

**TOWN OF EAGLE, COLORADO**

FINANCIAL STATEMENTS  
AND  
AUDITOR'S REPORT

DECEMBER 31, 2012

**TOWN OF EAGLE, COLORADO**  
**FOR THE YEAR ENDED**  
December 31, 2012

TOWN BOARD OF TRUSTEES

· Yuri Kostick – Mayor  
· Scott Turnipseed – Mayor Pro-Tem  
· Mikel Kerst, Trustee  
· Joe Knabel, Trustee  
· Anne McKibbin, Trustee  
· Brandi Resa, Trustee  
· Scot Webster, Trustee

ADMINISTRATIVE STAFF

· William P. Powell – Town Manager  
· Marilene M. Miller – Town Clerk/Treasurer

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**MONAHAN  
LAMPMAN  
& HAYS, P.C.**

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**CERTIFIED PUBLIC ACCOUNTANTS**

The Honorable Mayor and Members  
of the Town Board of Trustees  
Eagle, Colorado

**INDEPENDENT AUDITOR'S REPORT**

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Eagle, Colorado, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town of Eagle's basic financial statements as listed in the table of contents.

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

### ***Emphasis of a Matter***

As described in Note 1, the Town of Eagle has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended December 31, 2012. The opinion is not modified with the implementation of these GASB Statements.

### ***Other Matters***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, listed as required supplementary information in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with accounting standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding 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 supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance thereon.

### ***Other Information***

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Eagle's basic financial statements. The combining and individual fund financial statements and schedules, and the County, Cities and Towns Annual Statement of Receipts and Expenditures for Roads, Bridges and Streets, which are listed as Other Supplemental Information in the table of contents are for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.



MONAHAN, LAMPMAN & HAYS, P.C.

*Glenwood Springs, Colorado*

July 11, 2013

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**TOWN OF EAGLE, COLORADO**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Fiscal Year Ended December 31, 2012

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Town of Eagle was incorporated on March 17, 1905 as a statutory town pursuant to the constitution and laws of the State of Colorado. The Town serves as the county seat of Eagle County and is located on Interstate 70 approximately 130 miles west of Denver, and 130 miles east of Grand Junction, Colorado. The legislative and corporate authority of the Town is vested in the Board. Because the Town is a statutory town, State law governs in all municipal matters.

The discussion and analysis of the Town of Eagle's financial performance provides an overall review of the Town's financial activities for the fiscal year. The intent of this discussion and analysis is to look at the Town's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the Town's overall financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year ended December 31, 2012 are as follows:

- In total, the Town's *overall* net position increased \$598,108 (or 0.9%) from the previous fiscal year.
- The Town's *overall* General Revenues accounted for \$4,740,592 (or 45.8%) of all revenues. These general revenues include taxes, grants and entitlements not restricted to specific programs, and general interest and non-program revenues. Program specific revenues, in the form of charges for services and program specific grants and contributions, accounted for \$5,598,899 (54.2%) of the Town's total revenues of \$10,339,491.
- *Overall* the Town had \$9,741,383 in expenses, of which \$5,000,335 were offset by program specific charges for services, as well as grants and contributions of \$598,564.

**USING THE BASIC FINANCIAL STATEMENTS**

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. These statements are organized so the reader can understand the Town of Eagle as a financial whole, or as an entire operating activity. The basic financial statements include two types of information on the same statement that present different views of the Town.

- *Government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's *overall* financial status.
- *Fund financial statements* that focus on *individual parts* of the Town government, reporting the Town's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Additional supplemental information has also been included to enhance the readers understanding of the report.

**TOWN OF EAGLE, COLORADO**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Fiscal Year Ended December 31, 2012

**REPORTING THE TOWN AS A WHOLE**

**Statement of Net Position and Statement of Activities**

While this report contains all funds used by the Town to provide programs and activities, the view of the Town as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. The basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

The focus of these government-wide financial statements is on the overall financial position and activities of the Town. These financial statements are constructed around the concept of a primary government, the Town, and its component units, except for fiduciary funds. The statement of net position and statement of activities provide information about the activities of the whole Town, presenting both an aggregate view of the Town's finances and a longer-term view of those finances.

The statement of net position and the statement of activities report the Town's net position and changes therein. This change in net position is important because it identifies whether the financial position of the Town has improved or diminished for the Town as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the Town's property tax base, current property tax laws, statutorily required reserves, facility conditions, and other factors.

In the statement of net position and the statement of activities, the Town is divided into two distinct kinds of activities:

**Governmental Activities** – Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. Most of the Town's programs and services are reported here including general government activities, public safety, public works (for streets, buildings and grounds), open space preservation, debt service and other fiscal charges.

**Business-Type Activities** – Business-type activities are financed to some degree by charging external parties for the goods or services they acquire. The Town's enterprise funds for water, wastewater and refuse utilities are reported as business-type activities as the service is provided on a charge for goods or services basis to recover the expenses of the goods and services provided.

**FUND FINANCIAL STATEMENTS**

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about each of the Town's major funds. For the Town of Eagle, the General Fund is the most significant fund. The Town uses many funds to account for a multitude of financial transactions. The Town's governmental funds include the General Fund, Special Revenue Funds (which are the Conservation Trust Fund and Open Space Preservation funds), the Debt Service Fund and the Capital Projects Fund. The Town's proprietary, or enterprise, funds include the Water Fund, the Wastewater Fund and the Refuse Fund. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the Town rather than the Town as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

**TOWN OF EAGLE, COLORADO**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Fiscal Year Ended December 31, 2012

**FUND FINANCIAL STATEMENTS - CONTINUED**

The Town's fund financial statements are divided into two broad categories; namely (1) governmental funds; and (2) proprietary funds.

**Governmental Funds** – The Town's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance the Town's programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements. The Town maintains the following governmental funds:

*General Fund* – used to account for resources traditionally associated with government which are not required legally or by sound financial management to be account for in another fund.

*Debt Service Fund* – used to account for financial resources to be used for the payment of principal and interest on general long-term obligation indebtedness.

*Capital Projects Fund* – used to account for funds for the acquisition of lands, construction of major capital improvements and projects, and acquisition of more expensive pieces of equipment.

*Special Revenue Funds* – used to account for proceeds of resources that are restricted or committed for purposes other than debt service or capital projects. The special revenue funds include the following:

*Conservation Trust Fund* – accounts for funds received and restricted for use in parks and recreation acquisition, development and maintenance pursuant to Colorado Revised Statutes.

*Open Space Preservation Fund* – accounts for funds committed for the acquisition of open space lands, conservation and trail easements and development rights.

**Proprietary Funds** – The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same. These funds are established to account for operations that are financed and operated in a manner similar to private enterprise, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The proprietary (enterprise) funds include the following:

*Water Fund* – accounts for activities related to water services to the citizens of the Town.

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

*Refuse Fund* – accounts for activities related to trash collection and disposal.

**TOWN OF EAGLE, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended December 31, 2012

**THE TOWN AS A WHOLE**

The perspective of the statement of net position is of the Town as a whole. Following is a summary of the Town's net position for the current and prior fiscal year.

<i>(In Thousands)</i>	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<u>ASSETS:</u>						
Current Assets	\$ 8,128	\$ 8,120	\$ 9,335	\$ 9,364	\$ 17,463	\$ 17,484
Capital Assets, Net	28,525	28,872	40,505	40,478	69,030	69,350
Total Assets	36,653	36,992	49,840	49,842	86,493	86,834
<u>LIABILITIES:</u>						
Current & Other Liabilities	366	289	1,389	1,383	1,755	1,672
Long-term Liabilities	120	238	14,810	15,715	14,930	15,953
Total Liabilities	486	527	16,199	17,098	16,685	17,625
<u>DEFERRED INFLOWS OF RESOURCES:</u>						
Unavailable Revenue						
from Property Taxes	318	319	173	171	491	490
Total Deferred Inflows	318	319	173	171	491	490
<u>NET POSITION (2011 RESTATED):</u>						
Invested in Capital Assets,						
Net of Related Debt	28,403	28,642	24,990	24,694	53,393	53,336
Restricted	888	915	472	1,010	1,360	1,925
Unrestricted	6,558	6,589	8,006	6,869	14,564	13,458
Total Net Position	\$ 35,849	\$ 36,146	\$ 33,468	\$ 32,573	\$ 69,317	\$ 68,719

As indicated earlier, net position may serve over time as a useful indicator of the Town's financial health. The Town's *overall* assets exceeded its liabilities and deferred inflows by \$69 million at December 31, 2012.

The Town's 2011 Net Position has been restated (reduced) by approximately \$74 thousand pursuant to the implementation of GASB Statement No. 65 which requires the immediate expensing of bond costs, which were previously required to be amortized (see *Note 15*). Other 2011 amounts have been reclassified, accordingly.

By far the largest portion of the Town's Net Position (77%) reflects its net investment of \$53 million in capital assets less the related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's Net Position, \$1.3 million (2%), represents resources that are subject to restrictions as to how they may be used; this includes statutorily required TABOR emergency reserves, reserves required under the Town's debt-service agreements, and monies restricted for capital outlay and conservation trust purposes.

**TOWN OF EAGLE, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended December 31, 2012

**THE TOWN AS A WHOLE – CONTINUED**

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following detail reflects the total cost of services supported by program revenues and general property taxes, unrestricted state entitlements, and other general revenues, resulting in the overall change in net position for the current and prior fiscal year:

<i>(In Thousands)</i>	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<u>REVENUES:</u>						
Program Revenues:						
Charges for Services/Sales	\$ 590	\$ 372	\$ 4,411	\$ 4,063	\$ 5,001	\$ 4,435
Operating Grants & Contrib.	378	401	-	5	378	406
Capital Grants & Contrib.	167	-	53	127	220	127
Total Program Revenues	1,135	773	4,464	4,195	5,599	4,968
General Revenues:						
Taxes	3,590	3,523	170	173	3,760	3,696
Intergovernmental Revenue	524	526	-	-	524	526
Easements/Dedications	380	-	-	-	380	-
Interest/Investment Earnings	21	10	10	6	31	16
Other General Revenues	21	75	24	31	45	106
Transfers	-	-	-	-	-	-
Total General Revenues	4,536	4,134	204	210	4,740	4,344
Total Revenues	5,671	4,907	4,668	4,405	10,339	9,312
<u>PROGRAM EXPENSES:</u>						
General Government	1,515	1,446	-	-	1,515	1,446
Public Safety	1,327	1,314	-	-	1,327	1,314
Public Works - Streets	1,150	1,214	-	-	1,150	1,214
Public Works - Bldg/Grounds	508	472	-	-	508	472
Information Center	176	-	-	-	176	-
Open Space Preservation	63	240	-	-	63	240
Interest - Gen'l. Obligations	8	13	-	-	8	13
Depreciation - Unallocated	1,221	1,220	-	-	1,221	1,220
Water Utility	-	-	1,325	1,355	1,325	1,355
Wastewater Utility	-	-	1,913	1,871	1,913	1,871
Refuse Utility	-	-	535	525	535	525
Total Expenses	5,968	5,919	3,773	3,751	9,741	9,670
INCREASE (DECREASE)						
IN NET POSITION	\$ (297)	\$ (1,012)	\$ 895	\$ 654	\$ 598	\$ (358)

**TOWN OF EAGLE, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended December 31, 2012

**THE TOWN AS A WHOLE – CONTINUED**

**Governmental Activities**

*Revenues*

Charges for Services and Sales increased primarily from approximately \$160 thousand in information center sales, the operations of which were transferred to the Town in 2012. General revenues approximated those of the prior year with the exception of current year dedications received in the amount of \$380 thousand, and prior year proceeds the Town's sale of land to the Colorado Department of Transportation of \$52 thousand.

*Expenses*

Program expenses for governmental activities increased \$49 thousand (or 0.8%) from the prior fiscal year, primarily due to operational expenses of the information center.

As indicated above, the statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table summarizes the information from the statement of activities, reflecting the total cost of program services and the remaining net cost of program services supported by taxes and other general revenues:

<i>(In Thousands)</i>	<u>Total Cost of Service</u>		<u>Net Cost of Services</u>	
	2012	2011	2012	2011
General Government	\$ 1,515	\$ 1,446	\$ 1,132	\$ 1,128
Public Safety	1,327	1,314	1,279	1,265
Public Works - Streets	1,150	1,214	649	840
Public Works - Bldgs/Grounds	508	472	477	439
Information Center	176	-	4	-
Open Space Preservation	63	240	63	240
Interest - General Obligation Debt	8	13	8	13
Unallocated Depreciation	<u>1,221</u>	<u>1,220</u>	<u>1,221</u>	<u>1,220</u>
Total Expenses	<u>\$ 5,968</u>	<u>\$ 5,919</u>	<u>\$ 4,833</u>	<u>\$ 5,145</u>

The dependence on general revenues for governmental activities is apparent. Approximately 81% of fiscal 2012 program services were supported through taxes and other general revenues and 87% in 2011. The community as a whole is the primary support for the Town's activities.

**Business-Type Activities** – The results of operations of the business-type activity indicate that the utility funds are generating enough revenues to be self-sustaining without assistance from the general fund:

<i>(In Thousands)</i>	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>
Program Revenues	\$ 4,464	\$ 4,195
Taxes and Other General Revenues	<u>204</u>	<u>210</u>
Total Revenues	4,668	4,405
Expenses	<u>3,773</u>	<u>3,751</u>
Net Income (Loss)	<u>\$ 895</u>	<u>\$ 654</u>

**TOWN OF EAGLE, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended December 31, 2012

**THE TOWN AS A WHOLE – CONTINUED**

**Business-Type Activities, continued**

*Revenues*

Charges for services for business-type activities increased \$348 thousand which will assist in funding future capacity improvements in the Town's utility systems. General revenues include taxes levied to service the wastewater fund debt for the Town's new wastewater treatment plant.

