

**Town of Carbondale, Colorado**

**Financial Report**

**December 31, 2012**



**Town of Carbondale, Colorado  
Financial Report  
December 31, 2012**

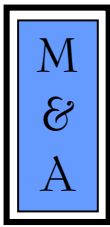
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# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

CHAPEL SQUARE, BLDG C  
245 CHAPEL PLACE, SUITE 300  
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM  
MAIN OFFICE: (970) 845-8800  
FACSIMILE: (970) 845-8108  
E-MAIL: MCMAHAN@MCMAHANCPA.COM

## 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 (the "Town"), as of and for the year ended December 31, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

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 as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800  
ASPEN: (970) 544-3996  
FRISCO: (970) 668-3481

**INDEPENDENT AUDITOR'S REPORT**  
**The Honorable Mayor and Town Council**  
**Town of Carbondale, Colorado**

***Other Matters***

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

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

**McMahan and Associates, L.L.C.**  
**June 25, 2013**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**



# Town of Carbondale, Colorado

## Management's Discussion and Analysis December 31, 2012

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, 2012.

### Financial Highlights

- A 2% wage increase was approved in the 2012 Budget for full time employees. Prior to 2012, employee wages had remained frozen since 2009.
- Sales tax revenue increased 5.5% in 2012. Property tax was down 30% over 2011. Revenue for construction related revenue sources through the Building Department was up 68% in 2012. In addition, four single family building permits, one large commercial remodel permit, and numerous residential and commercial remodel permits were issued in 2012.
- The Town's governmental fund balances decreased \$83,436, which includes the General Fund balance decrease of \$52,429, and the Town's business-type activities increased \$253,185.

### 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 Position presents information on all Town assets, liabilities, and deferred inflows of resources, with the difference between the three reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, culture and recreation, and affordable housing. The business-type activities of the Town include water distribution and system maintenance and wastewater treatment.

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

## Overview of the Financial Statements (continued)

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

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

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

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

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

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

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

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

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



## Overview of the Financial Statements (continued)

### Government-wide financial analysis (continued):

The following graph shows the Town's net position for 2012:

Town of Carbondale's Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	(Restated) 2011	2012	(Restated) 2011	2012	(Restated) 2011
Current and other assets	\$ 10,426,686	10,465,418	6,445,188	6,299,352	16,871,874	16,764,770
Capital assets	18,958,273	19,068,247	16,030,991	16,545,698	34,989,264	35,613,945
<b>Total assets</b>	<b>29,384,959</b>	<b>29,533,665</b>	<b>22,476,179</b>	<b>22,845,050</b>	<b>51,861,138</b>	<b>52,378,715</b>
Other liabilities	1,192,351	1,088,738	46,418	36,956	1,238,769	1,125,694
Long-term liabilities outstanding	1,916,488	2,036,736	2,006,382	2,637,900	3,922,870	4,674,636
<b>Total liabilities</b>	<b>3,108,839</b>	<b>3,125,474</b>	<b>2,052,800</b>	<b>2,674,856</b>	<b>5,161,639</b>	<b>5,800,330</b>
Deferred Inflows of Resources	445,406	447,602	-	-	445,406	447,602
Net Position:						
Net invested in capital assets	17,041,785	17,031,517	16,030,991	15,991,389	33,072,776	33,022,906
Restricted	2,554,228	2,814,232	-	-	2,554,228	2,814,232
Unrestricted	6,234,701	6,114,840	4,392,388	4,178,805	10,627,089	10,293,645
<b>Total net position</b>	<b>\$ 25,830,714</b>	<b>25,960,589</b>	<b>20,423,379</b>	<b>20,170,194</b>	<b>46,254,093</b>	<b>46,130,783</b>

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 67% 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 position, both for the government as a whole, as well as for its separate governmental and business-type activities. The Town's capital assets decreased due to depreciation expense being greater than purchased capital assets in 2012. Maturing for the Town's remaining debt are as follows; the Town's 1998B issue was retired early in 2012, the Town's 2004 issue will be retired in 2024, and the Town's 2006 issue will retire in 2024. Additional information regarding the Town's long-term debt is available in Section D of the footnotes.

## Overview of the Financial Statements (continued)

### Government-wide financial analysis (continued):

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

#### Town of Carbondale's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	(Restated) 2011	2012	(Restated) 2011	2012	(Restated) 2011
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 1,170,740	1,475,595	2,317,566	2,226,482	3,488,306	3,702,077
Operating grants and contributions	1,110,620	949,643	-	-	1,110,620	949,643
Capital grants and contributions	104,494	430,746	225,470	269,501	329,964	700,247
General revenues:						
Property taxes	447,393	637,151	-	-	447,393	637,151
Sales and use taxes	3,828,670	3,561,978	-	-	3,828,670	3,561,978
Other taxes	329,257	331,857	-	-	329,257	331,857
Interest and other revenue	178,676	189,862	16,664	26,665	195,340	216,527
Special items	-	-	-	-	-	-
<b>Total Revenues</b>	<u>7,169,850</u>	<u>7,576,832</u>	<u>2,559,700</u>	<u>2,522,648</u>	<u>9,729,550</u>	<u>10,099,480</u>
<b>EXPENSES:</b>						
General government	2,197,276	2,449,935	-	-	2,197,276	2,449,935
Public safety	1,650,411	1,547,306	-	-	1,650,411	1,547,306
Public works	1,421,233	1,013,478	-	-	1,421,233	1,013,478
Culture and recreation	1,883,797	1,789,461	-	-	1,883,797	1,789,461
Interest	95,140	99,520	-	-	95,140	99,520
Affordable housing	51,868	1,196	-	-	51,868	1,196
Water	-	-	1,165,218	1,158,562	1,165,218	1,158,562
Wastewater	-	-	1,141,297	1,316,869	1,141,297	1,316,869
<b>Total Expenses</b>	<u>7,299,725</u>	<u>6,900,896</u>	<u>2,306,515</u>	<u>2,475,431</u>	<u>9,606,240</u>	<u>9,376,327</u>
<b>Change in Net Position</b>	(129,875)	675,936	253,185	47,217	123,310	723,153
<b>Net Position - Beginning (Restated)</b>	25,960,589	25,284,653	20,170,194	20,122,977	46,130,783	45,407,630
<b>Net Position - Ending</b>	<u>\$ 25,830,714</u>	<u>25,960,589</u>	<u>20,423,379</u>	<u>20,170,194</u>	<u>46,254,093</u>	<u>46,130,783</u>

The following provide additional insight into the above chart:

- Under Revenues, capital grants and contributions decreased significantly due to a GOCO grant and the DOLA grant for the Third Street Center received in 2011.
- Charges for services decreased due to a forfeited deposit.
- Public works expenses increased significantly due to street repairs that had been delayed.

## Overview of the Financial Statements (continued)

**Governmental activities:** Governmental activities decreased the Town's net position by \$129,875. Key elements of this increase are as follows:

- The Town capitalized \$626,008 in fixed asset additions during 2012. The majority of this increase related to the Town Center project.

**Business-type activities:** Business-type activities increased the Town's net position by \$253,185. Key elements of this increase are as follows:

- Assets totaling \$42,74 were capitalized between the Water Fund and Wastewater Fund in 2012.
- The Water Fund and Wastewater Fund had a change in net position of \$47,011 and \$206,174 respectively. On a cash basis, the Funds cumulatively increased their cash and investment holdings by \$153,985.

## Financial Analysis of the Town's Funds

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

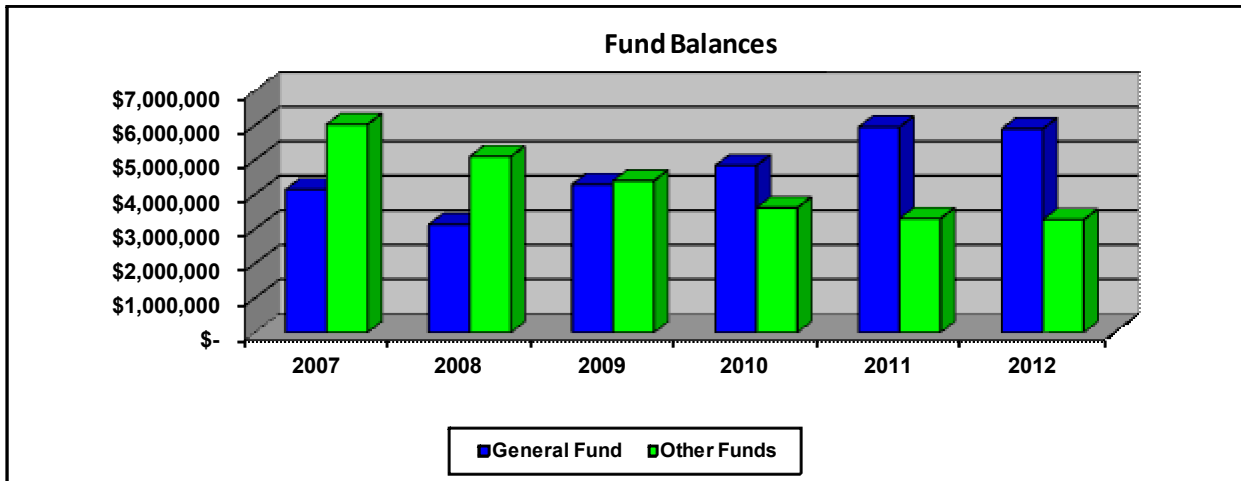
**Governmental funds:** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,169,804; a decrease of \$83,436 from the prior year's ending fund balances. The following details ending fund balances for the past several years:

<u>Fund</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General	\$ 4,138,332	3,128,437	4,285,547	4,832,055	5,952,230	5,899,801
Recreation Sales and Use	2,301,633	1,822,069	1,675,570	1,084,189	897,153	919,743
Sales and Use	372,610	346,700	259,477	290,165	305,798	295,298
Streetscape	467,316	199,513	225	91,022	318,808	281,038
Development Dedication	1,433,992	1,139,893	1,020,657	940,589	778,061	653,374
Capital Projects	587,542	950,101	471,693	222,415	496,827	602,201
Other Governmental	862,753	636,722	967,284	984,071	504,363	518,349
<b>Total</b>	<u>\$ 10,164,178</u>	<u>8,223,435</u>	<u>8,680,453</u>	<u>8,444,506</u>	<u>9,253,240</u>	<u>9,169,804</u>

## Financial Analysis of the Town's Funds (continued)

### Governmental funds (continued):

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



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

Cash in the Water Fund at the end of the current fiscal year was \$1,264,486. The Wastewater Fund had cash of \$4,941,055.

