

Town of Carbondale, Colorado

Financial Report

December 31, 2004

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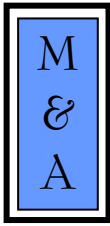
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INDEPENDENT AUDITOR'S REPORT

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, 2004, 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, and each major fund of the Town of Carbondale, Colorado, as of December 31, 2004, and the respective changes in financial position and cash flows, where appropriate, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis in Section B is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The budgetary fund information in Section E is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The budgetary fund information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

McMahan and Associates, L.L.C.

April 7, 2005

Performing services for local governments throughout Colorado

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Carbondale, Colorado

Management's Discussion and Analysis December 31, 2004

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, 2004.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

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

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

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

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

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

Overview of the Financial Statements (continued)

Governmental funds (continued): Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Proprietary funds: The Town maintains proprietary funds commonly known as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and wastewater operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the Town, which are considered to be major funds of the Town.

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

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Government-wide financial analysis: As mentioned on page 2, the government-wide financial statements are designed to provide readers with a broad overview and long-term analysis of the Town's finances, in a manner similar to a private-sector business. The following graph shows the Town's net assets for 2004:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 11,124,489	8,463,317	3,420,352	3,223,498	14,544,841	11,686,815
Capital assets	6,516,413	6,387,598	16,557,924	17,047,097	23,074,337	23,434,695
Total assets	17,640,902	14,850,915	19,978,276	20,270,595	37,619,178	35,121,510
Other liabilities	1,217,154	960,063	384,121	1,194	1,601,275	961,257
Long-term liabilities outstanding	2,120,000	345,619	1,800,042	2,512,686	3,920,042	2,858,305
Total liabilities	3,337,154	1,305,682	2,184,163	2,513,880	5,521,317	3,819,562
Net assets:						
Invested in capital assets, net of related debt	6,516,413	6,387,598	14,410,206	14,565,462	20,926,619	20,953,060
Restricted	483,219	260,000	-	-	483,219	260,000
Unrestricted	7,304,116	6,897,635	3,383,907	3,191,253	10,688,023	10,088,888
Total net assets	\$ 14,303,748	13,545,233	17,794,113	17,756,715	32,097,861	31,301,948

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued): The largest portion of the Town's assets is reflected in the investment in capital assets (i.e. land, buildings, improvements, and equipment). Capital assets account for 61% of the total assets. The Town uses these assets to provide services to its citizens. The Town's remaining assets are generally available to pay liabilities or fund operations. At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The Town's capital assets increased due to the purchase of vehicles and equipment. The Town's long-term liabilities outstanding increased due to the issuance of the 2004 Recreation Sales and Use Tax bonds. Maturing for the Town's remaining debt are as follows; the Town's 1994B bond issue retired in 2004; the Town's 1997A bond issues is scheduled to be retired in 2007; the Town's 1998B issue will be retired in 2015, and the Town's 2004 issue will be retired in 2024. Additional information regarding the Town's long-term debt is available in Section D of the footnotes.

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

	Balance 1/1/2004	Additions	Deletions	Balance 12/31/2004
Emergency reserves	\$ 162,000	-	(17,781)	144,219
Health insurance	70,000	-	-	70,000
Parking	22,000	-	-	22,000
Manager contract	-	240,000	-	240,000
Affordable housing fee	6,000	1,000	-	7,000
Total	\$ 260,000	241,000	(17,781)	483,219

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

	Town of Carbondale's Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
REVENUES:						
Program revenues:						
Charges for services	\$ 967,491	853,290	1,627,198	1,476,594	2,594,689	2,329,884
Operating grants and contributions	349,294	425,827	-	-	349,294	425,827
Capital grants and contributions	-	839,240	696,369	1,298,713	696,369	2,137,953
General revenues:						
Property taxes	329,135	325,483	-	-	329,135	325,483
Sales and use taxes	3,345,215	2,974,120	-	-	3,345,215	2,974,120
Other taxes	330,260	372,113	-	-	330,260	372,113
Interest and other revenue	205,736	242,305	68,079	54,083	273,815	296,388
Total Revenues	5,527,131	6,032,378	2,391,646	2,829,390	7,918,777	8,861,768
EXPENSES:						
General government	1,593,901	1,524,164	-	-	1,593,901	1,524,164
Public safety	1,322,962	1,307,557	-	-	1,322,962	1,307,557
Public works	854,281	780,612	-	-	854,281	780,612
Culture and recreation	955,242	1,062,185	-	-	955,242	1,062,185
Interest	42,230	70,155	-	-	42,230	70,155
Water	-	-	1,136,141	1,102,060	1,136,141	1,102,060
Wastewater	-	-	1,218,107	1,120,101	1,218,107	1,120,101
Total Expenses	4,768,616	4,744,673	2,354,248	2,222,161	7,122,864	6,966,834
Change in Net Assets	758,515	1,287,705	37,398	607,229	795,913	1,894,934
Net Assets - Beginning	13,545,233	12,257,528	17,756,715	17,149,486	31,301,948	29,407,014
Net Assets - Ending	\$ 14,303,748	13,545,233	17,794,113	17,756,715	32,097,861	31,301,948

Overview of the Financial Statements (continued)

Governmental activities: Governmental activities increased the Town's net assets by \$758,515. Key elements of this increase are as follows:

- In 2003, the Town received a capital contribution of assets including roads, drainage systems and bike paths from River Valley Ranch.

Business-type activities: Business-type activities increased the Town's net assets by \$37,398. Key elements of this increase are as follows:

- The Town received a contribution in 2003 of system assets from River Valley Ranch.
- The Water Fund and Wastewater Fund had net income of \$20,768 and \$16,630 respectively. On a cash basis, the Funds cumulatively increased their cash and investment holdings by \$255,441.

Financial Analysis of the Town's Funds

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

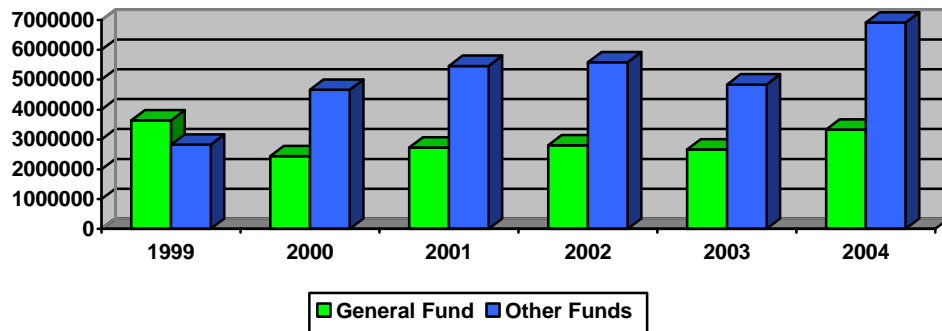
Governmental funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, fund balance may serve as a useful measure of a government's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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,238,746; an increase of \$2,735,492 from the prior year's ending fund balances. The following details ending fund balances for the past several years:

<u>Fund</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General	\$ 2,436,942	2,727,971	2,798,913	2,666,612	3,325,965
Sales and Use	391,334	345,112	384,256	393,178	423,692
Recreation Sales and Use	1,219,765	1,652,132	2,050,769	1,680,850	3,588,173
Bond and Bond Reserve	353,551	365,019	368,398	-	188,761
Capital Projects	1,083,739	1,166,445	1,030,053	1,032,152	722,762
Other Governmental	1,609,808	1,931,680	1,753,697	1,730,462	1,989,393
Total	<u>\$ 7,095,139</u>	<u>8,188,359</u>	<u>8,386,086</u>	<u>7,503,254</u>	<u>10,238,746</u>

Financial Analysis of the Town's Funds (continued)

Governmental funds (continued): As indicated on the table from the previous page, the Recreation Sales and Use Tax, Bond and Bond Reserve Fund balances have increased from 2003. This is due largely to the issuance of the 2004 Recreation Sales and Use Tax Revenue Bonds. 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 \$787,139. The Wastewater Fund had cash of \$2,313,889.