*Expenses*

Enterprise operating expenditures increased approximately \$22 thousand (0.6%), from the previous fiscal year, primarily from routing system maintenance.

**THE TOWN'S FUNDS**

**Governmental Funds**

The governmental fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending. The governmental fund level financial statements are reported on the modified accrual basis of accounting. At the fund level, under the modified accrual basis of accounting, depreciable assets and their related depreciation expense are not reflected as they are not a current period financial resource or use. In addition, at the fund level, inflows from operating loans are presented as a revenue item while outflows for capital outlay and debt service principal payments are presented as an expenditure item, as these items represent current period financial resources and uses.

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, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

Total governmental funds had revenues and other financing sources of \$5,292,265 and expenditures and other financing uses of \$5,355,726.

Governmental fund revenues increased approximately \$379 thousand from the prior fiscal year, primarily from the aforementioned information center collections, intergovernmental capital projects expense reimbursements received from Eagle County, and overall increased tax collections.

Expenditures increased approximately \$743 thousand from the prior fiscal year which includes operational expenditures for the information center, general increases in personnel costs, and \$446 thousand of increased capital outlay expenditures as compared to the prior fiscal year.

Overall governmental fund balances decreased \$63 thousand from the prior fiscal year. The ending fund balance of \$7,565,344 represents the amount available for future spending, which is represented as follows:

General Fund	\$ 1,166,997
Debt Service	671,993
Capital Projects Fund	4,288,760
Special Revenue Funds	<u>1,437,594</u>
 Total Governmental Fund Balances	 <u>\$ 7,565,344</u>

**TOWN OF EAGLE, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended December 31, 2012

**THE TOWN'S FUNDS – CONTINUED**

**Proprietary Funds**

The proprietary fund level financial statements, as discussed above, use the same basis of accounting as business-type activities. As discussed in Note 1 of the financial statements, proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails.

- The Water Enterprise Fund ending net position increased from \$22,984,864 to \$23,959,946.
- The Wastewater Enterprise Fund ending net position decreased from \$9,281,942 to \$9,228,301.
- The Refuse Enterprise Fund ending net position decreased from \$306,051 to \$279,741.

Positive changes in net position reflect that the enterprise funds are currently generating enough operating and non-operating revenues to offset current year operating and non-operating expenses, whereas negative changes reflect that the activity did not. The ending net position in the enterprise activities represent the amount of net resources, including capital assets, available to provide future utility services and capacity improvements to the general public of the Town of Eagle.

**GENERAL FUND BUDGETING HIGHLIGHTS**

The Town's procedures in establishing the budgetary data reflected in the financial statements is summarized in *Note 1(E)* of the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) with the exception of the Proprietary (Enterprise) Funds. The reconciliation of the budgetary differences of the Proprietary Fund to GAAP is found in *Note 7*.

The budgeting system of the Town uses a line-item based budget, which is designed to control line-item expenditures, but provide flexibility for overall budgetary management. It is the Town's policy to amend the original budget appropriations as additional information is acquired during the fiscal year to more accurately reflect current year operating activity.

During the year, the Town amended its budgeted appropriations as follows:

	<u>Original</u>	<u>Revised</u>	<u>Increase (Decrease)</u>
General Fund	\$ 4,930,635	\$ 4,838,734	\$ (91,901)
Debt Service Fund	422,962	534,806	111,844
Capital Projects Fund	1,126,600	727,948	(398,652)
Conservation Trust Fund	145,060	75,000	(70,060)
Open Space Preservation Fund	123,874	266,799	142,925
Water Fund	2,066,897	1,752,193	(314,704)
Wastewater Fund	2,623,487	2,402,899	(220,588)
Refuse Fund	673,569	583,308	(90,261)

The above budget amendments were adopted to adjust for changes in available revenues from original expectations and revised expected year-end expenditures.

**TOWN OF EAGLE, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended December 31, 2012

**GENERAL FUND BUDGETING HIGHLIGHTS - CONTINUED**

***General Fund Resources (Inflows)***

The Town's final budgetary revenues and other financing sources in the amount of \$4,914,620 exceeded budgetary expectations of \$4,857,781 by \$56,839. It is not anticipated that the variance will have a significant effect on future services or liquidity. Further detail of individual line-item revenues for the general fund can be found in the 'Other Supplemental Information' section following the financial statements.

***General Fund Charges to Appropriations (Outflows)***

The Town's final budgetary expenditures and other financing uses of \$4,756,098 were \$82,636 less than the final appropriated fund balance of \$4,838,734. Positive variances were found throughout the majority of the Town's functional expenditure categories. Savings primarily occurred from unused capital outlay and contingency appropriations, as well as savings in purchased services and supplies. Expenditures for personnel services exceeded budgetary expectations by approximately \$15,000 for the general fund. It is not anticipated that these variances will have a significant effect on future services or liquidity.

Further detail of individual line-item expenditures for the general fund can be found in the 'Other Supplemental Information' section following the financial statements.

\* \* \*

The Board of Trustees and the Town's management continue to strive to budget appropriate amounts for each individual line item. This year's overall savings are indicative of the efforts to provide services in the most economical manner. This year's savings will have a positive impact on future year's fund balances.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2012, the Town had a total of \$69,030,519 invested in capital assets, consisting of \$28,525,194 in governmental activities and \$40,505,325 in business-type activities. The following reflects the balances the current fiscal year compared to the prior fiscal year, net of depreciation and amortization:

<i>(In Thousands)</i>	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
<i>Net of Depreciation:</i>						
Land/Easements	\$ 3,261	\$ 2,730	\$ 171	\$ 171	\$ 3,432	\$ 2,901
Water Rights	-	-	9,143	9,137	9,143	9,137
Parks/Improvements	2,524	2,561	-	-	2,524	2,561
Buildings/Improvements	3,131	3,213	42	-	3,173	3,213
Rec Center/Pool/Ice Rink	4,200	4,304	-	-	4,200	4,304
Equipment	612	599	128	130	740	729
Infrastructure	14,025	14,858	28,589	29,549	42,614	44,407
Construction-in-Progress	772	607	2,432	1,491	3,204	2,098
	<u>\$ 28,525</u>	<u>\$ 28,872</u>	<u>\$ 40,505</u>	<u>\$ 40,478</u>	<u>\$ 69,030</u>	<u>\$ 69,350</u>

Additional information can be found in *Note 4* of the Financial Statements.

**TOWN OF EAGLE, COLORADO**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Fiscal Year Ended December 31, 2012

**CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED**

**Debt**

At December 31, 2012 the Town had total outstanding long-term debt of \$15,955,412. Of this amount, governmental activities carry \$121,348 of general obligation notes payable and compensated absences of \$119,576. Business-type activities carry \$13,133,457 of notes payable, \$2,556,981 of water revenue bonds payable (net of unamortized bond premium) and compensated absences of \$24,050. See *Note 5 Long-term Debt Obligations* for a detail of the terms and annual debt service requirements to amortize the Town's long-term debt.

**CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK**

The national recession and depressed housing market continues to affect the local economy, producing flat sales of goods and services, which results in relatively static sales revenues. After several years of lowered sales tax receipts, revenues appear to have stabilized at lower levels. Additionally, the Town has entered a multi-year period where revenues derived from development and construction have slowed.

During 2012, the Town began collecting a marketing and events hotel tax and used the funding to begin programming for marketing and events, conservation trust monies were used to partially fund the ECO core trail improvements on Grand Avenue, and two special projects were funded from the Refuse Fund for compost processing and the relocation of the drop-off recycle center. Operations of the information center were also transferred to the Town.

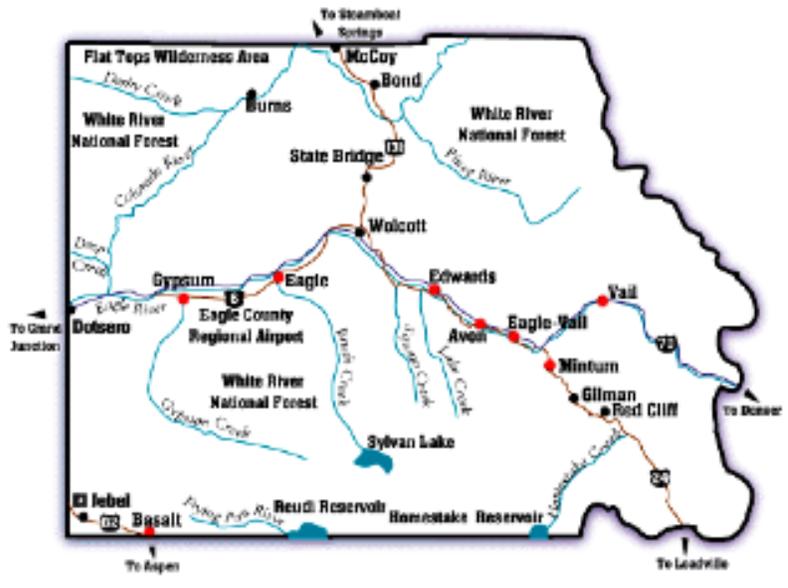
The Town levied property tax in 2012 to be collected in 2013 in the amount of \$318,402 for the General Revenue Fund and \$173,234 for debt service for the Wastewater Fund. Taxes will continue to be the principal revenue source of governmental revenues for the town, while enterprise activities will rely on charges for services and sales.

Of particular note for the 2013 budget cycle is the cessation of revenue sharing from the Town of Gypsum (see *Note 11* of the financial statements) which places an additional burden on resources, as these revenues were approximately \$417 thousand during 2012. For fiscal year 2013, budget levels are for a sustained level of government services, particularly for departments of the General Fund, with constrained transfers to the Capital Projects Fund, and no wages increases are currently budgeted. Construction funding for two roundabouts will occur in 2013 with financial participation from the Colorado Department of Transportation.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions regarding this report or need additional information, please contact the:

Town Eagle, Colorado  
P.O. Box 609  
Eagle, CO 81631  
Phone: (970)328-6354  
Fax: (970) 328-5203



GOVERNMENT - WIDE FINANCIAL STATEMENTS

**TOWN EAGLE, COLORADO**  
**STATEMENT OF NET POSITION**  
December 31, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ 7,178,843	\$ 8,556,191	\$ 15,735,034
Restricted Cash and Investments	-	174,646	174,646
Receivables			
Due from County Treasurer	4,541	-	4,541
Taxes and Other Receivables	465,443	-	465,443
Property Taxes	318,402	173,234	491,636
Accounts	175,841	416,039	591,880
Internal Balances	<u>(14,627)</u>	<u>14,627</u>	<u>-</u>
Total Current Assets	<u>8,128,443</u>	<u>9,334,737</u>	<u>17,463,180</u>
Noncurrent Assets:			
Non-Depreciable	4,032,718	11,745,737	15,778,455
Depreciable, Net of Depreciation	<u>24,492,476</u>	<u>28,759,588</u>	<u>53,252,064</u>
Total Noncurrent Assets	<u>28,525,194</u>	<u>40,505,325</u>	<u>69,030,519</u>
<b>TOTAL ASSETS</b>	<u>36,653,637</u>	<u>49,840,062</u>	<u>86,493,699</u>
<b>LIABILITIES</b>			
Accounts Payable	122,357	136,758	259,115
Accrued Liabilities	122,745	175,786	298,531
Unearned Revenues	-	171,808	171,808
Long-term Debt:			
Portion Due or Payable within One Year:			
Loans Payable	121,348	734,601	855,949
Bonds Payable, Net of Premium	-	170,166	170,166
Portion Due or Payable After One Year:			
Compensated Absences	119,576	24,050	143,626
Loans Payable	-	12,398,856	12,398,856
Bonds Payable, Net of Premium	<u>-</u>	<u>2,386,815</u>	<u>2,386,815</u>
TOTAL LIABILITIES	<u>486,026</u>	<u>16,198,840</u>	<u>16,684,866</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue –			
From Property Taxes	<u>318,402</u>	<u>173,234</u>	<u>491,636</u>
Total Deferred Inflows of Resources	<u>318,402</u>	<u>173,234</u>	<u>491,636</u>
<b>Net Position:</b>			
Invested in Capital Assets, Net of Related Debt	28,403,846	24,989,533	53,393,379
Restricted for:			
Debt Service	671,993	297,500	969,493
Capital Outlay	-	174,646	174,646
Conservation Trust	76,292	-	76,292
Emergencies	139,375	-	139,375
Unrestricted (Deficit)	<u>6,557,703</u>	<u>8,006,309</u>	<u>14,564,012</u>
<b>TOTAL NET POSITION</b>	<u>\$ 35,849,209</u>	<u>\$ 33,467,988</u>	<u>\$ 69,317,197</u>

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

**TOWN EAGLE, COLORADO**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended December 31, 2012

<u>EXPENSES</u>	PROGRAM REVENUES			
	Charges For Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>FUNCTION/PROGRAM ACTIVITIES</b>				
<b>PRIMARY GOVERNMENT</b>				
<b>GOVERNMENTAL ACTIVITIES:</b>				
General Government	\$ 1,514,929	\$ 350,692	\$ 32,511	\$ -
Public Safety	1,326,630	47,695	-	-
Public Works – Streets	1,150,528	-	334,016	166,885
Public Works – Buildings/Grounds	507,763	30,847	-	-
Information Center	176,394	160,375	11,602	-
Open Space Preservation	62,702	-	-	-
Interest on General Long-term Debt	7,977	-	-	-
Depreciation – Unallocated <i>(See Note 1(G))</i>	<u>1,220,851</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>5,967,774</u>	<u>589,609</u>	<u>378,129</u>	<u>166,885</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Water Utility	1,325,063	2,266,888	-	23,550
Wastewater Utility	1,913,193	1,635,274	-	30,000
Refuse Utility	<u>535,353</u>	<u>508,564</u>	<u>-</u>	<u>-</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>3,773,609</u>	<u>4,410,726</u>	<u>-</u>	<u>53,550</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 9,741,383</u>	<u>\$ 5,000,335</u>	<u>\$ 378,129</u>	<u>\$ 220,435</u>

**GENERAL REVENUES AND TRANSFERS:**

Taxes:

- Property Taxes, Levied for General Purposes
- Property Taxes, Levied for Debt Service
- Specific Ownership Taxes, for General Purposes
- Sales Tax, for General Purposes
- Community Enhancement Tax
- Lodging Tax
- Franchise Tax
- Marketing Tax
- Use Tax
- Severance Taxes

Grants and Entitlements Not Restricted to Specific Programs:

- Intergovernmental – Revenue Sharing Sales Taxes
- Intergovernmental – Cigarette Tax
- Intergovernmental – County Sales Tax
- Federal Mineral Lease Revenues

Easements / Dedications

Unrestricted Interest and Investment Earnings

Miscellaneous

Total General Revenues and Transfers

Change in Net Position

NET POSITION – BEGINNING OF YEAR (RESTATED)

NET POSITION – END OF YEAR

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

NET (EXPENSE) REVENUE AND  
CHANGES IN NET POSITION

Governmental Activities	Business-Type Activities	Total
\$ (1,131,726)		\$ (1,131,726)
(1,278,935)		(1,278,935)
(649,627)		(649,627)
(476,916)		(476,916)
(4,417)		(4,417)
(62,702)		(62,702)
(7,977)		(7,977)
<u>(1,220,851)</u>		<u>(1,220,851)</u>
<u>(4,833,151)</u>		<u>(4,833,151)</u>
	\$ 965,375	965,375
	(247,919)	(247,919)
	<u>(26,789)</u>	<u>(26,789)</u>
	<u>690,667</u>	<u>690,667</u>
<u>(4,833,151)</u>	<u>690,667</u>	<u>(4,142,484)</u>
319,229	-	319,229
-	170,373	170,373
18,849	-	18,849
2,791,803	-	2,791,803
39,170	-	39,170
99,342	-	99,342
195,761	-	195,761
100,512	-	100,512
25,486	-	25,486
398	-	398
417,414	-	417,414
10,671	-	10,671
95,095	-	95,095
470	-	470
379,634	-	379,634
21,257	10,396	31,653
21,037	23,695	44,732
<u>4,536,128</u>	<u>204,464</u>	<u>4,740,592</u>
(297,023)	895,131	598,108
<u>36,146,232</u>	<u>32,572,857</u>	<u>68,719,089</u>
<u>\$ 35,849,209</u>	<u>\$ 33,467,988</u>	<u>\$ 69,317,197</u>

## FUND FINANCIAL STATEMENTS

**TOWN OF EAGLE, COLORADO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2012

	General Fund	Debt Service	Capital Projects	Non-Major Special Revenue Funds
<b><u>ASSETS:</u></b>				
Cash and Investments	\$ 936,577	\$ 671,993	\$ 4,139,940	\$ 1,430,333
Receivables – Net				
Due from County Treasurer	4,541	-	-	-
Taxes and Other Receivables	465,443	-	-	-
Property Taxes	318,402	-	-	-
Accounts	-	-	166,885	8,956
Internal Balances	(14,627)	-	-	-
Total Assets	\$ 1,710,336	\$ 671,993	\$ 4,306,825	\$ 1,439,289
<b><u>LIABILITIES, DEFERRED INFLOWS</u></b>				
<b><u>OF RESOURCES AND FUND BALANCES:</u></b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 103,220	\$ -	\$ 18,065	\$ 1,072
Accrued Liabilities	121,217	-	-	623
Deposits	500	-	-	-
Total Liabilities	224,937	-	18,065	1,695
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenues -				
From Property Taxes	318,402	-	-	-
Total Deferred Inflows	318,402	-	-	-
<b>Fund Balances:</b>				
Restricted for –				
Debt Service	-	671,993	-	-
Conservation Trust	-	-	-	76,292
Emergency Reserves	127,125	-	12,250	-
Committed for –				
Open-space Preservation	-	-	-	1,361,302
Assigned for –				
Capital Projects	-	-	4,276,510	-
Undesignated	1,039,872	-	-	-
Total Fund Equity	1,166,997	671,993	4,288,760	1,437,594
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,710,336	\$ 671,993	\$ 4,306,825	\$ 1,439,289

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

Total  
Governmental  
Funds

---

\$ 7,178,843

4,541  
465,443  
318,402  
175,841  

---

(14,627)

\$ 8,128,443

\$ 122,357  
121,840  

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500

---

244,697

---

318,402

---

318,402

671,993  
76,292  
139,375

1,361,302

4,276,510  

---

1,039,872

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7,565,344

\$ 8,128,443

**TOWN OF EAGLE, COLORADO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
December 31, 2012

TOTAL GOVERNMENTAL FUND BALANCES		\$ 7,565,344
Amounts reported for governmental activities on the statement of net position is different because of the following:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		
Governmental Capital Assets	\$ 44,820,931	
Less Accumulated Depreciation	<u>(16,295,737)</u>	28,525,194
Some liabilities are not due and payable in the current year and therefore, are not reported in the governmental funds:		
Accrued Interest Payable	\$ (405)	
Current Portion of Long-term Liabilities	<u>(121,348)</u>	(121,753)
Long-term liabilities are not due and payable in the current year-end and therefore, are not reported in the governmental funds.		
		<u>(119,576)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 35,849,209</u>

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

**TOWN OF EAGLE, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2012

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-Major Special Revenue Funds</u>
<u>Revenues:</u>				
Local Taxes and Assessments	\$ 3,843,966	\$ -	\$ 64,656	\$ 99,342
Licenses and Permits	74,211	-	-	-
Intergovernmental	440,252	-	166,885	32,511
Charges for Services	298,378	-	-	-
Fines, Forfeits and Penalties	47,695	-	-	-
Information Center Sales	160,375	-	-	-
Interest	7,006	1,101	9,377	3,773
Grants/Contributions	11,602	-	-	-
Miscellaneous	31,135	-	-	-
	<u>4,914,620</u>	<u>1,101</u>	<u>240,918</u>	<u>135,626</u>
<u>Expenditures:</u>				
General Government	1,302,627	-	-	-
Public Safety	1,315,702	-	-	-
Public Works – Streets	1,043,449	-	-	-
Public Works – Bldg & Grounds	492,926	-	-	-
Information Center	176,394	-	-	-
Open-Space Preservation	-	-	-	250,649
Debt Service:				
Principal	-	116,635	-	-
Interest	-	8,365	-	-
Capital Projects	-	-	648,979	-
	<u>4,331,098</u>	<u>125,000</u>	<u>648,979</u>	<u>250,649</u>
Excess Revenues Over (Under) Expenditures	583,522	(123,899)	(408,061)	(115,023)
<u>Other Financing Sources and (Uses):</u>				
Transfers (to) from Other Funds	<u>(425,000)</u>	<u>125,000</u>	<u>375,000</u>	<u>(75,000)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	158,522	1,101	(33,061)	(190,023)
Fund Balances – Beginning	<u>1,008,475</u>	<u>670,892</u>	<u>4,321,821</u>	<u>1,627,617</u>
Fund Balances – Ending	<u>\$ 1,166,997</u>	<u>\$ 671,993</u>	<u>\$ 4,288,760</u>	<u>\$ 1,437,594</u>

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

Total  
Governmental  
Funds

---

\$ 4,007,964  
74,211  
639,648  
298,378  
47,695  
160,375  
21,257  
11,602  

---

31,135

---

5,292,265

1,302,627  
1,315,702  
1,043,449  
492,926  
176,394  
250,649

116,635  
8,365  

---

648,979

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5,355,726

(63,461)

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-

(63,461)

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7,628,805

\$ 7,565,344

**TOWN OF EAGLE, COLORADO**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For the year ended December 31, 2012

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ (63,461)

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

Governmental Funds report capital outlays and conveyed easements/dedications as capital expenditures; however, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount by which depreciation exceeded capital outlays.

Capital Outlay	\$ 833,552	
Easements / Dedications	379,634	
Depreciation	<u>(1,559,431)</u>	(346,245)

The net book value of asset dispositions are not reported in the governmental funds as they are not a current financial use. This is the amount by which the net book value of assets exceeded proceeds received in the current year. (1,148)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of current year debt principal repayments in governmental activities. 116,635

Compensated absences not payable from current resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year. This is the amount accrued leave increased this year. (3,192)

Interest expense is recognized as an expenditure in the governmental funds when due, and this requires the use of current financial resources; however, in the Statement of Activities interest expense is recognized as the interest accrues regardless of when due. This is the amount by which decreases in accrued interest exceeded increases. 388

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (297,023)

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

**TOWN OF EAGLE, COLORADO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
December 31, 2012

	Business-Type Activities Enterprise Funds			Total
	Water Fund	Wastewater Fund	Refuse Fund	
<b><u>ASSETS:</u></b>				
Current Assets:				
Cash and Investments	\$ 6,940,228	\$ 1,420,711	\$ 195,252	\$ 8,556,191
Restricted Cash and Investments	-	174,646	-	174,646
Receivables (Net)				
Due from County Treasurer	-	-	-	-
Property Taxes	-	173,234	-	173,234
Accounts	156,492	200,737	58,810	416,039
Internal Balances	7,365	7,262	-	14,627
Total Current Assets	<u>7,104,085</u>	<u>1,976,590</u>	<u>254,062</u>	<u>9,334,737</u>
Non-Current Assets:				
Capital Assets, Net	19,578,891	20,823,116	103,318	40,505,325
Total Non-Current Assets	<u>19,578,891</u>	<u>20,823,116</u>	<u>103,318</u>	<u>40,505,325</u>
Total Assets	<u>\$ 26,682,976</u>	<u>\$ 22,799,706</u>	<u>\$ 357,380</u>	<u>\$ 49,840,062</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION:</u></b>				
Liabilities:				
Current Liabilities:				
Accounts Payable	\$ 42,802	\$ 53,096	\$ 40,860	\$ 136,758
Accrued Liabilities	26,032	149,754	-	175,786
Unearned Revenues	-	135,029	36,779	171,808
Current Maturities of Long-term Debt, Net	178,684	726,083	-	904,767
Total Current Liabilities	<u>247,518</u>	<u>1,063,962</u>	<u>77,639</u>	<u>1,389,119</u>
Non-Current Liabilities:				
Compensated Absences	20,637	3,413	-	24,050
Notes Payable, Net of Premium	68,060	12,330,796	-	12,398,856
Bonds Payable, Net of Premium	2,386,815	-	-	2,386,815
Total Non-Current Liabilities	<u>2,475,512</u>	<u>12,334,209</u>	<u>-</u>	<u>14,809,721</u>
Total Liabilities	<u>2,723,030</u>	<u>13,398,171</u>	<u>77,639</u>	<u>16,198,840</u>
Deferred Inflows of Resources:				
Unavailable Revenues -				
From Property Taxes	-	173,234	-	173,234
Total Deferred Inflows of Resources	<u>-</u>	<u>173,234</u>	<u>-</u>	<u>173,234</u>
Net Position:				
Invested in Capital Assets, Net of Related Debt	16,945,332	7,940,883	103,318	24,989,533
Restricted for Debt Service	127,500	170,000	-	297,500
Restricted for Capital Outlay	-	174,646	-	174,646
Unrestricted	6,887,114	942,772	176,423	8,006,309
Total Net Position	<u>23,959,946</u>	<u>9,228,301</u>	<u>279,741</u>	<u>33,467,988</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 26,682,976</u>	<u>\$ 22,799,706</u>	<u>\$ 357,380</u>	<u>\$ 49,840,062</u>

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

**TOWN OF EAGLE, COLORADO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended December 31, 2012

	Business-Type Activities Enterprise Funds			Total
	Water Fund	Wastewater Fund	Refuse Fund	
<b><u>OPERATING REVENUES:</u></b>				
Service Fees	\$ 2,226,419	\$ 1,632,719	\$ 508,564	\$ 4,367,702
Meters and Materials	40,469	2,555	-	43,024
<b>Total Operating Revenues</b>	<b>2,266,888</b>	<b>1,635,274</b>	<b>508,564</b>	<b>4,410,726</b>
<b><u>OPERATING EXPENSES:</u></b>				
Personnel Services	468,793	233,942	-	702,735
Supplies	113,475	77,311	-	190,786
Purchased Services	250,176	326,929	514,716	1,091,821
Insurance	23,000	24,000	-	47,000
Noncapitalized Outlay/Repairs	6,493	-	-	6,493
Depreciation	280,263	725,319	637	1,006,219
Contingency	13,958	-	-	13,958
<b>Total Operating Expenses</b>	<b>1,156,158</b>	<b>1,387,501</b>	<b>515,353</b>	<b>3,059,012</b>
<b>Operating Income (Loss)</b>	<b>1,110,730</b>	<b>247,773</b>	<b>(6,789)</b>	<b>1,351,714</b>
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>				
Tap and Improvements Fees	23,550	30,000	-	53,550
Property Taxes	-	170,373	-	170,373
Interest and Earnings on Investments	9,540	377	479	10,396
Accretion of Bond Premium	167	23,528	-	23,695
Interest Expense and Fiscal Charges	(118,905)	(485,692)	-	(604,597)
Administrative Fee – General Fund	(50,000)	(40,000)	(20,000)	(110,000)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(135,648)</b>	<b>(301,414)</b>	<b>(19,521)</b>	<b>(456,583)</b>
<b>Income (Loss) Before Transfers</b>	<b>975,082</b>	<b>(53,641)</b>	<b>(26,310)</b>	<b>895,131</b>
Transfers	-	-	-	-
<b>Change in Net Position</b>	<b>975,082</b>	<b>(53,641)</b>	<b>(26,310)</b>	<b>895,131</b>
Fund Net Position – Beginning (Restated*)	22,984,864	9,281,942	306,051	32,572,857
<b>Fund Net Position – Ending</b>	<b>\$ 23,959,946</b>	<b>\$ 9,228,301</b>	<b>\$ 279,741</b>	<b>\$ 33,467,988</b>

\*Water Fund (See Note 15)

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

**TOWN OF EAGLE, COLORADO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended December 31, 2012

	Business-Type Activities Enterprise Funds			Total
	Water Fund	Wastewater Fund	Refuse Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 2,225,449	\$ 1,614,434	\$ 509,227	\$ 4,349,110
Cash Payments to Employees	(468,623)	(233,923)	-	(702,546)
Cash Payments for Goods and Services	<u>(433,142)</u>	<u>(423,613)</u>	<u>(515,123)</u>	<u>(1,371,878)</u>
NET CASH PROVIDED OPERATING ACTIVITIES	<u>1,323,684</u>	<u>956,898</u>	<u>(5,896)</u>	<u>2,274,686</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Property and Specific Ownership Taxes –Net	-	170,346	-	170,346
Inter-fund (Advances) Repayments	(12,625)	(12,477)	-	(25,102)
Inter-fund Administrative Fees – General Fund	<u>(50,000)</u>	<u>(40,000)</u>	<u>(20,000)</u>	<u>(110,000)</u>
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	<u>(62,625)</u>	<u>117,869</u>	<u>(20,000)</u>	<u>35,244</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Tap and Improvement Fees	23,550	30,000	-	53,550
Acquisition and Construction of Capital Assets	(450,023)	(541,389)	(42,290)	(1,033,702)
Principal Paid on Long-Term Debt	(173,269)	(675,398)	-	(848,667)
Interest Paid on Long-Term Debt	(118,372)	(493,466)	-	(611,838)
Other Costs of Long-Term Financing	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>
NET CASH PROVIDED FROM CAPITAL FINANCING ACTIVITIES	<u>(719,114)</u>	<u>(1,680,253)</u>	<u>(42,290)</u>	<u>(2,441,657)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on Investments	<u>9,540</u>	<u>377</u>	<u>479</u>	<u>10,396</u>
NET CASH PROVIDED FROM INVESTING ACTIVITIES	<u>9,540</u>	<u>377</u>	<u>479</u>	<u>10,396</u>
NET INCREASE (DECREASE) IN CASH	551,485	(605,109)	(67,707)	(121,331)
CASH AT BEGINNING OF YEAR	<u>6,388,743</u>	<u>2,200,466</u>	<u>262,959</u>	<u>8,852,168</u>
CASH AT END OF YEAR	<u>\$ 6,940,228</u>	<u>\$ 1,595,357</u>	<u>\$ 195,252</u>	<u>\$ 8,730,837</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	\$ 1,110,730	\$ 247,773	\$ (6,789)	\$ 1,351,714
Non-Cash Expenses Included in Operating Income – Depreciation	280,263	725,319	637	1,006,219
Change in Assets and Liabilities – Decrease (Increase) Receivables	(41,439)	(22,945)	(556)	(64,940)
Increase (Decrease) in Unearned Revenues	-	2,106	1,219	3,325
Increase (Decrease) in Accrued Liabilities/Payables	<u>(25,870)</u>	<u>4,645</u>	<u>(407)</u>	<u>(21,632)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,323,684</u>	<u>\$ 956,898</u>	<u>\$ (5,896)</u>	<u>\$ 2,274,786</u>

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

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The financial statements of the Town of Eagle are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Significant accounting policies of the Town of Eagle are described below.

A. Financial Reporting Entity

The Town is a “statutory” organization and as such must follow and obey the statutes of the State of Colorado regarding such entities. The Town operates under a Town Board and provides the following services as authorized by its charter: Public safety (police), streets, sanitation, water, culture-recreation, public improvements, planning and zoning, and general administration services.

The Town of Eagle was originally incorporated in 1905. The Town is governed by an elected mayor and an elected Board of Trustees which is responsible for setting policy, appointing administration personnel and adopting an annual budget in accordance with state statutes.

The financial reporting entity consists of (a) the primary government; i.e., the Town, and (b) any 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 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 of 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 on the criteria discussed above, the Town is not financially accountable for any other entity and, therefore, the Town’s financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the Town’s reporting entity, nor is the Town a component unit of any other government. The Town’s financial statements include the accounts of all Town operations.

**TOWN OF EAGLE, COLORADO**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

**B. Basis of Presentation**

The Town's basic financial statements consist of government-wide statements, including a statement of net position and statement of activities, and fund financial statements which provide a more detailed level of financial information.

*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the overall primary government.

The statement of net position presents the financial condition of the governmental activities of the Town at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities.

In the statement of activities, direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the Town.

*FUND FINANCIAL STATEMENTS*

During the fiscal year, the Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds, if applicable, are aggregated and presented in a single column. Enterprise funds are reported by type.

**TOWN OF EAGLE, COLORADO**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

C. Fund Accounting

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The Town's funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or limitations based upon the purposes for which they are to be spent and by means by which spending activities are controlled. The various funds of the Town are outlined in the following paragraphs.

*GOVERNMENTAL FUNDS*

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Town for any purpose provided it is expended or transferred according to general statutory laws.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of special revenue sources that are restricted or committed for purposes other than debt service or capital projects. The Conservation Trust Fund is a special revenue fund used to account for revenue from the Colorado Lottery restricted for use in parks and recreation acquisition, development and maintenance pursuant to Colorado Revised Statutes. The Open Space Preservation Fund is a special revenue fund used to account for revenue from the Town's Lodging and Occupancy Tax committed for the acquisition of open space lands, conservation and trail easements and development rights.

*PROPRIETARY FUNDS*

Enterprise Funds – The Water Fund, Wastewater Fund and Refuse Fund are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**TOWN OF EAGLE, COLORADO**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

D. Measurement Focus and Basis of Accounting

*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

The government-wide financial statements are prepared using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town receives value without directly giving equal value in return, consist of property taxes, other taxes and fines and penalties. All assets and all liabilities associated with the operation of the Town are included on the statement of net position.

*FUND FINANCIAL STATEMENTS*

All governmental funds are accounted for using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between government-wide and governmental fund statements. Under this method, revenues are recognized when measurable and available. The Town considers all revenues available if they are collected within 60 days after year-end. Those revenues susceptible to accrual are property taxes, sales taxes, highway user taxes, and reimbursements from developers for professional fees, because they are both measurable and available to finance expenditures of the current period:

Taxpayer-assessed local property and specific ownership taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for matured principal and interest on general long-term liabilities which are reported as other financing uses.

Like the government-wide financial statements, the enterprise fund is accounted for using a flow of economic resources measurement focus. This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, and revenues are recorded when earned and expenses are recorded when incurred. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of changes in revenues, expenses, and changes in net position, presents increases (e.g., revenues) and decreases (e.g., expenses) in total fund net position. The statement of cash flows reflects how the Town finances and meets the cash flow needs of its enterprise fund. Under this basis of accounting and measurement focus, the Town applies (a) all GASB pronouncements and (b) FASB Statements and Interpretations, APB Opinions, and Accounts Research Bulletins issued on or before November 30, 1989, except those that conflict with GASB pronouncement.

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

E. Budgets and Budgetary Accounting

With the exception of its proprietary funds (see Note 7) the Town's budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. The level of control in the budget at which expenditures exceed appropriations is at the fund level. All annual appropriations lapse at fiscal year end.

Budget Calendar

As required by Colorado statutes, the Town followed required timetables in preparing, approving, and enacting its budget for the ensuing year. The following is a summary of the budget calendar:

1. Prior to August 25, the County Assessor provides the Town the preliminary certified assessed valuation of all taxable property within the Town's boundaries.
2. The Manager, or other qualified persons appointed by the Board of Trustees, submits to the Board of Trustees, on or before October 15, a recommended budget which details the necessary property taxes needed along with other available revenues to meet the Town's operating requirements.
3. A public hearing on the proposed budget and capital program is held by the Board of Trustees no later than 45 days prior to the close of the fiscal year.
4. Prior to December 10, the County Assessor sends the Town the final certified assessed valuation of all taxable property within the Town's boundaries.
5. Prior to December 15, the Town Board of Trustees compute and certify to the County Commissioners a rate of levy that derives the necessary property taxes as computed in the proposed budget.
6. After the required public hearing, the Town Board of Trustees adopts the proposed budget by resolution prior to December 15. The ordinance adopting the budget also legally appropriates expenditures for the upcoming year.
7. After adoption of the budget ordinance, the Town may make by ordinance the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient. At any time during the year, the Town Board of Trustees may, by resolution, transfer part or all of any unexpended funds from one department or office to another.
8. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget.
9. Budget appropriations lapse at the end of each year.

The Town legally adopted annual budgets for all of the Town's funds, and amended the current year appropriations as disclosed in Management's Discussion and Analysis.

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

F. Cash and Investments

The Town's policy in determining which items are treated as cash equivalents on the statement of cash flows for the enterprise funds include all cash, demand deposits, treasury bills and other short-term, highly liquid investments (including restricted assets) that are readily convertible to cash and have original maturities of three months or less.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimates fair value. See additional required disclosures for cash and investments in Note 2.

G. Capital Assets/Depreciation

Capital assets purchased or acquired with an original cost in excess of the capitalization thresholds set by the Town are reported at historical or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Parks/Land Improvements	10-30 years
Buildings/Improvements	20-50 years
Rec Center/Pool/Ice Rink	20-50 years
Equipment	3-15 years
Utility System/Improvements	15-40 years
Other Infrastructure	20-40 years

On the government-wide statement of activities, for governmental funds depreciation expense is included in the various expenses of functions or programs for capital assets that can be specifically identified with a function and for "shared" capital assets generally used by only a few functions that can be specifically identified to those functions. Depreciation expense for capital assets that essentially serve all functions are reported as a separate line in the statement of activities as unallocated depreciation (see Note 4).

H. Customer Accounts Receivable

The Town considers customer accounts receivable for water, sewer and trash services to be fully collectible. The Town is empowered to place a lien on real property in the case of nonpayment. Accordingly, no allowance for doubtful accounts is considered necessary.

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

I. Property Taxes Receivable and Deferred Revenue

Property taxes are levied on December 15, and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31, net of an estimated uncollectible portion. However, since the taxes are not available to pay current liabilities, the net receivables are recorded as a deferred inflow of resources. 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 1<sup>st</sup>; however, they may be paid in either one installment (no later than April 30<sup>th</sup>) or two equal installments (not later than February 28<sup>th</sup> and June 15<sup>th</sup>) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one percent per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16<sup>th</sup>.

J. Proprietary Funds – Unearned Revenue

Unearned revenues in the Wastewater Fund and Refuse Fund arise from advance billings for services and have been accrued in these enterprise funds. The Water Fund bills for current services, therefore no unearned revenues from utility billings have been accrued in the Water Fund.

K. Proprietary Funds – Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the Town, these revenues are charges for utility services. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise funds.

L. Proprietary Funds – Contributed Capital

Grants and contributions in the enterprise funds which may be used for either operations or capital expenditures at the discretion of the Town are recognized as non-operating revenues. If expenditure of funds is the prime factor for determining eligibility for contributed funds, revenue or contributed capital is recognized at the time of making the expenditure.

M. Inter-fund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the fund providing services and as expenditures/expenses in the fund receiving services. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in the governmental funds and are non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

N. Internal Balances

During the year, the Town may have transactions between funds to finance operations and provide services and to allocate combined cash balances. To the extent that certain transactions or budget transfers between funds have not been paid or received as of year-end, balances of inter-fund amounts receivable or payable are recorded. All inter-fund balances that exist within governmental activities are eliminated on the government-wide statement of net position. Inter-fund balances at December 31, 2012 are as follows:

	Receivables	Payables
General Fund	\$ -	\$ 14,627
Water Fund	7,365	-
Waste Water Fund	7,262	-

O. Compensated Absences

A total of up to 30 days vacation and unlimited days of sick leave per year may be accumulated by each employee. Employees are not paid for accumulated sick leave upon retirement or termination. The Town accrues a liability for compensated absences which meet the following criteria: 1) The Town's obligation relating to employees' rights to receive compensation for future absences is attributable to employees services already rendered; 2) The obligation relates to rights that vest or accumulate; 3) Payment of the compensation is probable; and, 4) The amount can be reasonably estimated.

In accordance with the above criteria the Town has accrued a liability for vacation pay which has been earned but not taken by Town employees. The liability for compensated absences for the governmental funds has been accrued on the government-wide statement of net position since it is anticipated that none of the liability will be liquidated with expendable available financial resources. The liability for compensated absences for the enterprise funds has been accrued within each appropriate enterprise fund.

P. Net Position and Fund Balances

In the government-wide financial statements and proprietary funds, net position is classified as follows:

*Invested in Capital Assets, Net of Related Debt* – this category groups all capital assets into one component. Accumulated depreciation and the outstanding debt balances that are attributable to (already invested in) the acquisition, construction or improvement of these assets reduce this category.

*Restricted* – assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by various enabling legislation.

*Unrestricted* – represents the amount which is not restricted for any purpose. It is the Town's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

**TOWN OF EAGLE, COLORADO**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

P. Net Position and Fund Balances - continued

In the governmental fund financial statements, fund balances are classified as follows:

*Non-spendable* – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of permanently restricted funds to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, when applicable.

*Restricted* – when constraints are placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation. Available fund balances of the Debt Service Fund are restricted for future debt service pursuant to debt agreements. As discussed in *Note 13*, Colorado voters passed an amendment to the State Constitution, one of the provisions of which requires local governments to establish an emergency reserve which is calculated at 3% of certain expenditures; these funds may only be expended in cases of emergencies as defined by the amendment and are used to fund appropriations only after unrestricted resources are depleted. Special revenue resources in the Conservation Trust Fund are restricted for use in parks and recreation acquisition, development and maintenance pursuant to Colorado Revised Statutes.

*Committed* – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Board of Directors). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts. Special revenue resources in the Open Space Preservation Fund are committed for the acquisition of open space lands, conservation and trail easements and development rights.

*Assigned* – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The Town considers available fund balances of the Capital Projects Fund as assigned for future capital outlay.

*Unassigned* – the residual for the general fund.

It is the Town's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available. Committed and assigned amounts are considered to have been spent first when an expenditure is incurred for purposes for which such categories and unassigned amounts are available.

**TOWN OF EAGLE, COLORADO**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

Q. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

R. FAIR VALUES OF FINANCIAL INSTRUMENTS

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pool*, requires disclosures of fair value information about financial instruments. The Town has a number of financial instruments, including cash and equivalents, receivables, accounts payable, and notes payable, none of which are held for trading purposes. The Town estimates that the fair values of its financial instruments at December 31, 2012, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

S. IMPLEMENTATION OF NEW GASB STATEMENTS

The Town has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements establish guidance for reporting deferred outflows and deferred inflows of resources. The statement also discusses how net position – no longer net assets – should be displayed. The Town has incorporated these requirements effective for the year ended December 31, 2012.

*NOTE 2 - CASH AND INVESTMENTS*

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

It is the policy of the Town to invest public funds in a manner which will provide the highest investment return with the maximum security, meet the daily cash flow demands of the Town, and conform to all federal, state and local statutes governing the investment of public funds. This policy applies to the investment of all financial assets of all funds of the Town over which it exercises financial control.

**TOWN OF EAGLE, COLORADO**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

*NOTE 2 - CASH AND INVESTMENTS - continued*

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee Valley authority, and certain international agency securities, including the World Bank.
- . General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- . Bankers' acceptances of certain banks
- . Certain securities lending agreements
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools
- . The investing local government's own securities including certificates of participation and lease obligations.

*Local Government Investment Pool (ColoTrust)*

As of December 31, 2012 the Town had invested \$13,654,358 in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. As of December 31, 2012, the Town had \$0 invested in COLOTRUST PRIME, and \$13,654,358 invested in COLOTRUST PLUS+. Investments in local government investment pools are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form.

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 2 - CASH AND INVESTMENTS – continued*

In order to facilitate the recording of cash transactions and maximize interest earnings, the Town has pooled cash deposits for all funds. The Town maintains accountability for each fund’s equity in pooled cash and investments. Interest earnings for combined funds are generally distributed based on monthly cash balances. A summary of the Town’s cash and cash equivalents at December 31, 2012 are classified below:

Checking/Savings/Certificates of Deposit	\$ 2,276,568
Local Government Investment Pool	<u>13,654,358</u>
Total Balances	15,930,926
Net Outstanding Items	<u>(21,246)</u>
Total Cash and Cash Equivalents	<u>\$ 15,909,680</u>

The Town’s bank deposits were entirely covered by federal depository insurance (FDIC) or uninsured but collateralized under PDPA in accordance with state statute, and had bank balances of \$2,218,450 of which \$251,115 was covered by FDIC insurance and \$1,967,335 by PDPA described above. As of December 31, 2012 the Town had invested \$58,118 in certificates of deposit, which were entirely covered by FDIC insurance.

Included in cash and cash equivalents are investments rated as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Agency</u>
Colostrust (Local Govt Investment Pool)	\$ 13,654,358	AAAm	Standard & Poors
<i><u>Subject to Public Depository Protection Act</u></i>			
Certificates of Deposit	\$ 58,118	Not rated	

Risk Disclosures

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are included in the notes below.

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The Town has deposits in Colostrust Plus+ with ratings as provided above.

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government’s investment in a single issuer, occurs when deposits are not diversified. The Town’s policy places no limit on the amount the Town may invest in any one issuer; however the Town maintains general guidelines for investments to ensure proper diversification by security type and institution. All investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by the Public Depository Protection Act, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk.

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 2 - CASH AND INVESTMENTS – continued*

*Risk Disclosures - continued*

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The Town maintains an investment policy that limits investment maturities to three years as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows. Investments subject to interest rate risk disclosures are shown below:

		Maturities
Certificate of Deposit (PDPA)	\$ 44,426	05/21/13
Certificate of Deposit (PDPA)	\$ 13,692	02/21/13

The Town was not subject to foreign currency risk as of December 31, 2012.

*NOTE 3 - RESTRICTED CASH*

As a requirement of the Water Pollution Control Revolving Fund Loan from the Colorado Water Resources and Power Development Authority (see *Note 5*), the Town became responsible for the entire principal balance of the loan upon execution of the loan agreement, although loan requisitions have not yet been made. The total available loan balance on deposit with CWRPDA is \$1,288,966, of which \$1,114,320 is available to be drawn for cumulative downtown wastewater collection system expenditures-to-date, with the remaining \$174,646 reflected as *restricted cash* on the accompanying balance sheet of the Wastewater Fund.

*NOTE 4 - CAPITAL ASSETS*

Capital asset activity for Governmental Activities for the year ended December 31, 2012 follows:

	Balances 01/01/12	Additions	Dispositions/ Reclassif.	Balances 12/31/12
<i>GOVERNMENTAL ACTIVITIES</i>				
Non-depreciable Assets:				
Land and Easements	\$ 2,729,914	\$ 530,509	\$ -	\$ 3,260,423
Construction in Progress	607,425	164,870	-	772,295
Depreciable Capital Assets:				
Park/Land Improvements	2,935,315	-	-	2,935,315
Buildings/Improvements	4,548,311	6,179	-	4,554,490
Rec Center/Pool/Ice Rink	5,235,122	-	-	5,235,122
Equipment	2,660,494	159,845	(54,932)	2,765,407
Infrastructure	24,946,096	351,783	-	25,297,879
Total at Historical Cost	43,662,677	1,213,186	(54,932)	44,820,931
<i>Less Accumulated</i>				
<i>Depreciation:</i>	(14,790,090)	(1,559,431)	53,784	(16,295,737)
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$28,872,587</b>	<b>\$ (346,245)</b>	<b>\$ (1,148)</b>	<b>\$28,525,194</b>

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

NOTE 4 - CAPITAL ASSETS – continued

For the fiscal year ending December 31, 2012, depreciation expense for governmental activities was recorded on the statement of activities as follows:

General Government	\$ 192,718
Public Safety	34,194
Public Works – Streets	94,182
Public Works – Buildings/Grounds	17,486
Unallocated Depreciation	<u>1,220,851</u>
Total Governmental Depreciation	<u>\$ 1,559,431</u>

Capital asset activity for Business-Type Activities for the year ended December 31, 2012 follows:

<u>BUSINESS-TYPE ACTIVITIES</u>	<u>Balances</u> 01/01/12	<u>Additions</u>	<u>Dispositions/ Reclassif.</u>	<u>Balances</u> 12/31/12
Non-depreciable Assets:				
Land and Easements	\$ 170,571	\$ -	\$ -	\$ 170,571
Water Rights	9,137,235	6,025	-	9,143,260
Construction in Progress	1,491,489	940,417	-	2,431,906
Depreciable Capital Assets:				
Buildings/Improvements	91,221	42,290	-	133,511
Equipment	481,244	11,500	-	492,744
Infrastructure-Plant/Facility	427,399	-	-	427,399
Infrastructure-Utility System	<u>37,410,855</u>	<u>33,470</u>	<u>-</u>	<u>37,444,325</u>
Total at Historical Cost	49,210,014	1,033,702	-	50,243,716
<i>Less Accumulated</i>				
<i>Depreciation</i>	<u>(8,732,172)</u>	<u>(1,006,219)</u>	<u>-</u>	<u>(9,738,391)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
CAPITAL ASSETS, NET	<u>\$40,477,842</u>	<u>\$ 27,483</u>	<u>\$ -</u>	<u>\$40,505,325</u>

For the fiscal year ending December 31, 2012, depreciation expense for business-type activities was recorded on the statement of activities as follows:

Water Utility	\$ 280,263
Wastewater Utility	725,319
Refuse Utility	<u>637</u>
Total Business-type Depreciation	<u>\$ 1,006,219</u>

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 5 - LONG-TERM OBLIGATIONS*

Changes in the Town's long-term obligations during the fiscal year ended December 31, 2012 were as follows:

	<u>Balances</u> <u>01/01/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>12/31/12</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<i>GOVERNMENTAL ACTIVITIES</i>					
Notes Payable					
- Wells Fargo	\$ 237,983	-	(116,635)	121,348	121,348
Compensated Absences -	<u>116,384</u>	<u>180,501</u>	<u>(177,309)</u>	<u>119,576</u>	<u>-</u>
GOVERNMENTAL LONG-TERM OBLIGATIONS	<u>\$ 354,367</u>	<u>\$ 180,501</u>	<u>\$ (293,944)</u>	<u>\$ 240,924</u>	<u>\$ 121,348</u>
 <i>BUSINESS-TYPE ACTIVITIES</i>					
Notes Payable					
CWCB Loan	\$ 84,847	\$ -	\$ (8,269)	\$ 76,578	\$ 8,518
'97 CWRPDA	864,023	-	(128,799)	735,224	134,165
'07 CWRPDA	11,202,840	-	(497,904)	10,704,936	514,140
'07 Premium	399,976	-	(23,528)	376,448	23,528
'11 CWRPDA	1,288,966	-	(48,695)	1,240,271	54,250
Bonds					
Series 2004	2,720,000	-	(165,000)	2,555,000	170,000
Bond Premium	2,148	-	(167)	1,981	166
Compensated Absences -	<u>24,994</u>	<u>21,278</u>	<u>(22,222)</u>	<u>24,050</u>	<u>-</u>
BUSINESS-TYPE LONG-TERM OBLIGATIONS	<u>\$16,587,794</u>	<u>\$ 21,278</u>	<u>\$ (894,584)</u>	<u>\$15,714,488</u>	<u>\$ 904,767</u>

The bond premium on the Series 2004 Water Enterprise Revenue Bonds is being accreted over the term of the bond. Total current year accretion of bond premium of \$167 is included in the business-type activities water utility function. The premium on the 2007 CWRPDA Note is being accreted over the term of the note. Total current year accretion of note premium of \$23,528 is included in the business-type activities wastewater utility function.

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 5 - LONG-TERM OBLIGATIONS - continued*

GOVERNMENTAL ACTIVITIES – LONG-TERM OBLIGATIONS

Bonds, notes payable and loan obligations of the Town’s governmental activities are comprised of the following:

Notes Payable:

*Lease and Purchase Option*

Lease and Purchase Option Agreement, payable to Wells Fargo Brokerage Services, LLC, payable in semiannual installments of \$62,500 through 2013 at 4.00% for Town Hall improvements with a depreciable value of \$1,021,965. The note is secured by the Town of Eagle Town Hall. The total outstanding balance at December 31, 2012 is \$121,348. The annual requirements to amortize the note payable are as follows:

Year Ended <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	<u>\$ 121,348</u>	<u>\$ 3,652</u>	<u>\$ 125,000</u>

Accrued Liabilities:

Accrued liabilities consist of the accrual for compensated absences – vacations earned by the Town’s employees but not taken by December 31, 2012. Total accrued compensated absences as of year-end for governmental activities were \$119,576.

BUSINESS-TYPE ACTIVITIES – LONG-TERM OBLIGATIONS

Bonds, notes payable and loan obligations of the Town’s business-type activities are comprised of the following:

Notes Payable:

*CWCB Loan*

Water storage tank loan, payable to the Colorado Water Conservation Board in annual installments of \$10,815 through 2020 at 3.00%. The total outstanding balance at December 31, 2012 is \$76,578. The loan is carried in the Water Fund. The annual requirements to amortize the installment note payable are as follows:

Year Ended <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 8,518	\$ 2,297	\$ 10,815
2014	8,773	2,042	10,815
2015	9,036	1,779	10,815
2016	9,307	1,508	10,815
2017	9,587	1,228	10,815
2018-2020	31,357	1,924	33,281
	<u>\$ 76,578</u>	<u>\$ 10,778</u>	<u>\$ 87,356</u>

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 5 - LONG-TERM OBLIGATIONS - continued*

*BUSINESS-TYPE ACTIVITIES – LONG-TERM OBLIGATIONS - continued*

Notes Payable - continued:

*1997 CWRPDA Loan*

The Town entered into a water pollution control revolving fund loan agreement with the Colorado Water Resources and Power Development Authority dated May 1, 1997. The loan carries an interest rate of 4.533% and is payable in 20 annual installments on August 1. The loan includes an administrative fee payable semi-annually. The total outstanding balance at December 31, 2012 is \$735,224. The loan is carried in the Wastewater Fund. The annual requirements to amortize the loan and service fee are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 134,165	\$ 25,748	\$ 159,913
2014	139,532	21,077	160,609
2015	144,898	16,218	161,116
2016	150,265	11,173	161,438
2017	<u>166,364</u>	<u>5,871</u>	<u>172,235</u>
	<u>\$ 735,224</u>	<u>\$ 80,087</u>	<u>\$ 815,311</u>

<u>Year Ended December 31,</u>	<u>Service Fee</u>
2013	\$ 18,762
2014	18,762
2015	18,762
2016	16,416
2017	<u>7,036</u>
	<u>\$ 79,738</u>

In 2005, the CRWPDA administered a partial refunding of their bonds and is passing through the anticipated savings to the Town on an annual basis, resulting in a total anticipated savings over the term of the loan of \$64,316 to be recognized in the Wastewater Fund as received. The town recognized savings of \$6,190 in 2012, which was recognized as an adjustment to interest expense. The remaining anticipated savings over the term of the loan is as follows:

<u>Year Ended December 31,</u>	<u>Anticipated Savings</u>
2013	\$ 5,403
2014	4,577
2015	3,678
2016	4,423
2017	<u>2,245</u>
	<u>\$ 20,326</u>

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 5 - LONG-TERM OBLIGATIONS - continued*

*BUSINESS-TYPE ACTIVITIES – LONG-TERM OBLIGATIONS - continued*

Notes Payable - continued:

*2007 CWRPDA Loan*

The Town entered into a water pollution control revolving fund loan agreement with the Colorado Water Resources and Power Development Authority dated May 31, 2007. The loan is a 21-year leveraged loan that carries an interest rate of 3.5% and is payable in 43 semi-annual installments on February 1 and August 1. The loan includes an administrative fee payable semi-annually. The loan is for expansion of the extended aeration activated sludge plant conversion to a conventional activated sludge process. Under this loan the town is the subrecipient of Federal assistance from the Environmental Protection Agency Office of Water. In accordance with the Federal Program requirements, the funds are not considered a federal grant, but as a loan under the State Revolving Loan Program. The borrowing consisted of two components; \$10,630,000 allocated to Principal of Authority Bonds and \$875,912 allocated to the Project Loan Subaccount, for a total loan of \$11,505,912. The underlying issues sold at a premium of \$494,088; therefore the total proceeds received by the Town were \$12,000,000. The total outstanding balance at December 31, 2012 is \$10,704,936. The loan is carried in the Wastewater Fund. The annual requirements to amortize the loan and service fee are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 514,140	\$ 314,881	\$ 829,021
2014	530,376	299,174	829,550
2015	541,200	282,971	824,171
2016	562,848	266,438	829,286
2017	579,084	249,243	828,327
2018-2022	3,193,080	970,438	4,163,518
2023-2027	3,880,404	441,865	4,322,269
2028	903,804	21,348	925,152
	<u>\$10,704,936</u>	<u>\$ 2,846,358</u>	<u>\$13,551,294</u>

<u>Year Ended</u> <u>December 31,</u>	<u>Service Fee</u>
2013	\$ 92,047
2014	92,047
2015	92,047
2016	92,047
2017	92,047
2018-2022	460,237
2023-2027	425,719
2028	23,012
	<u>\$ 1,369,203</u>

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 5 - LONG-TERM OBLIGATIONS - continued*

*BUSINESS-TYPE ACTIVITIES – LONG-TERM OBLIGATIONS - continued*

Notes Payable - continued:

*2011 CWRPDA Loan*

The Town entered into a water pollution control revolving fund loan agreement with the Colorado Water Resources and Power Development Authority dated January 21, 2011, for rehabilitation of the downtown wastewater collection system. . The loan is a 20-year loan that carries an interest rate of 2.0% and is payable in 40 semi-annual installments (beginning May 1, 2012) on May 1 and November 1. Loan interest repayments include an administrative fee. Under this loan the town is the sub-recipient of Federal assistance from the Environmental Protection Agency. The Authority has created in the Water Pollution Control Revolving Fund a Project Loan Account for this project into which the Authority shall deposit Re-loan Funds to be used to pay the cost of the project, which project loan account shall be disbursed to the Town upon receipt of a requisition executed by an authorized officer and approved by the Authority and the State Department of Public Health and Environment. The total outstanding balance at December 31, 2012 is \$1,240,271. The loan is carried in the Wastewater Fund. The annual requirements to amortize the loan and service fee are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 54,250	\$ 2,536	\$ 56,786
2014	55,341	3,445	58,786
2015	56,453	2,833	59,286
2016	57,588	3,198	60,786
2017	58,745	2,541	61,286
2018-2022	311,920	17,509	329,429
2023-2027	344,553	25,875	370,428
2028-2031	301,421	11,487	312,908
	<u>\$ 1,240,271</u>	<u>\$ 69,424</u>	<u>\$ 1,309,695</u>

<u>Year Ended</u> <u>December 31,</u>	<u>Service Fee</u>
2013	\$ 22,000
2014	20,000
2015	19,500
2016	18,000
2017	17,500
2018-2022	64,500
2023-2027	23,500
2028-2031	28,000
	<u>\$ 213,000</u>

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 5 - LONG-TERM OBLIGATIONS - continued*

*BUSINESS-TYPE ACTIVITIES – LONG-TERM OBLIGATIONS - continued*

Bonds Payable:

*2004 Series Water Enterprise Revenue Bonds:*

Water Enterprise Revenue Bonds were issued in the amount of \$3,750,000 in 2004. The interest rate varies from 1.55% to 3.95%, payable semi-annually on June 1 and December 1, principal payable December 1. Final maturity date is December 1, 2024. The bonds are carried in the Water Fund. Total Outstanding Revenue Bonds at December 31, 2012 is \$2,555,000. The annual requirements to amortize the bonds as of year-end are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 170,000	\$ 110,218	\$ 280,218
2014	175,000	104,097	279,097
2015	180,000	97,623	277,623
2016	190,000	90,782	280,782
2017	195,000	83,373	278,373
2018-2022	1,125,000	279,450	1,404,450
2023-2024	520,000	36,110	556,110
	<u>\$ 2,555,000</u>	<u>\$ 801,653</u>	<u>\$ 3,356,653</u>

The 2004 Series Water Enterprise Revenue Bonds do not constitute a general obligation of the Town. They are special, limited obligations of the Town, and the principal, interest and premium is payable solely from net revenues of the Town’s water system.

Bonds maturing before December 1, 2012 are not subject to redemption prior to their respective maturity dates. Bonds of this issue maturing on or after December 1, 2013 are subject to optional redemption prior to their respective maturity dates on December 1, 2012 and on any interest payment date thereafter, at the redemption prices (equal to the principal amount of each bond), plus accrued interest to the redemption date.

The 2004 bonds maturing on December 1, 2024 are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof plus accrued interest to the redemption date. As and for a sinking fund for the redemption of the 2004 bonds maturing on December 1, 2024, the Town will deposit in the bond fund on or before December 1, 2018 and on each December 1 thereafter, to and including December 1, 2023, a sum which together with other moneys available in the bond fund is sufficient to redeem the following principal amounts of the 2004 bonds maturing December 1, 2024:

<u>Year</u>	<u>Principal</u> <u>Amount</u>	<u>Year</u>	<u>Principal</u> <u>Amount</u>
2018	\$ 205,000	2021	\$ 235,000
2019	\$ 215,000	2022	\$ 245,000
2020	\$ 225,000	2023	\$ 255,000

The remaining \$265,000 of the 2004 bonds maturing December 1, 2024, shall be paid upon presentation and surrender at maturity unless optionally redeemed prior to maturity as described above.

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 5 - LONG-TERM OBLIGATIONS - continued*

*BUSINESS-TYPE ACTIVITIES – LONG-TERM OBLIGATIONS - continued*

Compensated absences consist of the accrual for vacation and comp time earned by the Town's employees but not taken by December 31, 2012. Total accrued compensated absences as of year-end for business-type activities were \$24,050.

*NOTE 6 - PENSION PLANS*

The Town of Eagle provides pension benefits for all its full time employees. The employees of the Town participate in a retirement program adopted as a prototype money purchase plan with Heritage Trust and Asset Management, Inc. The Town contributes 6% of gross payroll per eligible employee annually to this plan, plus an additional matching contribution of 1% for contributing employees. Total covered payroll for the year subject to participation was \$1,924,254 compared to total payroll of \$2,428,253. The Town's retirement contribution for the year ended December 31, 2012 was \$134,698. All employees are vested at 20% per year and are 100% vested after 5 years.

*NOTE 7 - PROPRIETARY FUND BUDGETS*

Budgets for proprietary funds are adopted on a basis that is not consistent with GAAP but, instead, adopts the spending measurement focus of governmental funds. The additional supplemental information following the notes to the financial statements provides detail budgetary comparisons for the proprietary funds. A summary of the adjustments necessary to convert to the budgetary basis from GAAP follows:

	<u>WATER ENTERPRISE FUND</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
GAAP Operating Revenues	\$ 2,209,961	\$ 2,266,888	\$ 56,927
GAAP Non-Operating Revenues	39,850	33,257	(6,593)
Less: Accretion of Bond Premium	-	(167)	(167)
Total Budgetary Revenues	2,249,811	2,299,978	50,167
<u>Expenses:</u>			
GAAP Operating Expenses	895,550	1,156,158	(260,608)
GAAP Non-Operating Expenses	169,374	168,905	469
Add: Debt Service Principal	173,269	173,269	-
Add: Capital Outlay	514,000	450,023	63,977
Change In: Accrued Interest	-	467	(467)
Change In: Vacation/Comp Time	-	1,115	(1,115)
Less: Depreciation & Amortization	-	(280,263)	280,263
Total Budgetary Expenditures	1,752,193	1,669,674	82,519
Net Income (Loss)-Budgetary	\$ 497,618	\$ 630,304	\$ 132,686

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 7 - PROPRIETARY FUND BUDGETS - continued*

WASTEWATER ENTERPRISE FUND			
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
GAAP Operating Revenues	\$ 1,634,554	\$ 1,635,274	\$ 720
GAAP Non-Operating Revenues	196,903	224,278	27,375
Add: Loan Proceeds	1,115,431	-	(1,115,431)
Less: Accretion of Bond Premium	-	(23,528)	(23,528)
Total Budgetary Revenues	2,946,888	1,836,024	(1,110,864)
<u>Expenses:</u>			
GAAP Operating Expenses	646,347	1,387,501	(741,154)
GAAP Non-Operating Expenses	533,654	525,692	7,962
Add: Debt Service Principal	675,398	675,398	-
Add: Capital Outlay	547,500	541,389	6,111
Intergovt Interest Credit	-	6,190	(6,190)
Change In: Accrued Interest	-	7,774	(7,774)
Change In: Vacation/Comp Time	-	(172)	172
Less: Depreciation	-	(725,319)	725,319
Total Budgetary Expenditures	2,402,899	2,418,453	(15,554)
Net Income (Loss)-Budgetary	\$ 543,989	\$ (582,429)	\$ (1,126,418)

REFUSE ENTERPRISE FUND			
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
GAAP Operating Revenues	\$ 508,000	\$ 508,564	\$ 564
GAAP Non-Operating Revenues	495	479	(16)
Total Budgetary Revenues	508,495	509,043	548
<u>Expenses:</u>			
GAAP Operating Expenses	517,023	515,353	1,670
GAAP Non-Operating Expenses	20,000	20,000	-
Add: Capital Outlay	46,285	42,290	3,995
Less: Depreciation	-	(637)	637
Total Budgetary Expenditures	583,308	577,006	6,302
Net Income (Loss)-Budgetary	\$ (74,813)	\$ (67,963)	\$ 6,850

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 8 - RISK MANAGEMENT*

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a joint self insurance pool created by an intergovernmental agreement of 163 municipalities to provide property, general and automobile liability and public official coverage to its members. CIRSA is governed by a seven member Board elected by and from its members. Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and that amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

Combined financial statement data for CIRSA as of December 31, 2012 is as follows:

	<u>CIRSA</u>
Assets	\$ <u>77,474,738</u>
Liabilities	\$ 40,063,159
Net Assets	<u>37,411,579</u>
	<u>\$ 77,474,738</u>
Revenue	
Member Contributions Earned ( <i>Net of Excess Insurance Premiums of \$6,167,307</i> )	\$ 21,142,937
Investment Income and Other	<u>1,071,515</u>
Total Revenue	22,214,452
Expenses ( <i>Net of Distributions and Credits of \$1,144,220</i> )	<u>18,419,583</u>
(Excess of Expenses Over Revenues)	<u>\$ 3,794,869</u>

There is no current or long-term debt outstanding; the above liabilities represent incurred claims and an estimated liability for incurred but unreported claims at December 31.

The Town continues to carry commercial insurance coverage for other risks of loss including workers compensation and employee health and accident insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

*NOTE 9 - CONTINGENCIES*

During the normal course of business, the Town incurs claims and other assertions against it from various agencies and individuals. Management and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2012.

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 10 - POST-EMPLOYMENT HEALTHCARE COVERAGE*

The Town provides post-employment healthcare coverage as an employee benefit for eligible retirees. To be eligible, retirees must have 1) twenty (20) years of service with the Town of Eagle and be sixty (60) years of age; or 2) thirty (30) years of service with the Town of Eagle and be fifty-five (55) years of age. This benefit ends when the retiree becomes eligible for Medicare. As of December 31, 2012 there are no eligible retirees receiving post-employment healthcare coverage benefits.

*NOTE 11 - INTERGOVERNMENTAL AGREEMENTS*

*Eagle Pool and Ice Rink*

The Town of Eagle and the Western Eagle County Metropolitan Recreation District entered into an agreement for ownership and operation of a recreation facility, consisting of a community swimming pool and ice rink. The District and Town each have a one-half interest in all fixtures and associated equipment, furnishings and personal property. The District operates and maintains the Recreation Facilities and the Town retains full fee simple title to the ground upon which the Recreation Facilities are constructed.

*Revenue Sharing Agreement – Town of Gypsum, Colorado*

The Town of Eagle and the Town of Gypsum, Colorado, entered into an intergovernmental agreement, to originally remain in effect until December 31, 2020, unless otherwise terminated as permitted under the agreement, concerning the sharing of sales tax revenues from Costco, located in the Airport Gateway Commercial Park in Gypsum, Colorado, subject to annual renewal and appropriation by each of the Towns. As long as Costco is operating and generating municipal sales tax revenues within the defined revenue sharing area, the Town of Gypsum has agreed to pay to the Town of Eagle forty percent (40%) of the amount of sales tax revenues collected from application of a two percent (2%) municipal sales tax rate to retail sales made by any business within the defined revenue sharing area.

Each Town was given the right to terminate the agreement, in whole, at the end of any fiscal year by failing to appropriate money sufficient for the continued performance of the requirements of the agreement. All revenue sharing obligations were scheduled to cease and the agreement to terminate prior to the year 2020 upon the sales tax income of the Towns reaching a level of “parity”, which is defined as the non-receiving Big Box Retailer community’s new sales tax income is not less than 85% of the community that received the Big Box Retailer.

In May 2012 voters approved the Eagle River Station development, a mixed-use project with its primary focus being a regionally-oriented retail shopping center, including a rental residential component and allows for a range of other uses including institutional uses, health/medical and entertainment. The construction of the East Eagle Interchange and connector road is required as a part of the project. The projected economic impact of the development includes new jobs and other economic impacts of construction and operation of the development.

Effective December 31, 2012, the Board of Directors of the Town of Gypsum, Colorado, terminated their revenue sharing agreement with the Town of Eagle electorate's approval of the Eagle River Station which includes a Big Box Retailer within the Town of Eagle's boundaries.

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 12 - COMPLIANCE*

A. Contraband

The Colorado Contraband Forfeiture Act (C.R.S. 16-13-501 to 511) addresses the accounting for proceeds from the seizure of contraband. These funds must be used for the specific purpose of law enforcement activities. While these proceeds are exempt from the appropriation process, they are subject to the Local Government Audit Law (C.R.S. 29-1-601 to 608). For the year ended December 31, 2012 no such proceeds were received by the Town and as such are not included in the Town's audited financial statements.

B. CWRPDA Loan Covenants

According to the loan agreement dated May 1, 1997, the Town of Eagle covenants to:

- 1) Levy ad valorem taxes at a sufficient rate to pay the principal and interest due on the loan, but not to exceed \$271,150.
- 2) Maintain a three month operations and maintenance reserve fund.

According to the loan agreement dated January 1, 2011, the Town of Eagle covenants to:

- 1) Establish and collect such rates, fees, and charges for the use or sale of products and services of the system, together with other moneys available therefore, as expected to produce gross revenue for each calendar year at a sufficient rate for to pay the sum of a) operation and maintenance expenses; b) 110% of debt service due for such calendar year (plus amounts due on any additional liens on the pledged property, if applicable).
- 2) Maintain a three month operations and maintenance reserve fund.
- 3) Comply with the requirements of the Davis Bacon Act, 40 USC Sec. 3140-3148.

As of December 31, 2012, the Town was in compliance with such covenants.

C. 2004 Series Bond Issue

According to the 2004 Series Bond Issue Agreement, the Town of Eagle covenants to maintain a reserve fund in an amount equal to the lesser of an amount equal to 10% of the principal of the 2004 bonds then outstanding or the maximum amount which may be funded pursuant to the tax code. One-half of the reserve fund requirement is funded in a reserve cash account and the other half is funded by a reserve fund insurance policy. As of December 31, 2012, the Town was in compliance with the covenant.

D. Budgetary Compliance

The Town's Wastewater Fund budgetary based expenditures of \$2,418,453 exceeded budgetary based appropriations of \$2,402,899 by \$15,554. This may not be in compliance with Colorado Revised Statutes.

*NOTE 13 - TAX, SPENDING AND DEBT LIMITATION*

TABOR Amendment – Revenue and Spending Limitation Agreement

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all Colorado local governments.

**TOWN OF EAGLE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

*NOTE 13 - TAX, SPENDING AND DEBT LIMITATION - continued*

The initial base for local government spending and revenue limits was June 30, 1993 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic condition, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The required reserve at December 31, 2012 is \$127,125 in the General Fund and \$12,250 in the Capital Projects Fund.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Except for bond refinancing at a lower interest rate or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments. In 1994 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 the provisions, including the interpretation of how to calculate Fiscal Year Spending limits (and qualification of a fund as an Enterprise Fund) will require judicial interpretation.

*NOTE 14 - SUBSEQUENT EVENTS*

Management has evaluated events subsequent to December 31, 2012 through the issuance date of this report. There has been no material event noted during this period that would impact the result reflected in this report or the Town's results going forward.

*NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLE*

In March, 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which revises the treatment of a variety of transactions previously reported as either assets or liabilities on the statement of net assets, to classification as either deferred outflows/inflows of resources on the statement of net position, or recognition as revenue or expense.

GASB Statement No. 65 requires debt issuance costs, previously reported as an asset and amortized, to be recognized as an outflow at the time such costs are incurred. As such, the current year statement of net position has reported a restatement of the beginning net position in the amount of \$73,471, which was the amount of unamortized debt issuance costs at December 31, 2011, of which \$65,921 was in the water enterprise fund and \$7,550 in governmental general fixed assets.

REQUIRED SUPPLEMENTAL INFORMATION

GENERAL & SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULES

**TOWN OF EAGLE, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Local Taxes and Assessments	\$ 3,762,150	\$ 3,785,046	\$ 3,843,966	\$ 58,920
Licenses and Permits	92,400	78,400	74,211	(4,189)
Intergovernmental	480,615	437,350	440,252	2,902
Charges for Services	278,500	315,400	298,378	(17,022)
Fines, Forfeits and Penalties	43,800	50,400	47,695	(2,705)
Information Center Sales	-	151,760	160,375	8,615
Interest	2,500	6,712	7,006	294
Grants/Contributions	2,913	2,913	11,602	8,689
Miscellaneous	29,180	29,800	31,135	1,335
	<u>4,692,058</u>	<u>4,857,781</u>	<u>4,914,620</u>	<u>56,839</u>
<u>Expenditures:</u>				
General Government	1,418,205	1,324,250	1,302,627	21,623
Public Safety	1,357,290	1,316,063	1,315,702	361
Public Works – Streets	1,205,240	1,096,800	1,043,449	53,351
Public Works – Buildings & Grounds	524,900	504,591	492,926	11,665
Information Center	-	172,030	176,394	(4,364)
	<u>4,505,635</u>	<u>4,413,734</u>	<u>4,331,098</u>	<u>82,636</u>
Excess Revenues Over (Under) Expenditures	186,423	444,047	583,522	139,475
<u>Other Financing Sources and (Uses):</u>				
Transfers (to) Other Funds	<u>(425,000)</u>	<u>(425,000)</u>	<u>(425,000)</u>	<u>-</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(238,577)	19,047	158,522	139,475
Fund Balances – Beginning	<u>717,320</u>	<u>1,014,834</u>	<u>1,008,475</u>	<u>(6,359)</u>
Fund Balances – Ending	<u>\$ 478,743</u>	<u>\$ 1,033,881</u>	<u>\$ 1,166,997</u>	<u>\$ 133,116</u>

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

**TOWN OF EAGLE, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND – CONSERVATION TRUST FUND**  
For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Intergovernmental	\$ 27,000	\$ 31,500	\$ 32,511	\$ 1,011
Interest	<u>100</u>	<u>300</u>	<u>314</u>	<u>14</u>
Total Revenues	<u>27,100</u>	<u>31,800</u>	<u>32,825</u>	<u>1,025</u>
<u>Expenditures:</u>				
Contingency	<u>70,060</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>70,060</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures	(42,960)	31,800	32,825	1,025
<u>Other Financing Sources (Uses):</u>				
Transfers (Out)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(117,960)	(43,200)	(42,175)	1,025
Fund Balances – Beginning	<u>117,960</u>	<u>118,467</u>	<u>118,467</u>	<u>-</u>
Fund Balances – Ending	<u>\$ -</u>	<u>\$ 75,267</u>	<u>\$ 76,292</u>	<u>\$ 1,025</u>

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

**TOWN OF EAGLE, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND – OPEN SPACE PRESERVATION**  
For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Taxes-Local	\$ 102,000	\$ 102,000	\$ 99,342	\$ (2,658)
Interest	<u>2,000</u>	<u>3,500</u>	<u>3,459</u>	<u>(41)</u>
Total Revenues - Budgetary	<u>104,000</u>	<u>105,500</u>	<u>102,801</u>	<u>(2,699)</u>
<u>Expenditures:</u>				
Open - space Preservation	<u>123,874</u>	<u>266,799</u>	<u>250,649</u>	<u>16,150</u>
Total Expenditures - Budgetary	<u>123,874</u>	<u>266,799</u>	<u>250,649</u>	<u>16,150</u>
Excess Revenues Over (Under) Expenditures	(19,874)	(161,299)	(147,848)	13,451
Fund Balances–Beginning	<u>1,246,742</u>	<u>1,509,150</u>	<u>1,509,150</u>	<u>-</u>
Fund Balances–Ending	<u>\$ 1,226,868</u>	<u>\$ 1,347,851</u>	<u>\$ 1,361,302</u>	<u>\$ 13,451</u>

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

OTHER SUPPLEMENTAL INFORMATION

*GENERAL FUND*

**TOWN OF EAGLE, COLORADO**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES &amp; OTHER FINANCING SOURCES:</b>			
<b>TAXES – LOCAL:</b>			
Real Property Taxes	\$ 319,246	\$ 319,229	\$ (17)
Specific Ownership Taxes	18,500	18,849	349
Sales Taxes – General	2,749,000	2,791,803	42,803
Tax Revenue Sharing	400,000	417,414	17,414
Severance Tax Refund	1,300	398	(902)
Franchise Taxes	195,000	195,761	761
Marketing Taxes	102,000	100,512	(1,488)
<b>TOTAL TAXES - LOCAL</b>	<u>3,785,046</u>	<u>3,843,966</u>	<u>58,920</u>
<b>LICENSES &amp; PERMITS:</b>			
Business Licenses	28,300	29,676	1,376
Marketing Fee	7,900	7,865	(35)
Building Permits	42,000	36,470	(5,530)
Roadcut Permits	200	200	-
<b>TOTAL LICENSES &amp; PERMITS</b>	<u>78,400</u>	<u>74,211</u>	<u>(4,189)</u>
<b>INTERGOVERNMENTAL</b>			
Motor Vehicle License Fee	23,000	24,574	1,574
Highway Users Tax	205,000	208,787	3,787
Cigarette Tax	12,000	10,671	(1,329)
Road & Bridge Tax	102,000	100,655	(1,345)
County Sales Tax	95,000	95,095	95
Federal Mineral Lease Revenues	350	470	120
<b>TOTAL INTERGOVERNMENTAL</b>	<u>437,350</u>	<u>440,252</u>	<u>2,902</u>
<b>CHARGES FOR SERVICES</b>			
Planning and Zoning Fees & Reimbursements	107,400	92,477	(14,923)
Facility Usage Fees & Deposits	29,500	30,847	1,347
Inspection and Planning Reimbursements	58,500	62,296	3,796
Other Reimbursable Income	10,000	2,758	(7,242)
Administrative Services – Enterprise Funds	110,000	110,000	-
<b>TOTAL CHARGES FOR SERVICES</b>	<u>315,400</u>	<u>298,378</u>	<u>(17,022)</u>
<b>FINES, FORFEITS &amp; PENALTIES – TOTAL</b>	<u>50,400</u>	<u>47,695</u>	<u>(2,705)</u>
<b>INFORMATION CENTER SALES – TOTAL</b>	<u>151,760</u>	<u>160,375</u>	<u>8,615</u>
<b>INTEREST INCOME – TOTAL</b>	<u>6,712</u>	<u>7,006</u>	<u>294</u>
<b>GRANTS/CONTRIBUTIONS – TOTAL</b>	<u>2,913</u>	<u>11,602</u>	<u>8,689</u>
<b>MISCELLANEOUS</b>			
Rental Income	9,800	8,950	(850)
Other	20,000	22,185	2,185
<b>TOTAL MISCELLANEOUS</b>	<u>29,800</u>	<u>31,135</u>	<u>1,335</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 4,857,781</u>	<u>\$ 4,914,620</u>	<u>\$ 56,839</u>

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

**TOWN OF EAGLE, COLORADO**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES– BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES &amp; OTHER FINANCING USES:</b>			
<b>GENERAL GOVERNMENT:</b>			
Personnel Services	\$ 848,808	\$ 860,031	\$ (11,223)
Supplies	11,250	9,340	1,910
Purchased Services	316,192	297,624	18,568
Insurance	45,000	45,221	(221)
Capital Outlay	28,000	28,911	(911)
Community Requests	60,000	61,500	(1,500)
Contingency	15,000	-	15,000
<b>TOTAL GENERAL GOVERNMENT</b>	<u>1,324,250</u>	<u>1,302,627</u>	<u>21,623</u>
<b>PUBLIC SAFETY:</b>			
Personnel Services	1,002,658	1,012,663	(10,005)
Supplies	47,900	46,516	1,384
Purchased Services	220,505	212,970	7,535
Insurance	18,000	17,962	38
Capital Outlay	25,000	25,591	(591)
Contingency	2,000	-	2,000
<b>TOTAL PUBLIC SAFETY</b>	<u>1,316,063</u>	<u>1,315,702</u>	<u>361</u>
<b>PUBLIC WORKS – STREETS:</b>			
Personnel Services	678,300	667,996	10,304
Supplies	137,000	136,703	297
Purchased Services	246,000	213,250	32,750
Insurance	17,000	17,000	-
Capital Outlay	18,500	8,500	10,000
Contingency	-	-	-
<b>TOTAL PUBLIC WORKS - STREETS</b>	<u>1,096,800</u>	<u>1,043,449</u>	<u>53,351</u>
<b>PUBLIC WORKS – BUILDINGS &amp; GROUNDS:</b>			
Personnel Services	287,791	289,985	(2,194)
Supplies	75,100	65,276	9,824
Purchased Services	127,700	128,665	(965)
Insurance	9,000	9,000	-
Capital Outlay	-	-	-
Contingency	5,000	-	5,000
<b>TOTAL PUBLIC WORKS – BLDGS &amp; GROUNDS</b>	<u>504,591</u>	<u>492,926</u>	<u>11,665</u>
<b>INFORMATION CENTER:</b>			
Personnel Services	54,680	56,538	(1,858)
Supplies	150	255	(105)
Purchased Services	9,200	8,699	501
Goods for Resale/Consignment and Sales Tax	107,000	110,902	(3,902)
Contingency	1,000	-	1,000
<b>TOTAL INFORMATION CENTER</b>	<u>172,030</u>	<u>176,394</u>	<u>(4,364)</u>
<b>OTHER FINANCING USES:</b>			
Operating Transfers Out – TOTAL	<u>425,000</u>	<u>425,000</u>	<u>-</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 4,838,734</u>	<u>\$ 4,756,098</u>	<u>\$ 82,636</u>

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

OTHER SUPPLEMENTAL INFORMATION

*DEBT SERVICE FUND*

**TOWN OF EAGLE, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
For the Year Ended December 31, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Interest	\$ 1,100	\$ 1,101	\$ 1
Total Revenues	<u>1,100</u>	<u>1,101</u>	<u>1</u>
<u>Expenditures:</u>			
Town Hall Payment	125,000	125,000	-
Contingency Reserve	<u>409,806</u>	<u>-</u>	<u>409,806</u>
Total Expenditures	<u>534,806</u>	<u>125,000</u>	<u>409,806</u>
Excess Revenues Over (Under) Expenditures	<u>(533,706)</u>	<u>(123,899)</u>	<u>409,807</u>
<u>Other Financing Sources and (Uses):</u>			
Transfer from General Fund	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(408,706)	1,101	409,807
Fund Balances – Beginning	<u>671,671</u>	<u>670,892</u>	<u>(779)</u>
Fund Balances – Ending	<u>\$ 262,965</u>	<u>\$ 671,993</u>	<u>\$ 409,028</u>

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

OTHER SUPPLEMENTAL INFORMATION

*CAPITAL PROJECTS FUND*

**TOWN OF EAGLE, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
For the Year Ended December 31, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Use Tax	\$ 17,000	\$ 25,486	\$ 8,486
Community Enhancement Tax	39,170	39,170	-
Intergovernmental Contribution – Eagle County	182,658	166,885	(15,773)
Interest and Miscellaneous	<u>11,480</u>	<u>9,377</u>	<u>(2,103)</u>
Total Revenues	<u>250,308</u>	<u>240,918</u>	<u>(9,390)</u>
<u>Expenditures:</u>			
General Government:			
Pool & Ice Rink Maintenance Fund	50,000	50,000	-
Public Safety:			
Police Department Equipment	-	-	-
Public Works – Streets:			
Transportation/ROW Improvements	632,579	553,609	78,970
Building and Grounds:			
Transportation & Maintenance Equipment	45,369	45,370	(1)
Contingency	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>727,948</u>	<u>648,979</u>	<u>78,969</u>
Excess Revenues Over (Under) Expenditures	<u>(477,640)</u>	<u>(408,061)</u>	<u>69,579</u>
<u>Other Financing Sources and (Uses):</u>			
Transfer from General Fund	<u>375,000</u>	<u>375,000</u>	<u>-</u>
Total Other Financing Sources	<u>375,000</u>	<u>375,000</u>	<u>-</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(102,640)	33,061	69,579
Fund Balances – Beginning	<u>4,321,821</u>	<u>4,321,821</u>	<u>-</u>
Fund Balances – Ending	<u>\$ 4,219,181</u>	<u>\$ 4,288,760</u>	<u>\$ 69,579</u>

OTHER SUPPLEMENTAL INFORMATION

*NON-MAJOR SPECIAL REVENUE FUNDS*

**TOWN OF EAGLE, COLORADO**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2012

	Special Revenue Funds		
	Conservation Trust Fund	Open Space Preservation Fund	Total
<u>Assets:</u>			
Current Assets:			
Cash and Investments	\$ 76,292	\$ 1,354,041	\$ 1,430,333
Accounts Receivable	-	8,956	8,956
 Total Assets	 \$ 76,292	 \$ 1,362,997	 \$ 1,439,289
<u>Liabilities and Fund Equity</u>			
Current Liabilities:			
Accounts Payable	\$ -	\$ 1,072	\$ 1,072
Accrued Payroll	-	623	623
 Total Liabilities	 -	 1,695	 1,695
Fund Equity:			
Fund Balances – Committed	-	1,361,302	1,361,302
Fund Balances – Restricted	76,292	-	76,292
 Total Liabilities and Fund Equity	 \$ 76,292	 \$ 1,362,997	 \$ 1,439,289

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

**TOWN OF EAGLE, COLORADO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2012

	Special Revenue Funds		
	Conservation Trust Fund	Open Space Preservation Fund	Total
<u>Revenues:</u>			
Taxes - Local	\$ -	\$ 99,342	\$ 99,342
Intergovernmental	32,511	-	32,511
Interest	314	3,459	3,773
	32,825	102,801	135,626
<u>Expenditures:</u>			
Open-space Preservation	-	250,649	250,649
	-	250,649	250,649
Excess Revenues Over (Under) Expenditures	32,825	(147,848)	(115,023)
<u>Other Financing Sources and (Uses):</u>			
Transfers (to) Other Funds	(75,000)	-	(75,000)
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(42,175)	(147,848)	(190,023)
Fund Balances – Beginning	118,467	1,509,150	1,627,617
Fund Balances – Ending	\$ 76,292	\$ 1,361,302	\$ 1,437,594

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

OTHER SUPPLEMENTAL INFORMATION

*PROPRIETARY (ENTERPRISE) FUNDS*

**TOWN OF EAGLE, COLORADO**  
**SCHEDULE OF BUDGETARY BASED REVENUES AND EXPENDITURES**  
**- BUDGET AND ACTUAL - WATER ENTERPRISE FUND**  
For the Year Ended December 31, 2012

	Water Enterprise Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Budgetary Revenues:</u>			
GAAP Operating Revenues:			
Service Fees	\$ 2,169,861	\$ 2,226,419	\$ 56,558
Meters and Materials	40,100	40,469	369
GAAP Non-Operating Revenues:			
Tap and Improvement Fees	30,000	23,550	(6,450)
Interest & Earnings on Investments	9,850	9,540	(310)
Accretion of Bond Premium	-	167	167
Less: Accretion of Bond Premium	-	(167)	(167)
 Total Budgetary Revenues	 <u>2,249,811</u>	 <u>2,299,978</u>	 <u>50,167</u>
<u>Budgetary Expenditures:</u>			
GAAP Operating Expenses:			
Personnel Services	454,122	468,793	(14,671)
Supplies	125,500	113,475	12,025
Purchased Services	267,928	250,176	17,752
Insurance	23,000	23,000	-
Noncapitalized Outlay/Repairs	15,000	6,493	8,507
Depreciation	-	280,263	(280,263)
Contingency	10,000	13,958	(3,958)
GAAP Non-Operating Expenses:			
Interest and Fiscal Charges	119,374	118,905	469
Administrative Fee - General Fund	50,000	50,000	-
Debt Service Principal	173,269	173,269	-
Capital Outlay	514,000	450,023	63,977
Change in Accrued Interest Adjustment	-	467	(467)
Change in Vacation/Comp Time Accrual	-	1,115	(1,115)
Less: Depreciation	-	(280,263)	280,263
 Total Budgetary Expenditures	 <u>1,752,193</u>	 <u>1,669,674</u>	 <u>82,519</u>
 Budgetary Net Income (Loss)	 <u>\$ 497,618</u>	 <u>\$ 630,304</u>	 <u>\$ 132,686</u>

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

**TOWN OF EAGLE, COLORADO**  
**SCHEDULE OF BUDGETARY BASED REVENUES AND EXPENDITURES**  
**– BUDGET AND ACTUAL –WASTEWATER ENTERPRISE FUND**  
For the Year Ended December 31, 2012

	Wastewater Enterprise Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Budgetary Revenues:</u>			
GAAP Operating Revenues:			
Service Fees	\$ 1,632,000	\$ 1,632,719	\$ 719
Meters and Materials	2,554	2,555	1
GAAP Non-Operating Revenues:			
Tap and Improvement Fees	25,000	30,000	5,000
Property Taxes	171,603	170,373	(1,230)
Interest & Earnings on Investments	300	377	77
Accretion of Bond Premium	-	23,528	23,528
Add: Proceeds from Debit Issue	1,115,431	-	(1,115,431)
Less: Accretion of Bond Premium	-	(23,528)	(23,528)
<b>Total Budgetary Revenues</b>	<b>2,946,888</b>	<b>1,836,024</b>	<b>(1,110,864)</b>
<u>Budgetary Expenditures:</u>			
GAAP Operating Expenses:			
Personnel Services	231,732	233,942	(2,210)
Supplies	77,240	77,311	(71)
Purchased Services	303,375	326,929	(23,554)
Insurance	24,000	24,000	-
Noncapitalized Outlay/Repairs	-	-	-
Depreciation	-	725,319	(725,319)
Contingency	10,000	-	10,000
GAAP Non-Operating Expenses:			
Interest and Fiscal Charges	493,654	485,692	7,962
Administrative Fee – General Fund	40,000	40,000	-
Debt Service Principal	675,398	675,398	-
Capital Outlay	547,500	541,389	6,111
Intergovernmental Interest Credit	-	6,190	(6,190)
Change in Accrued Interest	-	7,774	(7,774)
Change in Vacation/Comp Time	-	(172)	172
Less: Depreciation	-	(725,319)	725,319
<b>Total Budgetary Expenditures</b>	<b>2,402,899</b>	<b>2,418,453</b>	<b>(15,554)</b>
<b>Budgetary Net Income (Loss)</b>	<b>\$ 543,989</b>	<b>\$ (582,429)</b>	<b>\$ (1,126,418)</b>

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

**TOWN OF EAGLE, COLORADO**  
**SCHEDULE OF BUDGETARY BASED REVENUES AND EXPENDITURES**  
**– BUDGET AND ACTUAL – REFUSE ENTERPRISE FUND**  
For the Year Ended December 31, 2012

	Refuse Enterprise Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Budgetary Revenues:</u>			
GAAP Operating Revenues:			
Service Fees	\$ 508,000	\$ 508,564	\$ 564
GAAP Non-Operating Revenues:			
Interest & Earnings on Investments	495	479	(16)
Total Budgetary Revenues	508,495	509,043	548
<u>Budgetary Expenditures:</u>			
GAAP Operating Expenses:			
Purchased Services	517,023	514,716	2,307
Depreciation	-	637	(637)
GAAP Non-Operating Expenses:			
Administrative Fee – General Fund	20,000	20,000	-
Add: Capital Outlay	46,285	42,290	3,995
Less: Depreciation	-	(637)	637
Total Budgetary Expenditures	583,308	577,006	6,302
Budgetary Net Income (Loss)	\$ (74,813)	\$ (67,963)	\$ 6,850

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

ANNUAL STATEMENT OF RECEIPTS 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: Town of Eagle, Colorado  YEAR ENDING : December 2012
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This Information From The Records Of Town of Eagle, Colorado	Prepared By: Marilene M. Miller Phone: 970-328-6354
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**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

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

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	284,927
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	684,034
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	10,000
2. General fund appropriations	0	b. Snow and ice removal	160,000
3. Other local imposts (from page 2)	1,328,400	c. Other	361,762
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	531,762
5. Transfers from toll facilities	0	4. General administration & miscellaneous	60,000
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	3,000
a. Bonds - Original Issues	0	6. Total (1 through 5)	1,563,723
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)	1,328,400	b. Redemption	0
<b>B. Private Contributions</b>	0	c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	235,323	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	0
<b>E. Total receipts (A.7 + B + C + D)</b>	1,563,723	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>	1,563,723

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

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	1,563,723	1,563,723	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:  
Colorado  
YEAR ENDING:  
December 2012

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes & Use Tax	1,307,848	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	20,552	g. Other Misc. Receipts	0
6. Total (1. through 5.)	1,328,400	h. Other Road & Bridge Tax	0
c. Total (a. + b.)	1,328,400	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	208,787	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	26,536	d. Federal Transit Admin	0
d. Other (Specify)	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	26,536	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	235,323	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs	2,455	0	2,455
b. Engineering Costs	164,870	0	164,870
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	117,602	0	117,602
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	117,602	0	117,602
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	284,927	0	284,927
			(Carry forward to page 1)

Notes and Comments: