

Town of Carbondale, Colorado

Financial Report

December 31, 2007



**Town of Carbondale, Colorado
Financial Report
December 31, 2007**

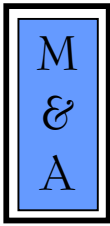
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INDEPENDENT AUDITOR'S REPORT

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, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town's non-major governmental funds as presented in the accompanying combining and individual fund financial statements and schedules as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the management of the Town. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Carbondale, Colorado, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Performing services for local governments throughout Colorado

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Members: American Institute of Certified Public Accountants/Colorado Society of Certified Public Accountants
National and Colorado Government Finance Officers Association/Colorado Municipal League

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

McMahan and Associates, L.L.C.
May 30, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS



Town of Carbondale, Colorado

Management's Discussion and Analysis December 31, 2007

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, 2007.

Financial Highlights

- In 2007, the Town started the construction of the new Town recreation center. The center opened for operations in March 2008.
- The Town's governmental fund balances decreased -\$2,001,099 and the Town's business-type activities decreased \$782,344. The governmental fund balance decrease is related to construction expenditures on the Town's new recreation center.

Overview of the Financial Statements

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

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

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

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

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

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

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

Overview of the Financial Statements (continued)

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

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

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

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

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

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

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

Government-wide financial analysis: As previously mentioned, the government-wide financial statements are designed to provide readers with a broad overview and long-term analysis of the Town's finances, in a manner similar to a private-sector business.

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued):

The following graph shows the Town's net assets for 2007:

Town of Carbondale's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	11,579,867	13,102,572	4,374,167	3,972,493	15,954,034	17,075,065
Capital assets	11,651,627	7,727,857	16,136,903	16,232,328	27,788,530	23,960,185
Total assets	23,231,494	20,830,429	20,511,070	20,204,821	43,742,564	41,035,250
Other liabilities	1,588,359	1,113,218	(29,409)	64,048	1,558,950	1,177,266
Long-term liabilities outstanding	2,470,000	2,565,000	1,060,277	1,442,916	3,530,277	4,007,916
Total liabilities	4,058,359	3,678,218	1,030,868	1,506,964	5,089,227	5,185,182
Net assets:						
Invested in capital assets, net of related debt	9,292,615	5,162,857	15,076,626	14,789,412	24,369,241	19,952,269
Restricted	496,701	262,700	-	-	496,701	262,700
Unrestricted	9,383,819	11,726,654	4,403,576	3,908,445	13,787,395	15,635,099
Total net assets	\$ 19,173,135	17,152,211	19,480,202	18,697,857	38,653,337	35,850,068

The largest portion of the Town's assets is reflected in the investment in capital assets (i.e. land, buildings, improvements, and equipment). Capital assets account for 63% of the total assets. The Town uses these assets to provide services to its citizens. The Town's remaining assets are generally available to pay liabilities or fund operations. At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The Town's capital assets increased due to the purchase of vehicles and equipment. Maturing for the Town's remaining debt are as follows; the Town's 1997A bond issues is scheduled to be retired in 2007; the Town's 1998B issue will be retired in 2015, the Town's 2004 issue will be retired in 2024, the Town's 2006 issue will retire in 2024 and the Town's 2006 supplemental interest coupon will retire in 2010. Additional information regarding the Town's long-term debt is available in Section D of the footnotes.

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

	Balance 1/1/07	Additions	Deletions	Balance 12/31/07
Emergency reserve	\$ 168,500	38,124	-	206,624
Parking	26,700	4,700	-	31,400
Manager contract	67,500	258,677	(67,500)	258,677
Total	\$ 262,700	301,501	(67,500)	496,701

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued):

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

Town of Carbondale's Changes in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
REVENUES:						
Program revenues:						
Charges for services	\$ 879,639	\$ 887,371	2,482,988	2,041,189	3,362,627	2,928,560
Operating grants and contributions	766,339	657,844	-	-	766,339	657,844
Capital grants and contributions	936,836	6,100	952,199	689,746	1,889,035	695,846
General revenues:						
Property taxes	354,166	349,994	-	-	354,166	349,994
Sales and use taxes	4,756,927	4,174,148	-	-	4,756,927	4,174,148
Other taxes	516,164	425,872	-	-	516,164	425,872
Interest and other revenue	698,330	623,967	152,175	144,759	850,505	768,726
Total Revenues	8,908,401	7,125,296	3,587,362	2,875,694	12,495,763	10,000,990
EXPENSES:						
General government	2,487,849	1,723,584	-	-	2,487,849	1,723,584
Public safety	1,645,619	1,551,071	-	-	1,645,619	1,551,071
Public works	1,010,461	565,453	-	-	1,010,461	565,453
Culture and recreation	1,604,410	1,507,549	-	-	1,604,410	1,507,549
Interest	115,315	95,324	-	-	115,315	95,324
Affordable housing	23,823	13,542	-	-	23,823	13,542
Water	-	-	1,314,335	1,169,689	1,314,335	1,169,689
Wastewater	-	-	1,490,682	1,036,872	1,490,682	1,036,872
Total Expenses	6,887,477	5,456,523	2,805,017	2,206,561	9,692,494	7,663,084
Change in Net Assets	2,020,924	1,668,773	782,345	669,133	2,803,269	2,337,906
Net Assets - Beginning	17,152,211	15,483,438	18,697,857	18,028,724	35,850,068	33,512,162
Net Assets - Ending	\$ 19,173,135	17,152,211	19,480,202	18,697,857	38,653,337	35,850,068

The following provide additional insight into the above chart:

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

Overview of the Financial Statements (continued)

Governmental activities: Governmental activities increased the Town's net assets by \$2,020,928. Key elements of this increase are as follows:

- The Town capitalized \$4,360,298 in fixed asset additions during 2007. The majority of this increase was relating to the recreation center.

Business-type activities: Business-type activities increased the Town's net assets by \$782,345. Key elements of this increase are as follows:

- Assets totaling \$602,284 were capitalized between the Water Fund and Wastewater Fund in 2007.
- The Water Fund and Wastewater Fund had net income of \$472,196 and \$310,149 respectively. On a cash basis, the Funds cumulatively increased their cash and investment holdings by \$445,696.

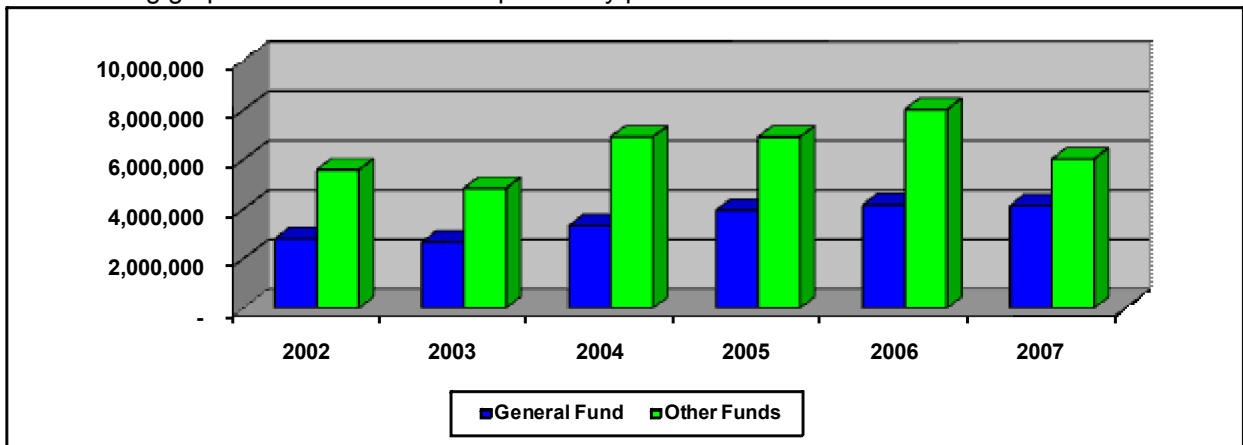
Financial Analysis of the Town's Funds

As mentioned on page B2 of this analysis, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,164,178; a decrease of -\$2,029,298 from the prior year's ending fund balances. The following details ending fund balances for the past several years:

Fund	2002	2003	2004	2005	2006	2007
General	2,798,913	2,666,612	3,325,965	3,943,569	4,172,128	4,138,332
Sales and Use	384,256	393,178	423,692	465,802	318,141	372,610
Recreation Sales and Use	2,050,769	1,680,850	3,588,173	3,667,583	4,214,290	2,301,633
Bond and Bond Reserve	368,398	-	188,761	195,332	208,255	193,921
Capital Projects	1,030,053	1,032,152	722,762	149,733	738,019	587,542
Other Governmental	1,753,697	1,730,462	1,989,393	2,430,492	2,542,643	2,570,140
Total	8,386,086	7,503,254	10,238,746	10,852,511	12,193,476	10,164,178

As indicated on the table above, the Town's fund balances were consistent with the prior year except for recreation sales and use tax which decreased due to recreation center expenditures. The following graph is based on the table previously presented:



Financial Analysis of the Town's Funds (continued)

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

Cash in the Water Fund at the end of the current fiscal year was \$1,246,646. The Wastewater Fund had cash of \$2,848,730.