**Budget variances in the General Fund:** The Town's General Fund revenues were over budget by \$373,995; General Fund expenditures were under budget by \$887,260. The General Fund's significant budget variances are detailed as follows:

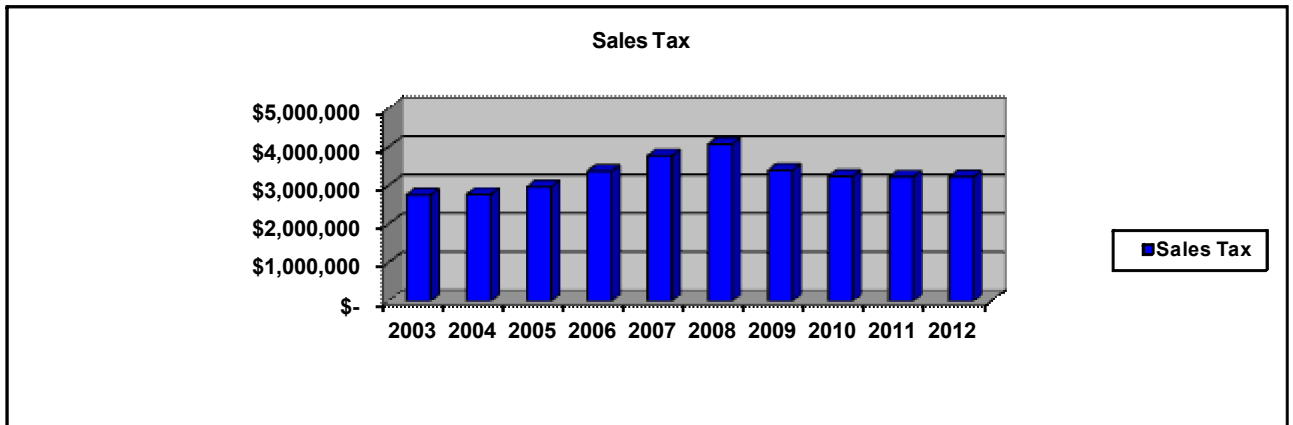
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Reason
<b>Revenues:</b>					
Licenses and permits	\$ 63,600	63,600	112,352	48,752	Building permits higher than anticipated
Intergovernmental	822,720	822,720	1,080,490	257,770	Mineral Lease and Mineral Sevarance (\$457,000)
Other	55,000	55,000	112,185	57,185	Refund of expenditures higher than anticipated; due to a few insurance claims with CIRSA
<b>Expenditures:</b>					
Administrative services	307,062	307,062	356,079	(49,017)	Increase in workers' compensation premiums and correction of 2011 premiums
Planning	362,756	362,756	250,088	112,668	Anticipated development which did not occur
Economic development	20,000	20,000	81,114	(61,114)	Donation of heating units to Third Street Center
Streets, alleys, snow removal	552,612	552,612	742,236	(189,624)	Unbudgeted purchase of a street sweeper
Contingency	50,000	550,000	-	550,000	Highway 133 Fund was closed in 2011. The funds remaining were transferred to the General Fund, and then to the Capital Projects Fund in 2012

## Financial Analysis of the Town's Funds (continued)

**Capital assets:** The Town's government-wide capital assets, net of accumulated depreciation, increased due to expenditures for various construction in progress and infrastructure. Additional information as well as a detailed classification of the Town's net capital assets can be found in the Notes to the Financial Statements in Section D of this report.

**Long-term debts:** As of the end of the current fiscal year, the Town had \$4,334,662 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 2011 by approximately 5.1%. The following chart indicates changes in the sales tax:



**Next year's budget and rates:** The Town's General Fund balance at the end of fiscal year 2012 was \$5,899,801. In the 2012 budget, the Town anticipates reducing accumulated fund balance by approximately \$212,500.

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

### Request for Information

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**Town of Carbondale, Colorado**  
**Statement of Net Position**  
**December 31, 2012**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents - Unrestricted	8,847,306	6,205,541	15,052,847
Cash and cash equivalents - Restricted	336,799	-	336,799
Receivables, net:			
Taxes	445,406	-	445,406
Accounts	-	226,886	226,886
Other	216,334	-	216,334
Intergovernmental	415,110	-	415,110
Prepaid expenses	161,828	12,761	174,589
Inventories	3,903	-	3,903
Capital assets, net	18,958,273	16,030,991	34,989,264
<b>Total Assets</b>	<u>29,384,959</u>	<u>22,476,179</u>	<u>51,861,138</u>
<b>Liabilities:</b>			
Accounts payable	305,499	-	305,499
Other liabilities	505,977	6,426	512,403
Compensated absences	373,288	39,992	413,280
Accrued interest	7,587	-	7,587
Reimbursable prepaid tap fees	-	2,006,382	2,006,382
Bonded debt payable:			
Due within one year	125,000	-	125,000
Due in more than one year	1,791,488	-	1,791,488
<b>Total Liabilities</b>	<u>3,108,839</u>	<u>2,052,800</u>	<u>5,161,639</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable property tax revenue	445,406	-	445,406
<b>Total Deferred Inflows of Resources</b>	<u>445,406</u>	<u>-</u>	<u>445,406</u>
<b>Net Position:</b>			
Net invested in capital assets	17,041,785	16,030,991	33,072,776
Restricted for other purposes	2,554,228	-	2,554,228
Unrestricted	6,234,701	4,392,388	10,627,089
<b>Total Net Position</b>	<u>25,830,714</u>	<u>20,423,379</u>	<u>46,254,093</u>

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

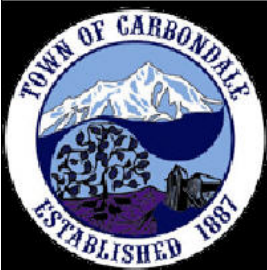
**Town of Carbondale, Colorado**  
**Statement of Activities**  
**For the Year Ended December 31, 2012**

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Functions/Programs:</b>							
Governmental activities:							
General government	2,197,276	592,486	174,848	-	(1,429,942)	-	(1,429,942)
Public safety	1,650,411	68,421	-	-	(1,581,990)	-	(1,581,990)
Public works	1,421,233	5,174	774,753	100,494	(540,812)	-	(540,812)
Culture and recreation	1,883,797	474,924	161,019	4,000	(1,243,854)	-	(1,243,854)
Affordable housing	51,868	29,735	-	-	(22,133)	-	(22,133)
Interest on long-term debt	95,140	-	-	-	(95,140)	-	(95,140)
<b>Total governmental activities</b>	<u>7,299,725</u>	<u>1,170,740</u>	<u>1,110,620</u>	<u>104,494</u>	<u>(4,913,871)</u>	<u>-</u>	<u>(4,913,871)</u>
Business-type activities:							
Water	1,165,218	1,108,340	-	95,831	-	38,953	38,953
Wastewater	1,141,297	1,209,226	-	129,639	-	197,568	197,568
<b>Total business-type activities</b>	<u>2,306,515</u>	<u>2,317,566</u>	<u>-</u>	<u>225,470</u>	<u>-</u>	<u>236,521</u>	<u>236,521</u>
<b>Total</b>	<u>9,606,240</u>	<u>3,488,306</u>	<u>1,110,620</u>	<u>329,964</u>	<u>(4,913,871)</u>	<u>236,521</u>	<u>(4,677,350)</u>
General revenues:							
Taxes:							
Property tax, levied for general purposes					447,393	-	447,393
Specific ownership tax					21,640	-	21,640
Sales and use tax					3,828,670	-	3,828,670
Franchise tax					240,641	-	240,641
Lodging Tax					59,210	-	59,210
Other miscellaneous taxes					7,766	-	7,766
Investment earnings					25,723	8,605	34,328
Miscellaneous					152,953	8,059	161,012
<b>Total general revenues</b>					<u>4,783,996</u>	<u>16,664</u>	<u>4,800,660</u>
<b>Change in Net Position</b>					<u>(129,875)</u>	<u>253,185</u>	<u>123,310</u>
<b>Net Position - Beginning (Restated)</b>					<u>25,960,589</u>	<u>20,170,194</u>	<u>46,130,783</u>
<b>Net Position - Ending</b>					<u>25,830,714</u>	<u>20,423,379</u>	<u>46,254,093</u>

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



**FUND FINANCIAL STATEMENTS**



**Town of Carbondale, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2012**

	<u>General</u>	<u>Recreation Sales and Use Tax</u>	<u>Sales and Use Tax</u>	<u>Streetscape</u>	<u>Development Dedication</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>								
Cash - Unrestricted	5,936,145	864,363	761	280,379	653,374	605,101	507,184	8,847,307
Cash - Restricted	336,799	-	-	-	-	-	-	336,799
Receivables, net of allowance for uncollectibles	203,547	6,608	13	-	-	-	-	210,168
Due from other governments	46,908	52,522	315,020	659	-	-	6,165	421,274
Due from other funds	20,000	-	-	-	-	-	5,000	25,000
Property tax receivable	259,516	-	-	185,890	-	-	-	445,406
Prepaid expenses	161,828	-	-	-	-	-	-	161,828
Inventory	3,903	-	-	-	-	-	-	3,903
<b>Total Assets</b>	<u>6,968,646</u>	<u>923,493</u>	<u>315,794</u>	<u>466,928</u>	<u>653,374</u>	<u>605,101</u>	<u>518,349</u>	<u>10,451,685</u>
<b>Liabilities:</b>								
Accounts/vouchers payable	304,903	42	496	-	-	-	-	305,441
Other liabilities	377,343	1,608	-	-	-	-	-	378,951
Accrued payroll and related liabilities	127,083	-	-	-	-	-	-	127,083
Due to other funds	-	2,100	20,000	-	-	2,900	-	25,000
<b>Total Liabilities</b>	<u>809,329</u>	<u>3,750</u>	<u>20,496</u>	<u>-</u>	<u>-</u>	<u>2,900</u>	<u>-</u>	<u>836,475</u>
<b>Deferred Inflows of Resources:</b>								
Unavailable property tax revenue	259,516	-	-	185,890	-	-	-	445,406
<b>Total Deferred Inflows of Resources</b>	<u>259,516</u>	<u>-</u>	<u>-</u>	<u>185,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>445,406</u>
<b>Fund Balance:</b>								
Nonspendable	233,893	-	-	-	-	-	-	233,893
Restricted	240,265	919,743	295,298	281,038	-	446,625	371,259	2,554,228
Committed	190,984	-	-	-	653,374	-	147,090	991,448
Assigned	132,946	-	-	-	-	155,576	-	288,522
Unassigned	5,101,713	-	-	-	-	-	-	5,101,713
<b>Total Fund Balance</b>	<u>5,899,801</u>	<u>919,743</u>	<u>295,298</u>	<u>281,038</u>	<u>653,374</u>	<u>602,201</u>	<u>518,349</u>	<u>9,169,804</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>6,968,646</u>	<u>923,493</u>	<u>315,794</u>	<u>466,928</u>	<u>653,374</u>	<u>605,101</u>	<u>518,349</u>	<u>10,451,685</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 Position**  
**December 31, 2012**

Governmental Funds Total Fund Balance 9,169,804

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

Capital asset	26,532,370	
Accumulated depreciation	<u>(7,574,097)</u>	
		18,958,273

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

Discount on bonded debt, net	2,005	
Premium on bonded debt, net	<u>(3,493)</u>	
		(1,488)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of Town long-term liabilities. Details of these amounts are as follows:

Accrued interest payable	(7,587)	
Bonded debt	(1,915,000)	
Compensated absences	<u>(373,288)</u>	
		<u>(2,295,875)</u>

Governmental Activities Net Position	<u><u>25,830,714</u></u>
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**Town of Carbondale, Colorado**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended December 31, 2012**

	<b>General</b>	<b>Recreation Sales and Use Tax</b>	<b>Sales and Use Tax</b>	<b>Streetscape</b>	<b>Development Dedication</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>								
Taxes	513,962	526,639	3,134,297	195,697	-	-	66,976	4,437,571
Licenses, permits, and fees	112,352	-	-	-	49,998	-	-	162,350
Intergovernmental revenue	1,080,490	4,000	-	-	-	100,494	64,001	1,248,985
Charges for services	128,382	308,030	-	-	-	-	-	436,412
Fines and forfeitures	77,086	-	-	-	-	-	12,740	89,826
Investment income	24,631	624	-	-	315	127	25	25,722
Miscellaneous	582,288	145,823	-	-	-	-	42,515	770,626
<b>Total Revenues</b>	<b>2,519,191</b>	<b>985,116</b>	<b>3,134,297</b>	<b>195,697</b>	<b>50,313</b>	<b>100,621</b>	<b>186,257</b>	<b>7,171,492</b>
<b>Expenditures:</b>								
General government	2,104,292	-	2,897	-	-	-	56,609	2,163,798
Public safety	1,623,764	-	-	-	-	-	14,100	1,637,864
Public works	949,651	-	-	233,467	-	521,842	-	1,704,960
Culture and recreation	684,218	736,662	-	-	-	-	111,643	1,532,523
Debt service:								
Principal	-	-	-	-	-	-	120,000	120,000
Interest	-	-	-	-	-	-	95,783	95,783
<b>Total Expenditures</b>	<b>5,361,925</b>	<b>736,662</b>	<b>2,897</b>	<b>233,467</b>	<b>-</b>	<b>521,842</b>	<b>398,135</b>	<b>7,254,928</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(2,842,734)</b>	<b>248,454</b>	<b>3,131,400</b>	<b>(37,770)</b>	<b>50,313</b>	<b>(421,221)</b>	<b>(211,878)</b>	<b>(83,436)</b>
<b>Other Financing Sources (Uses):</b>								
Operating transfers in	3,316,900	-	-	-	-	526,595	225,864	4,069,359
Operating transfers (out)	(526,595)	(225,864)	(3,141,900)	-	(175,000)	-	-	(4,069,359)
<b>Total Other Financing Sources (Uses)</b>	<b>2,790,305</b>	<b>(225,864)</b>	<b>(3,141,900)</b>	<b>-</b>	<b>(175,000)</b>	<b>526,595</b>	<b>225,864</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(52,429)</b>	<b>22,590</b>	<b>(10,500)</b>	<b>(37,770)</b>	<b>(124,687)</b>	<b>105,374</b>	<b>13,986</b>	<b>(83,436)</b>
<b>Fund Balance - Beginning</b>	<b>5,952,230</b>	<b>897,153</b>	<b>305,798</b>	<b>318,808</b>	<b>778,061</b>	<b>496,827</b>	<b>504,363</b>	<b>9,253,240</b>
<b>Fund Balance - Ending</b>	<b>5,899,801</b>	<b>919,743</b>	<b>295,298</b>	<b>281,038</b>	<b>653,374</b>	<b>602,201</b>	<b>518,349</b>	<b>9,169,804</b>

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, 2012**

Governmental Funds Changes in Fund Balances (Deficit) (83,436)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount of capital outlay and depreciation are as follows:

Capital additions	626,008	
Depreciation expense	<u>(735,982)</u>	(109,974)

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 position. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of principal on bonds	120,000	
Amortization of debt related deferrals, net	248	
Adjustments to current year interest	<u>395</u>	120,643

Changes in the Town employees' accrued compensated absences are considered changes in long-term liabilities. This is the change in accrued compensated absences during the year (57,108)

Governmental Activities Change in Net Position (129,875)

**Town of Carbondale, Colorado**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2012**

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
<b>Assets:</b>			
Current assets:			
Cash and investments	1,264,486	4,941,055	6,205,541
Accounts receivable	113,657	113,229	226,886
Prepaid expenses	12,761	-	12,761
<b>Total current assets</b>	<u>1,390,904</u>	<u>5,054,284</u>	<u>6,445,188</u>
<b>Non-current assets:</b>			
Land	51,048	133,391	184,439
Plant and system	13,224,994	12,154,270	25,379,264
Building and improvements	229,526	495,123	724,649
Machinery and equipment	449,595	653,129	1,102,724
Water rights	308,583	-	308,583
Accumulated depreciation	<u>(4,374,691)</u>	<u>(7,293,977)</u>	<u>(11,668,668)</u>
<b>Total non-current assets</b>	<u>9,889,055</u>	<u>6,141,936</u>	<u>16,030,991</u>
<b>Total Assets</b>	<u>11,279,959</u>	<u>11,196,220</u>	<u>22,476,179</u>
<b>Liabilities:</b>			
Current liabilities:			
Other liabilities	6,427	-	6,427
<b>Total current liabilities</b>	<u>6,427</u>	<u>-</u>	<u>6,427</u>
<b>Long-term liabilities:</b>			
Accrued compensated absences	20,888	19,103	39,991
Reimbursable prepaid tap fees	805,122	1,201,260	2,006,382
<b>Total long-term liabilities</b>	<u>826,010</u>	<u>1,220,363</u>	<u>2,046,373</u>
<b>Total Liabilities</b>	<u>832,437</u>	<u>1,220,363</u>	<u>2,052,800</u>
<b>Net Position:</b>			
Net invested in capital assets	9,889,055	6,141,936	16,030,991
Unrestricted	558,467	3,833,921	4,392,388
<b>Total Net Position</b>	<u>10,447,522</u>	<u>9,975,857</u>	<u>20,423,379</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 Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2012**

	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Charges for services:			
Service fees	1,091,298	1,136,003	2,227,301
Sale of meters	6,878	-	6,878
Other revenues:			
Penalty assessments	5,302	5,585	10,887
Miscellaneous	10,237	67,639	77,876
<b>Total Operating Revenues</b>	<b>1,113,715</b>	<b>1,209,227</b>	<b>2,322,942</b>
<b>Operating Expenses:</b>			
Operations and maintenance	197,767	221,632	419,399
Personnel costs	367,919	423,995	791,914
Administration	308,505	208,701	517,206
Depreciation	270,112	286,969	557,081
<b>Total Operating Expenses</b>	<b>1,144,303</b>	<b>1,141,297</b>	<b>2,285,600</b>
<b>Operating (Loss)</b>	<b>(30,588)</b>	<b>67,930</b>	<b>37,342</b>
<b>Non-operating Revenue (Expenses):</b>			
Investment income	2,683	8,605	11,288
Bond interest	(20,915)	-	(20,915)
Grants	-	52,530	52,530
<b>Total Non-operating Revenue (Expenses)</b>	<b>(18,232)</b>	<b>61,135</b>	<b>42,903</b>
<b>(Loss) Before Contributions</b>	<b>(48,820)</b>	<b>129,065</b>	<b>80,245</b>
Capital contributions, and tap fees	95,831	77,109	172,940
<b>Change in Net Position</b>	<b>47,011</b>	<b>206,174</b>	<b>253,185</b>
<b>Total Net Position - Beginning (Restated)</b>	<b>10,400,511</b>	<b>9,769,683</b>	<b>20,170,194</b>
<b>Total Net Position - Ending</b>	<b>10,447,522</b>	<b>9,975,857</b>	<b>20,423,379</b>

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

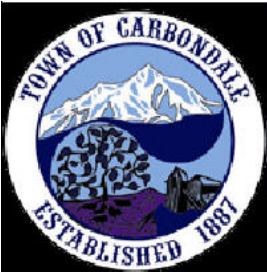
**Town of Carbondale, Colorado**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2012**

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>			
Cash received from customers and others	1,102,249	754,479	1,856,728
Cash paid for goods, services and employees	(862,666)	(849,512)	(1,712,178)
Other cash receipts	11,587	67,639	79,226
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>251,170</u>	<u>(27,394)</u>	<u>223,776</u>
<b>Cash Flows From Capital Financing Activities:</b>			
Interest on bonds	(20,915)	-	(20,915)
Bond principal payment	(545,917)	-	(545,917)
Proceeds from tap and meter sales	57,321	36,581	93,902
Acquisition of capital assets	(42,374)	-	(42,374)
Proceeds from capital grants	-	434,225	434,225
<b>Net Cash Provided (Used) by Capital Financing Activities</b>	<u>(551,885)</u>	<u>470,806</u>	<u>(81,079)</u>
<b>Cash Flows From Investing Activities</b>			
Interest received	2,683	8,605	11,288
<b>Net Cash Provided by Investing Activities</b>	<u>2,683</u>	<u>8,605</u>	<u>11,288</u>
<b>Net Increase in Cash and Cash Equivalents</b>	(298,032)	452,017	153,985
<b>Cash and Cash Equivalents - Beginning</b>	1,562,518	4,489,038	6,051,556
<b>Cash and Cash Equivalents - Ending</b>	<u>1,264,486</u>	<u>4,941,055</u>	<u>6,205,541</u>
<b>Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating (loss)	(30,588)	67,930	37,342
<b>Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:</b>			
Depreciation expense	270,112	286,969	557,081
(Increase) decrease in operating accounts receivable	(1,229)	(387,109)	(388,338)
(Increase) decrease in prepaid expense	8,228	-	8,228
Increase (decrease) in other liabilities	1,350	-	1,350
Increase (decrease) in compensated absences	3,297	4,816	8,113
<b>Total Adjustments</b>	<u>281,758</u>	<u>(95,324)</u>	<u>186,434</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>251,170</u>	<u>(27,394)</u>	<u>223,776</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, 2012**

**I. Summary of Significant Accounting Policies**

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

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

The Town's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). 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, 2012**  
**(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 Position, 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 position are reported in three parts—net invested in capital assets; restricted net position; and unrestricted net position.

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 position 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, 2012**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

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

**2. Fund Financial Statements (continued)**

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

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

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

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

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

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

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

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

**1. Long-term Economic Focus and Accrual Basis**

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

**2. Current Financial Focus and Modified Accrual Basis**

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

**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

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

**3. Financial Statement Presentation**

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

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

**D. Financial Statement Accounts**

**1. Cash and Cash Equivalents**

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

**2. Restricted Assets**

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

**3. Investments**

Investments are stated at fair value.

**4. Receivables**

Receivables are reported net of an allowance for uncollectible accounts.

**5. Property Taxes**

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

**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**6. Capital Assets**

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

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

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

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

**7. Compensated Absences**

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

**8. Bond Discount and Premium**

Bond discounts and premiums for the governmental fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method.

**9. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town does not have any items that qualify for reporting in this category.

**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**II. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**9. Deferred Outflows/Inflows of Resources (continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category. Accordingly, unavailable property tax revenue is reported in both the government-wide statement of net position and the governmental funds balance sheet, and unearned water tank revenue is reported in both the government-wide statement of net position and the proprietary fund type statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that these amounts become available.

**10. Categories and Classification of Fund Balance**

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

The Town classifies governmental fund balances as follows:

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

Spendable Fund Balance:

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

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

**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**III. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**10. Categories and Classification of Fund Balance (continued)**

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

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

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

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

*General Fund:*

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

*Special Revenue Funds:*

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

*Capital Projects Funds:*

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

*Debt Service Funds:*

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



**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**E. Significant Accounting Policies**

**1. Use of Estimates**

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

**2. Proprietary Funds**

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

**3. Restricted and Unrestricted Resources**

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

**4. Comparative Data**

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Certain amounts in 2011 have been reclassified to conform to the 2012 presentation.

**II. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

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

As required by Colorado Statutes, the Town followed the required timetable noted below in preparing, approving, and enacting its budget for 2012.

- (1) For the 2012 budget year, prior to August 25, 2011, 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, 2011, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the Town's operating requirements.

**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**II. Stewardship, Compliance, and Accountability (continued)**

**A. Budgetary Information (continued)**

- (3) Prior to December 15, 2011, 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.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2011 were collected in 2012 and taxes certified in 2012 will be collected in 2013. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

During the year, supplemental appropriations were necessary. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made. As a result of the supplementary budget appropriations, the 2012 appropriations were increase as follows:

<u>Fund</u>	<u>Original Appropriation</u>	<u>Supplemental Appropriation</u>
General Fund	5,182,517	5,682,517
Recreation Sales and Use Tax Fund	2,840,000	3,212,000
Capital Construction Fund	320,000	586,000
Streetscape Capital Fund	31,500	306,500
Lodging Tax Fund	47,000	58,500
Disposable Bag Fee Fund	-	3,000

For the year ended December 31, 2012, the Lodging Tax fund expenditures exceeded appropriations by \$825.

**B. TABOR Amendment**

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

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

**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**II. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment (continued)**

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 \$219,000 for TABOR purposes.

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

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

**III. Detailed Notes on all Funds**

**A. Deposits**

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

The Town's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the Town's interest-bearing deposits at each financial institution. Non-interest bearing deposits are fully insured by the FDIC. Interest-bearing deposit balances over \$250,000 are collateralized as required by PDPA. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the Town's deposits was \$12,158,382. Petty cash totaled \$957.

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

	<b>Standard &amp; Poors Rating</b>	<b>Carrying amounts</b>	<b>Maturities</b>	
			<b>Less than one year</b>	<b>Less than five years</b>
<b>Deposits:</b>				
Petty cash	Not Rated	\$ 957	957	-
Checking	Not Rated	2,844,801	2,844,801	-
Certificates of Deposit	Not Rated	328,205	328,205	-
Savings and money market	Not Rated	8,985,376	8,985,376	-
<b>Investments:</b>				
Investment pools	AAAm	3,230,307	3,230,307	-
		<u>\$ 15,389,646</u>	<u>15,389,646</u>	<u>-</u>

**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**III. Detailed Notes on all Funds (continued)**

**A. Deposits (continued)**

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

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

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

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

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

**B. Receivables**

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

	<b>General</b>	<b>Sales and Use Tax</b>	<b>Sales and Use Tax</b>	<b>Streetscape</b>	<b>CHA Mortgage</b>	<b>Lodging Tax</b>	<b>Disposable Bag Tax</b>	<b>Water</b>	<b>Wastewater</b>	<b>Total</b>
Receivables:										
Taxes	\$ 259,516	-	-	185,890	-	-	-	-	-	445,406
Accounts	-	-	-	-	-	-	-	113,657	113,229	226,886
Other	203,547	6,608	13	-	1,530	2,943	1,693	-	-	216,334
Intergovernmental	46,908	52,522	315,020	660	-	-	-	-	-	415,110
Gross receivables	509,971	59,130	315,033	186,550	1,530	2,943	1,693	113,657	113,229	1,303,736
Less: allowance for uncollectible	-	-	-	-	-	-	-	-	-	-
<b>Net receivables</b>	<b>\$ 509,971</b>	<b>59,130</b>	<b>315,033</b>	<b>186,550</b>	<b>1,530</b>	<b>2,943</b>	<b>1,693</b>	<b>113,657</b>	<b>113,229</b>	<b>1,303,736</b>

Governmental funds report *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. This includes \$445,406 of unearned revenue for property taxes levied in 2012 but not available until 2013.

**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**III. Detailed Notes on all Funds (continued)**

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and improvements	\$ 4,745,343	-	-	4,745,343
Construction in progress	40,708	-	-	40,708
Total capital assets, not being depreciated	<u>4,786,051</u>	<u>-</u>	<u>-</u>	<u>4,786,051</u>
Capital assets, being depreciated:				
Infrastructure	6,100,273	344,550	-	6,444,823
Buildings	9,019,985	-	-	9,019,985
Improvements other than buildings	3,219,012	22,250	-	3,241,262
Vehicles	1,010,301	218,464	-	1,228,765
Equipment	1,770,739	40,744	-	1,811,483
Total capital assets being depreciated	<u>21,120,310</u>	<u>626,008</u>	<u>-</u>	<u>21,746,318</u>
Less accumulated depreciation for:				
Infrastructure	(1,057,622)	(223,697)	-	(1,281,319)
Buildings	(1,645,996)	(229,156)	-	(1,875,152)
Improvements other than buildings	(1,679,547)	(160,002)	-	(1,839,549)
Vehicles	(852,612)	(63,953)	-	(916,565)
Equipment	(1,602,338)	(59,173)	-	(1,661,511)
Total accumulated depreciation	<u>(6,838,115)</u>	<u>(735,981)</u>	<u>-</u>	<u>(7,574,096)</u>
Total capital assets, being depreciated, net	<u>14,282,195</u>	<u>(109,973)</u>	<u>-</u>	<u>14,172,222</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 19,068,246</u>	<u>(109,973)</u>	<u>-</u>	<u>18,958,273</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 184,439	-	-	184,439
Water rights	273,384	35,200	-	308,584
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>457,823</u>	<u>35,200</u>	<u>-</u>	<u>493,023</u>
Capital assets, being depreciated:				
Water/wastewater system and improvements	25,379,265	-	-	25,379,265
Buildings and improvements	724,650	-	-	724,650
Equipment	1,095,547	7,174	-	1,102,721
Total capital assets being depreciated	<u>27,199,462</u>	<u>7,174</u>	<u>-</u>	<u>27,206,636</u>
Less accumulated depreciation for:				
Water/wastewater system and improvements	(10,027,130)	(469,741)	-	(10,496,871)
Buildings and improvements	(282,606)	(21,375)	-	(303,981)
Equipment	(801,851)	(65,965)	-	(867,816)
Total accumulated depreciation	<u>(11,111,587)</u>	<u>(557,081)</u>	<u>-</u>	<u>(11,668,668)</u>
Total capital assets, being depreciated, net	<u>16,087,875</u>	<u>(549,907)</u>	<u>-</u>	<u>15,537,968</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 16,545,698</u>	<u>(514,707)</u>	<u>-</u>	<u>16,030,991</u>

**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**III. Detailed Notes on all Funds (continued)**

**C. Capital Assets (continued)**

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

	<b>Capital Outlay</b>	<b>Depreciation Expense</b>
Governmental activities:		
General government	\$ 8,918	151,562
Public safety	42,414	30,397
Public works, including infrastructure	567,696	277,606
Culture and recreation	6,980	276,416
<b>Total - governmental activities</b>	<b>\$ 626,008</b>	<b>735,981</b>
Business-type activities:		
Water	\$ 42,374	270,112
Wastewater	-	286,969
<b>Total - business-type activities</b>	<b>\$ 42,374</b>	<b>557,081</b>

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.

**D. Interfund Receivables, Payables, and Transfers**

The Town had the following interfund receivables or payables as of December 31, 2012:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 20,000	-
1% of Arts Funds	5,000	-
Capital Construction Fund	-	2,900
Recreation Sales and Use Tax Fund	-	2,100
Sales and Use Tax Fund	-	20,000
<b>Total</b>	<b>\$ 25,000</b>	<b>25,000</b>

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

**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**III. Detailed Notes on all Funds (continued)**

**E. 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)	\$ 3,141,900	Operating transfer
General / (Development Dedication)	175,000	To fund growth related expenditures
Capital Projects / (General)	526,595	Highway 133 improvements
Bond Fund / (Recreation Sales and Use Tax)	225,864	Debt service for 2004 and 2006 Sales and Use Tax bonds.

**F. 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 was 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, had not been refunded and was still outstanding. The bonds were 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 was between 3.35% and 4.75%. The bonds required interest payments on May 1 and November 1. Annual principle payments were made on November 1. The bonds were to mature on November 1, 2015, but were retired early with the remaining principal balance paid off in September 2012. The net revenue derived by the Town from the operation of the water system was restricted solely for the payment of the principal and interest of the bonds.

**2. Recreation Sales and Use Tax Series 2004 Bonds**

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

**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**III. Detailed Notes on all Funds (continued)**

**F. Long-term Debt (continued)**

**3. Recreation Sales and Use Tax Series 2006 Bonds**

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

**4. Advance Refunding**

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

**5. Schedule of Future Payment**

The Town's annual debt service is as follows:

<u>Year</u>	<u>Recreation Sales and Use Bonds Series 2004</u>	<u>Recreation Sales and Use Bonds Series 2006</u>	<u>Total</u>
2013	\$ 172,010	44,038	216,048
2014	168,010	42,913	210,923
2015	169,010	46,788	215,798
2016	169,075	45,438	214,513
2017	168,905	44,088	212,993
2018 - 2022	851,110	222,638	1,073,748
2023 - 2024	338,750	91,500	430,250
Total	<u>2,036,870</u>	<u>537,403</u>	<u>2,574,273</u>
Less: interest	<u>(521,870)</u>	<u>(137,403)</u>	<u>(659,273)</u>
Bonds outstanding	<u>\$ 1,515,000</u>	<u>400,000</u>	<u>1,915,000</u>
Add: Unamortized bond premium			3,493
Less: Unamortized bond discount			<u>(2,005)</u>
Total debt			<u><u>1,916,488</u></u>



**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**III. Detailed Notes on all Funds (continued)**

**F. Long-term Debt (continued)**

**6. Compensated Absences**

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

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

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

**7. Tap Fees Agreement**

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

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

**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**III. Detailed Notes on all Funds (continued)**

**F. Long-term Debt (continued)**

**8. Changes in the Long-term Debt**

The following is a summary of changes in long-term debt for the year ended December 31, 2012:

	<u>Balance 1/1/12</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance 12/31/12</u>	<u>Due in One Year</u>
<b>Governmental Activities:</b>					
Series 2004 Bonds	\$ 1,610,000	-	(95,000)	1,515,000	100,000
Series 2006 Bonds	425,000	-	(25,000)	400,000	25,000
Compensated absences	316,180	57,108	-	373,288	11,199
<b>Business-Type Activities:</b>					
CWRPDA 1998B Bonds	545,917	-	(545,917)	-	-
Compensated absences	31,878	8,114	-	39,992	1,200
Reimbursable prepaid tap fees	2,091,983	-	(85,601)	2,006,382	-
<b>Total</b>	<u>\$ 5,020,958</u>	<u>65,222</u>	<u>(751,518)</u>	<u>4,334,662</u>	<u>137,399</u>

**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**III. Detailed Notes on all Funds (continued)**

**G. Fund Balance**

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

	<u>General</u>	<u>Recreation Sales and Use Tax</u>	<u>Sales and Use Tax</u>	<u>Streetscape</u>	<u>Development Dedication</u>	<u>Capital Projects</u>	<u>Conservation Trust</u>	<u>Victims Assistance</u>
Nonspendable:								
Prepaid expenses	\$ 161,828	-	-	-	-	-	-	-
Inventory	3,903	-	-	-	-	-	-	-
Economic development	68,162	-	-	-	-	-	-	-
<b>Total Nonspendable:</b>	<b>233,893</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Restricted:								
Constitutionally required emergency reserve								
Capital projects	-	-	295,298	-	-	-	-	-
Community enhancement	-	-	-	281,038	-	-	-	-
Culture and recreation	-	919,743	-	-	-	-	119,667	-
Highway 133	-	-	-	-	-	446,625	-	-
Tree funding	21,265	-	-	-	-	-	-	-
<b>Total Restricted:</b>	<b>240,265</b>	<b>919,743</b>	<b>295,298</b>	<b>281,038</b>	<b>-</b>	<b>446,625</b>	<b>119,667</b>	<b>-</b>
Committed:								
Developer improvements	150,284	-	-	-	-	-	-	-
General operating	-	-	-	-	653,374	-	-	-
Parking	40,700	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	8,810
<b>Total Committed:</b>	<b>190,984</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>653,374</b>	<b>-</b>	<b>-</b>	<b>8,810</b>
Assigned:								
Town Manger contract	80,084	-	-	-	-	-	-	-
Economic development	52,862	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	155,576	-	-
<b>Total Assigned:</b>	<b>132,946</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>155,576</b>	<b>-</b>	<b>-</b>
Restricted:								
Culture and recreation	-	51,804	3,683	-	-	-	-	-
Debt service	-	-	-	-	-	-	22,487	173,618
<b>Total Restricted:</b>	<b>-</b>	<b>51,804</b>	<b>3,683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,487</b>	<b>173,618</b>
Committed:								
Community enhancement	-	-	-	18,239	-	-	-	-
Affordable housing	105,027	-	-	-	-	-	-	-
Efficient buidling	-	-	-	-	9,748	-	-	-
Education and awareness	-	-	-	-	-	5,266	-	-
<b>Total Committed:</b>	<b>105,027</b>	<b>-</b>	<b>-</b>	<b>18,239</b>	<b>9,748</b>	<b>5,266</b>	<b>-</b>	<b>-</b>

**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Other Information**

**A. Benefits**

The Town has established two contributory benefit plans as follows.

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

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

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

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

The Town's current year covered payroll was \$3,078,567 and current year total payroll was \$3,438,070. During the year, the Town's required and actual contributions amounted to \$92,357, which was 3% of its current year covered payroll.

**2. Deferred Compensation Plan - IRC 457**

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

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

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

**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Other Information (continued)**

**A. Benefits (continued)**

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

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

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

The Town's current year covered payroll was \$837,675 and current year total payroll was \$910,569. During the year, the Town's required and actual contributions amounted to \$67,014.

**B. Commitments and Contingencies - Landfill**

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

**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Other Information (continued)**

**C. Risk Management**

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

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

The Town's share of assets, liabilities and fund equity as of December 31, 2011, the latest date for which information is available, is as follows:

<b>Property and Casualty Pool:</b>	<u>%</u>
Loss fund	0.970%
Pooled excess fund	0.505%

The December 31, 2012, combined financial information is as follows:

Cash and investments	\$ 16,375,784
Other assets	61,098,954
<b>Total</b>	<u><u>\$ 77,474,738</u></u>
Liabilities	\$ 40,063,159
Members fund balance	37,411,579
<b>Total</b>	<u><u>\$ 77,474,738</u></u>
Total revenue	\$ 22,214,452
Total expense	(18,419,583)
<b>Excess of Revenue Over Expense</b>	<u><u>\$ 3,794,869</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, 2012, the Town does not expect to incur losses in excess of the above coverage.

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

**Town of Carbondale, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Other Information (continued)**

**D. Lease Agreements**

**1. Operating Leases**

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

**2. Building Lease**

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

**E. Restatement**

The Town implemented GASB Statement 65 which requires bond issuance costs to be expensed as a current cost. A restatement is required for bond issuance costs capitalized in previous periods. The Governmental Activities' beginning net position was restated by \$99,249, and the Water Fund's beginning net position was restated by \$13,759, and correspondingly the Business-type's beginning net position.

**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, 2012**  
**With Comparative Totals For the Year Ended December 31, 2011**

	<u>2012</u>			<u>Final Budget</u>	<u>2011</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>	<u>Actual</u>
				<u>(Negative)</u>	
<b>Revenues:</b>					
Taxes	524,920	524,920	513,962	(10,958)	643,221
Licenses and permits	63,600	63,600	112,352	48,752	83,270
Intergovernmental	862,720	862,720	1,080,490	217,770	1,159,674
Charges for services	106,650	106,650	128,382	21,732	102,238
Fines and forfeitures	65,000	65,000	77,086	12,086	49,418
Interest	13,580	13,580	24,631	11,051	25,521
Administrative charges	398,726	398,726	398,726	-	389,052
Developer reimbursable	55,000	55,000	71,377	16,377	503,794
Other	55,000	55,000	112,185	57,185	82,397
<b>Total Revenues</b>	<u>2,145,196</u>	<u>2,145,196</u>	<u>2,519,191</u>	<u>373,995</u>	<u>3,038,585</u>
<b>Expenditures:</b>					
<b>General Government:</b>					
Attorney	95,000	95,000	140,544	(45,544)	159,844
Municipal elections	14,585	14,585	11,033	3,552	53
Trustees	87,786	87,786	86,045	1,741	116,902
Municipal Court	30,250	30,250	28,388	1,862	27,161
Town Manager	235,999	235,999	236,888	(889)	261,715
Administrative services	307,062	307,062	356,079	(49,017)	300,972
Finance and records	374,691	374,691	358,439	16,252	368,674
Planning	362,756	362,756	250,088	112,668	380,268
Data processing	65,348	65,348	56,542	8,806	41,528
Building operations	83,409	83,409	73,836	9,573	134,516
Motor pool	210,557	210,557	210,905	(348)	214,359
Economic development	20,000	20,000	81,114	(61,114)	166,708
Sales tax administration	34,399	34,399	33,496	903	32,685
Affordable housing	40,000	40,000	59,447	(19,447)	37,801
<b>Total General Government</b>	<u>1,961,842</u>	<u>1,961,842</u>	<u>1,982,844</u>	<u>(21,002)</u>	<u>2,243,186</u>
<b>Public Safety:</b>					
Police department	1,440,808	1,440,808	1,403,123	37,685	1,300,159
Communications	38,000	38,000	36,290	1,710	42,341
Building inspection	142,297	142,297	130,831	11,466	132,052
Ordinance control	59,902	59,902	53,520	6,382	49,700
<b>Total Public Safety</b>	<u>1,681,007</u>	<u>1,681,007</u>	<u>1,623,764</u>	<u>57,243</u>	<u>1,524,252</u>
<b>Public Works:</b>					
Streets, alleys, snow removal	552,612	552,612	742,236	(189,624)	479,478
Public works administration	215,345	215,345	207,415	7,930	332,509
Highway 133 construction	566,667	566,667	-	566,667	-
<b>Total Public Works</b>	<u>1,334,624</u>	<u>1,334,624</u>	<u>949,651</u>	<u>384,973</u>	<u>811,987</u>

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, 2012  
With Comparative Totals For the Year Ended December 31, 2011  
(Continued)

	2012			Final Budget Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Expenditures (continued):</b>					
<b>Culture and Recreation:</b>					
Recreation	288,240	288,240	274,203	14,037	263,294
Parks and cemetery	292,224	292,224	329,683	(37,459)	255,775
RV park	40,768	40,768	24,796	15,972	67,798
Boat ramp	3,700	3,700	386	3,314	6,767
Community affairs	55,500	55,500	55,150	350	62,730
<b>Total Culture and Recreation</b>	<u>680,432</u>	<u>680,432</u>	<u>684,218</u>	<u>(3,786)</u>	<u>656,364</u>
<b>Other:</b>					
Environmental health and recycling	41,280	41,280	121,448	(80,168)	56,877
Contingency	50,000	550,000	-	550,000	40,000
<b>Total Other</b>	<u>91,280</u>	<u>591,280</u>	<u>121,448</u>	<u>469,832</u>	<u>96,877</u>
<b>Total Expenditures</b>	<u>5,749,185</u>	<u>6,249,185</u>	<u>5,361,925</u>	<u>887,260</u>	<u>5,332,666</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(3,603,989)	(4,103,989)	(2,842,734)	1,261,255	(2,294,081)
<b>Other Financing Sources (Uses):</b>					
Sale of fixed assets	-	-	-	-	29,055
Transfers (out)	-	-	(526,595)	(526,595)	(326,861)
Transfers in	3,015,000	3,015,000	3,316,900	301,900	3,069,900
<b>Total Other Financing Sources (Uses)</b>	<u>3,015,000</u>	<u>3,015,000</u>	<u>2,790,305</u>	<u>(224,695)</u>	<u>2,772,094</u>
<b>Net Change in Fund Balance</b>	<u>(588,989)</u>	<u>(1,088,989)</u>	(52,429)	<u>1,036,560</u>	478,013
<b>Fund Balance - Beginning</b>			5,952,230		5,474,217
<b>Fund Balance - Ending</b>			<u>5,899,801</u>		<u>5,952,230</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, 2012**  
**With Comparative Totals For the Year Ended December 31, 2011**

	<u>2012</u>	<u>2011</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>				
Sales tax revenue	434,946	465,473	30,527	447,693
Use tax - motor vehicle	30,600	41,917	11,317	35,666
Use tax - building permits	7,288	19,249	11,961	11,612
Investment earnings	2,000	624	(1,376)	2,467
Intergovernmental	186,500	4,000	(182,500)	105,000
Charges for services	297,500	308,030	10,530	300,442
Other income	65,500	145,823	80,323	66,771
<b>Total Revenues</b>	<u>1,024,334</u>	<u>985,116</u>	<u>(39,218)</u>	<u>969,651</u>
<b>Expenditures:</b>				
Park improvements	39,250	35,067	4,183	5,449
Trail improvements	162,000	19,163	142,837	30
Riding area and building	8,000	-	8,000	34
Salaries and benefits	435,197	421,066	14,131	425,869
Park and recreation facilities	279,888	261,366	18,522	505,833
Contingency	50,510	-	50,510	-
<b>Total Expenditures</b>	<u>974,845</u>	<u>736,662</u>	<u>238,183</u>	<u>937,215</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	49,489	248,454	198,965	32,436
<b>Other Financing Sources (Uses):</b>				
Operating transfers (out)	(217,500)	(225,864)	(8,364)	(219,472)
<b>Total Other Financing Sources (Uses)</b>	<u>(217,500)</u>	<u>(225,864)</u>	<u>(8,364)</u>	<u>(219,472)</u>
<b>Net Change in Fund Balance</b>	<u>(168,011)</u>	22,590	<u>190,601</u>	(187,036)
<b>Fund Balance - Beginning</b>		<u>897,153</u>		<u>1,084,189</u>
<b>Fund Balance - Ending</b>		<u>919,743</u>		<u>897,153</u>

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

**Town of Carbondale, Colorado**  
**Sales and Use Tax Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual**  
**For the Year Ended December 31, 2012**  
**With Comparative Totals For the Year Ended December 31, 2011**

	<u>2012</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2011</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>					
Sales tax	2,600,416	2,600,416	2,767,438	167,022	2,627,368
Use tax - motor vehicle	195,000	195,000	251,412	56,412	213,924
Use tax - building permits	45,000	45,000	115,447	70,447	69,241
<b>Total Revenues</b>	<u>2,840,416</u>	<u>2,840,416</u>	<u>3,134,297</u>	<u>293,881</u>	<u>2,910,533</u>
<b>Expenditures:</b>					
Miscellaneous	-	-	2,897	(2,897)	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>2,897</u>	<u>(2,897)</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	2,840,416	2,840,416	3,131,400	290,984	2,910,533
<b>Other Financing (Uses):</b>					
Operating transfers (out)	(2,840,000)	(3,212,000)	(3,141,900)	70,100	(2,894,900)
<b>Total Other Financing (Uses)</b>	<u>(2,840,000)</u>	<u>(3,212,000)</u>	<u>(3,141,900)</u>	<u>-</u>	<u>(2,894,900)</u>
<b>Net Change in Fund Balance</b>	<u>416</u>	<u>(371,584)</u>	(10,500)	<u>361,084</u>	15,633
<b>Fund Balance - Beginning</b>			<u>305,798</u>		<u>290,165</u>
<b>Fund Balance - Ending</b>			<u>295,298</u>		<u>305,798</u>

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

**Town of Carbondale, Colorado**  
**Streetscape Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual**  
**For the Year Ended December 31, 2012**  
**With Comparative Totals For the Year Ended December 31, 2011**

	<u>2012</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2011</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>					
Property tax	182,000	182,000	185,810	3,810	262,896
Specific ownership tax	9,500	9,500	9,032	(468)	13,813
Delinquent tax and interest	-	-	855	855	1,220
Interest income	-	-	-	-	1
<b>Total Revenues</b>	<u>191,500</u>	<u>191,500</u>	<u>195,697</u>	<u>4,197</u>	<u>277,930</u>
<b>Expenditures:</b>					
Treasurer fee	4,500	4,500	3,734	766	5,282
Streetscape improvements	27,000	27,000	2,560	24,440	44,862
Capital projects	-	275,000	227,173	47,827	-
<b>Total Expenditures</b>	<u>31,500</u>	<u>306,500</u>	<u>233,467</u>	<u>73,033</u>	<u>50,144</u>
<b>Net Change in Fund Balance</b>	<u>160,000</u>	<u>(115,000)</u>	<u>(37,770)</u>	<u>77,230</u>	227,786
<b>Fund Balance - Beginning</b>			<u>318,808</u>		<u>91,022</u>
<b>Fund Balance - Ending</b>			<u>281,038</u>		<u>318,808</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, 2012**  
**With Comparative Totals For the Year Ended December 31, 2011**

	<u>2012</u>		<u>2011</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>				
Park development fee	-	-	-	4,200
General development fee	2,000	49,998	47,998	203
Investment earnings	-	315	315	8,069
<b>Total Revenues</b>	<u>2,000</u>	<u>50,313</u>	<u>48,313</u>	<u>12,472</u>
<b>Expenditures:</b>				
Reserve	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	2,000	50,313	48,313	12,472
<b>Other Financing Sources (Uses):</b>				
Operating transfers (out)	(175,000)	(175,000)	-	(175,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(175,000)</u>	<u>(175,000)</u>	<u>-</u>	<u>(175,000)</u>
<b>Net Change in Fund Balance</b>	<u>(173,000)</u>	(124,687)	<u>48,313</u>	(162,528)
<b>Fund Balance - Beginning</b>		<u>778,061</u>		<u>940,589</u>
<b>Fund Balance - Ending</b>		<u>653,374</u>		<u>778,061</u>

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

**SUPPLEMENTARY INFORMATION**



**Town of Carbondale, Colorado**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual**  
**For the Year Ended December 31, 2012**  
**With Comparative Totals For the Year Ended December 31, 2011**

	2012			Final Budget Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Grants	-	-	100,494	100,494	190,681
Investment earnings	-	-	127	127	1,020
<b>Total Revenues</b>	-	-	100,621	100,621	191,701
<b>Expenditures:</b>					
Highway 133	-	85,000	84,740	260	1,176
Miscellaneous	-	-	-	-	167,979
Construction	50,000	145,000	140,401	4,599	26,455
Street resurfacing	270,000	356,000	296,701	59,299	45,640
<b>Total Expenditures</b>	320,000	586,000	521,842	64,158	241,250
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(320,000)	(586,000)	(421,221)	36,463	(49,549)
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	-	-	526,595	(526,595)	326,861
Operating transfers (out)	-	-	-	-	(2,900)
<b>Total Other Financing Sources (Uses)</b>	-	-	526,595	(526,595)	323,961
<b>Net Change in Fund Balance</b>	(320,000)	(586,000)	105,374	691,374	274,412
<b>Fund Balance - Beginning</b>			496,827		222,415
<b>Fund Balance - Ending</b>			602,201		496,827

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, 2012**  
**With Comparative Totals For the Year Ended December 31, 2011**

	Water Fund					Wastewater Fund			
	2012			2011		2012			2011
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>									
<b>Charges for services:</b>									
Sale of meters	1,000	1,000	6,878	5,878	922	-	-	-	-
Service fees	1,055,141	1,055,141	1,091,298	36,157	1,031,502	1,141,193	1,136,003	(5,190)	1,109,193
Penalty assessments	4,800	4,800	5,302	502	5,181	3,312	5,585	2,273	5,418
Miscellaneous	5,100	5,100	10,237	5,137	17,405	69,560	67,639	(1,921)	70,918
<b>Total Revenues</b>	<u>1,066,041</u>	<u>1,066,041</u>	<u>1,113,715</u>	<u>47,674</u>	<u>1,055,010</u>	<u>1,214,065</u>	<u>1,209,227</u>	<u>(4,838)</u>	<u>1,185,529</u>
<b>Operating Expenses:</b>									
Operations and maintenance	178,429	178,429	162,776	15,653	157,468	231,271	203,451	27,820	396,247
Personnel costs	375,846	375,846	367,919	7,927	377,881	430,926	423,995	6,931	423,268
Administration	332,315	332,315	308,505	23,810	262,700	212,098	208,701	3,397	208,877
Miscellaneous / contingency	50,000	50,000	-	50,000	-	50,000	-	50,000	-
Capital outlay	149,427	149,427	77,365	72,062	87,141	106,403	18,181	88,222	149,467
<b>Total operating expenses</b>	<u>1,086,017</u>	<u>1,086,017</u>	<u>916,565</u>	<u>169,452</u>	<u>885,190</u>	<u>1,030,698</u>	<u>854,328</u>	<u>176,370</u>	<u>1,177,859</u>
<b>Operating Income (Loss) Budget Basis</b>	(19,976)	(19,976)	197,150	217,126	169,820	183,367	354,899	171,532	7,670
<b>Non-operating revenues (expenses):</b>									
Investment earnings	2,045	2,045	2,683	638	2,084	8,000	8,605	605	10,524
Principal payments	(135,285)	(310,285)	(587,625)	(277,340)	(140,750)	-	(43,893)	(43,893)	(10,519)
Interest expense	(26,715)	(26,715)	(20,915)	5,800	(31,442)	-	-	-	-
Bond administration fee	-	-	-	-	-	-	-	-	-
Grant revenue	-	-	-	-	-	-	52,530	52,530	-
<b>Total non-operating revenues (expenses):</b>	<u>(159,955)</u>	<u>(334,955)</u>	<u>(605,857)</u>	<u>(270,902)</u>	<u>(170,108)</u>	<u>8,000</u>	<u>17,242</u>	<u>9,242</u>	<u>5</u>
<b>Capital contributions</b>	25,000	25,000	95,831	70,831	35,920	20,000	77,109	57,109	31,536
<b>Excess (Deficiency) of Revenues Over Expenditures Budget (Non-GAAP) Basis</b>	<u>(154,931)</u>	<u>(329,931)</u>	<u>(312,876)</u>	<u>17,055</u>	<u>35,632</u>	<u>211,367</u>	<u>449,250</u>	<u>237,883</u>	<u>39,211</u>
<b>Reconciliation to GAAP Basis:</b>									
Capitalized assets			42,374		32,969		-		140,606
Contributed capital assets			-		110,210		-		91,835
Principal payments			587,625		140,750		43,893		10,519
Depreciation			(270,112)		(269,531)		(286,969)		(284,984)
<b>Net Income - GAAP Basis</b>			<u>47,011</u>		<u>50,030</u>		<u>206,174</u>		<u>(2,813)</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, 2012**

	<u>Special Revenue</u>					
	<u>Conservation Trust</u>	<u>Victims Assistance</u>	<u>CHA Mortgage</u>	<u>Community Enhancement</u>	<u>Lodging Tax</u>	<u>Sub-total Non-Major Governmental Funds</u>
<b>Assets:</b>						
Cash - Unrestricted	119,667	8,810	103,497	51,804	740	284,518
Other receivables	-	-	1,530	-	2,943	4,473
<b>Total Assets</b>	<u>119,667</u>	<u>8,810</u>	<u>105,027</u>	<u>51,804</u>	<u>3,683</u>	<u>288,991</u>
<b>Fund Balance:</b>						
Restricted	119,667	-	-	51,804	3,683	175,154
Committed	-	8,810	105,027	-	-	113,837
<b>Total Fund Balance</b>	<u>119,667</u>	<u>8,810</u>	<u>105,027</u>	<u>51,804</u>	<u>3,683</u>	<u>288,991</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>119,667</u>	<u>8,810</u>	<u>105,027</u>	<u>51,804</u>	<u>3,683</u>	<u>288,991</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, 2012  
(Continued)

	Special Revenue			Debt Service		Sub-total Non-Major Governmental Funds	Total Non-Major Governmental Funds
	1% of Arts	Efficient Building	Disposable Bag Tax	Bond	Bond Reserve		
<b>Assets:</b>							
Cash - Unrestricted	13,239	9,748	3,574	22,487	173,618	284,518	507,184
Other receivables	-	-	1,692	-	-	4,473	6,165
Due from other funds	5,000	-	-	-	-	-	5,000
<b>Total Assets</b>	<u>18,239</u>	<u>9,748</u>	<u>5,266</u>	<u>22,487</u>	<u>173,618</u>	<u>288,991</u>	<u>518,349</u>
<b>Fund Balance:</b>							
Restricted	-	-	-	22,487	173,618	175,154	371,259
Committed	18,239	9,748	5,266	-	-	113,837	147,090
<b>Total Fund Balance</b>	<u>18,239</u>	<u>9,748</u>	<u>5,266</u>	<u>22,487</u>	<u>173,618</u>	<u>288,991</u>	<u>518,349</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, 2012**

	<u>Special Revenue</u>					<b>Sub-total Non-major Governmental Funds</b>
	<b>Conservation Trust</b>	<b>Victims Assistance</b>	<b>CHA Mortgage</b>	<b>Community Enhancement</b>	<b>Lodging Tax</b>	
<b>Revenues:</b>						
Taxes	-	-	-	-	59,210	59,210
Intergovernmental revenue	64,001	-	-	-	-	64,001
Fines and forfeitures	-	12,740	-	-	-	12,740
Interest	25	-	-	-	-	25
Miscellaneous	-	-	31,377	5,934	-	37,311
<b>Total Revenues</b>	<u>64,026</u>	<u>12,740</u>	<u>31,377</u>	<u>5,934</u>	<u>59,210</u>	<u>173,287</u>
<b>Expenditures:</b>						
General government	-	-	53,509	-	-	53,509
Public safety	-	14,100	-	-	-	14,100
Culture and recreation	52,318	-	-	-	59,325	111,643
<b>Total Expenditures</b>	<u>52,318</u>	<u>14,100</u>	<u>53,509</u>	<u>-</u>	<u>59,325</u>	<u>179,252</u>
<b>Net Change in Fund Balance</b>	11,708	(1,360)	(22,132)	5,934	(115)	(5,965)
<b>Fund Balance - Beginning</b>	107,959	10,170	127,159	45,870	3,798	294,956
<b>Fund Balance - Ending</b>	<u>119,667</u>	<u>8,810</u>	<u>105,027</u>	<u>51,804</u>	<u>3,683</u>	<u>288,991</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, 2012  
(Continued)

	Special Revenue			Debt Service		Sub-total Non-major Governmental Funds	Total Non-major Governmental Funds
	1% of Arts	Efficient Building	Disposable Bag Tax	Bond	Bond Reserve		
<b>Revenues:</b>							
Taxes	-	-	7,766	-	-	59,210	66,976
Intergovernmental revenue	-	-	-	-	-	64,001	64,001
Fines and forfeitures	-	-	-	-	-	12,740	12,740
Interest	-	-	-	-	-	25	25
Miscellaneous	30	5,174	-	-	-	37,311	42,515
<b>Total Revenues</b>	<u>30</u>	<u>5,174</u>	<u>7,766</u>	<u>-</u>	<u>-</u>	<u>173,287</u>	<u>186,257</u>
<b>Expenditures:</b>							
General government	-	-	2,500	600	-	53,509	56,609
Public safety	-	-	-	-	-	14,100	14,100
Culture and recreation	-	-	-	-	-	111,643	111,643
Debt service:							
Principal	-	-	-	120,000	-	-	120,000
Interest	-	-	-	95,783	-	-	95,783
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>216,383</u>	<u>-</u>	<u>179,252</u>	<u>398,135</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	30	5,174	5,266	(216,383)	-	(5,965)	(211,878)
<b>Other Financing Sources (Uses):</b>							
Operating transfers in	-	-	-	225,864	-	-	225,864
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,864</u>	<u>-</u>	<u>-</u>	<u>225,864</u>
<b>Net Change in Fund Balance</b>	30	5,174	5,266	9,481	-	(5,965)	13,986
<b>Fund Balance - Beginning</b>	18,209	4,574	-	13,006	173,618	294,956	504,363
<b>Fund Balance - Ending</b>	<u>18,239</u>	<u>9,748</u>	<u>5,266</u>	<u>22,487</u>	<u>173,618</u>	<u>288,991</u>	<u>518,349</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, 2012**  
**With Comparative Totals For the Year Ended December 31, 2011**

	<u>2012</u>		<u>Variance Positive (Negative)</u>	<u>2011</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Intergovernmental revenue	60,000	64,001	4,001	61,391
Interest	-	25	25	77
<b>Total Revenues</b>	<u>60,000</u>	<u>64,026</u>	<u>4,026</u>	<u>61,468</u>
<b>Expenditures:</b>				
Personnel	76,890	40,861	36,029	56,622
Park maintenance	10,000	6,160	3,840	-
Equipment	8,200	5,297	2,903	-
<b>Total Expenditures</b>	<u>95,090</u>	<u>52,318</u>	<u>42,772</u>	<u>56,622</u>
<b>Net Change in Fund Balance</b>	<u>(35,090)</u>	11,708	<u>46,798</u>	4,846
<b>Fund Balance - Beginning</b>		<u>107,959</u>		<u>103,113</u>
<b>Fund Balance - Ending</b>		<u>119,667</u>		<u>107,959</u>

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

**Town of Carbondale, Colorado**  
**Special Revenue Funds**  
**Victims Assistance Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual**  
**For the Year Ended December 31, 2012**  
**With Comparative Totals For the Year Ended December 31, 2011**

	<u>2012</u>		<u>2011</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
			<u>Actual</u>
<b>Revenues:</b>			
Fines and surcharge	19,500	12,740	(6,760)
<b>Total Revenues</b>	<u>19,500</u>	<u>12,740</u>	<u>(6,760)</u>
<b>Expenditures:</b>			
Victim's assistance	13,100	14,100	(1,000)
Police training	12,000	-	12,000
<b>Total Expenditures</b>	<u>25,100</u>	<u>14,100</u>	<u>11,000</u>
<b>Net Change in Fund Balance</b>	<u>(5,600)</u>	<u>(1,360)</u>	<u>4,240</u>
<b>Fund Balance - Beginning</b>		<u>10,170</u>	<u>3,054</u>
<b>Fund Balance - Ending</b>		<u>8,810</u>	<u>10,170</u>

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

**Town of Carbondale, Colorado**  
**Special Revenue Funds**  
**CHA Mortgage Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual**  
**For the Year Ended December 31, 2012**  
**With Comparative Totals For the Year Ended December 31, 2011**

	<u>2012</u>		<u>2011</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>				
Fannie Mae mortgage fee	2,000	1,642	(358)	2,803
Lease income	39,300	29,735	(9,565)	19,310
<b>Total Revenues</b>	<u>41,300</u>	<u>31,377</u>	<u>(9,923)</u>	<u>22,113</u>
<b>Expenditures:</b>				
Other expense	5,150	3,801	1,349	4,000
Grant expense	52,561	49,708	2,853	-
<b>Total Expenditures</b>	<u>57,711</u>	<u>53,509</u>	<u>4,202</u>	<u>4,000</u>
<b>Net Change in Fund Balance</b>	<u>(16,411)</u>	<u>(22,132)</u>	<u>(5,721)</u>	18,113
<b>Fund Balance - Beginning</b>		<u>127,159</u>		<u>109,046</u>
<b>Fund Balance - Ending</b>		<u>105,027</u>		<u>127,159</u>

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



**Town of Carbondale, Colorado**  
**Special Revenue Funds**  
**Community Enhancement Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual**  
**For the Year Ended December 31, 2012**  
**With Comparative Totals For the Year Ended December 31, 2011**

	<u>2012</u>		<u>Variance Positive (Negative)</u>	<u>2011</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Community enhancement	5,500	5,934	434	5,615
<b>Total Revenues</b>	<u>5,500</u>	<u>5,934</u>	<u>434</u>	<u>5,615</u>
<b>Expenditures:</b>				
Community projects	51,370	-	51,370	-
<b>Total Expenditures</b>	<u>51,370</u>	<u>-</u>	<u>51,370</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>(45,870)</u>	5,934	<u>51,804</u>	5,615
<b>Fund Balance - Beginning</b>		<u>45,870</u>		<u>40,255</u>
<b>Fund Balance - Ending</b>		<u>51,804</u>		<u>45,870</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, 2012**  
**With Comparative Totals For the Year Ended December 31, 2011**

	<u>2012</u>			<u>2011</u>	
	<u>Original Budget</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>					
Lodging tax	45,000	45,000	59,210	14,210	47,857
<b>Total Revenues</b>	<u>45,000</u>	<u>45,000</u>	<u>59,210</u>	<u>14,210</u>	<u>47,857</u>
<b>Expenditures:</b>					
Chamber of Commerce	47,000	58,500	59,325	(825)	47,374
<b>Total Expenditures</b>	<u>47,000</u>	<u>58,500</u>	<u>59,325</u>	<u>(825)</u>	<u>47,374</u>
<b>Net Change in Fund Balance</b>	<u>(2,000)</u>	<u>(13,500)</u>	(115)	<u>13,385</u>	483
<b>Fund Balance - Beginning</b>			<u>3,798</u>		<u>3,315</u>
<b>Fund Balance - Ending</b>			<u>3,683</u>		<u>3,798</u>

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

**Town of Carbondale, Colorado**  
**Special Revenue Funds**  
**1% of Arts Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual**  
**For the Year Ended December 31, 2012**  
**With Comparative Totals For the Year Ended December 31, 2011**

	<u>2012</u>		<u>Variance Positive (Negative)</u>	<u>2011</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Miscellaneous	1,000	30	(970)	2,530
<b>Total Revenues</b>	<u>1,000</u>	<u>30</u>	<u>(970)</u>	<u>2,530</u>
<b>Expenditures:</b>				
Reserve	16,710	-	16,710	-
<b>Total Expenditures</b>	<u>16,710</u>	<u>-</u>	<u>16,710</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(15,710)	30	15,740	2,530
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	-	-	-	5,000
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
<b>Net Change in Fund Balance</b>	<u>(15,710)</u>	30	<u>15,740</u>	7,530
<b>Fund Balance - Beginning</b>		<u>18,209</u>		<u>10,679</u>
<b>Fund Balance - Ending</b>		<u>18,239</u>		<u>18,209</u>

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

**Town of Carbondale, Colorado**  
**Special Revenue Funds**  
**Efficient Building Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual**  
**For the Year Ended December 31, 2012**  
**With Comparative Totals For the Year Ended December 31, 2011**

	2012		Variance Positive (Negative)	2011
	Original and Final Budget	Actual		Actual
<b>Revenues:</b>				
Miscellaneous	-	5,174	5,174	1,470
<b>Total Revenues</b>	-	5,174	5,174	1,470
<b>Net Change in Fund Balance</b>	-	5,174	5,174	1,470
<b>Fund Balance - Beginning</b>		4,574		3,104
<b>Fund Balance - Ending</b>		9,748		4,574

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

**Town of Carbondale, Colorado**  
**Special Revenue Funds**  
**Disposable Bag Tax Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual**  
**For the Year Ended December 31, 2012**  
**With Comparative Totals For the Year Ended December 31, 2011**

	2012			Final Budget Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Taxes	-	-	7,766	7,766	-
<b>Total Revenues</b>	-	-	7,766	7,766	-
<b>Expenditures:</b>					
Miscellaneous	-	3,000	2,500	500	-
<b>Total Expenditures</b>	-	3,000	2,500	500	-
<b>Net Change in Fund Balance</b>	-	(3,000)	5,266	8,266	-
<b>Fund Balance - Beginning</b>			-		-
<b>Fund Balance - Ending</b>			5,266		-

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

**Town of Carbondale, Colorado**  
**Debt Service Funds**  
**Bond Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual**  
**For the Year Ended December 31, 2012**  
**With Comparative Totals For the Year Ended December 31, 2011**

	<u>2012</u>			<u>Final Budget Variance Positive (Negative)</u>	<u>2011</u>
	<u>Original Budget</u>	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>					
Investment earnings	-	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>					
Bond principal	217,500	217,500	120,000	97,500	115,000
Bond interest	-	-	95,783	(95,783)	100,148
Agents fee	600	600	600	-	599
<b>Total Expenditures</b>	<u>218,100</u>	<u>218,100</u>	<u>216,383</u>	<u>1,717</u>	<u>215,747</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(218,100)	(218,100)	(216,383)	1,717	(215,747)
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	217,500	217,500	225,864	8,364	217,372
<b>Total Other Financing Sources (Uses)</b>	<u>217,500</u>	<u>217,500</u>	<u>225,864</u>	<u>8,364</u>	<u>217,372</u>
<b>Net Change in Fund Balance</b>	<u>(600)</u>	<u>(600)</u>	9,481	<u>10,081</u>	1,625
<b>Fund Balance - Beginning</b>			<u>13,006</u>		<u>11,381</u>
<b>Fund Balance - Ending</b>			<u>22,487</u>		<u>13,006</u>

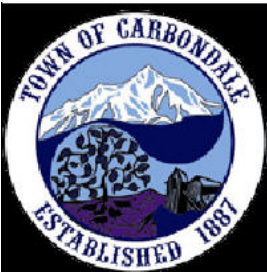
The accompanying notes are an integral part of these financial statements.

**Town of Carbondale, Colorado**  
**Debt Service Funds**  
**Bond Reserve Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual**  
**For the Year Ended December 31, 2012**  
**With Comparative Totals For the Year Ended December 31, 2011**

	<u>2012</u>	<u>Variance</u>	<u>2011</u>
	<u>Original and</u>	<u>Positive</u>	<u>Actual</u>
	<u>Final</u>	<u>(Negative)</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenues:</b>			
Investment earnings	-	-	1
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>1</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>-</u>	1
<b>Fund Balance - Beginning</b>		<u>173,618</u>	<u>173,617</u>
<b>Fund Balance - Ending</b>		<u><u>173,618</u></u>	<u><u>173,618</u></u>

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

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





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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: <b>TOWN OF CARBONDALE</b>
	YEAR ENDING : December 2012

This Information From The Records Of : <b>TOWN OF CARBONDALE</b>	Prepared By: Nancy Barnett Phone: 970-510-1204
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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				

<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES</b>	<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES</b>
--	--

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	470,921
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	9,534
2. General fund appropriations	828,844	b. Snow and ice removal	42,819
3. Other local imposts (from page 2)	432,644	c. Other	
4. Miscellaneous local receipts (from page 2)	42,986	d. Total (a. through c.)	52,353
5. Transfers from toll facilities	0	4. General administration & miscellaneous	681,956
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	572,270
a. Bonds - Original Issues	0	6. Total (1 through 5)	1,777,500
b. Bonds - Refunding Issues	0	<b>B. Debt service on local obligations:</b>	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	1,304,474	b. Redemption	0
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	181,839	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	291,187	a. Interest	0
<b>E. Total receipts (A.7 + B + C + D)</b>	1,777,500	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	0
		<b>D. Payments to toll facilities</b>	0
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	1,777,500

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

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,777,500	1,777,500		0

**Notes and Comments:**

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2012	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	379,802	a. Interest on investments	1,225
b. Other local imposts:		b. Traffic Fines & Penalties	41,761
1. Sales Taxes	34,354	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	18,488	g. Other Misc. Receipts	
6. Total (1. through 5.)	52,842	h. Other	
c. Total (a. + b.)	432,644	i. Total (a. through h.)	42,986
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	160,682	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	21,157	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	291,187
f. Total (a. through e.)	21,157	g. Total (a. through f.)	291,187
4. Total (1. + 2. + 3.f)	181,839	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs		0	0
b. Engineering Costs		0	4,770
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		79,970	0
(3). System Preservation		0	296,701
(4). System Enhancement & Operation		0	89,480
(5). Total Construction (1) + (2) + (3) + (4)		79,970	386,181
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		79,970	390,951
			(Carry forward to page 1)
<b>Notes and Comments:</b>			