Budget variances in the General Fund: The Town's General Fund revenues were over budget by \$90,944; General Fund expenditures were under budget by \$648,442. The General Fund's significant budget variances are detailed as follows:

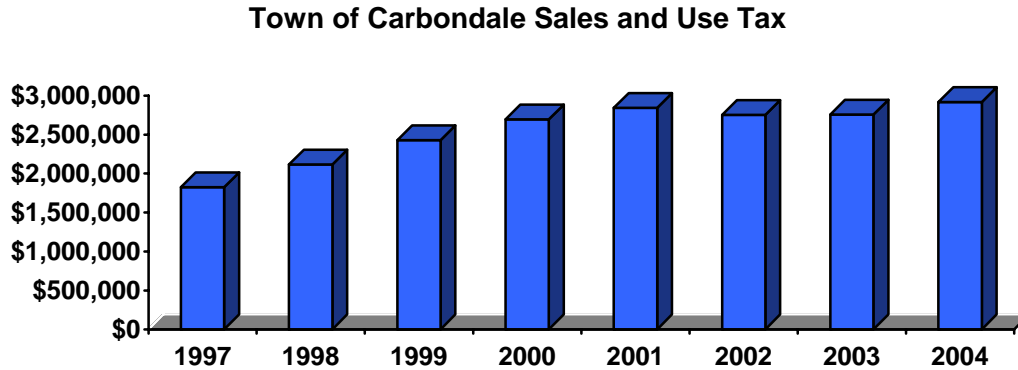
Account	Variance Positive (Negative)	Reason
Revenues:		
Intergovernmental	\$ 29,527	Mineral leasing (\$73,800) not anticipated
Interest	24,713	Conservative budgeting
Expenditures:		
Attorney	(41,069)	Crystal River de-annexation attempt
Streets, alleys, snow removal	87,112	Reduced staff, capital purchases under budget
Parks and cemetery	54,426	Reduced staff, capital purchases under budget
Contingency	435,497	Conservative budgeting

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

Long-term debts: As of the end of the current fiscal year, the Town had \$4,347,718 in long-term debts. During 2004, the Town paid in full the CWRPDA Series 1994B Bonds. Additionally, in 2004, the Town acquired \$2,200,000 of Series 2004 Recreation Sales and Use Tax Bonds. Additional information regarding the Town's debt can be found in Section D of this report.

Financial Analysis of the Town's Funds (continued)

Sales and use tax: The Town has 3.5% sales and use tax that is used to fund its governmental operations. One half percent of the tax is dedicated to recreation expenditures. Sales and use tax increased from 2003 by approximately 5.8%. The following chart indicates changes in the sales and use taxes:



Next year's budget and rates: The Town's General Fund balance at the end of the current fiscal year was \$3,325,965. Excluding a contingency reserve, the Town's 2005 budget anticipates using \$654,219 of this fund balance.

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

Request for Information

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Town of Carbondale, Colorado
Statement of Net Assets
December 31, 2004

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	9,961,066	3,101,023	13,062,089
Receivables, net:			
Taxes	24,506	-	24,506
Accounts	-	143,735	143,735
Other	90,013	-	90,013
Intergovernmental	878,618	-	878,618
Note receivable	-	54,899	54,899
Prepaid expenses	68,882	49,452	118,334
Bond issuance costs, net	99,323	71,243	170,566
Inventories and prepaids	2,081	-	2,081
Capital assets, net	6,516,413	16,557,924	23,074,337
Total Assets	<u>17,640,902</u>	<u>19,978,276</u>	<u>37,619,178</u>
Liabilities:			
Accounts payable	111,985	-	111,985
Deferred revenue	337,275	2,194	339,469
Other liabilities	337,160	-	337,160
Compensated absences	333,935	34,251	368,186
Accrued interest and bond premium	16,799	-	16,799
Bonded debt payable:			
Due within one year	80,000	347,676	427,676
Due in more than one year	2,120,000	1,800,042	3,920,042
Total Liabilities	<u>3,337,154</u>	<u>2,184,163</u>	<u>5,521,317</u>
Net Assets:			
Invested in capital assets, net of related debt	6,516,413	14,410,206	20,926,619
Restricted for other purposes	483,219	-	483,219
Unrestricted	7,304,116	3,383,907	10,688,023
Total Net Assets	<u>14,303,748</u>	<u>17,794,113</u>	<u>32,097,861</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, 2004

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Functions/Programs:							
Governmental activities:							
General government	1,593,901	772,855	44,841	-	(776,205)		(776,205)
Public safety	1,322,962	70,711	21,959	-	(1,230,292)		(1,230,292)
Public works	854,281	-	232,457	-	(621,824)		(621,824)
Culture and recreation	955,242	123,925	50,037	-	(781,280)		(781,280)
Interest on long-term debt	42,230	-	-	-	(42,230)		(42,230)
Total governmental activities	<u>4,768,616</u>	<u>967,491</u>	<u>349,294</u>	<u>-</u>	<u>(3,451,831)</u>		<u>(3,451,831)</u>
Business-type activities:							
Water	1,136,141	799,332	-	327,458		(9,351)	(9,351)
Wastewater	1,218,107	827,866	-	368,911		(21,330)	(21,330)
Total business-type activities	<u>2,354,248</u>	<u>1,627,198</u>	<u>-</u>	<u>696,369</u>		<u>(30,681)</u>	<u>(30,681)</u>
Total	<u>7,122,864</u>	<u>2,594,689</u>	<u>349,294</u>	<u>696,369</u>	<u>(3,451,831)</u>	<u>(30,681)</u>	<u>(3,482,512)</u>
General revenues:							
Taxes:							
Property tax, levied for general purposes					329,135	-	329,135
Specific ownership tax					38,632	-	38,632
Sales and use tax					3,345,215	-	3,345,215
Franchise tax					162,512	-	162,512
Lodging Tax					59,325	-	59,325
Other miscellaneous taxes					69,791	-	69,791
Investment earnings					120,592	43,181	163,773
Miscellaneous					85,144	24,898	110,042
Total general revenues					<u>4,210,346</u>	<u>68,079</u>	<u>4,278,425</u>
Change in Net Assets					758,515	37,398	795,913
Net Assets - Beginning (Restated)					<u>13,545,233</u>	<u>17,756,715</u>	<u>31,301,948</u>
Net Assets - Ending					<u>14,303,748</u>	<u>17,794,113</u>	<u>32,097,861</u>

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

FUND FINANCIAL STATEMENTS

Town of Carbondale, Colorado
Balance Sheet
Governmental Funds
December 31, 2004

	<u>General</u>	<u>Recreation Sales and Use Tax</u>	<u>Sales and Use Tax</u>	<u>Capital Construction</u>	<u>Bond</u>	<u>Bond Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:								
Cash	3,541,291	3,544,758	3,404	722,762	14,529	174,232	1,960,090	9,961,066
Receivables, net of allowance for uncollectibles	114,444	-	-	-	-	-	75	114,519
Due from other governments	13,490	73,415	440,338	-	-	-	14,100	541,343
Due (to) from other funds	4,922	-	(20,050)	-	1,372	(1,372)	15,128	-
Property tax receivable	202,275	-	-	-	-	-	135,000	337,275
Prepaid expenses	68,882	-	-	-	-	-	-	68,882
Inventory	2,081	-	-	-	-	-	-	2,081
Total Assets	<u>3,947,385</u>	<u>3,618,173</u>	<u>423,692</u>	<u>722,762</u>	<u>15,901</u>	<u>172,860</u>	<u>2,124,393</u>	<u>11,025,166</u>
Liabilities and Fund Equity:								
Liabilities:								
Accounts/vouchers payable	111,985	-	-	-	-	-	-	111,985
Other liabilities	266,533	30,000	-	-	-	-	-	296,533
Accrued payroll and related liabilities	40,627	-	-	-	-	-	-	40,627
Deferred property taxes not collectible until subsequent year	202,275	-	-	-	-	-	135,000	337,275
Total Liabilities	<u>621,420</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,000</u>	<u>786,420</u>
Fund Balance:								
Reserved	339,000	-	-	-	-	-	-	339,000
Unreserved, reported in:								
General	2,986,965	-	-	-	-	-	-	2,986,965
Special revenue	-	3,588,173	423,692	-	15,901	172,860	1,989,393	6,190,019
Capital projects	-	-	-	722,762	-	-	-	722,762
Total Fund Balance	<u>3,325,965</u>	<u>3,588,173</u>	<u>423,692</u>	<u>722,762</u>	<u>15,901</u>	<u>172,860</u>	<u>1,989,393</u>	<u>10,238,746</u>
Total Liabilities and Fund Balance	<u>3,947,385</u>	<u>3,618,173</u>	<u>423,692</u>	<u>722,762</u>	<u>15,901</u>	<u>172,860</u>	<u>2,124,393</u>	

**Amounts reported for governmental activities in the Statement
of Net Assets are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,516,413
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	99,323
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,550,734)</u>
Net Assets of Governmental Activities	<u>14,303,748</u>

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

Town of Carbondale, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2004

	General	Recreation Sales and Use Tax	Sales and Use Tax	Capital Projects	Bond	Bond Reserve	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	381,539	461,386	2,767,972	-	-	-	277,857	3,888,754
Licenses, permits, and fees	197,912	-	-	-	-	-	-	197,912
Intergovernmental revenue	414,674	440	-	-	-	-	50,037	465,151
Charges for services	220,229	-	-	-	-	-	-	220,229
Fines and forfeitures	50,779	-	-	-	-	-	12,432	63,211
Investment income	47,976	34,074	258	10,070	126	1,373	26,715	120,592
Miscellaneous	378,304	7,719	-	-	-	-	183,050	569,073
Total Revenues	1,691,413	503,619	2,768,230	10,070	126	1,373	550,091	5,524,922
Expenditures:								
General government	1,568,013	-	19	-	225	-	-	1,568,257
Public safety	1,332,607	-	-	-	-	-	8,098	1,340,705
Public works	542,664	-	-	219,460	-	-	76,849	838,973
Culture and recreation	623,862	374,876	-	-	-	-	120,213	1,118,951
Debt service:								
Issuance costs	-	-	-	-	99,323	-	-	99,323
Interest	-	-	-	-	35,332	-	-	35,332
Total Expenditures	4,067,146	374,876	19	219,460	134,880	-	205,160	5,001,541
Excess (Deficiency) of Revenues Over Expenditures	(2,375,733)	128,743	2,768,211	(209,390)	(134,754)	1,373	344,931	523,381
Other Financing Sources (Uses):								
Sale of fixed assets	2,210	-	-	-	-	-	-	2,210
Bond proceeds	-	2,209,901	-	-	-	-	-	2,209,901
Operating transfers in (out)	3,032,876	(431,321)	(2,737,697)	(100,000)	150,655	171,487	(86,000)	-
Total Other Financing Sources (Uses)	3,035,086	1,778,580	(2,737,697)	(100,000)	150,655	171,487	(86,000)	2,212,111
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	659,353	1,907,323	30,514	(309,390)	15,901	172,860	258,931	2,735,492
Fund Balance - Beginning	2,666,612	1,680,850	393,178	1,032,152	-	-	1,730,462	7,503,254
Fund Balance - Ending	3,325,965	3,588,173	423,692	722,762	15,901	172,860	1,989,393	10,238,746

Net Change in Fund Balance of Governmental Funds **2,735,492**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlay exceeded depreciation during the year. 132,008

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. (2,117,476)

The net effect of various miscellaneous transactions involving capital assets is to decrease net assets (3,193)

Changes in the Town employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences decreased. 11,684

Change in Net Assets of Governmental Activities 758,515

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

Town of Carbondale, Colorado
Statement of Net Assets
Proprietary Funds
December 31, 2004

	Water Fund	Wastewater Fund	Total
Assets:			
Current assets:			
Cash and investments	787,139	2,313,884	3,101,023
Accounts receivable	62,472	81,263	143,735
Prepaid expenses	-	54,899	54,899
Total current assets	849,611	2,450,046	3,299,657
Non-current assets:			
Note receivable	-	49,452	49,452
Bond issuance costs, net of accumulated amortization	69,242	2,001	71,243
Land	51,048	133,391	184,439
Plant	11,371,450	3,792,298	15,163,748
Collection system	-	6,088,553	6,088,553
Building and improvements	139,647	372,892	512,539
Machinery and equipment	277,863	364,661	642,524
Water meters	623,978	-	623,978
Water rights	179,020	-	179,020
Accumulated depreciation	(2,323,239)	(4,513,638)	(6,836,877)
Total non-current assets	10,389,009	6,289,610	16,678,619
Total Assets	11,238,620	8,739,656	19,978,276
Liabilities:			
Current liabilities:			
Deferred revenue	1,000	1,194	2,194
Bonds payable	98,491	249,185	347,676
Total current liabilities	99,491	250,379	349,870
Long-term liabilities:			
Bonds payable - Long-term portion	1,269,862	530,180	1,800,042
Accrued compensated absences	15,251	19,000	34,251
Total long-term liabilities	1,285,113	549,180	1,834,293
Total Liabilities	1,384,604	799,559	2,184,163
Net Assets:			
Invested in capital assets, net of related debt	8,951,414	5,458,792	14,410,206
Unrestricted	902,602	2,481,305	3,383,907
Total Net Assets	9,854,016	7,940,097	17,794,113

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, 2004

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services:			
Service fees	767,019	827,866	1,594,885
Meter sales and installation fee	32,313	-	32,313
Other revenues:			
Penalty assessments	2,240	2,418	4,658
Miscellaneous	12,432	7,808	20,240
Total Operating Revenues	<u>814,004</u>	<u>838,092</u>	<u>1,652,096</u>
Operating Expenses:			
Salaries	302,476	235,410	537,886
Overtime	5,518	6,381	11,899
Fringe benefits and employment taxes	87,726	68,130	155,856
Office expense	9,144	7,405	16,549
Supplies	1,262	6,883	8,145
Chemicals	5,724	8,277	14,001
Lab and safety equipment	4,871	3,271	8,142
Vehicle	14,761	6,890	21,651
Repair and maintenance - Building	59,070	24,779	83,849
Repair and maintenance - Equipment	36,871	38,994	75,865
Repair and maintenance - Other	24,237	2,254	26,491
Utilities	56,356	129,226	185,582
Professional fees	64,969	1,460	66,429
Permit and lab fees	17,554	4,561	22,115
Administrative fees	128,395	140,244	268,639
Contract meter readings	5,468	-	5,468
Miscellaneous	6,359	40,261	46,620
Depreciation	226,300	439,555	665,855
Total Operating Expenses	<u>1,057,061</u>	<u>1,163,981</u>	<u>2,221,042</u>
Operating (Loss)	<u>(243,057)</u>	<u>(325,889)</u>	<u>(568,946)</u>
Non-operating Revenue (Expenses):			
Investment income	15,447	27,734	43,181
Bond interest	(66,400)	(33,571)	(99,971)
Bond administrative fee	-	(18,620)	(18,620)
Amortization of bond issuance costs	(12,680)	(1,935)	(14,615)
Total Non-operating Revenue (Expenses)	<u>(63,633)</u>	<u>(26,392)</u>	<u>(90,025)</u>
(Loss) Before Contributions	(306,690)	(352,281)	(658,971)
Capital contributions, and tap fees	<u>327,458</u>	<u>368,911</u>	<u>696,369</u>
Change in Net Assets	20,768	16,630	37,398
Total Net Assets - Beginning	<u>9,833,248</u>	<u>7,923,467</u>	<u>17,756,715</u>
Total Net Assets - Ending	<u>9,854,016</u>	<u>7,940,097</u>	<u>17,794,113</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, 2004

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash received from customers and others	802,364	835,447	1,637,811
Cash paid for goods, services and employees	(830,907)	(646,841)	(1,477,748)
Other cash receipts	12,432	7,808	20,240
Net Cash Provided (Used) by Operating Activities	<u>(16,111)</u>	<u>196,414</u>	<u>180,303</u>
Cash Flows From Capital Financing Activities:			
Interest on bonds	(66,400)	(33,571)	(99,971)
Bond principal payment	(95,336)	(238,581)	(333,917)
Proceeds from tap and meter sales	327,458	368,911	696,369
Administration fee on bonds	-	(18,620)	(18,620)
Acquisition of capital assets	(72,756)	(139,147)	(211,903)
Net Cash Provided (Used) by Capital Financing Activities	<u>92,966</u>	<u>(61,008)</u>	<u>31,958</u>
Cash Flows From Investing Activities			
Interest received	15,447	27,734	43,181
Net Cash Provided by Investing Activities	<u>15,447</u>	<u>27,734</u>	<u>43,181</u>
Net Increase in Cash and Cash Equivalents	92,302	163,140	255,442
Cash and Cash Equivalents - Beginning	694,838	2,150,744	2,845,582
Cash and Cash Equivalents - Ending	<u>787,140</u>	<u>2,313,884</u>	<u>3,101,024</u>
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating (loss)	(243,057)	(325,889)	(568,946)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation expense	226,300	439,555	665,855
Loss on sale of assets	-	35,219	35,219
(Increase) decrease in operating accounts receivable	(206)	44,181	43,975
Increase (decrease) in deposits	1,000	-	1,000
Increase (decrease) in compensated absences	(148)	3,348	3,200
Total Adjustments	<u>226,946</u>	<u>522,303</u>	<u>749,249</u>
Net Cash Provided (Used) by Operating Activities	<u>(16,111)</u>	<u>196,414</u>	<u>180,303</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004

I. Summary of Significant Accounting Policies

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

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

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Government-wide Financial Statements

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

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

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

2. Fund Financial Statements

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

The Town reports the following major governmental funds:

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

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

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

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

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

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

The Town reports the following non-major governmental funds:

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

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

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

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

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

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

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

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

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

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

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

3. Financial Statement Presentation

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. 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 nonoperating revenues and expenses.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Investments

Investments are stated at fair value.

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

4. Property Taxes

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

5. Capital Assets

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

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

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

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

6. Compensated Absences

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net assets of governmental activities* as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The \$6,516,413 represents the book value of capital assets at December 31, 2004.

Another element of that reconciliation states that “Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The detail of this \$2,550,734 difference represents \$333,935 in accrued compensated absences, \$2,200,000 in bond debt, \$7,737 in interest payable and \$9,062 of unamortized bond premium.

Another element of the reconciliation states that “Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.” The \$99,323 represents the unamortized bond issuance costs.

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes a reconciliation between *net change in fund balances of governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense”. The details of this \$132,608 difference are capital outlay of \$482,616 less depreciation expense of \$350,608.

Another element of the reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. This amount is the net effect of these differences in treatment of long-term debt and related items.” The details of this \$2,117,476 difference are gross debt proceeds of \$2,209,901, accrued interest of \$6,898, less \$99,323 in bond issuance costs.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

As required by Colorado Statutes, the Town followed the required timetable noted below in preparing, approving, and enacting its budget for 2004.

- (1) For the 2004 budget year, prior to August 25, 2003, the County Assessor sent to the Town an assessed valuation of all taxable property within the Town's boundaries.
- (2) The Mayor, or other qualified person appointed by the Council, submitted to the Council, on or before October 15, 2003, 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, 2003, a public hearing was held for the budget, the Council certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Council adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
- (4) After adoption of the budget resolution, the Town may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2003 were collected in 2004 and taxes certified in 2004 will be collected in 2005. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

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

Fund	Original Appropriation	Supplemental Appropriation
Bond Reserve Fund	\$ -	100,834
Sales and Use Tax Fund	2,415,000	2,815,000

B. TABOR Amendment

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved \$144,219 for TABOR purposes.

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

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

IV. Detailed Notes on all Funds

A. Deposits

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts on deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the uninsured deposits.

There are three categories of deposit credit risk as follows:

- (1) Insured or collateralized with securities held by the entity or by its agent in the entity's name;
- (2) Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name;
- (3) Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.)

At December 31, 2004, the Town's bank deposits were entirely insured or collateralized with securities held by the entity's agent and had a bank balance of \$8,746,151, of which \$200,000 was Category 1 and \$8,546,151 was Category 3 as described above. The book balance of these deposits was \$8,569,844 at December 31, 2004. The difference between the bank and book balances is items that had not cleared the bank at year-end.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits (continued)

Pools

The Town has invested in the Colorado Government Liquid Asset Trust ("COLOTRUST"), Financial Investors Trust ("FIT") and the Colorado Surplus Asset Fund Trust ("C-SAFE"). The trusts are investment vehicles established for local government entities in Colorado to pool surplus funds. The trusts operate similarly to a money market fund and 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.

A designated custodial bank provides safekeeping and depository services to the trusts in connection with their direct investment and withdrawal functions. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the trusts.

At December 31, 2004, the Town had invested in the trusts as follows:

COLOTRUST	\$ 1,040,171
FIT	1,593,986
C-SAFE	1,853,838
Total	<u>\$ 4,487,995</u>

Investments in local government pools are not categorized as required by GASB No. 3 because they are not evidenced by securities that exist in physical or book entry form.

The Town had the following deposits as of December 31, 2004:

	Bank Balances			Total
	Category 1	Category 3	Pooled Investment Trust	
Cash:				
Petty cash	\$ -	-	-	427
Deposits	200,000	8,546,151	-	8,746,151
Pools	-	-	4,487,995	4,487,995
Total Bank Balances	\$ 200,000	8,546,151	4,487,995	13,234,573
			Less: outstanding items	(172,484)
			Total Book Balance	13,062,089

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on all Funds (continued)

B. Receivables

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

	General	Recreation Sales and Use Tax	Sales and Use Tax	Highway 133	Streetscape	Lodging Tax	Water	Wastewater	Total
Receivables:									
Taxes	\$ 24,431	-	-	-	-	75	-	-	24,506
Accounts	-	-	-	-	-	-	62,472	81,263	143,735
Other	90,013	-	-	-	-	-	-	49,452	139,465
Intergovernmental	215,765	73,415	440,338	12,784	136,316	-	-	-	878,618
Gross receivables	330,209	73,415	440,338	12,784	136,316	75	62,472	130,715	1,186,324
Less: allowance for uncollectible	-	-	-	-	-	-	-	-	-
Net receivables	\$ 330,209	73,415	440,338	12,784	136,316	75	62,472	130,715	1,186,324

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 \$337,275 of deferred revenue for property taxes levied in 2004 but not available until 2005.

C. Note Receivable - Wastewater

The Town entered into a note with the Colorado Rocky Mountain School, Inc. (the "School") for payment of tap fees on property owned by the School. The note's principal is \$62,397 and requires monthly principal and interest payments of \$1,194 through July 1, 2008. The balance outstanding as of December 31, 2004 is \$54,899.

D. Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 1,516,873	-	-	1,516,873
Total capital assets, not being depreciated	1,516,873	-	-	1,516,873
Capital assets, being depreciated:				
Infrastructure	1,438,203	16,836	-	1,455,039
Buildings	2,339,834	44,963	-	2,384,797
Improvements other than buildings	1,455,918	235,066	-	1,690,984
Equipment	1,538,546	185,751	(15,917)	1,708,380
Total capital assets being depreciated	6,772,501	482,616	(15,917)	7,239,200
Less accumulated depreciation for:				
Infrastructure	(57,582)	(22,461)	-	(80,043)
Buildings	(530,960)	(70,555)	-	(601,515)
Improvements other than buildings	(460,035)	(133,037)	-	(593,072)
Equipment	(853,200)	(124,555)	12,724	(965,031)
Total accumulated depreciation	(1,901,777)	(350,608)	12,724	(2,239,661)
Total capital assets, being depreciated, net	4,870,724	132,008	(3,193)	4,999,539
Governmental activities capital assets, net	\$ 6,387,597	132,008	(3,193)	6,516,412

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on all Funds (continued)

D. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 184,439	-	-	184,439
Water rights	164,969	14,051	-	179,020
Total capital assets, not being depreciated	<u>349,408</u>	<u>14,051</u>	<u>-</u>	<u>363,459</u>
Capital assets, being depreciated:				
Water/wastewater system and improvements	21,729,785	176,713	(30,219)	21,876,279
Buildings and improvements	536,236	1,303	(25,000)	512,539
Equipment	622,616	19,908	-	642,524
Total capital assets being depreciated	<u>22,888,637</u>	<u>197,924</u>	<u>(55,219)</u>	<u>23,031,342</u>
Less accumulated depreciation for:				
Water/wastewater system and improvements	(5,636,577)	(601,326)	15,863	(6,222,040)
Buildings and improvements	(146,111)	(13,095)	4,063	(155,143)
Equipment	(408,260)	(51,434)	-	(459,694)
Total accumulated depreciation	<u>(6,190,948)</u>	<u>(665,855)</u>	<u>19,926</u>	<u>(6,836,877)</u>
Total capital assets, being depreciated, net	<u>16,697,689</u>	<u>(467,931)</u>	<u>(35,293)</u>	<u>16,194,465</u>
Business-type activities capital assets, net	<u>\$ 17,047,097</u>	<u>(453,880)</u>	<u>(35,293)</u>	<u>16,557,924</u>

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

	<u>Capital Outlay</u>	<u>Depreciation Expense</u>
Governmental activities:		
General government	\$ 54,639	101,194
Public safety	39,305	16,613
Public works, including infrastructure	101,394	104,038
Culture and recreation	287,278	128,763
Total - governmental activities	<u>\$ 482,616</u>	<u>350,608</u>
Business-type activities:		
Water	\$ 72,745	226,300
Wastewater	139,230	439,555
Total - business-type activities	<u>\$ 211,975</u>	<u>665,855</u>

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.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Interfund Receivables, Payables, and Transfers

The Town had the following interfund receivables or payables as of December 31, 2004:

Due from (to):	Due from	Due to
Bond Reserve Fund	\$ -	1,372
Bond Fund	1,372	-
Sales and Use Tax Fund	-	20,050
CHA Housing Fund	-	4,872
Highway 133 Fund	20,000	-
General Fund	4,922	-
Total	\$ 26,294	26,294

Transfers were as follows:

Fund In (Out)	In	Reason
General / (Sales and Use Tax)	\$ 2,717,697	To pay for operations as provided by sales tax ordinance
General / (Development Dedication)	206,000	To pay for related expenditures due to development
Streetscape / (Capital Construction)	100,000	Funds to complete Streetscape project
Highway 133 / (Sales and Use Tax)	20,000	Additional sales tax for Highway 133 project related to La Fontana
General / (Recreation Sales and Use Tax)	109,179	To defray operation of the pool
Bond Fund / (Recreation Sales and Use Tax)	150,655	To establish debt service account as provided by sales tax ordinance
Bond Reserve / (Recreation Sales and Use Tax)	171,487	To establish reserve account as provided by sales tax ordinance

F. Operating Leases

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

G. Long-term Debt

1. 1995 Sales Tax Revenue Bonds

On October 1, 1995, the Town issued Series 1995A and 1995B Sales and Use Tax Bonds. Series 1995A bonds were used to refund a portion of the Series 1988 Sales Tax Revenue Bonds. Series 1995B proceeds are to be used to refund a portion of the 1988 Sales Tax Revenue Bonds and to finance the design, acquisition, construction, and installation of a municipal civic center and related facilities. The Series 1995A bonds were not subject to redemption prior to maturity, which occurred in 1997. The Series 1995B bonds after December 1, 2004, 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 5.5% to 6.35%. Principal payments are made December 1. At December 31, 2003, these bonds had been paid in full.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on all Funds (continued)

G. Long-term Debt (continued)

2. 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.

3. CWRPDA 1997 Series A Bonds

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

4. Sales and Use Tax Series 2004 Bonds

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on all Funds (continued)

G. Long-term Debt (continued)

5. 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.

6. Schedule of Future Payment

The Town's annual debt service is as follows:

Year	CWRPDA	CWRPDA	Recreation	Total
	Series	Series	Sales and Use	
	1997A	1998B	Bonds Series 2004	
2005	\$ 293,741	160,334	172,843	626,918
2006	290,952	160,516	171,243	622,711
2007	294,346	160,359	169,443	624,148
2008	-	160,283	172,323	332,606
2009	-	161,643	169,773	331,416
2010-2014	-	810,266	851,510	1,661,776
2015-2019	-	162,572	848,350	1,010,922
2020-2024	-	-	848,500	848,500
Total	879,039	1,775,973	3,403,985	6,058,997
Less: interest	(99,674)	(407,620)	(1,203,985)	(1,711,279)
Bonds outstanding	\$ 779,365	1,368,353	2,200,000	4,347,718

7. Compensated Absences

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

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

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. 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, 2004:

	<u>Balance</u> <u>1/1/2004</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance</u> <u>12/31/2004</u>
Governmental Activities:				
Series 2004 Bonds	\$ -	2,200,000	-	2,200,000
Compensated absences	345,619	-	(11,684)	333,935
Business-type Activities:				
CWRPDA 1994B Bonds	80,000	-	(80,000)	-
CWRPDA 1997A Bonds	1,017,946	-	(238,581)	779,365
CWRPDA 1998B Bonds	1,383,689	-	(15,336)	1,368,353
Compensated absences	31,051	3,200	-	34,251
Total	<u>\$ 2,858,305</u>	<u>2,203,200</u>	<u>(345,601)</u>	<u>4,715,904</u>

9. Restricted Fund Balance

The Town had the following restrictions on the General Fund's fund balance at December 31, 2004:

	<u>Balance</u> <u>1/1/2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2004</u>
Emergency reserve	\$ 162,000	-	(17,781)	144,219
Health insurance	70,000	-	-	70,000
Parking	22,000	-	-	22,000
Manager contract	-	240,000	-	240,000
Affordable housing fee	6,000	1,000	-	7,000
Total	<u>\$ 260,000</u>	<u>241,000</u>	<u>(17,781)</u>	<u>483,219</u>

10. Bond Discount/Issuance Costs

Bond discounts and issuance costs for the proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Unamortized bond issuance costs at December 31, 2004, were \$71,243.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

V. Other Information

A. Benefits

The Town has established two contributory benefit plans as follows.

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

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

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. All Town employees are eligible to participate in this plan. Eligibility is at the date of employment. The Town contributes 3% of the employees' compensation to this plan. The Town's contributions vest 40% after two years. The Town's vesting percentage increases 20% each year thereafter, and become fully vested after five years. The assets are valued at market.

The Town's current year covered payroll was \$2,558,900 and current year total payroll was \$2,813,548. During the year, the Town's required and actual contributions amounted to \$76,767, which was 3% of its current year covered payroll.

2. Deferred Compensation Plan - IRC 457

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

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

3. Police Pension 401(a) Plan

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

V. Other Information (continued)

A. Benefits (continued)

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

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

The Town's current year covered payroll was \$757,786 and current year total payroll was \$796,792. During the year, the Town's required and actual contributions amounted to \$60,623.

B. Commitments and Contingencies - Landfill

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

C. Risk Management

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

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

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

Property and Casualty Pool:	<u>%</u>
Loss fund	1.021%
Pooled excess fund	0.977%

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

V. Other Information (continued)

C. Risk Management (continued)

The December 31, 2004, combined financial information is as follows:

Cash and investments	\$ 5,127,502
Other assets	39,317,769
Total	<u>\$ 44,445,271</u>
Liabilities	\$ 29,235,191
Members fund balance	15,210,080
Total	<u>\$ 44,445,271</u>
Total revenue	\$ 17,010,007
Total expense	(18,860,417)
(Deficiency) of Revenue Over Expense	<u>\$ (1,850,410)</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, 2004, the Town does not expect to incur losses in excess of the above coverage.

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

D. Restatement

The Development Dedication fund was recorded as a major fund in the prior year but in the current year has been included in the non-major governmental funds. Additionally, the government-wide beginning governmental activities net asset was restated by \$402,389 to adjust an overstatement in accumulated depreciation.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Carbondale, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	2004		Variance Positive (Negative)	2003
	Original and Final Budget	Actual		Actual
Revenues:				
Taxes	396,100	381,539	(14,561)	379,719
Licenses and permits	155,650	197,912	42,262	175,669
Intergovernmental	385,147	414,674	29,527	477,984
Charges for services	219,970	220,229	259	199,053
Fines and forfeitures	76,000	50,779	(25,221)	57,018
Interest	23,263	47,976	24,713	59,200
Administrative charges	268,639	268,639	-	220,175
Developer reimbursable	20,000	27,299	7,299	86,476
Other	55,700	82,366	26,666	83,020
Total Revenues	1,600,469	1,691,413	90,944	1,738,314
Expenditures:				
General Government:				
Attorney	87,510	128,579	(41,069)	90,273
Municipal elections	9,800	5,047	4,753	6,476
Trustees	75,243	72,097	3,146	79,811
Municipal Court	34,841	32,224	2,617	27,085
Town Manager	307,417	327,146	(19,729)	298,271
Administrative services	263,535	260,439	3,096	222,330
Finance and records	271,085	266,238	4,847	262,106
Planning	208,577	208,078	499	210,946
Data processing	26,150	26,234	(84)	35,678
Building operations	129,017	109,224	19,793	60,874
Motor pool	131,260	119,701	11,559	103,728
Total General Government	1,544,435	1,555,007	(10,572)	1,397,578
Public Safety:				
Police department	1,182,918	1,170,280	12,638	1,170,688
Communications	29,450	30,526	(1,076)	31,806
Building inspection	86,055	84,568	1,487	81,441
Ordinance control	48,958	47,233	1,725	46,250
Total Public Safety	1,347,381	1,332,607	14,774	1,330,185
Public Works:				
Streets, alleys, snow removal	547,109	459,997	87,112	426,599
Public works administration	86,484	82,667	3,817	77,771
Total Public Works	633,593	542,664	90,929	504,370

(continued)

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

Town of Carbondale, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)
(Continued)

	<u>2004</u>		<u>Variance Positive (Negative)</u>	<u>2003</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures (continued):				
Culture and Recreation:				
Recreation	252,490	231,658	20,832	233,818
Municipal pool	117,251	109,179	8,072	119,482
Parks and cemetery	224,485	170,059	54,426	148,118
Economic development	109,606	90,216	19,390	103,290
Community affairs	41,250	22,750	18,500	23,050
Total Culture and Recreation	<u>745,082</u>	<u>623,862</u>	<u>121,220</u>	<u>627,758</u>
Other:				
Landfill reclamation	-	-	-	472
Environmental health and recycling	9,600	13,006	(3,406)	10,315
Transportation	-	-	-	5,784
Contingency	435,497	-	435,497	565,153
Total Other	<u>445,097</u>	<u>13,006</u>	<u>432,091</u>	<u>581,724</u>
Total Expenditures	<u>4,715,588</u>	<u>4,067,146</u>	<u>648,442</u>	<u>4,441,615</u>
(Deficiency) of Revenues Over Expenditures	(3,115,119)	(2,375,733)	739,386	(2,703,301)
Other Financing Sources:				
Sale of fixed assets	-	2,210	2,210	-
Transfers in	2,726,000	3,032,876	306,876	2,571,000
Total Other Financing Sources	<u>2,726,000</u>	<u>3,035,086</u>	<u>309,086</u>	<u>2,571,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(389,119)	659,353	1,048,472	(132,301)
Fund Balance - Beginning	<u>2,326,343</u>	<u>2,666,612</u>	<u>340,269</u>	<u>2,798,913</u>
Fund Balance - Ending	<u>1,937,224</u>	<u>3,325,965</u>	<u>1,388,741</u>	<u>2,666,612</u>

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

Town of Carbondale, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Recreation Sales and Use Tax Fund
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	2004			2003
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Sales tax revenue	381,000	417,123	36,123	393,944
Use tax - Building permits	32,200	44,263	12,063	31,030
Investment earnings	15,781	34,074	18,293	17,694
Intergovernmental	-	440	440	73,460
Other income	-	7,719	7,719	537
Total Revenues	428,981	503,619	74,638	516,665
Expenditures:				
Design	15,000	27,712	(12,712)	23,335
Park improvements	176,000	160,908	15,092	243,338
Trail improvements	83,000	35,121	47,879	-
Riding area and building	10,000	6,790	3,210	113,035
Skate park	-	37,917	(37,917)	209,948
Salaries and benefits	57,642	52,197	5,445	34,174
Park and recreation facilities	31,381	54,231	(22,850)	141,754
Contingency	1,509,026	-	1,509,026	-
Total Expenditures	1,882,049	374,876	1,507,173	765,584
Excess (Deficiency) of Revenues Over Expenditures	(1,453,068)	128,743	1,581,811	(248,919)
Other Financing Sources (Uses):				
Operating transfers (out)	(125,000)	(431,321)	(306,321)	(121,000)
Bond proceeds	-	2,209,901	2,209,901	-
Total Other Financing (Uses)	(125,000)	1,778,580	1,903,580	(121,000)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing (Uses)	(1,578,068)	1,907,323	3,485,391	(369,919)
Fund Balance - Beginning	1,578,068	1,680,850	102,782	2,050,769
Fund Balance - Ending	-	3,588,173	3,588,173	1,680,850

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

Town of Carbondale, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Sales and Use Tax Fund
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			Final Budget Variance Positive (Negative)	<u>2003</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Sales tax	2,255,500	2,255,500	2,501,910	246,410	2,362,968
Use tax	192,800	192,800	266,062	73,262	186,178
Investment earnings	195	195	258	63	192
Total Revenues	<u>2,448,495</u>	<u>2,448,495</u>	<u>2,768,230</u>	<u>319,735</u>	<u>2,549,338</u>
Expenditures:					
Miscellaneous	-	-	19	19	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>19</u>	<u>19</u>	<u>-</u>
Excess of Revenues Over Expenditures	2,448,495	2,448,495	2,768,211	319,735	2,549,338
Other Financing (Uses):					
Operating transfers (out)	(2,415,000)	(2,815,000)	(2,737,697)	77,303	(2,540,416)
Total Other Financing (Uses)	<u>(2,415,000)</u>	<u>(2,815,000)</u>	<u>(2,737,697)</u>	<u>77,303</u>	<u>(2,540,416)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing (Uses)	33,495	(366,505)	30,514	397,019	8,922
Fund Balance - Beginning	<u>339,946</u>	<u>339,946</u>	<u>393,178</u>	<u>53,232</u>	<u>384,256</u>
Fund Balance (Deficit) - Ending	<u>373,441</u>	<u>(26,559)</u>	<u>423,692</u>	<u>450,251</u>	<u>393,178</u>

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

Town of Carbondale, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Bond Fund
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			Final Budget Variance Positive (Negative)	<u>2003</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Investment earnings	-	-	126	126	1,417
Total Revenues	-	-	126	126	1,417
Expenditures:					
Bond principal	-	-	-	-	298,023
Bond issuance costs	-	-	99,323	(99,323)	-
Bond interest	-	-	35,332	(35,332)	70,155
Agents fee	-	-	225	(225)	402
Total Expenditures	-	-	134,880	(134,880)	368,580
(Deficiency) of Revenues Over Expenditures	-	-	(134,754)	(134,754)	(367,163)
Other Financing Sources (Uses):					
Operating transfers in (out)	-	(100,834)	150,655	251,489	271,877
Total Other Financing Sources (Uses)	-	(100,834)	150,655	251,489	271,877
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	-	(100,834)	15,901	116,735	(95,286)
Fund Balance - Beginning	-	-	-	-	95,286
Fund Balance (Deficit) - Ending	-	(100,834)	15,901	116,735	-

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

Town of Carbondale, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Bond Reserve Fund
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			Final Budget Variance Positive (Negative)	<u>2003</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Investment earnings	-	-	1,373	1,373	1,816
Total Revenues	-	-	1,373	1,373	1,816
Expenditures:					
Principal	-	-	-	-	273,467
Total Expenditures	-	-	-	-	273,467
Excess (Deficiency) of Revenues Over Expenditures	-	-	1,373	1,373	(271,651)
Other Financing Sources (Uses):					
Operating transfers in (out)	-	100,834	171,487	70,653	(1,461)
Total Other Financing Sources (Uses)	-	100,834	171,487	70,653	(1,461)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	-	100,834	172,860	72,026	(273,112)
Fund Balance - Beginning	-	-	-	-	273,112
Fund Balance - Ending	-	100,834	172,860	72,026	-

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

SUPPLEMENTARY INFORMATION

Town of Carbondale, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Capital Projects Fund
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	2004		Variance Positive (Negative)	2003
	Original and Final Budget	Actual		Actual
Revenues:				
Investment earnings	-	10,070	10,070	8,123
Total Revenues	-	10,070	10,070	8,123
Expenditures:				
Highway 133 path Intersection	-	-	-	13
Contribution for RFTA Park 'n Ride	-	2,225	(2,225)	-
Street resurfacing	200,000	200,399	(399)	-
	831,753	16,836	814,917	11,011
Total Expenditures	1,031,753	219,460	812,293	11,024
(Deficiency) of Revenues Over Expenditures	(1,031,753)	(209,390)	(802,223)	(2,901)
Other Financing Sources (Uses):				
Operating transfers in (out)	-	(100,000)	100,000	5,000
Total Other Financing Sources (Uses)	-	(100,000)	100,000	5,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	(1,031,753)	(309,390)	722,363	2,099
Fund Balance - Beginning	1,031,753	1,032,152	399	1,030,053
Fund Balance - Ending	-	722,762	722,762	1,032,152

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, 2004
(With Comparative Actual Amounts for 2003)

	Water Fund				Wastewater Fund			
	2004		2003		2004		2003	
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:								
Service fees	805,644	767,019	(38,625)	688,417	788,770	827,866	39,096	768,257
Meter sales and installation fee	25,500	32,313	6,813	19,920	-	-	-	-
Penalty assessments	2,850	2,240	(610)	2,749	2,825	2,418	(407)	3,067
Investment income	6,852	15,447	8,595	13,623	25,280	27,734	2,454	23,733
Grants, contributions, and tap fees	320,040	327,458	7,418	630,591	335,400	368,911	33,511	668,122
Miscellaneous	4,361	12,432	8,071	5,342	4,820	7,808	2,988	5,569
Total Revenues	1,165,247	1,156,909	(8,338)	1,360,642	1,157,095	1,234,737	77,642	1,468,748
Operating Expenses:								
Salaries	292,722	302,476	(9,754)	255,938	239,169	235,410	3,759	218,235
Overtime	6,500	5,518	982	1,960	7,500	6,381	1,119	6,801
Fringe benefits and employment taxes	75,775	87,726	(11,951)	74,964	64,967	68,130	(3,163)	66,434
Office expense	5,500	9,144	(3,644)	5,427	4,200	7,405	(3,205)	5,375
Supplies	2,900	1,262	1,638	2,976	5,250	6,883	(1,633)	4,044
Chemicals	7,000	5,724	1,276	4,590	9,000	8,277	723	7,799
Lab and safety equipment	2,000	4,871	(2,871)	9,490	3,000	3,271	(271)	9,523
Vehicle	11,750	14,761	(3,011)	6,727	17,800	6,890	10,910	5,845
Repair and maintenance - Building	18,000	59,070	(41,070)	34,800	22,500	24,779	(2,279)	27,799
Repair and maintenance - Equipment	43,500	36,871	6,629	19,477	50,500	38,994	11,506	30,405
Repair and maintenance - Other	24,900	24,237	663	16,640	3,200	2,254	946	-
Utilities	55,000	56,356	(1,356)	60,801	114,150	129,226	(15,076)	96,883
Professional fees	38,000	64,969	(26,969)	157,539	6,000	1,460	4,540	13,512
Permit and lab fees	5,000	17,554	(12,554)	12,195	10,000	4,561	5,439	11,185
Administrative fees	128,395	128,395	-	107,567	140,244	140,244	-	112,608
Contract meter readings	6,000	5,468	532	5,167	-	-	-	-
Hazardous waste day	-	-	-	-	8,500	-	8,500	102
Miscellaneous	13,050	6,359	6,691	5,717	16,494	40,261	(23,767)	1,257
Loan principal	-	95,337	(95,337)	94,642	264,677	238,581	26,096	233,279
Loan interest	161,600	66,400	95,200	70,756	33,571	33,571	-	40,926
Loan administrative fee	-	-	-	-	19,000	18,620	380	18,620
Capital outlay	220,500	116,748	103,752	76,304	531,750	175,379	356,371	19,637
Total Expenses	1,118,092	1,109,246	8,846	1,023,677	1,571,472	1,190,577	380,895	930,269
Excess (Deficiency) of Revenues Over Expenditures Budget (Non-GAAP) Basis	47,155	47,663	508	336,965	(414,377)	44,160	458,537	538,479
Reconciliation to GAAP Basis:								
Capitalized assets		116,748		76,304		175,379		19,637
Principal payments		95,337		94,642		238,581		233,279
Depreciation		(226,300)		(219,365)		(439,555)		(440,219)
Amortization of bond issue costs		(12,680)		(13,564)		(1,935)		(2,529)
Net Income - GAAP Basis		20,768		274,982		16,630		348,647

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

**Town of Carbondale, Colorado
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2004**

	Special Revenue							Total Non-Major Governmental Funds	
	Conservation Trust	Victims Assistance	Highway 133	CHFA Mortgage	Streetscape	Community Enhancement	Development Dedication	Lodging Tax	
Assets:									
Cash	72,131	14,258	74,497	35,445	194,428	9,409	1,559,922	-	1,960,090
Other receivables	-	-	12,784	-	1,316	-	-	75	14,175
Due from other funds	-	-	20,000	-	-	-	-	-	20,000
Property taxes receivables	-	-	-	-	135,000	-	-	-	135,000
Total Assets	72,131	14,258	107,281	35,445	330,744	9,409	1,559,922	75	2,129,265
Liabilities:									
Due to other funds	-	-	-	4,872	-	-	-	-	4,872
Deferred revenue	-	-	-	-	135,000	-	-	-	135,000
Total Liabilities	-	-	-	4,872	135,000	-	-	-	139,872
Fund Balance:									
Unreserved	72,131	14,258	107,281	30,573	195,744	9,409	1,559,922	75	1,989,393
Total Fund Balance	72,131	14,258	107,281	30,573	195,744	9,409	1,559,922	75	1,989,393
Total Liabilities and Fund Balance	72,131	14,258	107,281	35,445	330,744	9,409	1,559,922	75	2,129,265

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, 2004

	Special Revenue							Total Non-major Governmental Funds	
	Conservation Trust	Victims Assistance	Highway 133	CHFA Mortgage	Streetscape	Community Enhancement	Development Dedication		Lodging Tax
Revenues:									
Taxes	-	-	69,791	-	148,740	-	-	59,326	277,857
Intergovernmental revenue	50,037	-	-	-	-	-	-	-	50,037
Fines and forfeitures	-	12,432	-	-	-	-	-	-	12,432
Interest	892	179	716	409	1,893	9	22,542	75	26,715
Miscellaneous	-	-	-	1,910	-	3,746	177,394	-	183,050
Total Revenues	<u>50,929</u>	<u>12,611</u>	<u>70,507</u>	<u>2,319</u>	<u>150,633</u>	<u>3,755</u>	<u>199,936</u>	<u>59,401</u>	<u>550,091</u>
Expenditures:									
Public safety	-	8,098	-	-	-	-	-	-	8,098
Public works	-	-	74,075	-	2,774	-	-	-	76,849
Culture and recreation	60,887	-	-	-	-	-	-	59,326	120,213
Total Expenditures	<u>60,887</u>	<u>8,098</u>	<u>74,075</u>	<u>-</u>	<u>2,774</u>	<u>-</u>	<u>-</u>	<u>59,326</u>	<u>205,160</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(9,958)</u>	<u>4,513</u>	<u>(3,568)</u>	<u>2,319</u>	<u>147,859</u>	<u>3,755</u>	<u>199,936</u>	<u>75</u>	<u>344,931</u>
Other Financing Sources (Uses):									
Operating transfers in (out)	-	-	20,000	-	100,000	-	(206,000)	-	(86,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>(206,000)</u>	<u>-</u>	<u>(86,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(9,958)</u>	<u>4,513</u>	<u>16,432</u>	<u>2,319</u>	<u>247,859</u>	<u>3,755</u>	<u>(6,064)</u>	<u>75</u>	<u>258,931</u>
Fund Balance (Deficit) - Beginning	<u>82,089</u>	<u>9,745</u>	<u>90,849</u>	<u>28,254</u>	<u>(52,115)</u>	<u>5,654</u>	<u>1,565,986</u>	<u>-</u>	<u>1,730,462</u>
Fund Balance - Ending	<u>72,131</u>	<u>14,258</u>	<u>107,281</u>	<u>30,573</u>	<u>195,744</u>	<u>9,409</u>	<u>1,559,922</u>	<u>75</u>	<u>1,989,393</u>

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

Town of Carbondale, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Funds
Conservation Trust Fund
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	2004		Variance Positive (Negative)	2003
	Original and Final Budget	Actual		Actual
Revenues:				
Intergovernmental revenue	51,000	50,037	(963)	52,508
Interest	769	892	123	645
Total Revenues	51,769	50,929	(840)	53,153
Expenditures:				
Capital purchases	7,400	6,857	543	14,581
Park improvements	33,000	34,510	(1,510)	6,067
Trail improvements	-	-	-	1,000
Equipment	30,000	19,520	10,480	-
Miscellaneous	20,000	-	20,000	26,845
Total Expenditures	90,400	60,887	29,513	48,493
Excess (Deficiency) of Revenues Over Expenditures	(38,631)	(9,958)	28,673	4,660
Fund Balance - Beginning	76,928	82,089	5,161	77,429
Fund Balance - Ending	38,297	72,131	33,834	82,089

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

Town of Carbondale, Colorado
Schedule of Revenues, Expenditures and Change in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Funds
Victims Assistance Fund
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	2004		Variance Positive (Negative)	2003
	Original and Final Budget	Actual		Actual
Revenues:				
Fines and surcharge	22,800	12,432	(10,368)	14,987
Interest	-	179	179	83
Total Revenues	22,800	12,611	(10,189)	15,070
Expenditures:				
Victim's assistance	38,864	8,098	30,766	7,853
Miscellaneous	500	-	500	60
Total Expenditures	39,364	8,098	31,266	7,913
Excess (Deficiency) of Revenues Over Expenditures	(16,564)	4,513	21,077	7,157
Fund Balance - Beginning	16,564	9,745	(6,819)	2,588
Fund Balance - Ending	-	14,258	14,258	9,745

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

Town of Carbondale, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP) Basis and Actual
Special Revenue Funds
Highway 133 Fund
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	Original and Final Budget	Actual	Variance Positive (Negative)	2003 Actual
Revenues:				
RTA tax	65,000	69,791	4,791	65,105
Intergovernmental revenue	-	-	-	27,508
Interest	-	716	716	533
Total Revenues	65,000	70,507	5,507	93,146
Expenditures:				
Highway 133 construction	85,000	74,075	10,925	238,391
Total Expenditures	85,000	74,075	10,925	238,391
(Deficiency) of Revenues Over Expenditures	(20,000)	(3,568)	16,432	(145,245)
Other Financing Sources:				
Operating transfers in	20,000	20,000	-	115,000
Total Other Financing Sources	20,000	20,000	-	115,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	-	16,432	16,432	(30,245)
Fund Balance - Beginning	-	90,849	90,849	121,094
Fund Balance - Ending	-	107,281	107,281	90,849

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

Town of Carbondale, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Funds
CHFA Mortgage Fund
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>		Variance Positive (Negative)	<u>2003</u>
	Original and Final Budget	Actual		Actual
Revenues:				
Fannie Mae mortgage fee	800	1,910	1,110	1,532
Grant revenue	-	4,872	4,872	-
Interest	295	409	114	277
Total Revenues	<u>1,095</u>	<u>7,191</u>	<u>6,096</u>	<u>1,809</u>
Expenditures:				
Mortgage purchase	28,640	-	28,640	-
Grant expense	-	4,872	(4,872)	-
Total Expenditures	<u>28,640</u>	<u>4,872</u>	<u>23,768</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(27,545)	2,319	29,864	1,809
Fund Balance - Beginning	<u>27,545</u>	<u>28,254</u>	<u>709</u>	<u>26,445</u>
Fund Balance - Ending	<u>-</u>	<u>30,573</u>	<u>30,573</u>	<u>28,254</u>

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

Town of Carbondale, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Funds
Streetscape Fund
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			<u>2003</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Property tax	132,000	132,609	609	124,651
Specific ownership tax	12,000	15,561	3,561	14,482
Delinquent tax and interest	-	570	570	514
Interest income	-	1,893	1,893	1,470
Total Revenues	<u>144,000</u>	<u>150,633</u>	<u>6,633</u>	<u>141,117</u>
Expenditures:				
Treasurer fee	2,800	2,664	136	2,503
Streetscape improvements	159,061	110	158,951	4,259
Miscellaneous	500	-	500	-
Design	-	-	-	6,649
Total Expenditures	<u>162,361</u>	<u>2,774</u>	<u>159,587</u>	<u>13,411</u>
Excess (Deficiency) of Revenues Over Expenditures	(18,361)	147,859	166,220	127,706
Other Financing Sources (Uses):				
Operating transfers in (out)	-	100,000	100,000	(100,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>(100,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	(18,361)	247,859	266,220	27,706
Fund Balance (Deficit) - Beginning	<u>18,361</u>	<u>(52,115)</u>	<u>(70,476)</u>	<u>(79,821)</u>
Fund Balance (Deficit) - Ending	<u>-</u>	<u>195,744</u>	<u>195,744</u>	<u>(52,115)</u>

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

Town of Carbondale, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Funds
Community Enhancement Fund
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			<u>2003</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Community enhancement	2,000	3,746	1,746	3,643
Interest	6	9	3	6
Total Revenues	<u>2,006</u>	<u>3,755</u>	<u>1,749</u>	<u>3,649</u>
Expenditures:				
Community projects	7,660	-	7,660	-
Total Expenditures	<u>7,660</u>	<u>-</u>	<u>7,660</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,654)	3,755	9,409	3,649
Fund Balance - Beginning	<u>5,654</u>	<u>5,654</u>	<u>-</u>	<u>2,005</u>
Fund Balance - Ending	<u>-</u>	<u>9,409</u>	<u>9,409</u>	<u>5,654</u>

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

Town of Carbondale, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Special Revenue Funds
Development Dedication Fund
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	2004			2003
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Park development fee	3,500	14,000	10,500	10,313
General development fee	185,000	163,394	(21,606)	121,222
Investment earnings	15,493	22,542	7,049	30,494
Total Revenues	203,993	199,936	(4,057)	162,029
Expenditures:				
Reserve	100,000	-	100,000	-
Total Expenditures	100,000	-	100,000	-
Excess of Revenues Over Expenditures	103,993	199,936	95,943	162,029
Other Financing (Uses):				
Operating transfers (out)	(206,000)	(206,000)	-	(200,000)
Total Other Financing (Uses)	(206,000)	(206,000)	-	(200,000)
(Deficiency) of Revenues Over Expenditures and Other Financing (Uses)	(102,007)	(6,064)	95,943	(37,971)
Fund Balance - Beginning	1,549,251	1,565,986	16,735	1,603,957
Fund Balance - Ending	1,447,244	1,559,922	112,678	1,565,986

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

Town of Carbondale, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Special Revenue Funds
Lodging Tax Fund
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>		<u>Variance</u>	<u>2003</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Lodging tax	80,000	59,326	(20,674)	-
Investment earnings	800	75	(725)	-
Total Revenues	<u>80,800</u>	<u>59,401</u>	<u>(21,399)</u>	<u>-</u>
Expenditures:				
Chamber of Commerce	80,800	59,326	21,474	-
Total Expenditures	<u>80,800</u>	<u>59,326</u>	<u>21,474</u>	<u>-</u>
Excess of Revenues Over Expenditures	-	75	75	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u><u>-</u></u>	<u><u>75</u></u>	<u><u>75</u></u>	<u><u>-</u></u>

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

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

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town
	YEAR ENDING : December 2004
This Information From The Records Of: Town of Carbondale	Prepared By: Nancy Barnett Phone: 970/963-2733

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

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for non-highway 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)	90,910
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	361,318
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+ b.)		a. Traffic control operations	5,221
2. General fund appropriations	631,913	b. Snow and ice removal	28,838
3. Other local imposts (from page 2)	157,551	c. Other	39,926
4. Miscellaneous local receipts (from page 2)	36,175	d. Total (a. through c.)	73,985
5. Transfers from toll facilities		4. General administration & miscellaneous	42,242
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	487,446
a. Bonds - Original Issues		6. Total (1 through 5)	1,055,901
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)	825,639	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	156,109	2. Notes:	
D. Receipts from Federal Government (from page 2)	74,153	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,055,901	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)	1,055,901

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
		1,055,901	1,055,901		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2004	
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	87,760	a. Interest on investments	10,786
b. Other local imposts:		b. Traffic Fines & Penalties	25,389
1. Sales Taxes	69,791	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	69,791	h. Other	
c. Total (a. + b.)	157,551	i. Total (a. through h.)	36,175
	(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	136,336	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	19,773	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	74,153
f. Total (a. through e.)	19,773	g. Total (a. through f.)	74,153
4. Total (1. + 2. + 3.f)	156,109	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		90,910	90,910
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	90,910
			(Carry forward to page 1)
Notes and Comments:			