,127)</u>	<u>29,117</u>	<u>5</u>	<u>(29,112)</u>	<u>991,720</u>
Capital contributions	40,326	35,920	(4,406)	64,101	40,000	31,536	(8,464)	69,395
Excess (Deficiency) of Revenues Over Expenditures Budget (Non-GAAP) Basis	<u>(178,603)</u>	<u>166,387</u>	<u>344,990</u>	<u>164,696</u>	<u>57,302</u>	<u>39,211</u>	<u>(18,091)</u>	<u>1,421,543</u>
Reconciliation to GAAP Basis:								
Capitalized assets		32,969		45,658		140,606		987,399
Contributed capital assets		110,210		-		91,835		-
Principal payments		9,995		123,990		10,519		(493,761)
Depreciation		(269,531)		(278,846)		(284,984)		(245,721)
Amortization of bond issue costs		(5,367)		(6,572)		-		-
Net Income - GAAP Basis		<u>44,663</u>		<u>48,926</u>		<u>(2,813)</u>		<u>1,669,460</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, 2011**

	<u>Special Revenue</u>					Sub-total Non-Major Governmental Funds
	<u>Conservation Trust</u>	<u>Victims Assistance</u>	<u>CHA Mortgage</u>	<u>Community Enhancement</u>	<u>Lodging Tax</u>	
Assets:						
Cash - Unrestricted	107,959	10,170	127,159	45,870	740	291,898
Other receivables	-	-	-	-	3,058	3,058
Total Assets	<u>107,959</u>	<u>10,170</u>	<u>127,159</u>	<u>45,870</u>	<u>3,798</u>	<u>294,956</u>
Liabilities:						
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:						
Restricted	107,959	-	-	45,870	3,798	157,627
Committed	-	10,170	127,159	-	-	137,329
Total Fund Balance	<u>107,959</u>	<u>10,170</u>	<u>127,159</u>	<u>45,870</u>	<u>3,798</u>	<u>294,956</u>
Total Liabilities and Fund Balance	<u>107,959</u>	<u>10,170</u>	<u>127,159</u>	<u>45,870</u>	<u>3,798</u>	<u>294,956</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, 2011
(Continued)

	<u>Special Revenue</u>		<u>Debt Service</u>		<u>Sub-total Non-Major Governmental Funds</u>	<u>Total Non-Major Governmental Funds</u>
	<u>1% of Arts</u>	<u>Efficient Building</u>	<u>Bond</u>	<u>Bond Reserve</u>		
Assets:						
Cash - Unrestricted	13,209	4,574	13,006	173,618	291,898	496,305
Other receivables	-	-	-	-	3,058	3,058
Due from other funds	5,000	-	-	-	-	5,000
Total Assets	<u>18,209</u>	<u>4,574</u>	<u>13,006</u>	<u>173,618</u>	<u>294,956</u>	<u>504,363</u>
Liabilities:						
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:						
Restricted	-	-	13,006	173,618	157,627	344,251
Committed	18,209	4,574	-	-	137,329	160,112
Total Fund Balance	<u>18,209</u>	<u>4,574</u>	<u>13,006</u>	<u>173,618</u>	<u>294,956</u>	<u>504,363</u>
Total Liabilities and Fund Balance	<u>18,209</u>	<u>4,574</u>	<u>13,006</u>	<u>173,618</u>	<u>294,956</u>	<u>504,363</u>

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

Town of Carbondale, Colorado
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended December 31, 2011

	<u>Special Revenue</u>					Sub-total Non-major Governmental Funds
	Conservation Trust	Victims Assistance	CHA Mortgage	Community Enhancement	Lodging Tax	
Revenues:						
Taxes	-	-	-	-	47,857	47,857
Intergovernmental revenue	61,391	-	-	-	-	61,391
Fines and forfeitures	-	12,333	-	-	-	12,333
Interest	77	-	-	-	-	77
Miscellaneous	-	-	22,113	5,615	-	27,728
Total Revenues	<u>61,468</u>	<u>12,333</u>	<u>22,113</u>	<u>5,615</u>	<u>47,857</u>	<u>149,386</u>
Expenditures:						
General government	-	-	4,000	-	-	4,000
Public safety	-	5,217	-	-	-	5,217
Culture and recreation	56,622	-	-	-	47,374	103,996
Total Expenditures	<u>56,622</u>	<u>5,217</u>	<u>4,000</u>	<u>-</u>	<u>47,374</u>	<u>113,213</u>
Net Change in Fund Balance	4,846	7,116	18,113	5,615	483	36,173
Fund Balance - Beginning	103,113	3,054	109,046	40,255	3,315	258,783
Fund Balance - Ending	<u>107,959</u>	<u>10,170</u>	<u>127,159</u>	<u>45,870</u>	<u>3,798</u>	<u>294,956</u>

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

Town of Carbondale, Colorado
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended December 31, 2011
(Continued)

	<u>Special Revenue</u>		<u>Debt Service</u>		<u>Sub-total Non-major Governmental Funds</u>	<u>Total Non-major Governmental Funds</u>
	<u>1% of Arts</u>	<u>Efficient Building</u>	<u>Bond</u>	<u>Bond Reserve</u>		
Revenues:						
Taxes	-	-	-	-	47,857	47,857
Intergovernmental revenue	-	-	-	-	61,391	61,391
Fines and forfeitures	-	-	-	-	12,333	12,333
Interest	-	-	-	1	77	78
Miscellaneous	2,530	1,470	-	-	27,728	31,728
Total Revenues	<u>2,530</u>	<u>1,470</u>	<u>-</u>	<u>1</u>	<u>149,386</u>	<u>153,387</u>
Expenditures:						
General government	-	-	599	-	4,000	4,599
Public safety	-	-	-	-	5,217	5,217
Culture and recreation	-	-	-	-	103,996	103,996
Debt service:						
Principal	-	-	115,000	-	-	115,000
Interest	-	-	100,148	-	-	100,148
Total Expenditures	<u>-</u>	<u>-</u>	<u>215,747</u>	<u>-</u>	<u>113,213</u>	<u>328,960</u>
Excess (Deficiency) of Revenues Over Expenditures	2,530	1,470	(215,747)	1	36,173	(175,573)
Other Financing Sources (Uses):						
Operating transfers in	5,000	-	217,372	-	-	222,372
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>-</u>	<u>217,372</u>	<u>-</u>	<u>-</u>	<u>222,372</u>
Net Change in Fund Balance	7,530	1,470	1,625	1	36,173	46,799
Fund Balance - Beginning	10,679	3,104	11,381	173,617	258,783	457,564
Fund Balance - Ending	<u>18,209</u>	<u>4,574</u>	<u>13,006</u>	<u>173,618</u>	<u>294,956</u>	<u>504,363</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, 2011
With Comparative Totals For the Year Ended December 31, 2010

	2011			Final Budget Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental revenue	60,000	60,000	61,391	1,391	58,556
Interest	72	72	77	5	46
Total Revenues	<u>60,072</u>	<u>60,072</u>	<u>61,468</u>	<u>1,396</u>	<u>58,602</u>
Expenditures:					
Personnel		75,261	56,622	18,639	67,882
Park maintenance	82,114	82,114	-	82,114	-
Equipment	-	-	-	-	4,188
Total Expenditures	<u>82,114</u>	<u>157,375</u>	<u>56,622</u>	<u>100,753</u>	<u>72,070</u>
Net Change in Fund Balance	<u>(22,042)</u>	<u>(97,303)</u>	4,846	<u>102,149</u>	(13,468)
Fund Balance - Beginning			<u>103,113</u>		<u>116,581</u>
Fund Balance - Ending			<u>107,959</u>		<u>103,113</u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Victims Assistance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2011
With Comparative Totals For the Year Ended December 31, 2010

	<u>2011</u>		<u>2010</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Fines and surcharge	24,000	12,333	(11,667)	15,159
Interest	2	-	(2)	1
Total Revenues	<u>24,002</u>	<u>12,333</u>	<u>(11,669)</u>	<u>15,160</u>
Expenditures:				
Victim's assistance	25,600	5,217	20,383	25,630
Police training	-	-	-	(2,804)
Total Expenditures	<u>25,600</u>	<u>5,217</u>	<u>20,383</u>	<u>22,826</u>
Net Change in Fund Balance	<u>(1,598)</u>	7,116	<u>8,714</u>	(7,666)
Fund Balance - Beginning		<u>3,054</u>		<u>10,720</u>
Fund Balance - Ending		<u>10,170</u>		<u>3,054</u>

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, 2011
With Comparative Totals For the Year Ended December 31, 2010

	<u>2011</u>		<u>2010</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Fannie Mae mortgage fee	500	2,803	2,303	744
Lease income	26,730	19,310	(7,420)	19,980
Interest	36	-	(36)	39
Total Revenues	<u>27,266</u>	<u>22,113</u>	<u>(5,153)</u>	<u>20,763</u>
Expenditures:				
Other expense	3,976	4,000	(24)	1,484
Grant expense	39,425	-	39,425	354
Total Expenditures	<u>43,401</u>	<u>4,000</u>	<u>39,401</u>	<u>1,838</u>
Net Change in Fund Balance	<u>(16,135)</u>	18,113	<u>34,248</u>	18,925
Fund Balance - Beginning		<u>109,046</u>		<u>90,121</u>
Fund Balance - Ending		<u>127,159</u>		<u>109,046</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, 2011
With Comparative Totals For the Year Ended December 31, 2010

	Original and Final Budget	2011 Actual	Variance Positive (Negative)	2010 Actual
Revenues:				
Community enhancement	5,500	5,615	115	5,400
License, permits, and fees	-	-	-	1,290
Interest	10	-	(10)	17
Total Revenues	5,510	5,615	105	6,707
Expenditures:				
Community projects	44,476	-	44,476	-
Total Expenditures	44,476	-	44,476	-
Net Change in Fund Balance	(38,966)	5,615	44,581	6,707
Fund Balance - Beginning		40,255		33,548
Fund Balance - Ending		45,870		40,255

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, 2011
With Comparative Totals For the Year Ended December 31, 2010

	<u>2011</u>			Final Budget Variance Positive (Negative)	<u>2010</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Lodging tax	45,000	45,000	47,857	2,857	48,006
Investment earnings	2	2	-	(2)	2
Total Revenues	<u>45,002</u>	<u>45,002</u>	<u>47,857</u>	<u>2,855</u>	<u>48,008</u>
Expenditures:					
Chamber of Commerce	45,041	52,220	47,374	4,846	48,429
Total Expenditures	<u>45,041</u>	<u>52,220</u>	<u>47,374</u>	<u>4,846</u>	<u>48,429</u>
Net Change in Fund Balance	<u>(39)</u>	<u>(7,218)</u>	483	<u>7,701</u>	(421)
Fund Balance - Beginning			<u>3,315</u>		<u>3,736</u>
Fund Balance - Ending			<u>3,798</u>		<u>3,315</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, 2011
With Comparative Totals For the Year Ended December 31, 2010

	<u>2011</u>		<u>Variance Positive (Negative)</u>	<u>2010</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Investment earnings	1	-	(1)	2
Miscellaneous	-	2,530	2,530	8,519
Total Revenues	<u>1</u>	<u>2,530</u>	<u>2,529</u>	<u>8,521</u>
Expenditures:				
Reserve	12,511	-	12,511	451
Total Expenditures	<u>12,511</u>	<u>-</u>	<u>12,511</u>	<u>451</u>
Excess (Deficiency) of Revenues Over Expenditures	(12,510)	2,530	15,040	8,070
Other Financing Sources (Uses):				
Operating transfers in	2,500	5,000	2,500	-
Total Other Financing Sources (Uses)	<u>2,500</u>	<u>5,000</u>	<u>2,500</u>	<u>-</u>
Net Change in Fund Balance	<u>(10,010)</u>	7,530	<u>17,540</u>	8,070
Fund Balance - Beginning		<u>10,679</u>		<u>2,609</u>
Fund Balance - Ending		<u>18,209</u>		<u>10,679</u>

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, 2011
With Comparative Totals For the Year Ended December 31, 2010

	<u>2011</u>		<u>Variance Positive (Negative)</u>	<u>2010</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Miscellaneous	-	1,470	1,470	3,104
Total Revenues	<u>-</u>	<u>1,470</u>	<u>1,470</u>	<u>3,104</u>
Expenditures:				
Building inspection	3,100	-	3,100	-
Total Expenditures	<u>3,100</u>	<u>-</u>	<u>3,100</u>	<u>-</u>
Net Change in Fund Balance	<u>(3,100)</u>	1,470	<u>4,570</u>	3,104
Fund Balance - Beginning		<u>3,104</u>		<u>-</u>
Fund Balance - Ending		<u>4,574</u>		<u>3,104</u>

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, 2011
With Comparative Totals For the Year Ended December 31, 2010

	<u>2011</u>			Final Budget Variance Positive (Negative)	<u>2010</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Investment earnings	22	22	-	(22)	22
Total Revenues	<u>22</u>	<u>22</u>	<u>-</u>	<u>(22)</u>	<u>22</u>
Expenditures:					
Bond principal	213,500	217,500	115,000	102,500	110,000
Bond interest	-	-	100,148	(100,148)	103,298
Agents fee	450	450	599	(149)	-
Total Expenditures	<u>213,950</u>	<u>217,950</u>	<u>215,747</u>	<u>2,203</u>	<u>213,298</u>
Excess (Deficiency) of Revenues Over Expenditures	(213,928)	(217,928)	(215,747)	2,181	(213,276)
Other Financing Sources (Uses):					
Operating transfers in	213,500	213,500	217,372	3,872	213,600
Total Other Financing Sources (Uses)	<u>213,500</u>	<u>213,500</u>	<u>217,372</u>	<u>3,872</u>	<u>213,600</u>
Net Change in Fund Balance	<u>(428)</u>	<u>(4,428)</u>	1,625	<u>6,053</u>	324
Fund Balance - Beginning			11,381		11,057
Fund Balance - Ending			<u>13,006</u>		<u>11,381</u>

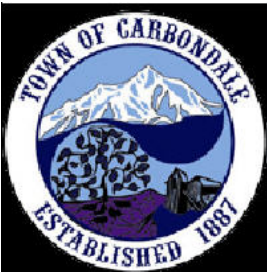
The accompanying notes are an integral part of these financial statements.

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, 2011
With Comparative Totals For the Year Ended December 31, 2010

	<u>2011</u>	<u>Variance</u>	<u>2010</u>
	<u>Original and</u>	<u>Positive</u>	<u>Actual</u>
	<u>Final</u>	<u>(Negative)</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues:			
Investment earnings	101	1	(100)
Total Revenues	<u>101</u>	<u>1</u>	<u>(100)</u>
Excess (Deficiency) of Revenues Over Expenditures	101	1	(100)
Other Financing Sources (Uses):			
Operating transfers (out)	(300)	-	300
Total Other Financing Sources (Uses)	<u>(300)</u>	<u>-</u>	<u>300</u>
Net Change in Fund Balance	<u>(199)</u>	1	<u>200</u>
Fund Balance - Beginning		<u>173,617</u>	<u>173,550</u>
Fund Balance - Ending		<u>173,618</u>	<u>173,617</u>

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

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



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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Carbondale
	YEAR ENDING : December 2011

This Information From The Records Of Town of Carbondale:	Prepared By: Nancy Barnett Phone: 970-510-1205
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I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES	III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES
--	--

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	275,811
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	4,660
2. General fund appropriations	329,328	b. Snow and ice removal	80,499
3. Other local imposts (from page 2)	721,976	c. Other	67,579
4. Miscellaneous local receipts (from page 2)	43,405	d. Total (a. through c.)	152,738
5. Transfers from toll facilities		4. General administration & miscellaneous	583,007
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	536,360
a. Bonds - Original Issues		6. Total (1 through 5)	1,547,916
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,094,709	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	183,276	2. Notes:	
D. Receipts from Federal Government (from page 2)	269,931	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,547,916	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,547,916

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

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,547,916	1,547,916		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2011	
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	540,951	a. Interest on investments	2,228
b. Other local imposts:		b. Traffic Fines & Penalties	37,122
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	159,500	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	4,055
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	21,525	g. Other Misc. Receipts	
6. Total (1. through 5.)	181,025	h. Other	
c. Total (a. + b.)	721,976	i. Total (a. through h.)	43,405
	(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	162,046	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	21,230	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	269,931
f. Total (a. through e.)	21,230	g. Total (a. through f.)	269,931
4. Total (1. + 2. + 3.f)	183,276	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		62,970	62,970
(4). System Enhancement & Operation		212,841	212,841
(5). Total Construction (1) + (2) + (3) + (4)		0	275,811
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	275,811
			(Carry forward to page 1)
Notes and Comments:			