

TOWN OF EAGLE, COLORADO

FINANCIAL STATEMENTS
AND
AUDITOR'S REPORT

DECEMBER 31, 2009

TOWN OF EAGLE
FOR THE YEAR ENDED
December 31, 2009

TOWN BOARD OF TRUSTEES

- . Ed Woodland – Mayor
- . Kraige Kinney – Mayor Pro-Tem
- . Yuri Kostick, Trustee
- . Mikel Kerst, Trustee
- . Roxie Deane, Trustee
- . Stephen Richards, Trustee
- . Scot Hunn, Trustee

ADMINISTRATIVE STAFF

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

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

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Eagle, Colorado, as of and for the year ended December 31, 2009, which collectively comprise the Town of Eagle's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Eagle's management. Our responsibility is to express opinions on these financial statements based on our audit.

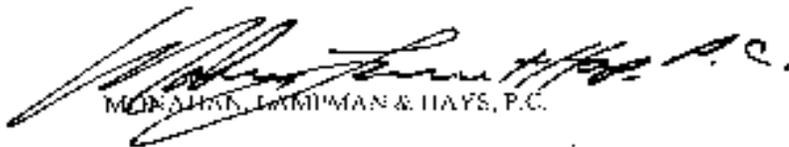
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, and each major fund of the Town of Eagle as of December 31, 2009 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.

The management's discussion and analysis and the budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2010, on our consideration of the Town of Eagle's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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, taken as a whole. The combining and individual fund financial statements and schedules listed as 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.

June 8, 2010

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2009

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 ended December 31, 2009. 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, 2009 are as follows:

- In total, the Town's *overall* net assets decreased \$275,621, or 0.5 percent, from the previous fiscal year, which is reflective of the current status of the economy.
- The Town's *overall* General Revenues accounted for \$4,293,016, or 46 percent, 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 \$4,958,280, or 54 percent of the Town's total revenues of \$9,251,296.
- *Overall* the Town had \$9,526,917 in expenses, of which \$4,279,930 were offset by program specific charges for services, as well as grants and contributions of \$678,350.

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, 2009

REPORTING THE TOWN AS A WHOLE

Statement of Net Assets 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 assets 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 assets 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 two statements report the Town's net assets and changes in those assets. This change in net assets 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 assets 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 by 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, 2009

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 assets 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 specific revenues that are legally restricted to expenditure for particular purposes. The special revenue funds include the following:

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

Open Space Preservation Fund – accounts for funds intended 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, 2009

THE TOWN AS A WHOLE

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

<i>(In Thousands)</i>	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<u>ASSETS:</u>						
Current and Other Assets	\$ 7,682	\$ 8,446	\$ 6,457	\$ 9,738	\$ 14,139	\$ 18,184
Capital Assets, Net	<u>30,877</u>	<u>31,832</u>	<u>32,480</u>	<u>30,315</u>	<u>63,357</u>	<u>62,147</u>
	<u>38,559</u>	<u>40,278</u>	<u>38,937</u>	<u>40,053</u>	<u>77,496</u>	<u>80,331</u>
<u>LIABILITIES:</u>						
Current & Other Liabilities	718	1,260	917	2,456	1,635	3,716
Long-term Liabilities	<u>463</u>	<u>577</u>	<u>15,788</u>	<u>16,152</u>	<u>16,251</u>	<u>16,729</u>
	<u>1,181</u>	<u>1,837</u>	<u>16,705</u>	<u>18,608</u>	<u>17,886</u>	<u>20,445</u>
<u>NET ASSETS:</u>						
Invested in Capital Assets, Net of Related Debt	30,419	31,271	16,392	13,898	46,811	45,169
Restricted	205	208	152	159	357	367
Unrestricted (Deficit)	<u>6,754</u>	<u>6,962</u>	<u>5,688</u>	<u>7,388</u>	<u>12,442</u>	<u>14,350</u>
	<u>\$ 37,378</u>	<u>\$ 38,441</u>	<u>\$ 22,232</u>	<u>\$ 21,445</u>	<u>\$ 59,610</u>	<u>\$ 59,886</u>

As indicated earlier, net assets may serve over time as a useful indicator of the Town's financial position. The Town's *overall* assets exceeded its liabilities by \$59.6 million at December 31, 2009. Governmental activities make up \$37.3 million (63%) of these Net Assets, with business-type activities making up the remaining \$22.2 million (37%). Total Net Assets decreased \$276 thousand in 2009. The increase is comprised of the following:

- Total assets decreased \$2.8 million, or 3.5%, to \$77.4 million.
- Total liabilities decreased \$2.6 million, or 12.5%, to \$17.8 million.

By far the largest portion of the Town's Net Assets (78.5%) reflects its investment of \$46.8 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 assets, \$357 thousand (0.6%), represents resources that are subject to restrictions as to how they may be used; this includes statutorily required TABOR emergency reserves and reserves required under the Town's debt-service agreements.

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2009

THE TOWN AS A WHOLE – CONTINUED

The statement of activities reflects the cost of program services and the changes 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 assets for the current and prior fiscal year:

<i>(In Thousands)</i>	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
	<u>REVENUES:</u>					
Program Revenues:						
Charges for Services/Sales	\$ 608	\$ 941	\$ 3,672	\$ 4,435	\$ 4,280	\$ 5,376
Operating Grants & Contrib.	351	646	-	-	351	646
Capital Grants & Contrib.	327	5	-	-	327	5
Total Program Revenues	1,286	1,592	3,672	4,435	4,958	6,027
General Revenues:						
Taxes	3,674	4,268	180	9	3,854	4,277
Intergovernmental Revenue	315	332	-	-	315	332
Impact Fees & Assessments	-	64	-	-	-	64
Interest/Investment Earnings	45	213	18	152	63	365
Other General Revenues	14	31	47	28	61	59
Transfers	-	(200)	-	200	-	-
Total General Revenues	4,048	4,708	245	389	4,293	5,097
Total Revenues	5,334	6,300	3,917	4,824	9,251	11,124
<u>PROGRAM EXPENSES:</u>						
General Government	1,847	1,976	-	-	1,847	1,976
Public Safety	1,321	1,135	-	-	1,321	1,135
Public Works - Streets	1,468	1,925	-	-	1,468	1,925
Public Works - Bldg/Grounds	496	453	-	-	496	453
Open Space Preservation	59	50	-	-	59	50
Interest - Gen'l. Obligations	21	25	-	-	21	25
Depreciation - Unallocated	1,184	1,166	-	-	1,184	1,166
Water Utility	-	-	1,381	1,366	1,381	1,366
Wastewater Utility	-	-	1,259	1,646	1,259	1,646
Refuse Utility	-	-	491	411	491	411
Total Expenses	6,396	6,730	3,131	3,423	9,527	10,153
INCREASE (DECREASE)						
IN NET ASSETS	\$ (1,062)	\$ (430)	\$ 786	\$ 1,401	\$ (276)	\$ 971

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2009

THE TOWN AS A WHOLE – CONTINUED

Governmental Activities

Revenues

Charges for services for governmental activities decreased \$333 thousand from the previous fiscal year resulting from a decline in development in the Town's boundaries. Governmental grants and contributions decreased \$27 thousand. General revenues for governmental activities decreased due to declines in tax revenues which is reflective of the current status of the U.S. economy. There was also a significant decline in interest and investment earnings which is reflective of the current economy.

Expenses

Program expenses for governmental activities decreased approximately \$334 thousand, or 7% from the prior fiscal year primarily as the result of decreased expenditures for streets maintenance and repairs and expenditures for long-range planning as compared to the previous fiscal year.

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>	
	2009	2008	2009	2008
General Government	\$ 1,847	\$ 1,976	\$ 1,301	\$ 963
Public Safety	1,321	1,135	1,270	1,095
Public Works - Streets	1,468	1,925	820	1,416
Public Works - Bldgs/Grounds	496	453	455	423
Open Space Preservation	59	50	59	50
Interest - General Obligation Debt	21	25	21	25
Unallocated Depreciation	<u>1,184</u>	<u>1,166</u>	<u>1,184</u>	<u>1,166</u>
Total Expenses	<u>\$ 6,396</u>	<u>\$ 6,730</u>	<u>\$ 5,110</u>	<u>\$ 5,138</u>

The dependence on general revenues for governmental activities is apparent. Approximately 80% of fiscal 2009 program services were supported through taxes and other general revenues and 76% in 2008. 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 2009</u>	<u>Fiscal Year 2008</u>
Operating Revenues	\$ 3,672	\$ 4,435
Taxes and Other General Revenues	<u>245</u>	<u>389</u>
Total Revenues	3,917	4,824
Operating (Expenses)	<u>3,131</u>	<u>3,423</u>
Net Income (Loss)	<u>\$ 786</u>	<u>\$ 1,401</u>

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2009

THE TOWN AS A WHOLE – CONTINUED

Business-Type Activities, continued

Revenues

Charges for services for business-type activities decreased \$763 thousand due to a decrease in new tap and improvement fees as compared to the prior year which is reflective of the Town's declining growth rate. These decreases have been partially offset by increased service rates which will be used to fund 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 decreased approximately \$292 thousand, or 8.5%, from the previous fiscal year, primarily due to decreased sludge disposal expenses in the Wastewater Fund as compared to the prior fiscal year. Refuse Fund expenses increased due to purchased services for trash collections which are now contracted with a third party agency.

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 \$5,459,355 and expenditures and other financing uses of \$5,575,962.

Governmental fund revenues decreased approximately \$1.1 million from the prior fiscal year, primarily from declines in impact fees, building permits and taxes related to decreases in area growth.

Expenditures decreased approximately \$1 million from the prior fiscal year. This decrease is primarily the result of a decrease in outlays for Capital Projects of approximately \$780 thousand.

Overall governmental fund balances decreased \$117 thousand from the prior fiscal year. The ending fund balance of \$7,074,328 represents the amount available for future spending, which is represented as follows:

General Fund	\$ 753,228
Debt Service	668,884
Capital Projects Fund	4,024,436
Special Revenue Funds	<u>1,627,780</u>
Total Governmental Fund Balances	<u>\$ 7,074,328</u>

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2009

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 fund balance increased from \$11,972,776 to \$12,451,247.
- The Wastewater Enterprise Fund ending fund balance increased from \$8,711,736 to \$9,414,258.
- The Refuse Enterprise Fund ending fund balance decreased from \$760,109 to \$365,795.

The above amounts include \$400,000 of transfers from the Refuse Fund to the Wastewater Fund. The overall positive changes in fund balance reflect that the enterprise funds are currently generating enough operating and non-operating revenues to offset current year operating and non-operating expenses. The ending fund balances 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 6*.

The budgeting system of the Town uses a line-item based budget, which is designed to tightly 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 current fiscal year, original budgetary appropriations were amended to the final adopted budget appropriations as follows:

- General Fund appropriations were decreased \$554,579 (from \$5,357,120 to \$4,802,541).
- Open Space Preservation appropriations were decreased \$18,101 (from \$88,636 to \$70,535).
- Conservation Trust Fund appropriations were decreased \$65,558 (from \$65,558 to \$0).
- Debt Service Fund appropriations did not change.
- Capital Projects Fund appropriations were decreased \$267,683 (from \$1,261,700 to \$994,017).
- Water Fund appropriations were decreased \$524,017 (from \$2,082,000 to \$1,557,983).
- Wastewater Fund appropriations were increased \$371,574 (from \$3,807,062 to \$4,178,636).
- Refuse Fund appropriations were increased \$424,944 (from \$388,029 to \$812,973).

Significant budget amendments occurred at the end of the fiscal year to approximate actual expenditures and adjust for decreases in available revenues from original expectations.

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2009

GENERAL FUND BUDGETING HIGHLIGHTS - CONTINUED

General Fund Resources (Inflows)

The Town's final budgetary revenues and other financing sources in the amount of \$4,762,043 did not meet budgetary expectations of \$4,910,666 by \$148,623. It is not anticipated that these variances 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 \$4,640,703 were \$161,838 less than the final appropriated fund balance of \$4,802,541. Positive variances were found throughout each 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. 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 Directors 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 2009, the Town had a total of \$63,356,857 invested in capital assets, consisting of \$30,876,763 in governmental activities and \$32,480,094 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			
	2009	2008	2009	2008	2009	2008
<i>Net of Depreciation:</i>						
Land	\$ 2,061	\$ 2,061	\$ 65	\$ 65	\$ 2,126	\$ 2,126
Parks/Improvements	2,592	2,628	-	-	2,592	2,628
Buildings/Improvements	3,388	3,431	1	1	3,389	3,432
Rec Center/Pool/Ice Rink	4,515	4,619	-	-	4,515	4,619
Equipment	951	939	167	366	1,118	1,305
Infrastructure	17,184	17,441	31,406	14,669	48,590	32,110
Construction-in-Progress	171	694	765	15,133	936	15,827
Unamortized Issue Costs	15	19	76	81	91	100
	<u>\$ 30,877</u>	<u>\$ 31,832</u>	<u>\$ 32,480</u>	<u>\$ 30,315</u>	<u>\$ 63,357</u>	<u>\$ 62,147</u>

The Wastewater Facility expansion project was completed in 2009. Additional information can be found in Note 3 of the Financial Statements.

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2009

CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED

Debt

At December 31, 2009 the Town had total outstanding long-term debt of \$16,688,255. Of this amount, governmental activities carry \$457,843 of general obligation notes payable and compensated absences of \$113,294. Business-type activities carry \$12,603,772 of notes payable, \$3,035,000 of water revenue bonds payable, unamortized bond premium of 449,513 and compensated absences of \$28,833. See *Note 4 – 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 Town levied property tax in 2009 to be collected in 2010 in the amount of \$437,079 for the General Revenue Fund and \$173,523 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.

In April 2009, the Town subcontracted all refuse and curb-side recycling collection services to a private company. The Town invoices for refuse services with its monthly utility billing. In 2009, \$400,000 was transferred from the Refuse Fund to the Wastewater Fund.

The national recession has affected the local economy, producing decreased sales of goods and services, which results in decreased sales tax revenues. The Town has entered a multi-year period where revenues derived from development and construction has slowed. The Town enters 2010 with a more difficult budget than usual. Sales tax is projected to be flat; fees and taxes related to new construction and development are in a down cycle; and only modest amounts of new funds are available for new capital projects. Infrastructure planning and construction for the 20 year period continues to be a goal despite the slow economy. In mid-2009 operating expenses were lowered as much as possible. For the most part, any vacant positions created by natural attrition were not filled. Additionally, three employees were laid off in September 2009. These cuts have lowered the total General Fund operating expenses to match the decreased revenue base. In addition, because the Town now has a lower revenue base for the General Fund, budgeted 2010 expenses have been significantly lowered.

Capital Fund revenues have also slowed due to lower collections in use tax, lack of street improvement fees and the ability to only transfer modest amounts from the General Fund. Capital projects have been aided by funding assistance from Eagle County and the Colorado Department of Transportation for the design, permitting and engineering of transportation improvements on the Town's arterial streets. Highlights of the Capital Plan for 2010 are completing the design, permitting and engineering for a secondary water treatment plant, and planning and engineering for transportation capacity improvements on Eby Creek Road.

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 ASSETS
December 31, 2009

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 6,510,849	\$ 5,984,535	\$ 12,495,384
Receivables			
Due from County Treasurer	5,610	25	5,635
Taxes – Current	372,288	-	372,288
Taxes – Deferred	437,079	173,523	610,602
Accounts	345,442	303,216	648,658
Prepaid Expenses	4,773	1,328	6,101
Internal Balances	<u>6,156</u>	<u>(6,156)</u>	<u>-</u>
Total Current Assets	<u>7,682,197</u>	<u>6,456,471</u>	<u>14,138,668</u>
Noncurrent Assets:			
Non-Depreciable	2,232,480	829,681	3,062,161
Depreciable, Net of Depreciation	28,629,183	31,574,285	60,203,468
Unamortized Debt Issue Costs	<u>15,100</u>	<u>76,128</u>	<u>91,228</u>
Total Noncurrent Assets	<u>30,876,763</u>	<u>32,480,094</u>	<u>63,356,857</u>
TOTAL ASSETS	<u><u>\$ 38,558,960</u></u>	<u><u>\$ 38,936,565</u></u>	<u><u>\$ 77,495,525</u></u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts Payable	\$ 65,900	\$ 91,240	\$ 157,140
Accrued Liabilities	106,416	186,328	292,744
Deferred Revenues and Taxes	437,079	310,579	747,658
Long-term Debt:			
Portion Due or Payable within One Year:			
Loans Payable	107,753	174,523	282,276
Bonds Payable	-	155,000	155,000
Portion Due or Payable After One Year:			
Compensated Absences	113,294	28,833	142,127
Loans Payable	350,090	12,429,249	12,779,339
Bonds Payable	-	2,880,000	2,880,000
Bond/Note Premium, Net	<u>-</u>	<u>449,513</u>	<u>449,513</u>
Total Liabilities	<u>1,180,532</u>	<u>16,705,265</u>	<u>17,885,797</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	30,418,920	16,391,809	46,810,729
Restricted for:			
Debt Service	-	151,750	151,750
Conservation Trust	64,645	-	64,645
Emergencies	140,250	-	140,250
Unrestricted (Deficit)	<u>6,754,613</u>	<u>5,687,741</u>	<u>12,442,354</u>
Total Net Assets	<u>37,378,428</u>	<u>22,231,300</u>	<u>59,609,728</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 38,558,960</u></u>	<u><u>\$ 38,936,565</u></u>	<u><u>\$ 77,495,525</u></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, 2009

	PROGRAM REVENUES		
EXPENSES	Charges For Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTION/PROGRAM ACTIVITIES			
PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 1,847,164	\$ 520,093	\$ 26,337
Public Safety	1,321,323	47,600	-
Public Works – Streets	1,468,001	-	325,219
Public Works – Buildings/Grounds	495,721	40,120	-
Open Space Preservation	58,666	-	-
Interest on General Long-term Debt	21,086	-	-
Depreciation – Unallocated <i>(See Note 1(L))</i>	<u>1,184,135</u>	<u>-</u>	<u>-</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>6,396,096</u>	<u>607,813</u>	<u>351,556</u>
BUSINESS-TYPE ACTIVITIES:			
Water Utility	1,380,858	1,846,316	-
Wastewater Utility	1,259,431	1,349,783	-
Refuse Utility	<u>490,532</u>	<u>476,018</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>3,130,821</u>	<u>3,672,117</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 9,526,917</u>	<u>\$ 4,279,930</u>	<u>\$ 351,556</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
- 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

Impact Fees and Assessments

Unrestricted Interest and Investment Earnings

Miscellaneous

Total General Revenues and Transfers

Change in Net Assets

NET ASSETS – BEGINNING OF YEAR

NET ASSETS – END OF YEAR

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

Governmental Activities	Business-Type Activities	Total
\$ (1,300,734)		\$ (1,300,734)
(1,269,973)		(1,269,973)
(819,738)		(819,738)
(455,601)		(455,601)
(58,666)		(58,666)
(21,086)		(21,086)
<u>(1,184,135)</u>		<u>(1,184,135)</u>
<u>(5,109,933)</u>		<u>(5,109,933)</u>
	\$ 465,458	465,458
	90,352	90,352
	<u>(14,514)</u>	<u>(14,514)</u>
	<u>541,296</u>	<u>541,296</u>
<u>(5,109,933)</u>	<u>541,296</u>	<u>(4,568,637)</u>
418,936	-	418,936
-	179,267	179,267
24,018	371	24,389
2,830,261	-	2,830,261
38,284	-	38,284
114,473	-	114,473
200,617	-	200,617
45,533	-	45,533
2,004	-	2,004
192,440	-	192,440
16,967	-	16,967
104,717	-	104,717
356	-	356
-	-	-
45,119	18,253	63,372
13,908	47,492	61,400
<u>4,047,633</u>	<u>245,383</u>	<u>4,293,016</u>
(1,062,300)	786,679	(275,621)
<u>38,440,728</u>	<u>21,444,621</u>	<u>59,885,349</u>
<u>\$ 37,378,428</u>	<u>\$ 22,231,300</u>	<u>\$ 59,609,728</u>

FUND FINANCIAL STATEMENTS

TOWN OF EAGLE, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-Major Special Revenue Funds</u>
<u>ASSETS:</u>				
Cash and Investments	\$ 529,328	\$ 668,884	\$ 3,702,958	\$ 1,609,679
Receivables – Net				
Due from County Treasurer	5,610	-	-	-
Taxes – Current	372,288	-	-	-
Taxes – Deferred	437,079	-	-	-
Accounts	-	-	323,044	22,398
Prepaid Expenses	4,773	-	-	-
Internal Balances	9,463	-	-	(3,307)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,358,541</u>	<u>\$ 668,884</u>	<u>\$ 4,026,002</u>	<u>\$ 1,628,770</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Accounts Payable	\$ 63,834	\$ -	\$ 1,566	\$ 500
Accrued Liabilities	103,900	-	-	490
Deposits	500	-	-	-
Deferred Revenue	437,079	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>605,313</u>	<u>-</u>	<u>1,566</u>	<u>990</u>
Fund Balances:				
Reserved for –				
Debt Service	-	668,884	-	-
Capital Projects	-	-	4,011,580	-
Conservation Trust	-	-	-	64,645
Open-space Preservation	-	-	-	1,563,135
Emergency Reserves	127,394	-	12,856	-
Undesignated	625,834	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Equity	<u>753,228</u>	<u>668,884</u>	<u>4,024,436</u>	<u>1,627,780</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Equity and Other Credits	<u>\$ 1,358,541</u>	<u>\$ 668,884</u>	<u>\$ 4,026,002</u>	<u>\$ 1,628,770</u>

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

Total
Governmental
Funds

\$ 6,510,849

5,610
372,288
437,079
345,442
4,773

6,156

\$ 7,682,197

\$ 65,900
104,390
500

437,079

607,869

668,884
4,011,580
64,645
1,563,135
140,250

625,834

7,074,328

\$ 7,682,197

TOWN OF EAGLE, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2009

TOTAL GOVERNMENTAL FUND BALANCES		\$ 7,074,328
Amounts reported for governmental activities on the statement of net assets 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	\$ 42,400,389	
Less Accumulated Depreciation	<u>(11,538,726)</u>	30,861,663
Long-term debt issue costs capitalized in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Debt Issue Costs	\$ 37,750	
Less Accumulated Amortization	<u>(22,650)</u>	15,100
Some liabilities are not due and payable in the current year and therefore, are not reported in the governmental funds:		
Accrued Interest Payable	\$ (1,526)	
Current Portion of Long-term Liabilities	<u>(107,753)</u>	(109,279)
Long-term liabilities are not due and payable in the current year-end and therefore, are not reported in the governmental funds.		<u>(463,384)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 37,378,428</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, 2009

	<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	\$ 3,668,276	\$ -	\$ 83,817	\$ 114,473
Licenses and Permits	133,595	-	-	-
Intergovernmental	451,009	-	323,044	26,337
Charges for Services	417,870	-	-	-
Fines, Forfeits and Penalties	47,600	-	-	-
Interest	20,478	2,526	15,369	6,746
Miscellaneous	23,215	-	-	-
	<u>4,762,043</u>	<u>2,526</u>	<u>422,230</u>	<u>147,556</u>
<u>Expenditures:</u>				
General Government	1,495,781	-	-	-
Public Safety	1,279,214	-	-	-
Public Works – Streets	1,247,153	-	-	-
Public Works – Bldg & Grounds	493,555	-	-	-
Open-Space Preservation	-	-	-	58,666
Debt Service:				
Principal	-	103,569	-	-
Interest	-	21,431	-	-
Capital Projects	-	-	751,593	-
	<u>4,515,703</u>	<u>125,000</u>	<u>751,593</u>	<u>58,666</u>
Excess Revenues Over (Under) Expenditures	246,340	(122,474)	(329,363)	88,890
<u>Other Financing Sources and (Uses):</u>				
Transfers from Other Funds	-	125,000	-	-
Transfers (to) Other Funds	<u>(125,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	121,340	2,526	(329,363)	88,890
Fund Balances – Beginning	<u>631,888</u>	<u>666,358</u>	<u>4,353,799</u>	<u>1,538,890</u>
Fund Balances – Ending	<u>\$ 753,228</u>	<u>\$ 668,884</u>	<u>\$ 4,024,436</u>	<u>\$ 1,627,780</u>

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

Total
Governmental
Funds

\$ 3,866,566
133,595
800,390
417,870
47,600
45,119
23,215

5,334,355

1,495,781
1,279,214
1,247,153
493,555
58,666

103,569
21,431
751,593

5,450,962

(116,607)

125,000
(125,000)

(116,607)

7,190,935

\$ 7,074,328

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, 2009

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	\$ (116,607)						
<p>Amounts reported for governmental activities on the Statement of Activities are different because of the following:</p>							
<p>Prepaid housing assistance program expenses are a use of current financial resources for the governmental funds; when paid however, on the Statement of Activities, the cost is deferred to the period the benefit is used. This is the amount used in the current year.</p>	(100,000)						
<p>Governmental Funds report capital outlays as 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.</p> <table style="margin-left: 40px; width: 60%;"> <tr> <td style="width: 50%;">Capital Outlay</td> <td style="width: 10%; text-align: right;">\$ 691,810</td> <td style="width: 40%;"></td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;"><u>(1,642,723)</u></td> <td style="text-align: right;">(950,913)</td> </tr> </table>	Capital Outlay	\$ 691,810		Depreciation	<u>(1,642,723)</u>	(950,913)	(950,913)
Capital Outlay	\$ 691,810						
Depreciation	<u>(1,642,723)</u>	(950,913)					
<p>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.</p>	(559)						
<p>Long-term debt issue costs reduce current financial resources to governmental funds; however, on the Statement of Activities, the cost is allocated over the term of the debt as amortization expense. This is the amount of current year debt issue cost amortization.</p>	(3,775)						
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount of current year debt principal repayments in governmental activities.</p>	103,569						
<p>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 decreased this year.</p>	5,640						
<p>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.</p>	<u>345</u>						
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (1,062,300)</u>						

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

TOWN OF EAGLE, COLORADO
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
December 31, 2009

	Business-Type Activities Enterprise Funds			Total
	Water Fund	Wastewater Fund	Refuse Fund	
ASSETS:				
Current Assets:				
Cash and Investments	\$ 4,962,154	\$ 714,031	\$ 308,350	\$ 5,984,535
Receivables (Net)				
Due from County Treasurer	-	25	-	25
Taxes – Deferred	-	173,523	-	173,523
Accounts	122,001	139,716	41,499	303,216
Prepaid Expenses	664	664	-	1,328
Internal Balances	-	(6,156)	-	(6,156)
Total Current Assets	<u>5,084,819</u>	<u>1,021,803</u>	<u>349,849</u>	<u>6,456,471</u>
Non-Current Assets:				
Capital Assets:				
Land	21,500	43,438	-	64,938
Construction in Progress	764,743	-	-	764,743
Buildings	83,110	8,111	-	91,221
Plant/Facility	-	417,748	-	417,748
Utility System	13,611,727	23,571,499	-	37,183,226
Equipment	200,245	55,302	210,670	466,217
Less Accumulated Depreciation	(4,203,763)	(2,252,704)	(127,660)	(6,584,127)
Unamortized Bond Costs	76,128	-	-	76,128
Total Non-Current Assets	<u>10,553,690</u>	<u>21,843,394</u>	<u>83,010</u>	<u>32,480,094</u>
Total Assets	<u>\$ 15,638,509</u>	<u>\$ 22,865,197</u>	<u>\$ 432,859</u>	<u>\$ 38,936,565</u>
LIABILITIES AND NET ASSETS:				
Liabilities:				
Current Liabilities:				
Accounts Payable	\$ 7,305	\$ 43,668	\$ 40,267	\$ 91,240
Accrued Liabilities	22,089	162,639	1,600	186,328
Deferred Revenue and Taxes	-	285,382	25,197	310,579
Current Maturities of Long-term Debt	162,795	166,728	-	329,523
Total Current Liabilities	<u>192,189</u>	<u>658,417</u>	<u>67,064</u>	<u>917,670</u>
Non-Current Liabilities:				
Compensated Absences	19,716	9,117	-	28,833
Notes Payable	92,876	12,336,373	-	12,429,249
Bonds Payable	2,880,000	-	-	2,880,000
Bond/Note Premium, Net	2,481	447,032	-	449,513
Total Non-Current Liabilities	<u>2,995,073</u>	<u>12,792,522</u>	<u>-</u>	<u>15,787,595</u>
Total Liabilities	<u>3,187,262</u>	<u>13,450,939</u>	<u>67,064</u>	<u>16,705,265</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	7,415,538	8,893,261	83,010	16,391,809
Restricted for Debt Service	151,750	-	-	151,750
Unrestricted	4,883,959	520,997	282,785	5,687,741
Total Net Assets	<u>12,451,247</u>	<u>9,414,258</u>	<u>365,795</u>	<u>22,231,300</u>
Total Liabilities and Net Assets	<u>\$ 15,638,509</u>	<u>\$ 22,865,197</u>	<u>\$ 432,859</u>	<u>\$ 38,936,565</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 ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2009

	Business-Type Activities Enterprise Funds			Total
	Water Fund	Wastewater Fund	Refuse Fund	
<u>OPERATING REVENUES:</u>				
Service Fees	\$ 1,761,383	\$ 1,309,783	\$ 476,018	\$ 3,547,184
Tap Fees and Improvements	36,870	40,000	-	76,870
Meters and Materials	48,063	-	-	48,063
Total Operating Revenues	<u>1,846,316</u>	<u>1,349,783</u>	<u>476,018</u>	<u>3,672,117</u>
<u>OPERATING EXPENSES:</u>				
Personnel Services	418,547	332,373	35,755	786,675
Supplies	139,963	59,735	6,218	205,916
Purchased Services	280,080	283,928	395,507	959,515
Insurance	20,000	24,000	8,200	52,200
Depreciation and Amortization	338,492	193,998	24,852	537,342
Contingency	-	1,000	-	1,000
Total Operating Expenses	<u>1,197,082</u>	<u>895,034</u>	<u>470,532</u>	<u>2,562,648</u>
5,486				
Operating Income (Loss)	<u>649,234</u>	<u>454,749</u>	<u>5,486</u>	<u>1,109,469</u>
<u>NON-OPERATING REVENUES (EXPENSES):</u>				
Property Taxes	-	179,267	-	179,267
Specific Ownership Taxes	-	371	-	371
Interest and Earnings on Investments	12,846	3,784	1,623	18,253
Gain (Loss) on Sale of Fixed Assets	-	(2,527)	18,577	16,050
Accretion of Bond Premium	166	23,528	-	23,694
Refunding Credit – Long-term Debt	-	7,747	-	7,747
Interest Expense and Fiscal Charges	(133,775)	(324,397)	-	(458,172)
Administrative Fee – General Fund	(50,000)	(40,000)	(20,000)	(110,000)
Total Non-Operating Revenues (Expenses)	<u>(170,763)</u>	<u>(152,227)</u>	<u>200</u>	<u>(322,790)</u>
Income (Loss) Before Transfers	478,471	302,522	5,686	786,679
Transfers	<u>-</u>	<u>400,000</u>	<u>(400,000)</u>	<u>-</u>
Change in Net Assets	478,471	702,522	(394,314)	
Net Assets – Beginning	<u>11,972,776</u>	<u>8,711,736</u>	<u>760,109</u>	<u>21,444,621</u>
Net Assets – Ending	<u>\$ 12,451,247</u>	<u>\$ 9,414,258</u>	<u>\$ 365,795</u>	<u>\$ 22,231,300</u>

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, 2009

	Business-Type Activities Enterprise Funds			Total
	Water Fund	Wastewater Fund	Refuse Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 1,843,529	\$ 1,355,812	\$ 474,322	\$ 3,673,663
Cash Payments to Employees	(421,479)	(335,343)	(41,038)	(797,860)
Cash Payments for Goods and Services	<u>(534,365)</u>	<u>(1,866,228)</u>	<u>(382,025)</u>	<u>(2,782,618)</u>
NET CASH PROVIDED OPERATING ACTIVITIES	<u>887,685</u>	<u>(845,759)</u>	<u>51,259</u>	<u>93,185</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Property and Specific Ownership Taxes –Net	-	174,260	-	174,260
Inter-fund Administrative Fees – General Fund	(50,000)	(40,000)	(20,000)	(110,000)
Internal Transfers (To) From Other Funds	<u>-</u>	<u>400,000</u>	<u>(400,000)</u>	<u>-</u>
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	<u>(50,000)</u>	<u>534,260</u>	<u>(420,000)</u>	<u>64,260</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds From Sale of Fixed Assets	-	-	183,250	183,250
Acquisition and Construction of Capital Assets	(218,879)	(2,670,470)	-	(2,889,349)
Principal Paid on Long-term Debt	(157,568)	(148,164)	-	(305,732)
Interest Paid on Long-term Debt	(132,775)	(311,271)	-	(444,046)
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>(510,222)</u>	<u>(3,129,905)</u>	<u>183,250</u>	<u>(3,456,877)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Investments	<u>12,846</u>	<u>3,784</u>	<u>1,623</u>	<u>18,253</u>
NET CASH PROVIDED FROM INVESTING ACTIVITIES	<u>12,846</u>	<u>3,784</u>	<u>1,623</u>	<u>18,253</u>
NET INCREASE (DECREASE) IN CASH	340,309	(3,437,620)	(183,868)	(3,281,179)
CASH AT BEGINNING OF YEAR	<u>4,621,845</u>	<u>4,151,651</u>	<u>492,218</u>	<u>9,265,714</u>
CASH AT END OF YEAR	<u>\$ 4,962,154</u>	<u>\$ 714,031</u>	<u>\$ 308,350</u>	<u>\$ 5,984,535</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 649,234	\$ 454,749	\$ 5,486	\$ 1,109,469
Non-Cash Expenses Included in Operating Income – Depreciation & Amortization	338,492	193,998	24,852	557,342
Change in Assets and Liabilities – Decrease (Increase) Receivables	(2,787)	(2,012)	(7,230)	(12,029)
Decrease (Increase) in Prepaid Expenses	(664)	(664)	-	(1,328)
Increase (Decrease) in Deferred Revenues	-	8,041	5,534	13,575
Increase (Decrease) in Accrued Liabilities/Payables	<u>(96,590)</u>	<u>(1,499,871)</u>	<u>22,617</u>	<u>(1,573,844)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 887,685</u>	<u>\$ (845,759)</u>	<u>\$ 51,259</u>	<u>\$ 93,185</u>

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

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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, 2009

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 assets 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 assets 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 assets 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, 2009

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 (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. The Conservation Trust Fund is a special revenue fund used to account for revenue from the Colorado Lottery. The Open Space Preservation Fund is a special revenue fund used to account for revenue from the Town's Lodging and Occupancy Tax.

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, 2009

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 assets.

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. The following material revenue sources are considered susceptible to accrual because they are both measurable and available to finance expenditures of the current period:

- Property Taxes
- Specific Ownership Taxes

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 assets. The statement of changes in revenues, expenses, and changes in net assets, presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. 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, 2009

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 for the 2009 budget year:

1. Prior to October 10, the County Assessor provides the Town the final recertified 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 September 10, 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 prior to October 15.
4. 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.
5. After the required public hearing, the Town Board of Trustees must adopt the proposed budget by resolution prior to December 15. The ordinance which legally appropriates expenditures for the upcoming year must be passed on or before December 15.
6. 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.
7. 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.
8. Budget appropriations lapse at the end of each year.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Budgets and Budgetary Accounting, Budget Calendar - continued

9. Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2008 were collected in 2009 and taxes certified in 2009 will be collected in 2010. Taxes are due on January 1st; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

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.

F. Restricted Assets/Reservations of Fund Balance

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 enabling legislation. *Reservations* of fund balance arise from certain board designations of fund balance, as well as the aforementioned constraints. It is the Town's policy to first use restricted funds for expenditures for which both restricted and unrestricted funds are available.

Debt Service – Reservations of fund balance for future general obligation debt service and *restricted* required reserve for current general obligation debt service.

Capital Projects – Reservations of fund balance for future capital improvements.

Conservation Trust – Amounts on deposit received from lottery monies from the State of Colorado *restricted* for use in the acquisition, development and maintenance of new conservation sites pursuant to Colorado Revised Statutes.

Open Space Preservation – Reservations of fund balance for the acquisition of open space lands, conservation and trail easements and development rights.

Emergency Reserves – Reserves *restricted* as required by statutory law (see Note 11), which are used to fund appropriation only after unrestricted resources are depleted.

G. 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.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

I. 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.

J. 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 deferred revenue.

K. Proprietary Funds – Deferred Revenue

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

L. 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

TOWN OF EAGLE, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

L. Capital Assets/Depreciation - continued

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 3).

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.

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. Inter-fund balances at December 31, 2009 are as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 9,463	\$ -
Open Space Fund	-	3,307
Waste Water Fund	<u>-</u>	<u>6,156</u>
Totals	<u>\$ 9,463</u>	<u>\$ 9,463</u>

Inter-fund balances within governmental activities are eliminated on the government-wide statement of net assets.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

O. 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.

P. 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.
- 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 assets 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.

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.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 2 - CASH AND INVESTMENTS

Deposits 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. 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.

TOWN OF EAGLE, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009

NOTE 2 - CASH AND INVESTMENTS - continued

Deposits 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.

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 \$989,212 of which \$251,114 was covered by FDIC insurance and \$738,098 by PDPA described above. As of December 31, 2009 the Town had invested \$57,071 in certificates of deposit, which were entirely covered by FDIC insurance.

Local Government Investment Pool (ColoTrust)

As of December 31, 2009 the Town had invested \$12,855,626 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, 2009, the Town had \$0 invested in COLOTRUST PRIME, and \$12,855,626 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.

Total Cash and Cash Equivalents

A summary of the Town's cash and cash equivalents at December 31, 2009 are classified below:

Checking/Savings/Certificates of Deposit	\$ 1,046,283
Local Government Investment Pool	<u>12,855,626</u>
Total Balances	13,901,909
Net Outstanding Items	<u>(1,406,525)</u>
Total Cash and Cash Equivalents	<u>\$ 12,495,384</u>

TOWN OF EAGLE, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009

NOTE 2 - CASH AND INVESTMENTS – continued

Total Cash and Cash Equivalents – continued

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)	\$ 12,495,384	AAAm	Standard & Poors
<u>Subject to Public Depository Protection Act</u>			
Certificates of Deposit	\$ 57,071	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.

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:

		<u>Maturities</u>
Certificate of Deposit (PDPA)	\$ 43,408	May 21, 2011
Certificate of Deposit (PDPA)	\$ 13,663	February 21, 2010

The Town was not subject to foreign currency risk as of December 31, 2009.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009 follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Balances</u> 01/01/09	<u>Additions</u>	<u>Dispositions/ Reclassif.</u>	<u>Balances</u> 12/31/09
Non-depreciable Assets:				
Land	\$ 2,061,357	\$ -	\$ -	\$ 2,061,357
Construction in Progress	694,416	171,123	(694,416)	171,123
Depreciable Capital Assets:				
Park/Land Improvements	2,895,616	-	-	2,895,616
Buildings/Improvements	4,504,046	44,265	-	4,548,311
Rec Center/Pool/Ice Rink	5,235,122	-	-	5,235,122
Equipment	2,322,673	279,508	(17,575)	2,584,606
Infrastructure	24,012,924	196,914	694,416	24,904,254
Unamtz Debt Issue Costs	<u>18,875</u>	<u>-</u>	<u>(3,775)</u>	<u>15,100</u>
Total at Historical Cost	<u>41,745,029</u>	<u>691,810</u>	<u>(21,350)</u>	<u>42,415,489</u>
<i>Less Accumulated Depreciation:</i>				
Park/Land Improvements	(267,907)	(35,597)	-	(303,504)
Buildings/Improvements	(1,073,565)	(86,773)	-	(1,160,338)
Rec Center/Pool/Ice Rink	(615,899)	(104,952)	-	(720,851)
Equipment	(1,383,978)	(266,863)	17,016	(1,633,825)
Infrastructure	<u>(6,571,670)</u>	<u>(1,148,538)</u>	<u>-</u>	<u>(7,720,208)</u>
Total Accum Depreciation	<u>(9,913,019)</u>	<u>(1,642,723)</u>	<u>17,016</u>	<u>(11,538,726)</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$31,832,010</u>	<u>\$ (950,913)</u>	<u>\$ (4,334)</u>	<u>\$30,876,763</u>

For the fiscal year ending December 31, 2009, amortization expense of \$3,775 was recorded in the General Government function on the statement of activities.

For the fiscal year ending December 31, 2009, depreciation expense for governmental activities has been included in the various functions on the statement of activities as follows:

General Government	\$ 217,037
Public Safety	75,636
Public Works – Streets	159,679
Public Works – Buildings/Grounds	6,236
Unallocated Depreciation	<u>1,184,135</u>
Total Governmental Depreciation	<u>\$ 1,642,723</u>

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 3 - CAPITAL ASSETS – continued

<u>BUSINESS-TYPE ACTIVITIES</u>	<u>Balances</u> 01/01/09	<u>Additions</u>	<u>Dispositions/ Reclassif.</u>	<u>Balances</u> 12/31/09
Non-depreciable Assets:				
Land	\$ 64,938	\$ -	\$ -	\$ 64,938
Construction in Progress	15,132,923	25,421	(14,393,601)	764,743
Depreciable Capital Assets:				
Buildings/Improvements	91,221	-	-	91,221
Equipment	1,264,267	3,788	(801,838)	466,217
Infrastructure-Plant/Facility	417,748	-	-	417,748
Infrastructure-Utility System	19,929,485	2,860,140	14,393,601	37,183,226
Unamtz Debt Issue Costs	<u>81,232</u>	<u>-</u>	<u>(5,104)</u>	<u>76,128</u>
Total at Historical Cost	<u>36,981,814</u>	<u>2,889,349</u>	<u>(806,942)</u>	<u>39,064,221</u>
<i>Less Accumulated Depreciation:</i>				
Buildings/Improvements	(90,736)	-	-	(90,736)
Equipment	(897,776)	(35,590)	634,638	(298,728)
Infrastructure	<u>(5,678,015)</u>	<u>(516,648)</u>	<u>-</u>	<u>(6,194,663)</u>
Total Accum Depreciation	<u>(6,666,527)</u>	<u>(552,238)</u>	<u>634,638</u>	<u>(6,584,127)</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$30,315,287</u>	<u>\$2,337,111</u>	<u>\$ (172,304)</u>	<u>\$32,480,094</u>

For the fiscal year ending December 31, 2009, amortization expense of \$5,104 was recorded in the Water Utility function on the statement of activities.

For the fiscal year ending December 31, 2009, depreciation expense for business-type activities has been included in the various functions on the statement of activities as follows:

Water Utility	\$ 333,388
Wastewater Utility	193,998
Refuse Utility	<u>24,852</u>
Total Business-type Depreciation	<u>\$ 552,238</u>

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 4 - LONG-TERM OBLIGATIONS

Changes in the Town's long-term obligations during the fiscal year ended December 31, 2009 were as follows:

	<u>Balances</u> <u>01/01/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>12/31/09</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<i>GOVERNMENTAL</i>					
<i>ACTIVITIES</i>					
Notes Payable					
- Wells Fargo	\$ 561,412	\$ -	\$ (103,569)	\$ 457,843	\$ 107,753
Compensated Absences -	<u>118,934</u>	<u>173,836</u>	<u>(179,476)</u>	<u>113,294</u>	<u>-</u>
<i>GOVERNMENTAL</i>					
<i>LONG-TERM</i>					
<i>OBLIGATIONS</i>	<u>\$ 680,346</u>	<u>\$ 173,836</u>	<u>\$ (283,045)</u>	<u>\$ 571,137</u>	<u>\$ 107,753</u>
 <i>BUSINESS-TYPE</i>					
<i>ACTIVITIES</i>					
Notes Payable					
CWCB Loan	\$ 108,239	\$ -	\$ (7,568)	\$ 100,671	\$ 7,795
'97 CWRPDA	1,234,318	-	(118,065)	1,116,253	123,432
'07 CWRPDA	11,408,496	-	(21,648)	11,386,848	43,296
'07 Premium	470,560	-	(23,528)	447,032	-
Impact Loan	8,451	-	(8,451)	-	-
Bonds					
Series 2004	3,185,000	-	(150,000)	3,035,000	155,000
Bond Premium	2,647	-	(166)	2,481	-
Compensated Absences -	<u>40,018</u>	<u>25,831</u>	<u>(37,016)</u>	<u>28,833</u>	<u>-</u>
 <i>BUSINESS-TYPE</i>					
<i>LONG-TERM</i>					
<i>OBLIGATIONS</i>	<u>\$16,457,729</u>	<u>\$ 25,831</u>	<u>\$ (366,442)</u>	<u>\$16,117,118</u>	<u>\$ 329,523</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 \$166 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, 2009

NOTE 4 - 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, 2009 is \$457,843. The annual requirements to amortize the note payable are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 107,754	\$ 17,246	\$ 125,000
2011	112,106	12,894	125,000
2012	116,635	8,365	125,000
2013	<u>121,348</u>	<u>3,652</u>	<u>125,000</u>
	<u>\$ 457,843</u>	<u>\$ 42,157</u>	<u>\$ 500,000</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, 2009. Total accrued compensated absences as of year-end for governmental activities were \$113,294.

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, 2009 is \$100,671. The loan is carried in the Water Fund. The annual requirements to amortize the installment note payable are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 7,795	\$ 3,020	\$ 10,815
2011	8,029	2,786	10,815
2012	8,269	2,546	10,815
2013	8,518	2,297	10,815
2014	8,773	2,042	10,815
2015-2019	47,975	6,100	54,075
2020	<u>11,312</u>	<u>339</u>	<u>11,651</u>
	<u>\$ 100,671</u>	<u>\$ 19,130</u>	<u>\$ 119,801</u>

TOWN OF EAGLE, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009

NOTE 4 - 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, 2009 is \$1,116,253. 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>
2010	\$ 123,432	\$ 38,606	\$ 162,038
2011	128,798	34,538	163,336
2012	128,798	30,233	159,031
2013	134,165	25,748	159,913
2014	139,532	21,077	160,609
2015-2017	<u>461,528</u>	<u>33,261</u>	<u>494,789</u>
	<u>\$ 1,116,253</u>	<u>\$ 183,463</u>	<u>\$ 1,299,716</u>

<u>Year Ended</u> <u>December 31,</u>	<u>Service Fee</u>
2010	\$ 18,762
2011	18,762
2012	18,762
2013	18,762
2014	18,762
2015-2017	<u>42,214</u>
	<u>\$ 136,024</u>

In 2005, the CRWPDA administered a partial refunding of their bonds, 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 \$7,747 in 2009. The remaining anticipated savings over the term of the loan is as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Anticipated</u> <u>Savings</u>
2010	\$ 7,342
2011	6,820
2012	6,190
2013	5,403
2014	4,777
2015-2017	<u>10,346</u>
	<u>\$ 40,878</u>

TOWN OF EAGLE, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009

NOTE 4 - 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 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, 2009 is \$11,386,848. 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>
2010	\$ 43,296	\$ 335,713	\$ 379,009
2011	140,712	334,390	475,102
2012	497,904	330,091	827,995
2013	514,140	314,881	829,021
2014	530,376	299,174	829,550
2015-2019	2,890,008	1,243,570	4,133,578
2020-2024	3,458,268	771,375	4,229,643
2025-2027	<u>3,312,144</u>	<u>217,358</u>	<u>3,529,502</u>
	<u>\$11,386,848</u>	<u>\$ 3,846,552</u>	<u>\$15,233,400</u>

<u>Year Ended</u> <u>December 31,</u>	<u>Service Fee</u>
2010	\$ 92,047
2011	92,047
2012	92,047
2013	92,047
2014	92,047
2015-2019	460,237
2020-2024	460,237
2025-2027	<u>264,636</u>
	<u>\$ 1,645,345</u>

TOWN OF EAGLE, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009

NOTE 4 - LONG-TERM OBLIGATIONS - continued

BUSINESS-TYPE ACTIVITIES – LONG-TERM OBLIGATIONS - continued

Notes Payable - continued:

Wastewater Impact Assistance Loan – Wastewater Fund

During 1994, the Town received proceeds from a loan of \$92,105 from the State of Colorado to be expended for sewer line improvements. The contract provides for repayment of this amount over 15 years with interest of 5% per annum, payable in installments of \$8,874 per year, beginning September 1, 1995. The note was paid in full as of December 31, 2009.

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, 2009 is \$3,035,000. The annual requirements to amortize the bonds as of year-end are as follows:

Year Ended <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 155,000	\$ 125,677	\$ 280,677
2011	160,000	121,028	281,028
2012	165,000	115,827	280,827
2013	170,000	110,218	280,218
2014	175,000	104,097	279,097
2015-2019	985,000	413,688	1,398,688
2020-2024	<u>1,225,000</u>	<u>173,650</u>	<u>1,398,650</u>
	<u>\$ 3,035,000</u>	<u>\$ 1,164,185</u>	<u>\$ 4,199,185</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.

TOWN OF EAGLE, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009

NOTE 4 - LONG-TERM OBLIGATIONS - continued

BUSINESS-TYPE ACTIVITIES – LONG-TERM OBLIGATIONS - continued

Bonds Payable - continued:

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:

Year	Principal Amount	Year	Principal Amount
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.

Compensated Absences:

Compensated absences consist of the accrual for vacation and comp time earned by the Town’s employees but not taken by December 31, 2009. Total accrued compensated absences as of year-end for business-type activities were \$28,833.

NOTE 5 - 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 \$2,146,752 compared to total payroll of \$2,518,909. The Town’s retirement contribution for the year ended December 31, 2009 was \$150,273. All employees are vested at 20% per year and are 100% vested after 5 years.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 6 - 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:

	WATER ENTERPRISE FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
GAAP Operating Revenues	\$ 1,918,960	\$ 1,846,316	\$ (72,644)
GAAP Non-Operating Revenues	15,300	13,012	(2,288)
Less: Accretion of Bond Premium	-	(166)	(166)
Total Budgetary Revenues	1,934,260	1,859,162	(75,098)
<u>Expenses:</u>			
GAAP Operating Expenses	937,705	1,197,082	(259,377)
GAAP Non-Operating Expenses	184,125	183,775	350
Add: Debt Service Principal	157,568	157,568	-
Add: Capital Outlay	278,585	218,879	59,706
Change In: Accrued Interest	-	350	(350)
Change In: Vacation/Comp Time	-	2,933	(2,933)
Less: Depreciation & Amortization	-	(338,492)	338,492
Total Budgetary Expenditures	1,557,983	1,422,095	135,888
Net Income (Loss)-Budgetary	\$ 376,277	\$ 437,067	\$ 60,790

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 6 - PROPRIETARY FUND BUDGETS - continued

WASTEWATER ENTERPRISE FUND			
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
GAAP Operating Revenues	\$ 1,341,000	\$ 1,349,783	\$ 8,783
GAAP Non-Operating Revenues	184,890	212,170	27,280
GAAP Transfers	400,000	400,000	-
Less: Refunding Credit	-	(7,747)	(7,747)
Less: Accretion of Bond Premium	-	(23,528)	(23,528)
Total Budgetary Revenues	1,925,890	1,930,678	4,788
<u>Expenses:</u>			
GAAP Operating Expenses	734,025	895,034	(161,009)
GAAP Non-Operating Expenses	522,347	364,397	157,950
Add: Debt Service Principal	148,164	148,164	-
Add: Capital Outlay	2,774,100	2,670,470	103,630
Change In: Accrued Interest	-	(1,907)	1,907
Change In: Vacation/Comp Time	-	296	(296)
Less: Depreciation	-	(193,998)	193,998
Total Budgetary Expenditures	4,178,636	3,882,456	296,180
Net Income (Loss)-Budgetary	\$ (2,252,746)	\$ (1,951,778)	\$ 300,968

REFUSE ENTERPRISE FUND			
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
GAAP Operating Revenues	\$ 477,137	\$ 476,018	\$ (1,119)
GAAP Non-Operating Revenues	1,670	20,200	18,530
Asset Sale – Budgetary Basis	183,250	164,673	(18,577)
Total Budgetary Revenues	662,057	660,891	(1,166)
<u>Expenses:</u>			
GAAP Operating Expenses	392,973	470,532	(77,559)
GAAP Non-Operating Expenses	420,000	420,000	-
Change In: Vacation/Comp Time	-	5,283	(5,283)
Less: Depreciation	-	(24,852)	24,852
*Total Budgetary Expenditures	812,973	870,963	(57,990)
Net Income (Loss)-Budgetary	\$ (150,916)	\$ (210,072)	\$ (59,156)

* See Note 12

TOWN OF EAGLE, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009

NOTE 7 - 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, 2009 is as follows:

	<u>CIRSA</u>
Assets	<u>\$ 77,038,970</u>
Liabilities	\$ 37,353,198
Net Assets	<u>39,685,772</u>
	<u>\$ 77,038,970</u>
Revenue	
Member Contributions Earned (Net of Excess Insurance Premiums of \$5,210,376)	\$ 19,976,875
Investment Income and Other	<u>1,706,569</u>
Total Revenue	21,683,444
Expenses	<u>(20,556,264)</u>
Excess of Expenses Over Revenues	<u>\$ 1,127,180</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, 2009.

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.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 8 - 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, 2009 there are no eligible retirees receiving post-employment healthcare coverage benefits.

NOTE 9 - 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, 2009 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.

As of December 31, 2009, the Town was in compliance with both 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, 2009, the Town was in compliance with the covenant.

NOTE 10 - INTERGOVERNMENTAL AGREEMENTS

Eagle Pool and Ice Rink

The Town of Eagle and the Western Eagle County Metropolitan Recreation District have entered into an agreement for the construction, 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.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 10 - INTERGOVERNMENTAL AGREEMENT - continued

Revenue Sharing Agreement – Town of Gypsum, Colorado

The Town of Eagle and the Town of Gypsum, Colorado, have entered into an intergovernmental agreement, which shall 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. 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.

All sales tax revenues subject to sharing pursuant to the agreement shall be distributed no later than twenty (20) calendar days following the end of the calendar quarter during which the revenues were collected or received, whichever is later. Such payments shall be net of vendor collection fees and any potential project reimbursements that may be paid out of the two percent revenue sharing money to the Big Box Retailer. The period of limitation for recovery of any funds payable under the agreement shall be three years from the date on which payment is due. The financial obligations of the Towns are subject to annual renewal and appropriation by each of the Towns. Each Town has 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 shall cease and the agreement shall 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.

NOTE 11 - 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.

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.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 11 - TAX, SPENDING AND DEBT LIMITATION - continued

TABOR Amendment – Revenue and Spending Limitation Agreement - continued

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, 2009 is \$127,394 in the General Fund and \$12,856 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 12 - BUDGETARY COMPLIANCE

Budgetary based expenses in the Refuse Enterprise Fund in the amount of \$870,963 exceeded appropriations of \$812,973 due to unexpected additional purchased services for refuse collection. This may not be in compliance with Colorado Revised Statutes.

REQUIRED SUPPLEMENTAL INFORMATION

GENERAL 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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>				
Local Taxes and Assessments	\$ 4,101,307	\$ 3,761,511	\$ 3,668,276	\$ (93,235)
Licenses and Permits	240,950	133,600	133,595	(5)
Intergovernmental	443,506	460,774	451,009	(9,765)
Charges for Services	370,500	456,000	417,870	(38,130)
Fines, Forfeits and Penalties	32,000	44,900	47,600	2,700
Interest	71,013	20,006	20,478	472
Miscellaneous	41,500	33,875	23,215	(10,660)
	5,300,776	4,910,666	4,762,043	(148,623)
<u>Expenditures:</u>				
General Government	1,705,550	1,575,793	1,495,781	80,012
Public Safety	1,359,093	1,287,984	1,279,214	8,770
Public Works – Streets	1,535,305	1,316,799	1,247,153	69,646
Public Works – Buildings & Grounds	532,172	496,965	493,555	3,410
	5,132,120	4,677,541	4,515,703	161,838
Excess Revenues Over (Under) Expenditures	168,656	233,125	246,340	13,215
<u>Other Financing Sources and (Uses):</u>				
Transfers (to) Other Funds	(225,000)	(125,000)	(125,000)	-
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(56,344)	108,125	121,340	13,215
Fund Balances – Beginning	439,679	633,678	631,888	(1,790)
Fund Balances – Ending	\$ 383,335	\$ 741,803	\$ 753,228	\$ 11,425

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, 2009

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES & OTHER FINANCING SOURCES:			
TAXES – LOCAL:			
Real Property Taxes	\$ 420,007	\$ 418,936	\$ (1,071)
Specific Ownership Taxes	23,500	24,018	518
Sales Taxes – General	2,926,000	2,830,261	(95,739)
Tax Revenue Sharing	200,000	192,440	(7,560)
Severance Tax Refund	2,004	2,004	-
Franchise Taxes	190,000	200,617	10,617
TOTAL TAXES - LOCAL	3,761,511	3,668,276	(93,235)
LICENSES & PERMITS:			
Business Licenses	37,300	37,340	40
Building Permits	96,000	95,955	(45)
Roadcut Permits	300	300	-
TOTAL LICENSES & PERMITS	133,600	133,595	(5)
INTERGOVERNMENTAL			
Motor Vehicle License Fee	22,000	23,991	1,991
Highway Users Tax	188,461	178,565	(9,896)
Cigarette Tax	16,500	16,967	467
Road & Bridge Tax	123,457	122,663	(794)
County Sales Tax	110,000	104,717	(5,283)
State Capital Grant	-	3,750	3,750
Federal Mineral Lease Revenues	356	356	-
TOTAL INTERGOVERNMENTAL	460,774	451,009	(9,765)
CHARGES FOR SERVICES			
Planning and Zoning Fees & Reimbursements	232,000	197,490	(34,510)
Facility Usage Fees & Deposits	39,000	40,120	1,120
Inspection Reimbursements	5,000	4,120	(880)
Other Reimbursable Income	70,000	66,140	(3,860)
Administrative Services – Enterprise Funds	110,000	110,000	-
TOTAL CHARGES FOR SERVICES	456,000	417,870	(38,130)
FINES, FORFEITS & PENALTIES – TOTAL	44,900	47,600	2,700
INTEREST INCOME – TOTAL	20,006	20,478	472
MISCELLANEOUS			
Rental Income	8,675	8,748	73
Cell Phone Sites	-	-	-
Impact Fee Administration	200	-	(200)
Other	25,000	14,467	(10,533)
TOTAL MISCELLANEOUS	33,875	23,215	(10,660)
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 4,910,666	\$ 4,762,043	\$ (148,623)

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, 2009

	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES & OTHER FINANCING USES:			
GENERAL GOVERNMENT:			
Personnel Services	\$ 827,150	\$ 859,379	\$ (32,229)
Supplies	16,550	14,482	2,068
Purchased Services	580,751	520,637	60,114
Insurance	47,342	47,518	(176)
Capital Outlay	9,000	2,955	6,045
Community Requests	75,000	50,300	24,700
Contingency	20,000	510	19,490
TOTAL GENERAL GOVERNMENT	1,575,793	1,495,781	80,012
PUBLIC SAFETY:			
Personnel Services	963,846	969,413	(5,567)
Supplies	51,780	51,351	429
Purchased Services	192,168	183,457	8,711
Insurance	12,000	12,000	-
Capital Outlay	39,762	39,565	197
Contingency	28,428	23,428	5,000
TOTAL PUBLIC SAFETY	1,287,984	1,279,214	8,770
PUBLIC WORKS – STREETS:			
Personnel Services	806,749	823,638	(16,889)
Supplies	170,500	143,244	27,256
Purchased Services	291,550	243,437	48,113
Insurance	15,000	13,500	1,500
Capital Outlay	30,000	23,334	6,666
Contingency	3,000	-	3,000
TOTAL PUBLIC WORKS - STREETS	1,316,799	1,247,153	69,646
PUBLIC WORKS – BUILDINGS & GROUNDS:			
Personnel Services	276,915	275,213	1,702
Supplies	63,300	64,851	(1,551)
Purchased Services	146,250	146,491	(241)
Insurance	8,000	7,000	1,000
Capital Outlay	-	-	-
Contingency	2,500	-	2,500
TOTAL PUBLIC WORKS – BLDGS & GROUNDS	496,965	493,555	3,410
OTHER FINANCING USES:			
Operating Transfers Out – TOTAL	125,000	125,000	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 4,802,541	\$ 4,640,703	\$ 161,838

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, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Interest	\$ 2,625	\$ 2,526	\$ 99
Total Revenues	<u>2,625</u>	<u>2,526</u>	<u>99</u>
<u>Expenditures:</u>			
Town Hall Payment	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Total Expenditures	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures	<u>(122,375)</u>	<u>(122,474)</u>	<u>99</u>
<u>Other Financing Sources and (Uses):</u>			
Transfer from General	<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	2,625	2,526	99
Fund Balances – Beginning	<u>666,358</u>	<u>666,358</u>	<u>-</u>
Fund Balances – Ending	<u>\$ 668,983</u>	<u>\$ 668,884</u>	<u>\$ 99</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Use Tax	\$ 47,000	\$ 45,533	\$ (1,467)
Community Enhancement Tax	38,284	38,284	-
Road Impact Fees	-	-	-
Intergovernmental Reimbursements	176,291	323,044	146,753
Interest	16,000	15,369	(631)
Miscellaneous	500	-	(500)
Total Revenues	<u>278,075</u>	<u>422,230</u>	<u>144,155</u>
<u>Expenditures:</u>			
General Government:			
Park Redevelopment and Improvements	4,162	4,162	-
Town Shop Improvements	50,000	44,265	5,735
Pool & Ice Rink Maintenance Fund	35,000	35,000	-
Public Safety:			
Police Department Equipment	65,100	64,083	1,017
Public Works – Streets:			
Downtown Drainage Engineering	15,000	14,100	900
Street Lights	10,000	9,470	530
Transportation/ROW Improvements	425,000	244,328	180,672
5 th Street Drainage and Improvements	189,755	186,614	3,141
Public Works – Bldg/Grounds:			
Vehicles & Equipment	150,000	149,571	429
Contingency	50,000	-	50,000
Total Expenditures	<u>994,017</u>	<u>751,593</u>	<u>242,424</u>
Excess Revenues Over (Under) Expenditures	<u>(715,942)</u>	<u>(329,363)</u>	<u>386,579</u>
<u>Other Financing Sources and (Uses):</u>			
Transfer from General Fund	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(715,942)	(329,363)	386,579
Fund Balances – Beginning	<u>4,353,799</u>	<u>4,353,799</u>	<u>-</u>
Fund Balances – Ending	<u>\$ 3,637,857</u>	<u>\$ 4,024,436</u>	<u>\$ 386,579</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, 2009

	Special Revenue Funds		
	Conservation Trust Fund	Open Space Preservation Fund	Total
<u>Assets:</u>			
Current Assets:			
Cash and Investments	\$ 64,645	\$ 1,545,034	\$ 1,609,679
Accounts Receivable	-	22,398	22,398
Internal Balances	-	(3,307)	(3,307)
	-	(3,307)	(3,307)
Total Assets	\$ 64,645	\$ 1,564,125	\$ 1,628,770
<u>Liabilities and Fund Equity</u>			
Current Liabilities:			
Accounts Payable	\$ -	\$ 500	\$ 500
Accrued Payroll	-	490	490
	-	490	490
Total Liabilities	-	990	990
Fund Equity:			
Fund Balances – Reserved	64,645	1,563,135	1,627,780
Total Liabilities and Fund Equity	\$ 64,645	\$ 1,564,125	\$ 1,628,770

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, 2009

	Special Revenue Funds		
	Conservation Trust Fund	Open Space Preservation Fund	Total
<u>Revenues:</u>			
Taxes - Local	\$ -	\$ 114,473	\$ 114,473
Intergovernmental	26,337	-	26,337
Interest	201	6,545	6,746
	26,538	121,018	147,556
<u>Expenditures:</u>			
Open-space Preservation	-	58,666	58,666
	-	58,666	58,666
Excess Revenues Over (Under) Expenditures	26,538	62,352	88,890
<u>Other Financing Sources and (Uses):</u>			
Transfers (to) Other Funds	-	-	-
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	26,538	62,352	88,890
Fund Balances – Beginning	38,107	1,500,783	1,538,890
Fund Balances – Ending	\$ 64,645	\$ 1,563,135	\$ 1,627,780

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, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Intergovernmental	\$ 25,700	\$ 26,337	\$ 637
Interest	<u>200</u>	<u>201</u>	<u>1</u>
Total Revenues	<u>25,900</u>	<u>26,538</u>	<u>638</u>
<u>Expenditures:</u>			
Contingency	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures	25,900	26,538	638
Fund Balances – Beginning	<u>38,106</u>	<u>38,107</u>	<u>1</u>
Fund Balances – Ending	<u>\$ 64,006</u>	<u>\$ 64,645</u>	<u>\$ 639</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Taxes – Local	\$ 160,000	\$ 114,473	\$ (45,527)
Interest	<u>6,700</u>	<u>6,545</u>	<u>(155)</u>
Total Revenues - Budgetary	<u>166,700</u>	<u>121,018</u>	<u>(45,682)</u>
<u>Expenditures:</u>			
Open-space Preservation	<u>70,535</u>	<u>58,666</u>	<u>11,869</u>
Total Expenditures – Budgetary	<u>70,535</u>	<u>58,666</u>	<u>11,869</u>
Excess Revenues Over (Under) Expenditures	96,165	62,352	(33,813)
 Fund Balances – Beginning	 <u>1,500,784</u>	 <u>1,500,783</u>	 <u>(1)</u>
Fund Balances – Ending	<u>\$ 1,596,949</u>	<u>\$ 1,563,135</u>	<u>\$ (33,814)</u>

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, 2009

	Water Enterprise Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Budgetary Revenues:</u>			
GAAP Operating Revenues:			
Service Fees	\$ 1,833,360	\$ 1,761,383	\$ (71,977)
Tap Fees and Improvements	36,000	36,870	870
Meters and Materials	49,600	48,063	(1,537)
GAAP Non-Operating Revenues:			
Interest & Earnings on Investments	15,300	12,846	(2,454)
Accretion of Bond Premium	-	166	166
Less: Accretion of Bond Premium	-	(166)	(166)
 Total Budgetary Revenues	 <u>1,934,260</u>	 <u>1,859,162</u>	 <u>(75,098)</u>
<u>Budgetary Expenditures:</u>			
GAAP Operating Expenses:			
Personnel Services	412,555	418,547	(5,992)
Supplies	165,200	139,963	25,237
Purchased Services	334,950	280,080	54,870
Insurance	20,000	20,000	-
Depreciation and Amortization	-	338,492	(338,492)
Contingency	5,000	-	5,000
GAAP Non-Operating Expenses:			
Interest and Fiscal Charges	134,125	133,775	350
Administrative Fee – General Fund	50,000	50,000	-
Debt Service Principal	157,568	157,568	-
Capital Outlay	278,585	218,879	59,706
Change in Accrued Interest Adjustment	-	350	(350)
Change in Vacation/Comp Time Accrual	-	2,933	(2,933)
Less: Depreciation & Amortization	-	(338,492)	338,492
 Total Budgetary Expenditures	 <u>1,557,983</u>	 <u>1,422,095</u>	 <u>135,888</u>
 Budgetary Net Income (Loss)	 <u>\$ 376,277</u>	 <u>\$ 437,067</u>	 <u>\$ 61,490</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, 2009

	Wastewater Enterprise Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Budgetary Revenues:</u>			
GAAP Operating Revenues:			
Service Fees	\$ 1,305,000	\$ 1,309,783	\$ 4,783
Tap Fees and Improvements	36,000	40,000	4,000
GAAP Non-Operating Revenues:			
Property Taxes	180,340	179,267	(1,073)
Specific Ownership Taxes	450	371	(79)
Interest & Earnings on Investments	4,100	3,784	(316)
Gain (Loss) on Sale of Fixed Assets	-	(2,527)	(2,527)
Accretion of Bond Premium	-	23,528	23,528
Refunding Credit	-	7,747	7,747
GAAP Transfers	400,000	400,000	-
Less: Refunding Credit	-	(7,747)	(7,747)
Less: Accretion of Bond Premium	-	(23,528)	(23,528)
	<u>1,925,890</u>	<u>1,930,678</u>	<u>4,788</u>
<u>Budgetary Expenditures:</u>			
GAAP Operating Expenses:			
Personnel Services	339,825	332,373	7,452
Supplies	67,900	59,735	8,165
Purchased Services	300,300	283,928	16,372
Insurance	24,000	24,000	-
Depreciation and Amortization	-	193,998	(193,998)
Contingency	2,000	1,000	1,000
GAAP Non-Operating Expenses:			
Interest and Fiscal Charges	482,347	324,397	157,950
Administrative Fee – General Fund	40,000	40,000	-
Debt Service Principal	148,164	148,164	-
Capital Outlay	2,774,100	2,670,470	103,630
Change in Accrued Interest	-	(1,907)	1,907
Change in Vacation/Comp Time	-	296	(296)
Less: Depreciation & Amortization	-	(193,998)	193,998
	<u>4,178,636</u>	<u>3,882,456</u>	<u>296,180</u>
	<u>\$ (2,252,746)</u>	<u>\$ (1,951,778)</u>	<u>\$ 300,968</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 – REFUSE ENTERPRISE FUND
For the Year Ended December 31, 2009

	Refuse Enterprise Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Budgetary Revenues:</u>			
GAAP Operating Revenues:			
Service Fees	\$ 477,137	\$ 476,018	\$ (1,119)
GAAP Non-Operating Revenues:			
Interest & Earnings on Investments	1,670	1,623	(47)
Gain (Loss) on Sale of Fixed Assets	-	18,577	18,577
Asset Sale – Budgetary Basis	<u>183,250</u>	<u>164,673</u>	<u>(18,577)</u>
Total Budgetary Revenues	<u>662,057</u>	<u>660,891</u>	<u>(1,166)</u>
<u>Budgetary Expenditures:</u>			
GAAP Operating Expenses:			
Personnel Services	40,390	35,755	4,635
Supplies	6,218	6,218	-
Purchased Services	338,165	395,507	(57,342)
Insurance	8,200	8,200	-
Depreciation and Amortization	-	24,852	(24,852)
Contingency	-	-	-
GAAP Non-Operating Expenses:			
Administrative Fee – General Fund	20,000	20,000	-
Transfers	400,000	400,000	-
Capital Outlay	-	-	-
Change in Vacation/Comp Time	-	5,283	(5,283)
Less: Depreciation & Amortization	<u>-</u>	<u>(24,852)</u>	<u>24,852</u>
Total Budgetary Expenditures	<u>812,973</u>	<u>870,963</u>	<u>(57,990)</u>
 Budgetary Net Income (Loss)	 <u>\$ (150,916)</u>	 <u>\$ (210,072)</u>	 <u>\$ (59,156)</u>

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

ANNUAL STATEMENT OF RECEIPTS AND
EXPENDITURES FOR ROADS, BRIDGES AND STREETS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Eagle as of and for the year ended December 31, 2009, which collectively comprise the Town of Eagle's basic financial statements and have issued our report thereon dated June 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Eagle's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Eagle's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

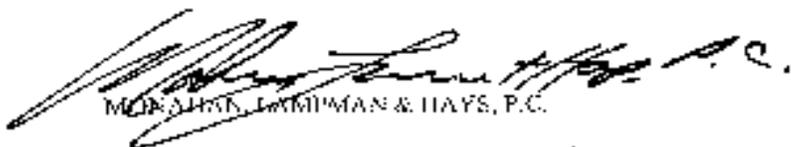
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Eagle's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Town of Eagle in a separate letter dated June 8, 2010.

This report is intended solely for the information and use of the trustees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



MONAHAN, LAMPMAN & HAYS, P.C.

June 8, 2010

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of the Town of Eagle with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2009. The Town of Eagle's major federal programs are identified in the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Town of Eagle's management. Our responsibility is to express an opinion on the Town of Eagle's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Eagle's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Eagle's compliance with those requirements.

In our opinion, the Town of Eagle complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the Town of Eagle is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Eagle's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Eagle's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily disclose all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Independent Auditor's Report on Compliance
Town of Eagle

This report is intended solely for the information and use of the trustees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



MARK ALLEN LIPPMAN & HAYS, P.C.

June 8, 2010

TOWN OF EAGLE, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2009

NOTE: Under the loan agreement between the Colorado Water Resources and Power Development Authority and the Town of Eagle Wastewater Enterprise, for each year in which the Town requests a disbursement from the project loan subaccount, the Town shall conduct its annual audit in accordance with the Federal Single Audit Act, 31 U.S.C. Section 7501 et seq. The Town submitted the Final Pay Request for disbursement from the project loan account on February 12, 2009 for reimbursement of expenditures incurred in fiscal year 2008, which was accepted and processed March 2, 2009; therefore the Town's December 31, 2009 audit was conducted in accordance with the Federal Single Audit Act, accordingly. There were no reimbursable expenditures from Federal Awards incurred in 2009.

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) identified that are not
considered to be material weaknesses? _____ yes x no

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) identified that are
not considered to be material weakness(es)? _____ yes x no

Type of auditor’s report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be
reported in accordance with section
510(a) of Circular A-133? _____ yes x no

Identification of major programs

66.458 Capitalization Grants for State Clean Water Revolving Funds

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? _____ yes x no

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no financial statement findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal award findings or questioned costs.

SECTION IV – SCHEDULE OF PRIOR FINDINGS AND CORRECTIVE ACTION PLAN

There were no Federal award findings or questioned costs in the prior year.

SECTION V – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

N/A - There were no reimbursable expenditures from Federal Awards incurred in 2009.