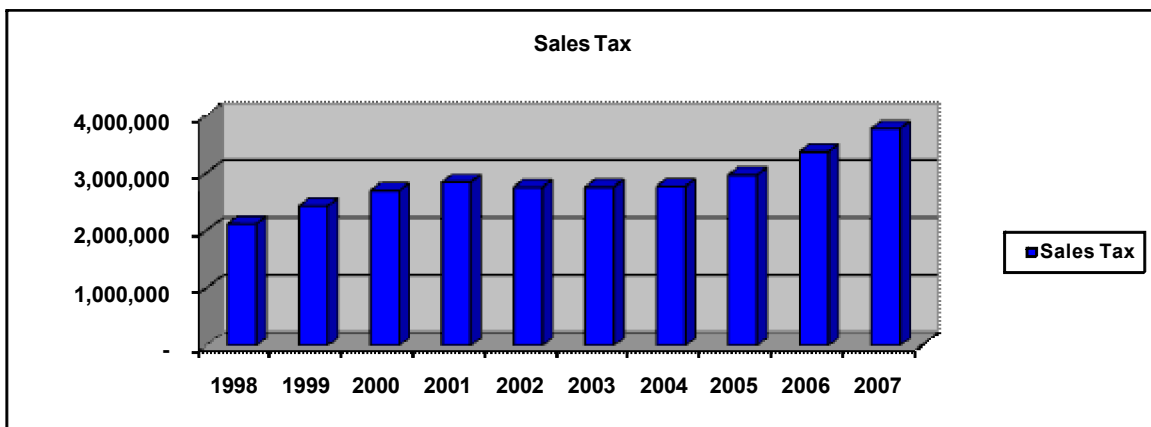
Budget variances in the General Fund: The Town's General Fund revenues were over budget by \$210,855; General Fund expenditures were under budget by \$469,530. The General Fund's significant budget variances are detailed as follows:

	Variance Positive (Negative)	Reason
Revenues:		
Taxes	41,491	Franchise Tax increase
Intergovernmental	244,873	Mineral leasing, Road & Bridge, Grants
Expenditures:		
Affordable housing	100,000	Housing Acquisition to Keator
Parks and cemetery	68,143	Vehicle purchase, maintenance expenditures
Contingency	162,111	Less unanticipated expenditures

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

Long-term debts: As of the end of the current fiscal year, the Town had \$3,816,917 in long-term debts. Additional information regarding the Town's debt can be found in Section D of this report.

Sales tax: The Town has a 3.5% sales tax that is used to fund its governmental operations. One half percent of the tax is dedicated to recreation expenditures. Sales tax increased from 2006 by approximately 13.8%. The following chart indicates changes in the sales tax:



Financial Analysis of the Town's Funds (continued)

Next year's budget and rates: The Town's General Fund balance at the end of fiscal year 2007 was \$4,138,333. The Town anticipates using \$1,347,031 of accumulated fund balance.

Other information: The Town has budgeted \$2.5 Million in capital improvement projects including Colorado Meadows, Colorado Avenue and phase II of the Town's streetscape plan. The Town has also dedicated \$140,000 toward a town energy management plan. Completion and opening of the Town's new recreation center is planned for 2008. The Town has increased ordinance enforcement in the Town building and police departments. 1% of projected General Fund revenue has been allocated for community projects.

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, 2007

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	10,237,616	4,095,376	14,332,992
Receivables, net:			
Taxes	722,987	-	722,987
Accounts	-	226,153	226,153
Other	322,327	-	322,327
Intergovernmental	54,741	504	55,245
Prepaid expenses	126,906	15,303	142,209
Bond issuance costs, net	110,988	36,831	147,819
Inventories	4,302	-	4,302
Capital assets, net	11,651,627	16,136,903	27,788,530
Total Assets	<u>23,231,494</u>	<u>20,511,070</u>	<u>43,742,564</u>
Liabilities:			
Accounts payable	493,258	-	493,258
Deferred revenue	246,874	152,374	399,248
Other liabilities	365,654	5,103	370,757
Compensated absences	274,611	12,029	286,640
Accrued interest and bond premium	9,047	-	9,047
Due to (from) other funds	198,915	(198,915)	-
Bonded debt payable:			
Due within one year	105,000	110,841	215,841
Due in more than one year	2,365,000	949,436	3,314,436
Total Liabilities	<u>4,058,359</u>	<u>1,030,868</u>	<u>5,089,227</u>
Net Assets:	9,292,615		
Invested in capital assets, net of related debt	9,292,615	15,076,626	24,369,241
Restricted for other purposes	496,701	-	496,701
Unrestricted	9,383,819	4,403,576	13,787,395
Total Net Assets	<u>19,173,135</u>	<u>19,480,202</u>	<u>38,653,337</u>

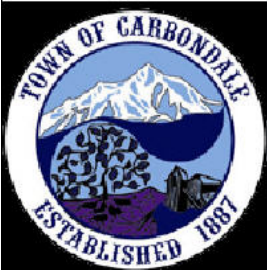
The accompanying notes are an integral part of these financial statements.

Town of Carbondale, Colorado
Statement of Activities
For the Year Ended December 31, 2007

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental activities:							
General government	2,487,849	637,527	285,984	436,836	(1,127,502)	-	(1,127,502)
Public safety	1,645,619	43,166	3,219	-	(1,599,234)	-	(1,599,234)
Public works	1,010,461	-	413,264	-	(597,197)	-	(597,197)
Culture and recreation	1,604,410	170,566	60,372	500,000	(873,472)	-	(873,472)
Affordable housing	23,823	28,380	3,500	-	8,057	-	8,057
Interest on long-term debt	115,315	-	-	-	(115,315)	-	(115,315)
Total governmental activities	6,887,477	879,639	766,339	936,836	(4,304,663)	-	(4,304,663)
Business-type activities:							
Water	1,314,335	1,303,148	-	459,496	-	448,309	448,309
Wastewater	1,490,682	1,179,840	-	492,703	-	181,861	181,861
Total business-type activities	2,805,017	2,482,988	-	952,199	-	630,170	630,170
Total	9,692,494	3,362,627	766,339	1,889,035	(4,304,663)	630,170	(3,674,493)
General revenues:							
Taxes:							
Property tax, levied for general purposes					354,166	-	354,166
Specific ownership tax					31,026	-	31,026
Sales and use tax					4,756,927	-	4,756,927
Franchise tax					250,109	-	250,109
Lodging Tax					86,393	-	86,393
Other miscellaneous taxes					148,636	-	148,636
Investment earnings					509,812	128,288	638,100
Miscellaneous					188,518	23,887	212,405
Total general revenues					6,325,587	152,175	6,477,762
Change in Net Assets					2,020,924	782,345	2,803,269
Net Assets - Beginning (restated)					17,152,211	18,697,857	35,850,068
Net Assets - Ending					19,173,135	19,480,202	38,653,337

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

FUND FINANCIAL STATEMENTS



**Town of Carbondale, Colorado
Balance Sheet
Governmental Funds
December 31, 2007**

	General	Recreation Sales and Use Tax	Sales and Use Tax	Capital Construction	Bond	Bond Reserve	Other Governmental Funds	Total Governmental Funds
Assets:								
Cash	4,781,704	2,239,763	97	587,542	21,153	172,768	2,434,588	10,237,615
Receivables, net of allowance for uncollectibles	70,361	(48)	48	-	-	-	-	70,361
Due from other governments	13,970	61,918	371,379	-	-	-	335,552	782,819
Due from other funds	-	-	1,086	-	-	-	337,450	338,536
Property tax receivable	246,874	-	-	-	-	-	176,844	423,718
Prepaid expenses	126,906	-	-	-	-	-	-	126,906
Inventory	4,302	-	-	-	-	-	-	4,302
Total Assets	<u>5,244,117</u>	<u>2,301,633</u>	<u>372,610</u>	<u>587,542</u>	<u>21,153</u>	<u>172,768</u>	<u>3,284,434</u>	<u>11,984,257</u>
Liabilities and Fund Equity:								
Liabilities:								
Accounts/vouchers payable	492,983	-	-	-	-	-	-	492,983
Other liabilities	312,840	-	-	-	-	-	-	312,840
Accrued payroll and related liabilities	53,088	-	-	-	-	-	-	53,088
Due to other funds	-	-	-	-	-	-	537,450	537,450
Deferred property taxes not collectible until subsequent year	246,874	-	-	-	-	-	176,844	423,718
Total Liabilities	<u>1,105,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>714,294</u>	<u>1,820,079</u>
Fund Balance:								
Reserved	496,701	-	-	-	-	-	-	496,701
Unreserved, reported in:								
General	3,641,631	-	-	-	-	-	-	3,641,631
Special revenue	-	2,301,633	372,610	-	-	-	2,570,140	5,244,383
Debt service	-	-	-	-	21,153	172,768	-	193,921
Capital projects	-	-	-	587,542	-	-	-	587,542
Total Fund Balance	<u>4,138,332</u>	<u>2,301,633</u>	<u>372,610</u>	<u>587,542</u>	<u>21,153</u>	<u>172,768</u>	<u>2,570,140</u>	<u>10,164,178</u>
Total Liabilities and Fund Balance	<u>5,244,117</u>	<u>2,301,633</u>	<u>372,610</u>	<u>587,542</u>	<u>21,153</u>	<u>172,768</u>	<u>3,284,434</u>	

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

Town of Carbondale, Colorado
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
December 31, 2007

Governmental Funds Total Fund Balance	\$ 10,164,178
Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	11,651,627
Deferred charges such as bond issuance costs are treated as current transactions on the fund financial statements but are capitalized and amortized on the Statement of Net Assets.	110,988
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of Town long-term liabilities.	(2,753,658)
Governmental Activities Net Assets	<u>\$ 19,173,135</u>

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

Town of Carbondale, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2007

	General	Recreation Sales and Use Tax	Sales and Use Tax	Capital Projects	Bond	Bond Reserve	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	472,941	651,410	3,908,126	-	-	-	361,440	5,393,917
Licenses, permits, and fees	241,592	-	-	-	-	-	-	241,592
Intergovernmental revenue	725,261	500,000	-	-	-	-	63,771	1,289,032
Charges for services	295,160	-	-	-	-	-	-	295,160
Fines and forfeitures	34,718	-	-	-	-	-	8,448	43,166
Investment income	181,062	162,952	2,975	26,257	4,964	8,925	122,666	509,801
Miscellaneous	426,457	101	-	-	-	-	706,694	1,133,252
Total Revenues	2,377,191	1,314,463	3,911,101	26,257	4,964	8,925	1,263,019	8,905,920
Expenditures:								
General government	2,498,382	-	-	-	300	-	25,007	2,523,689
Public safety	1,664,964	-	-	-	-	-	9,641	1,674,605
Public works	755,304	-	-	744,907	-	-	94,888	1,595,099
Culture and recreation	1,043,744	3,702,033	-	-	-	-	164,390	4,910,167
Debt service:								
Principal	-	-	-	-	95,000	-	-	95,000
Interest	-	-	-	-	112,122	-	-	112,122
Total Expenditures	5,962,394	3,702,033	-	744,907	207,422	-	293,926	10,910,682
Excess (Deficiency) of Revenues Over Expenditures	(3,585,203)	(2,387,570)	3,911,101	(718,650)	(202,458)	8,925	969,093	(2,004,762)
Other Financing Sources (Uses):								
Sale of fixed assets	3,663	-	-	-	-	-	-	3,663
Operating transfers in	4,126,382	775,000	-	568,173	191,475	-	51,138	5,712,168
Operating transfers (out)	(568,173)	(300,087)	(3,856,632)	-	-	(12,276)	(975,000)	(5,712,168)
Total Other Financing Sources (Uses)	3,561,872	474,913	(3,856,632)	568,173	191,475	(12,276)	(923,862)	3,663
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	(23,331)	(1,912,657)	54,469	(150,477)	(10,983)	(3,351)	45,231	(2,001,099)
Fund Balance - Beginning (restated)	4,161,663	4,214,290	318,141	738,019	32,136	176,119	2,524,909	12,165,277
Fund Balance - Ending	4,138,332	2,301,633	372,610	587,542	21,153	172,768	2,570,140	10,164,178

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

Town of Carbondale, Colorado
Reconciliation of Revenues, Expenditures and Changes in Fund Balances (Deficit)
of Governmental Funds to the Statement of Activities
December 31, 2007

Governmental Funds Changes in Fund Balances (Deficit)	\$ (2,001,099)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay in excess of depreciation.	3,923,770
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.	88,195
Changes in the Town employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences decreased.	10,058
Governmental Activities Change in Net Assets	<u><u>\$ 2,020,924</u></u>

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

Town of Carbondale, Colorado
Statement of Net Assets
Proprietary Funds
December 31, 2007

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and investments	1,246,646	2,848,730	4,095,376
Accounts receivable	100,284	115,928	216,212
Prepaid expenses	13,529	1,774	15,303
Total current assets	<u>1,360,459</u>	<u>2,966,432</u>	<u>4,326,891</u>
Non-current assets:			
Note receivable	-	10,445	10,445
Bond issuance costs, net of accumulated amortization	36,831	-	36,831
Land	51,048	133,391	184,439
Plant and system	12,550,836	10,239,660	22,790,496
Building and improvements	159,346	423,710	583,056
Machinery and equipment	366,131	684,087	1,050,218
Water rights	221,351	-	221,351
Construction in progress	70,181	134,590	204,771
Accumulated depreciation	(3,037,525)	(5,859,903)	(8,897,428)
Total non-current assets	<u>10,418,199</u>	<u>5,765,980</u>	<u>16,184,179</u>
Total Assets	<u>11,778,658</u>	<u>8,732,412</u>	<u>20,511,070</u>
Liabilities:			
Current liabilities:			
Other liabilities	5,103	1,193	6,296
Deferred revenue	151,180	-	151,180
Due to (from) other fund	98,326	(297,240)	(198,914)
Bonds payable	110,841	-	110,841
Total current liabilities	<u>365,450</u>	<u>(296,047)</u>	<u>69,403</u>
Long-term liabilities:			
Bonds payable - Long-term portion	949,436	-	949,436
Accrued compensated absences	6,122	5,907	12,029
Total long-term liabilities	<u>955,558</u>	<u>5,907</u>	<u>961,465</u>
Total Liabilities	<u>1,321,008</u>	<u>(290,140)</u>	<u>1,030,868</u>
Net Assets:			
Invested in capital assets, net of related debt	9,321,091	5,755,535	15,076,626
Unrestricted	1,136,557	3,267,018	4,403,575
Total Net Assets	<u>10,457,648</u>	<u>9,022,553</u>	<u>19,480,201</u>

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

Town of Carbondale, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2007

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services:			
Service fees	1,197,793	1,111,543	2,309,336
Sale of meters	33,888	-	33,888
Other revenues:			
Penalty assessments	3,611	3,689	7,300
Miscellaneous	25,343	64,607	89,950
Total Operating Revenues	<u>1,260,635</u>	<u>1,179,839</u>	<u>2,440,474</u>
Operating Expenses:			
Operations and maintenance	267,022	479,461	746,483
Personnel costs	379,069	313,588	692,657
Administration	358,935	235,958	594,893
Depreciation	246,070	451,649	697,719
Total Operating Expenses	<u>1,251,096</u>	<u>1,480,656</u>	<u>2,731,752</u>
Operating (Loss)	<u>9,539</u>	<u>(300,817)</u>	<u>(291,278)</u>
Non-operating Revenue (Expenses):			
Investment income	66,400	128,288	194,688
Bond interest	(53,414)	(9,342)	(62,756)
Amortization of bond issuance costs	(9,825)	(684)	(10,509)
Total Non-operating Revenue (Expenses)	<u>3,161</u>	<u>118,262</u>	<u>121,423</u>
(Loss) Before Contributions	12,700	(182,555)	(169,855)
Capital contributions, and tap fees	459,496	492,703	952,199
Change in Net Assets	472,196	310,148	782,344
Total Net Assets - Beginning (restated)	<u>9,985,452</u>	<u>8,712,405</u>	<u>18,697,857</u>
Total Net Assets - Ending	<u>10,457,648</u>	<u>9,022,553</u>	<u>19,480,201</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, 2007

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash received from customers and others	1,236,951	1,130,175	2,367,126
Cash paid for goods, services and employees	(1,012,047)	(1,024,216)	(2,036,263)
Transfers	-	(75,000)	(75,000)
Net Cash Provided (Used) by Operating Activities	<u>250,247</u>	<u>95,566</u>	<u>345,813</u>
Cash Flows From Capital Financing Activities:			
Interest on bonds	(53,414)	(8,658)	(62,072)
Bond principal payment	(106,943)	(275,694)	(382,637)
Proceeds from tap and meter sales	459,496	492,703	952,199
Acquisition of capital assets	(204,227)	(398,067)	(602,294)
Net Cash Provided (Used) by Capital Financing Activities	<u>94,912</u>	<u>(189,716)</u>	<u>(94,804)</u>
Cash Flows From Investing Activities			
Interest received	66,400	128,288	194,688
Net Cash Provided by Investing Activities	<u>66,400</u>	<u>128,288</u>	<u>194,688</u>
Net Increase in Cash and Cash Equivalents	411,559	34,138	445,697
Cash and Cash Equivalents - Beginning	835,086	2,814,594	3,649,680
Cash and Cash Equivalents - Ending	<u>1,246,645</u>	<u>2,848,732</u>	<u>4,095,377</u>
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating (loss)	9,539	(300,817)	(291,278)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation expense	246,070	451,649	697,719
Amortization expense		(684)	(684)
(Increase) decrease in operating accounts receivable	1,659	(2,735)	(1,076)
(Increase) decrease in prepaid expense	(560)	10,259	9,699
(Increase) decrease in notes receivable	-	17,678	17,678
Increase (decrease) in deposits	435	-	435
Increase (decrease) in compensated absences	(6,896)	(4,784)	(11,680)
Transfers	-	(75,000)	(75,000)
Total Adjustments	<u>240,708</u>	<u>396,383</u>	<u>637,091</u>
Net Cash Provided (Used) by Operating Activities	<u>250,247</u>	<u>95,566</u>	<u>345,813</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, 2007

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 Board of Trustees-Manager form of government.

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

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2007
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Government-wide Financial Statements

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

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

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

2. Fund Financial Statements

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

The Town reports the following major governmental funds:

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

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

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2007
(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 and 2006 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 proprietary or business-type funds:

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

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

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

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2007
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

3. Financial Statement Presentation

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

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

D. Financial Statement Accounts

1. Cash and Cash Equivalents

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

2. Investments

Investments are stated at fair value.

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

4. Property Taxes

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2007
(Continued)

D. Financial Statement Accounts (continued)

5. Capital Assets

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

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

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

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

6. Compensated Absences

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

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net assets of governmental activities* as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The \$11,651,628 represents the book value of capital assets at December 31, 2007.

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 \$2,767,743 difference represents \$274,611 in accrued compensated absences, \$2,470,000 in bond debt, \$9,051 in interest payable, \$6,729 of unamortized bond premium and less \$(7,352) in unamortized bond discount.

Another element of the reconciliation states that “Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.” The \$110,988 represents the unamortized bond issuance costs.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2007
(Continued)

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

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes a reconciliation between *net change in fund balances of governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense". The details of this \$3,923,771 difference are capital outlay of \$4,360,298 less depreciation expense of \$436,528.

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 -\$88,195 difference is \$61 in bond premium, less a debt payment of \$95,000, accrued interest of \$(177), \$3,309 of amortized bond premium and discount, and \$3,612 in bond issuance costs.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

As required by Colorado Statutes, the Town followed the required timetable noted below in preparing, approving, and enacting its budget for 2007.

- (1) For the 2007 budget year, prior to August 25, 2006, the County Assessor sent to the Town an assessed valuation of all taxable property within the Town's boundaries.
- (2) The Town Manager, or other qualified person appointed by the Board of Trustees, submitted to the Board of Trustees, on or before October 15, 2006, 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, 2006, a public hearing was held for the budget, the Board of Trustees certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Board of Trustees adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
- (4) After adoption of the budget resolution, the Town may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2007
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2006 were collected in 2007 and taxes certified in 2007 will be collected in 2008. 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:

<u>Fund</u>	<u>Original Appropriation</u>	<u>Supplemental Appropriation</u>
General Fund	6,900,097	7,000,097
Recreation Sales and Use Tax Fund	3,495,015	4,526,645
Bond Fund	169,743	209,743
Bond Reserve Fund	9,165	11,400
Lodging Tax Fund	62,300	90,300
1% of Arts	-	15,000

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

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 \$206,624 for TABOR purposes.

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

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2007
(Continued)

IV. Detailed Notes on all Funds

A. Deposits

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

The Town's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). This FDIC insures the first \$100,000 of the Town's deposits at each financial institution. Deposit balances over \$100,000 are collateralized as required by PDPA. The carrying amount of the Town's demand deposit was \$6,472,426. Petty cash totaled \$428.

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

	Standard & Poors Rating	Carrying amounts	Maturities	
			Less than one year	Less than five years
Deposits:				
Petty cash	Not Rated	428	428	
Demand deposits	Not Rated	6,469,721	6,469,721	
Certificates of Deposit	Not Rated	3,417,854		3,417,854
Savings and money market	Not Rated	2,705	2,705	
Investments:				
Investment pools	AAAm	4,442,284	4,442,284	
		<u>\$ 14,332,992</u>		

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

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

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2007
(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	Development Dedication	Lodging Tax	Water	Wastewater	Total
Receivables:										
Accounts	-	-	-	-	-	-	-	99,780	115,928	215,708
Other	70,361	(48)	48	41,987	-	287,011	5,725	-	-	405,084
Intergovernmental	13,970	61,918	371,379	-	829	-	-	504	-	448,600
Gross receivables	84,331	61,870	371,427	41,987	829	287,011	5,725	100,284	115,928	1,069,392
Less: allowance for uncollectible	-	-	-	-	-	-	-	-	-	-
Net receivables	\$ 84,331	61,870	371,427	41,987	829	287,011	5,725	100,284	115,928	1,069,392

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 \$423,718 of deferred revenue for property taxes levied in 2007 but not available until 2008.

C. Note Receivable - Wastewater

The Town entered into a note with the Colorado Rocky Mountain School, Inc. (the "School") for payment of tap fees on property owned by the School. The note's principal is \$116,760 and requires monthly principal and interest payments of \$1,194 through July 1, 2008. The balance outstanding as of December 31, 2007 is \$23,019.

D. Note Receivable – Mountain Sage

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2007
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Capital Assets

Capital asset activity for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 2,064,373	55,130	-	2,119,503
Construction in progress	542,913	3,485,821	-	4,028,734
Total capital assets, not being depreciated	<u>2,607,286</u>	<u>3,540,951</u>	<u>-</u>	<u>6,148,237</u>
Capital assets, being depreciated:				
Infrastructure	2,328,188	333,798	-	2,661,986
Buildings	2,442,928	-	-	2,442,928
Improvements other than buildings	1,887,911	34,812	-	1,922,723
Vehicles	127,450	116,019	-	243,469
Equipment	1,839,601	334,717	(36,519)	2,137,799
Total capital assets being depreciated	<u>8,626,078</u>	<u>819,346</u>	<u>(36,519)</u>	<u>9,408,905</u>
Less accumulated depreciation for:				
Infrastructure	(249,810)	(78,820)	-	(328,630)
Buildings	(777,559)	(81,686)	-	(859,245)
Improvements other than buildings	(935,945)	(132,252)	-	(1,068,197)
Vehicles	(43,910)	(16,374)	-	(60,284)
Equipment	(1,498,283)	(127,395)	36,519	(1,589,159)
Total accumulated depreciation	<u>(3,505,507)</u>	<u>(436,527)</u>	<u>36,519</u>	<u>(3,905,515)</u>
Total capital assets, being depreciated, net	<u>5,120,571</u>	<u>382,819</u>	<u>-</u>	<u>5,503,390</u>
Governmental activities capital assets, net	<u>\$ 7,727,857</u>	<u>3,923,770</u>	<u>-</u>	<u>11,651,627</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 184,439	-	-	184,439
Water rights	208,382	12,969	-	221,351
Construction in progress	35,668	169,102	-	204,770
Total capital assets, not being depreciated	<u>428,489</u>	<u>182,071</u>	<u>-</u>	<u>610,560</u>
Capital assets, being depreciated:				
Water/wastewater system and improvements	22,637,800	152,666	-	22,790,466
Buildings and improvements	556,564	26,493	-	583,057
Equipment	809,164	241,054	-	1,050,218
Total capital assets being depreciated	<u>24,003,528</u>	<u>420,213</u>	<u>-</u>	<u>24,423,741</u>
Less accumulated depreciation for:				
Water/wastewater system and improvements	(7,454,501)	(637,198)	-	(8,091,699)
Buildings and improvements	(181,398)	(15,707)	-	(197,105)
Equipment	(563,790)	(44,804)	-	(608,594)
Total accumulated depreciation	<u>(8,199,689)</u>	<u>(697,709)</u>	<u>-</u>	<u>(8,897,398)</u>
Total capital assets, being depreciated, net	<u>15,803,839</u>	<u>(277,496)</u>	<u>-</u>	<u>15,526,343</u>
Business-type activities capital assets, net	<u>\$ 16,232,328</u>	<u>(95,425)</u>	<u>-</u>	<u>16,136,903</u>

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2007
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Capital Assets (continued)

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

	Capital Outlay	Depreciation Expense
Governmental activities:		
General government	\$ 51,678	105,511
Public safety	42,317	28,583
Public works, including infrastructure	649,810	156,530
Culture and recreation	3,616,492	146,054
Total - governmental activities	\$ 4,360,297	436,678
Business-type activities:		
Water	\$ 204,144	246,768
Wastewater	398,140	451,265
Total - business-type activities	\$ 602,284	698,033

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

F. Interfund Receivables, Payables, and Transfers

The Town had the following interfund receivables or payables as of December 31, 2007:

Fund	Interfund Receivable	Interfund Payable
Development Dedication Fund	\$ 337,450	-
Streetscape Capital Fund	-	537,450
Sales and Use Tax Fund	1,086	-
Water Fund	-	98,326
Wastewater Fund	297,240	-
Total	\$ 635,776	635,776

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2007
(Continued)

IV. Detailed Notes on all Funds (continued)

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

Transfers were as follows:

<u>Fund In (Out)</u>	<u>Amount</u>	<u>Reason</u>
General / (Sales and Use Tax)	3,836,631	Operating transfer
General / (Recreation Sales and Use Tax)	89,751	To fund pool operations
General / (Development Dedication)	200,000	To fund growth related expenditures
Capital Construction / (General)	568,173	To fund capital projects
Highway 133 / (Sales and Use Tax)	20,000	Sales tax from La Fontana Plaza
1% of Arts / (Recreation Sales and Use Tax)	31,138	To fund art project at new recreation center
Recreation Sales and Use Tax / (Development Dedication)	775,000	To fund recreation center construction
Bond Fund / (Bond Reserve)	12,276	Interest earnings to fund debt service
Bond Fund / (Recreation Sales and Use Tax)	179,199	Debt service for 2004 and 2006 Sales and Use Tax bonds.

G. Operating Leases

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

H. Long-term Debt

1. CWRPDA 1994 and 1998 Series B Bonds

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

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

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2007
(Continued)

IV. Detailed Notes on all Funds (continued)

H. Long-term Debt (continued)

2. CWRPDA 1997 Series A Bonds

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

3. Recreation Sales and Use Tax Series 2004 Bonds

On July 1, 2004, the Town issued Series 2004 Recreation Sales and Use Tax Bonds in the amount of \$2,200,000. The bond proceeds are to be used to finance the developing, constructing, and equipping of a new park and recreation facility, improvements to existing park facilities and to pay the costs of issuance of the bonds. The bonds after December 1, 2015, are subject to redemption prior to maturity, at the option of the Town. Interest is payable semi-annually on June 1 and December 1 at 2% to 5%. Principal payments are made December 1. The bonds require debt service payments through 2024.

4. Recreation Sales and Use Tax Series 2006 Bonds

On November 2, 2006, the Town issued Series 2006 Recreation Sales and Use Tax Bonds in the amount of \$450,000. The bond proceeds are to be used to finance the developing, constructing, and equipping of a new park and recreation facility, improvements to existing park facilities and to pay the costs of issuance of the bonds. The bonds after December 1, 2017, are subject to redemption prior to maturity, at the option of the Town. Interest is payable semi-annually on June 1 and December 1 at 4.5% to 5.0%. Principal payments are made December 1. The bonds require debt service payments through 2024.

5. Recreation Sales and Use Tax Series 2006 Supplemental Interest

In conjunction with the Series 2006 Recreation Sales and Use Tax Bonds, the Town issued "B" Interest Coupons in the amount of \$75,000. The coupon proceeds are to be used to finance the developing, constructing, and equipping of a new park and recreation facility, improvements to existing park facilities and to pay the costs of issuance of the bonds. The coupons are paid annually on December 1 with a yield of 5.25%. The coupons require debt service payments through 2010.

6. Advance Refunding

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2007
(Continued)

IV. Detailed Notes on all Funds (continued)

H. Long-term Debt (continued)

7. Schedule of Future Payment

The Town's annual debt service is as follows:

Year	CWRPDA Series 1998B	Recreation Sales and Use Bonds Series 2004	Recreation Sales and Use Bonds Series 2006	Recreation Sales and Use Bonds Supplemental Interest 2006	Total
2008	160,283	172,323	21,288	20,000	373,894
2009	161,644	169,773	21,288	20,000	372,705
2010	160,881	172,010	21,288	20,000	374,179
2011	162,196	168,860	46,288	-	377,344
2012	160,874	170,620	45,163	-	376,657
2013-2017	488,888	847,010	223,263	-	1,559,161
2018-2022	-	851,110	222,638	-	1,073,748
2023-2024	-	338,750	91,500	-	430,250
Total	1,294,766	2,890,456	692,716	60,000	4,937,938
Less: interest	(234,489)	(930,456)	(242,716)	-	(1,407,661)
Bonds outstanding	1,060,277	1,960,000	450,000	60,000	3,530,277

8. Compensated Absences

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

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, 2007
(Continued)

IV. Detailed Notes on all Funds (continued)

H. Long-term Debt (continued)

9. Changes in the Long-term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2007:

	<u>Balance 1/1/07</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance 12/31/07</u>	<u>Due in One Year</u>
Governmental Activities:					
Series 2004 Bonds	\$ 2,040,000	-	(80,000)	1,960,000	85,000
Series 2006 Bonds	450,000	-	-	450,000	-
Series 2006 Supplemental Interest	75,000	-	(15,000)	60,000	20,000
Compensated absences	284,669	-	(10,058)	274,611	8,238
Business-Type Activities:					
CWRPDA 1997A Bonds	275,694	-	(275,694)	-	-
CWRPDA 1998B Bonds	1,167,222	-	(106,945)	1,060,277	110,841
Compensated absences	23,709	-	(11,680)	12,029	361
Total	<u>\$ 4,316,294</u>	<u>-</u>	<u>(499,377)</u>	<u>3,816,917</u>	<u>224,440</u>

10. Restricted Fund Balance

The Town had the following restrictions on the General Fund's fund balance at December 31, 2007:

	<u>Balance 1/1/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/07</u>
Emergency reserve	\$ 168,500	38,124	-	206,624
Parking	26,700	4,700	-	31,400
Manager contract	67,500	258,677	(67,500)	258,677
Total	<u>\$ 262,700</u>	<u>301,501</u>	<u>(67,500)</u>	<u>496,701</u>

11. Bond Discount, Premium and Issuance Costs

Bond discounts, premiums and issuance costs for the governmental fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Unamortized bond issuance costs at December 31, 2007, were \$110,988.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2007
(Continued)

V. Other Information

A. Benefits

The Town has established two contributory benefit plans as follows.

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

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

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

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

The Town's current year covered payroll was \$2,652,933 and current year total payroll was \$2,930,488. During the year, the Town's required and actual contributions amounted to \$79,588, which was 3% of its current year covered payroll.

2. Deferred Compensation Plan - IRC 457

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

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

3. Police Pension 401(a) Plan

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2007
(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 \$801,125 and current year total payroll was \$924,093. During the year, the Town's required and actual contributions amounted to \$64,090.

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, 2006, the latest date for which information is available, is as follows:

Property and Casualty Pool:	%
Loss fund	0.942%
Pooled excess fund	0.801%

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2007
(Continued)

V. Other Information (continued)

C. Risk Management (continued)

The December 31, 2007, combined financial information is as follows:

Cash and investments	\$ 56,727,546
Other assets	9,563,718
Total	<u><u>\$ 66,291,264</u></u>
Liabilities	\$ 32,691,419
Members fund balance	33,599,845
Total	<u><u>\$ 66,291,264</u></u>
Total revenue	\$ 26,490,950
Total expense	(20,125,102)
Excess of Revenue Over Expense	<u><u>\$ 6,365,848</u></u>

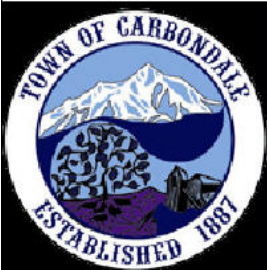
Coverage provided by CIRSA is as follows: 1) \$250,000 per claim/occurrence property; 2) \$1,000,000 per claim/occurrence liability; and 3) \$150,000 per claim/occurrence crime. CIRSA has also acquired additional excess coverage from outside sources. The Town may be liable for any losses in excess of the above coverage. At December 31, 2007, 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 General Fund balance, the Lodging Tax Fund balance, the Wastewater Fund balance and the Water fund balance were restated in the amount of \$10,465, \$17,734, \$3,870 and \$3,337, respectively, due to a restatement of prior year's accounts payable. In addition, the beginning fund balance for the Government-wide net assets was restated in the amount of \$176,320 to account for infrastructure that was inadvertently not adjusted for.

REQUIRED SUPPLEMENTARY INFORMATION



Town of Carbondale, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2007
With Comparative Totals For the Year Ended December 31, 2006

	<u>2007</u>			<u>Variance</u>	<u>2006</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>		<u>(Negative)</u>	
Revenues:					
Taxes	431,450	431,450	472,941	41,491	440,772
Licenses and permits	259,310	259,310	241,592	(17,718)	271,680
Intergovernmental	480,388	480,388	725,261	244,873	592,888
Charges for services	331,000	331,000	295,160	(35,840)	313,593
Fines and forfeitures	34,000	34,000	34,718	718	33,451
Interest	178,332	178,332	181,062	2,730	195,554
Administrative charges	286,541	286,541	287,876	1,335	279,492
Developer reimbursable	40,000	40,000	46,070	6,070	(2,235)
Other	125,315	125,315	92,511	(32,804)	89,348
Total Revenues	<u>2,166,336</u>	<u>2,166,336</u>	<u>2,377,191</u>	<u>210,855</u>	<u>2,214,543</u>
Expenditures:					
General Government:					
Attorney	75,500	75,500	120,268	(44,768)	111,498
Municipal elections	2,650	2,650	11	2,639	2,934
Trustees	95,922	95,922	85,040	10,882	81,518
Municipal Court	36,637	36,637	31,901	4,736	28,025
Town Manager	274,827	274,827	271,098	3,729	230,951
Administrative services	419,270	419,270	378,205	41,065	341,521
Finance and records	321,145	321,145	336,393	(15,248)	305,921
Planning	342,346	342,346	343,123	(777)	314,732
Data processing	75,700	75,700	65,824	9,876	46,586
Building operations	197,198	197,198	198,352	(1,154)	86,088
Motor pool	184,170	184,170	209,252	(25,082)	190,105
Economic development	189,450	189,450	135,690	53,760	91,672
Sales tax administration	27,772	27,772	24,413	3,359	18,318
Affordable housing	125,000	125,000	25,000	100,000	91,131
Total General Government	<u>2,367,587</u>	<u>2,367,587</u>	<u>2,224,570</u>	<u>143,017</u>	<u>1,941,000</u>
Public Safety:					
Police department	1,387,977	1,387,977	1,383,222	4,755	1,362,560
Communications	54,200	54,200	78,357	(24,157)	37,036
Building inspection	145,911	145,911	147,648	(1,737)	102,949
Ordinance control	71,094	71,094	55,737	15,357	62,912
Total Public Safety	<u>1,659,182</u>	<u>1,659,182</u>	<u>1,664,964</u>	<u>(5,782)</u>	<u>1,565,457</u>
Public Works:					
Streets, alleys, snow removal	611,305	611,305	560,532	50,773	487,889
Public works administration	215,242	215,242	194,772	20,470	176,937
Total Public Works	<u>826,547</u>	<u>826,547</u>	<u>755,304</u>	<u>71,243</u>	<u>664,826</u>

(continued)

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

Town of Carbondale, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2007
With Comparative Totals For the Year Ended December 31, 2006
(Continued)

	<u>2007</u>			<u>Variance</u>	<u>2006</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>		<u>(Negative)</u>	
Expenditures (continued):					
Culture and Recreation:					
Recreation	309,747	309,747	304,451	5,296	294,159
Municipal pool	121,323	121,323	89,751	31,572	89,101
Parks and cemetery	673,953	673,953	605,810	68,143	437,609
Community affairs	51,000	51,000	43,732	7,268	39,900
Total Culture and Recreation	<u>1,156,023</u>	<u>1,156,023</u>	<u>1,043,744</u>	<u>112,279</u>	<u>860,769</u>
Other:					
Environmental health and recycling	117,585	117,585	130,923	(13,338)	49,501
Contingency	205,000	305,000	142,889	162,111	125,007
Total Other	<u>322,585</u>	<u>422,585</u>	<u>273,812</u>	<u>148,773</u>	<u>174,508</u>
Total Expenditures	<u>6,331,924</u>	<u>6,431,924</u>	<u>5,962,394</u>	<u>469,530</u>	<u>5,206,560</u>
(Deficiency) of Revenues Over Expenditures	(4,165,588)	(4,265,588)	(3,585,203)	680,385	(2,992,017)
Other Financing Sources:					
Sale of fixed assets	50,000	50,000	3,663	(46,337)	-
Transfers (out)	(568,173)	(568,173)	(568,173)	-	(700,000)
Transfers in	3,700,000	3,700,000	4,126,382	426,382	3,910,111
Total Other Financing Sources	<u>3,181,827</u>	<u>3,181,827</u>	<u>3,561,872</u>	<u>380,045</u>	<u>3,210,111</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(983,761)	(1,083,761)	(23,331)	1,060,430	218,094
Fund Balance - Beginning (restated)	<u>3,566,638</u>	<u>3,566,638</u>	<u>4,161,663</u>	<u>595,025</u>	<u>3,943,569</u>
Fund Balance - Ending	<u>2,582,877</u>	<u>2,482,877</u>	<u>4,138,332</u>	<u>1,655,455</u>	<u>4,161,663</u>

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

Town of Carbondale, Colorado
Recreation Sales and Use Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2007
With Comparative Totals For the Year Ended December 31, 2006

	2007		Variance Positive (Negative)	2006
	Original and Final Budget	Actual		Actual
Revenues:				
Sales tax revenue	481,950	538,955	57,005	473,982
Use tax - motor vehicle	56,702	63,640	6,938	53,819
Use tax - building permits	32,200	48,814	16,614	42,128
Investment earnings	26,311	162,952	136,641	166,804
Intergovernmental	630,647	500,000	(130,647)	1,540
Other income	-	101	101	500
Total Revenues	1,227,810	1,314,462	86,652	738,773
Expenditures:				
Park improvements	765,000	285,947	479,053	49,280
Trail improvements	340,000	39,204	300,796	10,000
Riding area and building	2,000	1,069	931	9,149
Skate park	100,000	-	100,000	-
Salaries and benefits	77,995	87,974	(9,979)	52,654
Park and recreation facilities	3,241,650	3,287,838	(46,188)	297,454
Bond issuance costs	-	-	-	22,500
Total Expenditures	4,526,645	3,702,032	824,613	441,037
Excess (Deficiency) of Revenues Over Expenditures	(3,298,835)	(2,387,570)	911,265	297,736
Other Financing Sources (Uses):				
Operating transfers in	625,000	775,000	150,000	-
Operating transfers (out)	(330,000)	(300,087)	29,913	(261,944)
Bond premium	-	-	-	(14,085)
Bond proceeds	-	-	-	525,000
Total Other Financing (Uses)	295,000	474,913	179,913	248,971
Excess (Deficiency) of Revenues Over Expenditures and Other Financing (Uses)	(3,003,835)	(1,912,657)	1,091,178	546,707
Fund Balance - Beginning	3,898,066	4,214,290	316,224	3,667,583
Fund Balance - Ending	894,231	2,301,633	1,407,402	4,214,290

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

Town of Carbondale, Colorado
Sales and Use Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2007
With Comparative Totals For the Year Ended December 31, 2006

	<u>2007</u>			Final Budget Variance Positive (Negative)	<u>2006</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Sales tax	2,889,873	3,389,873	3,232,887	(156,986)	2,841,050
Use tax - motor vehicle	310,000	310,000	381,707	71,707	322,801
Use tax - building permits	195,000	195,000	293,533	98,533	252,765
Investment earnings	700	700	2,974	2,274	1,267
Total Revenues	<u>3,395,573</u>	<u>3,895,573</u>	<u>3,911,101</u>	<u>15,528</u>	<u>3,417,883</u>
Expenditures:					
Miscellaneous	100,015	100,015	-	100,015	29
Total Expenditures	<u>100,015</u>	<u>100,015</u>	<u>-</u>	<u>100,015</u>	<u>29</u>
Excess of Revenues Over Expenditures	3,395,573	3,895,573	3,911,101	115,543	3,417,854
Other Financing (Uses):					
Operating transfers (out)	(3,395,000)	(3,895,000)	(3,856,632)	38,368	(3,565,515)
Total Other Financing (Uses)	<u>(3,395,000)</u>	<u>(3,895,000)</u>	<u>(3,856,632)</u>	<u>-</u>	<u>(3,565,515)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing (Uses)	573	573	54,469	53,896	(147,661)
Fund Balance - Beginning	<u>496,087</u>	<u>469,087</u>	<u>318,141</u>	<u>(150,946)</u>	<u>465,802</u>
Fund Balance - Ending	<u>496,660</u>	<u>469,660</u>	<u>372,610</u>	<u>(97,050)</u>	<u>318,141</u>

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

SUPPLEMENTARY INFORMATION



Town of Carbondale, Colorado
Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2007
With Comparative Totals For the Year Ended December 31, 2006

	2007			Final Budget Variance Positive (Negative)	2006
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Investment earnings	4,400	4,400	4,964	564	3,368
Total Revenues	<u>4,400</u>	<u>4,400</u>	<u>4,964</u>	<u>564</u>	<u>3,368</u>
Expenditures:					
Bond principal	80,000	90,000	95,000	(5,000)	80,000
Bond interest	89,443	119,443	112,122	7,321	91,243
Agents fee	300	300	300	-	150
Total Expenditures	<u>169,743</u>	<u>209,743</u>	<u>207,422</u>	<u>2,321</u>	<u>171,393</u>
(Deficiency) of Revenues Over Expenditures	(165,343)	(205,343)	(202,458)	2,885	(168,025)
Other Financing Sources (Uses):					
Operating transfers in	150,000	190,000	191,475	1,475	182,354
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>190,000</u>	<u>191,475</u>	<u>1,475</u>	<u>182,354</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	(15,343)	(15,343)	(10,983)	4,360	14,329
Fund Balance - Beginning	<u>25,445</u>	<u>25,445</u>	<u>32,136</u>	<u>6,691</u>	<u>17,807</u>
Fund Balance - Ending	<u><u>10,102</u></u>	<u><u>10,102</u></u>	<u><u>21,153</u></u>	<u><u>11,051</u></u>	<u><u>32,136</u></u>

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

Town of Carbondale, Colorado
Bond Reserve Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2007
With Comparative Totals For the Year Ended December 31, 2006

	<u>2007</u>			Final Budget Variance Positive (Negative)	<u>2006</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Investment earnings	5,500	5,500	8,925	3,425	8,100
Total Revenues	<u>5,500</u>	<u>5,500</u>	<u>8,925</u>	<u>3,425</u>	<u>8,100</u>
Excess (Deficiency) of Revenues Over Expenditures	5,500	5,500	8,925	3,425	8,100
Other Financing Sources (Uses):					
Operating transfers (out)	(9,165)	(11,400)	(12,276)	(876)	(9,506)
Total Other Financing Sources (Uses)	<u>(9,165)</u>	<u>(11,400)</u>	<u>(12,276)</u>	<u>(876)</u>	<u>(9,506)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	(3,665)	(5,900)	(3,351)	2,549	(1,406)
Fund Balance - Beginning	<u>176,525</u>	<u>176,525</u>	<u>176,119</u>	<u>(406)</u>	<u>177,525</u>
Fund Balance - Ending	<u><u>172,860</u></u>	<u><u>170,625</u></u>	<u><u>172,768</u></u>	<u><u>2,143</u></u>	<u><u>176,119</u></u>

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

Town of Carbondale, Colorado
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2007
With Comparative Totals For the Year Ended December 31, 2006

	<u>2007</u>		<u>2006</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Investment earnings	-	26,257	26,257	16,374
Total Revenues	-	26,257	26,257	16,374
Expenditures:				
Construction	1,530,532	47,456	1,483,076	3,381
Miscellaneous	-	717	(717)	19,054
Construction	1,530,532	442,050	1,088,482	59,488
Street resurfacing	198,000	254,684	(56,684)	46,165
Total Expenditures	3,259,064	744,907	2,514,157	128,088
(Deficiency) of Revenues Over Expenditures	(3,259,064)	(718,650)	(2,487,900)	(111,714)
Other Financing Sources (Uses):				
Operating transfers in	-	568,173	(568,173)	700,000
Total Other Financing Sources (Uses)	-	568,173	(568,173)	700,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	(3,259,064)	(150,477)	3,108,587	588,286
Fund Balance - Beginning	700,093	738,019	37,926	149,733
Fund Balance - Ending	(2,558,971)	587,542	3,146,513	738,019

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, 2007
With Comparative Totals For the Year Ended December 31, 2006

	Water Fund				Wastewater Fund			
	2007		Variance Positive (Negative)	2006	2007		Variance Positive (Negative)	2006
	Original and Final Budget	Actual		Actual	Original and Final Budget	Actual		Actual
Revenues:								
Charges for services:								
Sale of meters	30,000	33,888	3,888	35,205	-	-	-	-
Service fees	968,600	1,197,793	229,193	930,917	1,064,800	1,111,543	46,743	996,480
Penalty assessments	2,500	3,611	1,111	4,794	2,999	3,689	690	-
Miscellaneous	4,978	25,343	20,365	17,573	115,715	64,607	(51,108)	10,460
Total Revenues	<u>1,006,078</u>	<u>1,260,635</u>	<u>254,557</u>	<u>988,489</u>	<u>1,183,514</u>	<u>1,179,839</u>	<u>(3,675)</u>	<u>1,006,940</u>
Operating Expenses:								
Operations and maintenance	617,750	267,022	350,728	130,860	256,922	479,461	(222,539)	104,465
Personnel costs	449,791	379,069	70,722	410,804	303,817	313,588	(9,771)	260,238
Administration	(97,661)	358,935	(456,596)	316,400	204,342	235,958	(31,616)	202,616
Miscellaneous / contingency	100,000	-	100,000	-	100,000	-	100,000	-
Capital outlay	432,300	204,226	228,074	280,739	1,475,800	384,182	1,091,618	257,101
Total operating expenses	<u>1,502,180</u>	<u>1,209,252</u>	<u>292,928</u>	<u>1,138,803</u>	<u>2,340,881</u>	<u>1,413,189</u>	<u>927,692</u>	<u>824,420</u>
Operating Income (Loss) Budget Basis	(496,102)	51,383	547,485	(150,314)	(1,157,367)	(233,350)	924,017	182,520
Nonoperating revenues (expenses):								
Investment earnings	43,276	66,400	23,124	61,990	87,521	128,288	40,767	128,529
Loan payments	(106,945)	(106,945)	-	(102,640)	(275,694)	(275,694)	-	(254,486)
Interest expense	(53,411)	(53,414)	(3)	(57,876)	(9,342)	(9,342)	-	(17,846)
Total nonoperating revenues (expenses):	<u>(117,080)</u>	<u>(93,959)</u>	<u>23,121</u>	<u>(98,526)</u>	<u>(197,515)</u>	<u>(156,748)</u>	<u>40,767</u>	<u>(143,803)</u>
Capital contributions	300,000	459,496	159,496	308,528	300,000	492,703	192,703	381,218
Excess (Deficiency) of Revenues Over Expenditures Budget (Non-GAAP) Basis	<u>(313,182)</u>	<u>416,920</u>	<u>730,102</u>	<u>59,688</u>	<u>(1,054,882)</u>	<u>102,605</u>	<u>1,157,487</u>	<u>419,935</u>
Reconciliation to GAAP Basis:								
Capitalized assets		204,226		280,739		384,182		257,101
Principal payments		106,945		102,640		275,694		254,486
Depreciation		(246,070)		(242,933)		(451,649)		(451,706)
Amortization of bond issue costs		(9,825)		(10,817)		(684)		-
Net Income - GAAP Basis		<u>472,196</u>		<u>189,317</u>		<u>310,148</u>		<u>479,816</u>

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

**Town of Carbondale, Colorado
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2007**

	<u>Special Revenue</u>					Sub-total Non-Major Governmental Funds
	Conservation Trust	Victims Assistance	Highway 133	CHA Mortgage	Streetscape	
Assets:						
Cash	36,402	17,281	475,197	46,163	1,003,937	1,578,980
Other receivables	-	-	41,987	-	829	42,816
Due from other funds	-	-	-	-	-	-
Property taxes receivables	-	-	-	-	176,844	176,844
Total Assets	<u>36,402</u>	<u>17,281</u>	<u>517,184</u>	<u>46,163</u>	<u>1,181,610</u>	<u>1,798,640</u>
Liabilities:						
Due to other funds	-	-	-	-	537,450	537,450
Deferred revenue	-	-	-	-	176,844	176,844
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>714,294</u>	<u>714,294</u>
Fund Balance:						
Unreserved	36,402	17,281	517,184	46,163	467,316	1,084,346
Total Fund Balance	<u>36,402</u>	<u>17,281</u>	<u>517,184</u>	<u>46,163</u>	<u>467,316</u>	<u>1,084,346</u>
Total Liabilities and Fund Balance	<u>36,402</u>	<u>17,281</u>	<u>517,184</u>	<u>46,163</u>	<u>1,181,610</u>	<u>1,798,640</u>

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

Town of Carbondale, Colorado
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2007

Special Revenue

	<u>Community Enhancement</u>	<u>Development Dedication</u>	<u>Lodging Tax</u>	<u>1% of Arts</u>	<u>Efficient Building</u>	<u>Sub-total Non-Major Governmental Funds</u>	<u>Total Non-Major Governmental Funds</u>
Assets:							
Cash	23,646	809,531	1,694	10,588	10,149	1,578,980	2,434,588
Other receivables	-	287,011	5,725	-	-	42,816	335,552
Due from other funds	-	337,450	-	-	-	-	337,450
Property taxes receivables	-	-	-	-	-	176,844	176,844
Total Assets	<u>23,646</u>	<u>1,433,992</u>	<u>7,419</u>	<u>10,588</u>	<u>10,149</u>	<u>1,798,640</u>	<u>3,284,434</u>
Liabilities:							
Due to other funds	-	-	-	-	-	537,450	537,450
Deferred revenue	-	-	-	-	-	176,844	176,844
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>714,294</u>	<u>714,294</u>
Fund Balance:							
Unreserved	23,646	1,433,992	7,419	10,588	10,149	1,084,346	2,570,140
Total Fund Balance	<u>23,646</u>	<u>1,433,992</u>	<u>7,419</u>	<u>10,588</u>	<u>10,149</u>	<u>1,084,346</u>	<u>2,570,140</u>
Total Liabilities and Fund Balance	<u>23,646</u>	<u>1,433,992</u>	<u>7,419</u>	<u>10,588</u>	<u>10,149</u>	<u>1,798,640</u>	<u>3,284,434</u>

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

Town of Carbondale, Colorado
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended December 31, 2007

	<u>Special Revenue</u>					Sub-total Non-major Governmental Funds
	<u>Conservation Trust</u>	<u>Victims Assistance</u>	<u>Highway 133</u>	<u>CHA Mortgage</u>	<u>Streetscape</u>	
Revenues:						
Taxes	-	-	113,286	-	161,761	275,047
Intergovernmental revenue	60,271	-	-	3,500	-	63,771
Fines and forfeitures	-	8,448	-	-	-	8,448
Interest	1,418	698	15,416	1,554	39,004	58,090
Miscellaneous	-	-	35,350	32,065	4,154	71,569
Total Revenues	<u>61,689</u>	<u>9,146</u>	<u>164,052</u>	<u>37,119</u>	<u>204,919</u>	<u>476,925</u>
Expenditures:						
General government	-	-	-	25,007	-	25,007
Public safety	-	9,641	-	-	-	9,641
Public works	-	-	4,706	-	90,182	94,888
Culture and recreation	62,552	-	-	-	-	62,552
Total Expenditures	<u>62,552</u>	<u>9,641</u>	<u>4,706</u>	<u>25,007</u>	<u>90,182</u>	<u>192,088</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(863)</u>	<u>(495)</u>	<u>159,346</u>	<u>12,112</u>	<u>114,737</u>	<u>284,837</u>
Other Financing Sources (Uses):						
Operating transfers in	-	-	20,000	-	-	20,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(863)</u>	<u>(495)</u>	<u>179,346</u>	<u>12,112</u>	<u>114,737</u>	<u>304,837</u>
Fund Balance - Beginning	<u>37,265</u>	<u>17,776</u>	<u>337,838</u>	<u>34,051</u>	<u>352,579</u>	<u>779,509</u>
Fund Balance - Ending	<u>36,402</u>	<u>17,281</u>	<u>517,184</u>	<u>46,163</u>	<u>467,316</u>	<u>1,084,346</u>

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

Town of Carbondale, Colorado
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended December 31, 2007

	<u>Community Enhancement</u>	<u>Development Dedication</u>	<u>Lodging Tax</u>	<u>1% of Arts</u>	<u>Efficient Building</u>	<u>Sub-total Non-major Governmental Funds</u>	<u>Total Non-major Governmental Funds</u>
Revenues:							
Taxes	-	-	86,393	-	-	275,047	361,440
Intergovernmental revenue	-	-	-	-	-	63,771	63,771
Fines and forfeitures	-	-	-	-	-	8,448	8,448
Interest	138	62,457	1,212	620	149	58,090	122,666
Miscellaneous	5,144	619,981	-	-	10,000	71,569	706,694
Total Revenues	<u>5,282</u>	<u>682,438</u>	<u>87,605</u>	<u>620</u>	<u>10,149</u>	<u>476,925</u>	<u>1,263,019</u>
Expenditures:							
General government	-	-	-	-	-	25,007	25,007
Public safety	-	-	-	-	-	9,641	9,641
Public works	-	-	-	-	-	94,888	94,888
Culture and recreation	-	-	80,668	21,170	-	62,552	164,390
Total Expenditures	<u>-</u>	<u>-</u>	<u>80,668</u>	<u>21,170</u>	<u>-</u>	<u>192,088</u>	<u>293,926</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,282</u>	<u>682,438</u>	<u>6,937</u>	<u>(20,550)</u>	<u>10,149</u>	<u>284,837</u>	<u>969,093</u>
Other Financing Sources (Uses):							
Operating transfers in	-	-	-	31,138	-	20,000	51,138
Operating transfers (out)	-	(975,000)	-	-	-	-	(975,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(975,000)</u>	<u>-</u>	<u>31,138</u>	<u>-</u>	<u>20,000</u>	<u>(923,862)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>5,282</u>	<u>(292,562)</u>	<u>6,937</u>	<u>10,588</u>	<u>10,149</u>	<u>304,837</u>	<u>45,231</u>
Fund Balance - Beginning (restated)	<u>18,364</u>	<u>1,726,554</u>	<u>482</u>	<u>-</u>	<u>-</u>	<u>779,509</u>	<u>2,524,909</u>
Fund Balance - Ending	<u><u>23,646</u></u>	<u><u>1,433,992</u></u>	<u><u>7,419</u></u>	<u><u>10,588</u></u>	<u><u>10,149</u></u>	<u><u>1,084,346</u></u>	<u><u>2,570,140</u></u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2007
With Comparative Totals For the Year Ended December 31, 2006

	Original and Final Budget	2007 Actual	Variance Positive (Negative)	2006 Actual
Revenues:				
Intergovernmental revenue	52,000	60,271	8,271	63,820
Interest	2,000	1,418	(582)	2,630
Total Revenues	54,000	61,689	7,689	66,450
Expenditures:				
Capital purchases	-	-	-	3,942
Park improvements	10,000	14,623	(4,623)	63,604
Equipment	9,600	10,463	(863)	9,200
ADA Compliance	40,000	37,466	2,534	19,697
Miscellaneous	10,000	-	10,000	-
Total Expenditures	69,600	62,552	7,048	96,443
Excess (Deficiency) of Revenues Over Expenditures	(15,600)	(863)	14,737	(29,993)
Fund Balance - Beginning	19,029	37,265	18,236	67,258
Fund Balance - Ending	3,429	36,402	32,973	37,265

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

Town of Carbondale, Colorado
Special Revenue Funds
Victims Assistance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2007
With Comparative Totals For the Year Ended December 31, 2006

	<u>2007</u>		<u>2006</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Fines and surcharge	10,200	8,448	(1,752)	7,598
Interest	500	698	198	735
Total Revenues	<u>10,700</u>	<u>9,146</u>	<u>(1,554)</u>	<u>8,333</u>
Expenditures:				
Victim's assistance	<u>27,858</u>	<u>9,641</u>	<u>18,217</u>	<u>5,315</u>
Total Expenditures	<u>27,858</u>	<u>9,641</u>	<u>18,217</u>	<u>5,315</u>
Excess (Deficiency) of Revenues Over Expenditures	(17,158)	(495)	16,663	3,018
Fund Balance - Beginning	<u>17,258</u>	<u>17,776</u>	518	<u>14,758</u>
Fund Balance - Ending	<u><u>100</u></u>	<u><u>17,281</u></u>	<u><u>17,181</u></u>	<u><u>17,776</u></u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Highway 133 Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2007
With Comparative Totals For the Year Ended December 31, 2006

	2007		Variance Positive (Negative)	2006
	Original and Final Budget	Actual		Actual
Revenues:				
RTA tax	89,250	113,286	24,036	96,823
Transportation impact fee	-	35,350	35,350	-
Interest	7,508	15,416	7,908	10,978
Total Revenues	96,758	164,052	67,294	107,801
Expenditures:				
Highway 133 construction	417,095	4,706	412,389	1,300
Total Expenditures	417,095	4,706	412,389	1,300
Excess (Deficiency) of Revenues Over Expenditures	(320,337)	159,346	479,683	106,501
Other Financing Sources:				
Operating transfers in	20,000	20,000	-	20,000
Total Other Financing Sources	20,000	20,000	-	20,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(300,337)	179,346	479,683	126,501
Fund Balance - Beginning	300,337	337,838	37,501	211,337
Fund Balance - Ending	-	517,184	517,184	337,838

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

Town of Carbondale, Colorado
Special Revenue Funds
CHA Mortgage Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2007
With Comparative Totals For the Year Ended December 31, 2006

	Original and Final Budget	2007 Actual	Variance Positive (Negative)	2006 Actual
Revenues:				
Fannie Mae mortgage fee	500	1,185	685	-
Lease income	28,100	28,380	280	-
Grant revenue	150,000	3,500	(146,500)	13,542
Other revenue	-	2,500	2,500	-
Interest	1,800	1,554	(246)	494
Total Revenues	180,400	37,119	(143,281)	14,036
Expenditures:				
Mortgage purchase	64,157	-	64,157	-
Other expense	2,100	20,000	(17,900)	-
Grant expense	150,000	5,007	144,993	13,542
Total Expenditures	216,257	25,007	191,250	13,542
Excess (Deficiency) of Revenues Over Expenditures	(35,857)	12,112	47,969	494
Fund Balance - Beginning	35,857	34,051	(1,806)	33,557
Fund Balance - Ending	-	46,163	46,163	34,051

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

Town of Carbondale, Colorado
Special Revenue Funds
Streetscape Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2007
With Comparative Totals For the Year Ended December 31, 2006

	2007		Variance Positive (Negative)	2006
	Original and Final Budget	Actual		Actual
Revenues:				
Property tax	155,000	148,492	(6,508)	144,986
Specific ownership tax	13,000	12,962	(38)	14,081
Delinquent tax and interest	-	308	308	414
Interest income	-	39,004	39,004	26,157
Other revenue	-	4,153	4,153	-
Total Revenues	168,000	204,919	36,919	185,638
Expenditures:				
Treasurer fee	3,000	2,978	22	2,915
Streetscape improvements	949,631	87,204	862,427	176,320
Miscellaneous	500	-	500	75
Total Expenditures	953,131	90,182	862,949	179,310
Excess (Deficiency) of Revenues Over Expenditures	(785,131)	114,737	899,868	6,328
Fund Balance - Beginning	945,131	352,579	(592,552)	346,251
Fund Balance - Ending	160,000	467,316	307,316	352,579

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

Town of Carbondale, Colorado
Special Revenue Funds
Community Enhancement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2007
With Comparative Totals For the Year Ended December 31, 2006

	<u>2007</u>			<u>2006</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Community enhancement	4,800	5,144	344	4,774
Interest	75	138	63	106
Total Revenues	<u>4,875</u>	<u>5,282</u>	<u>407</u>	<u>4,880</u>
Expenditures:				
Community projects	23,208	-	23,208	-
Total Expenditures	<u>23,208</u>	<u>-</u>	<u>23,208</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(18,333)	5,282	23,615	4,880
Fund Balance - Beginning	<u>18,333</u>	<u>18,364</u>	<u>31</u>	<u>13,484</u>
Fund Balance - Ending	<u>-</u>	<u>23,646</u>	<u>23,646</u>	<u>18,364</u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Development Dedication Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2007
With Comparative Totals For the Year Ended December 31, 2006

	<u>2007</u>	<u>2006</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Park development fee	20,000	422,836	402,836	1,400
General development fee	150,000	197,145	47,145	191,545
Investment earnings	34,787	62,457	27,670	65,641
Total Revenues	<u>204,787</u>	<u>682,438</u>	<u>477,651</u>	<u>258,586</u>
Excess of Revenues Over Expenditures	204,787	682,438	477,651	258,586
Other Financing (Uses):				
Operating transfers (out)	<u>(825,000)</u>	<u>(975,000)</u>	<u>(150,000)</u>	<u>(275,500)</u>
Total Other Financing (Uses)	<u>(825,000)</u>	<u>(975,000)</u>	<u>(150,000)</u>	<u>(275,500)</u>
(Deficiency) of Revenues Over Expenditures and Other Financing (Uses)	(620,213)	(292,562)	327,651	(16,914)
Fund Balance - Beginning	<u>1,391,468</u>	<u>1,726,554</u>	<u>335,086</u>	<u>1,743,468</u>
Fund Balance - Ending	<u><u>771,255</u></u>	<u><u>1,433,992</u></u>	<u><u>662,737</u></u>	<u><u>1,726,554</u></u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Lodging Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2007
With Comparative Totals For the Year Ended December 31, 2006

	<u>2007</u>			<u>Variance Positive (Negative)</u>	<u>2006</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Lodging tax	62,000	90,000	86,393	(3,607)	79,839
Investment earnings	300	300	1,212	912	692
Total Revenues	<u>62,300</u>	<u>90,300</u>	<u>87,605</u>	<u>(2,695)</u>	<u>80,531</u>
Expenditures:					
Chamber of Commerce	62,300	90,300	80,668	9,632	80,428
Total Expenditures	<u>62,300</u>	<u>90,300</u>	<u>80,668</u>	<u>9,632</u>	<u>80,428</u>
Excess of Revenues Over Expenditures	-	-	6,937	6,937	103
Fund Balance - Beginning (restated)	-	-	482	482	379
Fund Balance - Ending	<u>-</u>	<u>-</u>	<u>7,419</u>	<u>7,419</u>	<u>482</u>

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

Town of Carbondale, Colorado
Special Revenue Funds
1% of Arts
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2007

	2007			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Investment earnings	-	-	620	620
Total Revenues	-	-	620	620
Expenditures:				
Reserve	-	15,000	21,170	(6,170)
Total Expenditures	-	15,000	21,170	(6,170)
Excess of Revenues Over Expenditures	-	(15,000)	(20,550)	(5,550)
Other Financing Sources:				
Operating transfers in	-	15,000	31,138	16,138
Total Other Financing Sources	-	15,000	31,138	16,138
Excess of Revenues Over Expenditures and Other Financing Sources	-	-	10,588	10,588
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	-	-	10,588	10,588

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

Town of Carbondale, Colorado
Special Revenue Funds
Efficient Building
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2007

	2007		
	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Grants	-	10,000	10,000
Investment earnings	-	149	149
Total Revenues	-	10,149	10,149
Excess of Revenues Over Expenditures	-	10,149	10,149
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	-	10,149	10,149

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: Garfield
	YEAR ENDING : December 2007

This Information From The Records Of (example - City of _ or County of _): Town of Carbondale	Prepared By: Nancy Barnett Phone: 970-963-2733
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I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	274,734
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	545,535
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	9,815
2. General fund appropriations	840,958	b. Snow and ice removal	87,565
3. Other local imposts (from page 2)	426,983	c. Other	54,332
4. Miscellaneous local receipts (from page 2)	85,818	d. Total (a. through c.)	151,712
5. Transfers from toll facilities		4. General administration & miscellaneous	62,325
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	572,430
a. Bonds - Original Issues		6. Total (1 through 5)	1,606,736
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,353,759	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	168,954	2. Notes:	
D. Receipts from Federal Government (from page 2)	84,023	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,606,736	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)	1,606,736

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
		1,606,736	1,606,736		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2007

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	93,283	a. Interest on investments	59,779
b. Other local imposts:		b. Traffic Fines & Penalties	26,039
1. Sales Taxes	137,012	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	196,688	g. Other Misc. Receipts	
6. Total (1. through 5.)	333,700	h. Other	
c. Total (a. + b.)	426,983	i. Total (a. through h.)	85,818
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	146,100	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	22,854	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	84,023
f. Total (a. through e.)	22,854	g. Total (a. through f.)	84,023
4. Total (1. + 2. + 3.f)	168,954	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		20,050	20,050
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		254,684	254,684
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	254,684	254,684
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	274,734	274,734
			(Carry forward to page 1)

Notes and Comments: