

TOWN OF EAGLE, COLORADO

FINANCIAL STATEMENTS
AND
AUDITOR'S REPORT

DECEMBER 31, 2011

TOWN OF EAGLE, COLORADO
FOR THE YEAR ENDED
December 31, 2011

TOWN BOARD OF TRUSTEES

- . Ed Woodland – Mayor
- . Kraige Kinney – Mayor Pro-Tem
- . Yuri Kostick, Trustee
- . Mikel Kerst, Trustee
- . Roxie Deane, Trustee
- . Scott Turnipseed, Trustee
- . Scot Webster, Trustee

ADMINISTRATIVE STAFF

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

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

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, each major fund, and the aggregate remaining fund information of the Town of Eagle, Colorado, as of and for the year ended December 31, 2011, 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. 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, each major fund, and the aggregate remaining fund information of the Town of Eagle as of December 31, 2011 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.

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

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.

August 15, 2012

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended December 31, 2011 are as follows:

- In total, the Town's *overall* net assets decreased \$367,093, or 0.5 percent from the previous fiscal year.
- The Town's *overall* General Revenues accounted for \$4,343,536, or 47 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 \$4,968,991, or 53 percent of the Town's total revenues of \$9,312,527.
- *Overall* the Town had \$9,679,620 in expenses, of which \$4,435,646 were offset by program specific charges for services, as well as grants and contributions of \$533,345.

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, 2011

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

FUND FINANCIAL STATEMENTS

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

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2011

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 proceeds of resources that are restricted or committed for purposes other than debt service or capital projects. The special revenue funds include the following:

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

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

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

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

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

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

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2011

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	
	2011	2010	2011	2010	2011	2010
<u>ASSETS:</u>						
Current and Other Assets	\$ 8,120	\$ 8,261	\$ 9,364	\$ 7,670	\$ 17,484	\$ 15,931
Capital Assets, Net	28,880	30,294	40,544	40,717	69,424	71,011
	37,000	38,555	49,908	48,387	86,908	86,942
<u>LIABILITIES:</u>						
Current & Other Liabilities	608	1,040	1,530	1,076	2,138	2,116
Long-term Liabilities	238	345	15,739	15,321	15,977	15,666
	846	1,385	17,269	16,397	18,115	17,782
<u>NET ASSETS:</u>						
Invested in Capital Assets, Net of Related Debt	28,642	29,944	24,694	24,982	53,336	54,926
Restricted	915	890	1,010	294	1,925	1,184
Unrestricted (Deficit)	6,597	6,336	6,935	6,714	13,532	13,050
	\$ 36,154	\$ 37,170	\$ 32,639	\$ 31,990	\$ 68,793	\$ 69,160

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 \$68.7 million at December 31, 2011. Governmental activities make up \$36.1 million (53%) of these Net Assets, with business-type activities making up the remaining \$32.6 million (47%). Total Net Assets decreased \$367 thousand in 2011. The decrease is comprised of the following:

- Total assets decreased \$34 thousand to \$86.9 million.
- Total liabilities increased \$333 thousand, to \$18.1 million.

By far the largest portion of the Town's Net Assets (77.5%) reflects its net investment of \$53.3 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, \$1.9 million (2.8%), represents resources that are subject to restrictions as to how they may be used; this includes statutorily required TABOR emergency reserves, reserves required under the Town's debt-service agreements, and monies restricted for capital outlay and conservation trust purposes.

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2011

THE TOWN AS A WHOLE – CONTINUED

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

<i>(In Thousands)</i>	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
	<u>REVENUES:</u>					
Program Revenues:						
Charges for Services/Sales	\$ 372	\$ 389	\$ 4,063	\$ 3,891	\$ 4,435	\$ 4,280
Operating Grants & Contrib.	401	398	5	-	406	398
Capital Grants & Contrib.	-	-	127	117	127	117
Total Program Revenues	773	787	4,195	4,008	4,968	4,795
General Revenues:						
Taxes	3,523	3,586	173	171	3,696	3,757
Intergovernmental Revenue	526	397	-	-	526	397
Impact Fees & Assessments	-	-	-	-	-	-
Interest/Investment Earnings	10	22	6	7	16	29
Other General Revenues	75	17	31	31	106	48
Transfers	-	-	-	-	-	-
Total General Revenues	4,134	4,022	210	209	4,344	4,231
Total Revenues	4,907	4,809	4,405	4,217	9,312	9,026
<u>PROGRAM EXPENSES:</u>						
General Government	1,450	1,403	-	-	1,450	1,403
Public Safety	1,314	1,330	-	-	1,314	1,330
Public Works - Streets	1,214	1,194	-	-	1,214	1,194
Public Works - Bldg/Grounds	472	447	-	-	472	447
Open Space Preservation	240	59	-	-	240	59
Interest - Gen'l. Obligations	13	17	-	-	13	17
Depreciation - Unallocated	1,220	1,219	-	-	1,220	1,219
Water Utility	-	-	1,360	1,346	1,360	1,346
Wastewater Utility	-	-	1,871	1,838	1,871	1,838
Refuse Utility	-	-	525	517	525	517
Total Expenses	5,923	5,669	3,756	3,701	9,679	9,370
INCREASE (DECREASE)						
IN NET ASSETS	\$ (1,016)	\$ (860)	\$ 649	\$ 516	\$ (367)	\$ (344)

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2011

THE TOWN AS A WHOLE – CONTINUED

Governmental Activities

Revenues

Charges for services for governmental activities decreased \$17 thousand from the previous fiscal year. Governmental grants and contributions increased \$3 thousand. General revenues for governmental activities increased due to intergovernmental revenue sharing sales taxes. There was a decline in interest and investment earnings which is reflective of the current economy. Other general revenues include \$52 thousand from the sale of land to the Colorado Department of Transportation.

Expenses

Program expenses for governmental activities increased approximately \$254 thousand, or 4.5% from the prior fiscal year primarily as the result of increased expenses for personnel, legal, vehicle repairs and maintenance, and dispatch services.

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>	
	2011	2010	2011	2010
General Government	\$ 1,450	\$ 1,403	\$ 1,132	\$ 1,074
Public Safety	1,314	1,330	1,265	1,280
Public Works - Streets	1,214	1,194	840	822
Public Works - Bldgs/Grounds	472	447	439	411
Open Space Preservation	240	59	240	59
Interest - General Obligation Debt	13	17	13	17
Unallocated Depreciation	<u>1,220</u>	<u>1,219</u>	<u>1,220</u>	<u>1,219</u>
Total Expenses	<u>\$ 5,923</u>	<u>\$ 5,669</u>	<u>\$ 5,149</u>	<u>\$ 4,882</u>

The dependence on general revenues for governmental activities is apparent. Approximately 87% of fiscal 2011 program services were supported through taxes and other general revenues and 86% in 2010. 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 2011</u>	<u>Fiscal Year 2010</u>
Program Revenues	\$ 4,195	\$ 4,008
Taxes and Other General Revenues	<u>210</u>	<u>209</u>
Total Revenues	4,405	4,217
Expenses	<u>3,756</u>	<u>3,701</u>
Net Income (Loss)	<u>\$ 649</u>	<u>\$ 516</u>

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2011

THE TOWN AS A WHOLE – CONTINUED

Business-Type Activities, continued

Revenues

Charges for services for business-type activities increased \$172 thousand due to an increases in 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 increased approximately \$55 thousand, or 1.5%, from the previous fiscal year, primarily due to increases in system repairs, including non-capitalized slip line pipe repairs, and sludge disposal.

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 \$4,913,511 and expenditures and other financing uses of \$4,612,788.

Governmental fund revenues increased approximately \$111 thousand from the prior fiscal year, primarily from increased tax collections and building permits.

Expenditures increased approximately \$64 thousand from the prior fiscal year primarily from increased expenditures for personnel, repairs and open space acquisition.

Overall governmental fund balances increased \$301 thousand from the prior fiscal year. The ending fund balance of \$7,628,805 represents the amount available for future spending, which is represented as follows:

General Fund	\$ 1,008,475
Debt Service	670,892
Capital Projects Fund	4,321,821
Special Revenue Funds	<u>1,627,617</u>
Total Governmental Fund Balances	<u>\$ 7,628,805</u>

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2011

THE TOWN'S FUNDS – CONTINUED

Proprietary Funds

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

- The Water Enterprise Fund ending fund balance increased from \$22,343,630 to \$23,050,785.
- The Wastewater Enterprise Fund ending fund balance decreased from \$9,319,785 to \$9,281,942.
- The Refuse Enterprise Fund ending fund balance decreased from \$326,736 to \$306,051.

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 year, the Town amended its budgeted appropriations as follows:

	<u>Original</u>	<u>Revised</u>	<u>Increase (Decrease)</u>
General Fund	\$ 4,913,070	\$ 4,815,824	\$ (97,246)
Debt Service Fund	435,091	378,639	(56,452)
Capital Projects Fund	1,253,178	614,548	(638,630)
Conservation Trust Fund	118,414	-	(118,414)
Open Space Preservation Fund	77,810	257,415	179,605
Water Fund	2,251,078	1,694,800	(556,278)
Wastewater Fund	2,775,076	2,033,305	(741,771)
Refuse Fund	508,000	516,000	8,000

The above 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, 2011

GENERAL FUND BUDGETING HIGHLIGHTS - CONTINUED

General Fund Resources (Inflows)

The Town's final budgetary revenues and other financing sources in the amount of \$4,617,666 did not meet budgetary expectations of \$4,621,782 by \$4,116. It is not anticipated that the variance will have a significant effect on future services or liquidity. Further detail of individual line-item revenues for the general fund can be found in the 'Other Supplemental Information' section following the financial statements.

General Fund Charges to Appropriations (Outflows)

The Town's final budgetary expenditures and other financing uses of \$4,520,553 were \$295,271 less than the final appropriated fund balance of \$4,815,824. 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 personnel services, 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 2011, the Town had a total of \$69,423,900 invested in capital assets, consisting of \$28,880,137 in governmental activities and \$40,543,763 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			
	2011	2010	2011	2010	2011	2010
<i>Net of Depreciation:</i>						
Land/Easements	\$ 2,730	\$ 2,715	\$ 171	\$ 171	\$ 2,901	\$ 2,886
Water Rights	-	-	9,137	9,137	9,137	9,137
Parks/Improvements	2,561	2,557	-	-	2,561	2,557
Buildings/Improvements	3,213	3,301	-	-	3,213	3,301
Rec Center/Pool/Ice Rink	4,304	4,409	-	-	4,304	4,409
Equipment	599	737	130	145	729	882
Infrastructure	14,858	16,021	29,549	30,584	44,407	46,605
Construction-in-Progress	607	543	1,491	609	2,098	1,152
Unamortized Issue Costs	8	11	66	71	74	82
	<u>\$ 28,880</u>	<u>\$ 30,294</u>	<u>\$ 40,544</u>	<u>\$ 40,717</u>	<u>\$ 69,424</u>	<u>\$ 71,011</u>

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

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2011

CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED

Debt

At December 31, 2011 the Town had total outstanding long-term debt of \$16,942,161. Of this amount, governmental activities carry \$237,983 of general obligation notes payable and compensated absences of \$116,384. Business-type activities carry \$13,440,676 of notes payable, \$2,720,000 of water revenue bonds payable, unamortized bond premium of \$402,124 and compensated absences of \$24,994 . See *Note 5 Long-term Debt Obligations* for a detail of the terms and annual debt service requirements to amortize the Town's long-term debt.

CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK

The Town levied property tax in 2011 to be collected in 2012 in the amount of \$319,246 for the General Revenue Fund and \$171,267 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.

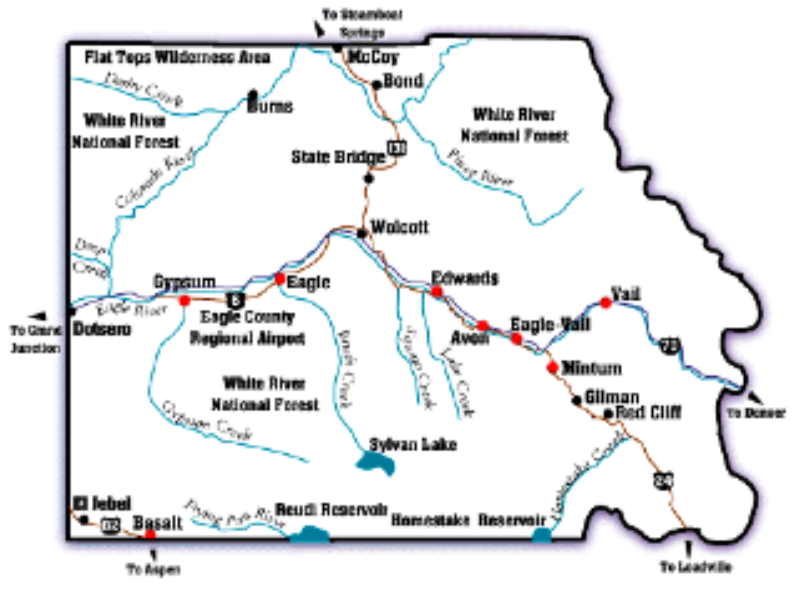
The national recession and depressed housing market continues to affect the local economy, producing flat sales of goods and services, which results in relatively static sales tax revenues. After two years of lower sales tax receipts, revenues appear to have stabilized at lower levels in 2011 and 2012. A relatively consistent revenue level for the entire general fund is expected to continue for several more years until the economy corrects. Additionally, the Town has entered a multi-year period where revenues derived from development and construction have slowed. Because the Town now has a reduced revenue base for the General Fund, expenses have been significantly lowered in 2010 and 2011. Fiscal year 2012 is budgeted for sustained levels of government services, although the capital projects budget is constrained. The 2012 General Fund budget also reflects lowered property tax revenues of approximately 29% due to the depressed housing economy and consequently lowered assessed valuations of property within the Town's boundaries.

In the Water Fund, final design for the Lower Basin Water Treatment Facility will be completed in 2012. A water rate review study has been completed and adoption of a water ordinance implementing the findings of the rate study is anticipated in the near future. A 5% monthly rate increase is proposed. For the Wastewater Fund, the lack of tap fee revenue coupled with a marked increase in debt service requirements has made balancing the fund difficult. The Board previously approved rate increases during the past three years, and staff is recommending one additional \$2 rate increase in 2012 to better balance the fund. The Refuse Fund has two special projects proposed to be funded in 2012: 1) compost processing, and 2) the relocation of the drop-off recycling center..

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, 2011

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and Investments	\$ 7,403,317	\$ 8,138,633	\$ 15,541,950
Restricted Cash and Investments	-	713,535	713,535
Receivables			
Due from County Treasurer	8,152	(27)	8,125
Taxes – Current	369,888	-	369,888
Taxes – Deferred	319,246	171,267	490,513
Accounts	9,262	351,099	360,361
Internal Balances	10,475	(10,475)	-
Total Current Assets	8,120,340	9,364,032	17,484,372
Noncurrent Assets:			
Non-Depreciable	3,337,339	10,799,295	14,136,634
Depreciable, Net of Depreciation	25,535,248	29,678,547	55,213,795
Unamortized Debt Issue Costs	7,550	65,921	73,471
Total Noncurrent Assets	28,880,137	40,543,763	69,423,900
TOTAL ASSETS	\$ 37,000,477	\$ 49,907,795	\$ 86,908,272
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts Payable	\$ 86,746	\$ 160,507	\$ 247,253
Accrued Liabilities	86,336	180,966	267,302
Deferred Revenues and Taxes	319,246	339,750	658,996
Long-term Debt:			
Portion Due or Payable within One Year:			
Loans Payable	116,635	683,667	800,302
Bonds Payable	-	165,000	165,000
Portion Due or Payable After One Year:			
Compensated Absences	116,384	24,994	141,378
Loans Payable	121,348	12,757,009	12,878,357
Bonds Payable	-	2,555,000	2,555,000
Bond/Note Premium, Net	-	402,124	402,124
Total Liabilities	846,695	17,269,017	18,115,712
Net Assets:			
Invested in Capital Assets, Net of Related Debt	28,642,154	24,694,498	53,336,652
Restricted for:			
Debt Service	670,892	296,000	966,892
Capital Outlay	-	713,535	713,535
Conservation Trust	118,467	-	118,467
Emergencies	126,100	-	126,100
Unrestricted (Deficit)	6,596,169	6,934,745	13,530,914
Total Net Assets	36,153,782	32,638,778	68,792,560
TOTAL LIABILITIES AND NET ASSETS	\$ 37,000,477	\$ 49,907,795	\$ 86,908,272

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

TOWN EAGLE, COLORADO
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2011

	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	\$ 1,449,744	\$ 290,269	\$ 27,498	\$ -
Public Safety	1,314,459	49,697	-	-
Public Works – Streets	1,214,632	-	373,922	-
Public Works – Buildings/Grounds	471,802	32,226	-	-
Open Space Preservation	239,602	-	-	-
Interest on General Long-term Debt	12,520	-	-	-
Depreciation – Unallocated <i>(See Note 1(G))</i>	<u>1,220,262</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>5,923,021</u>	<u>372,192</u>	<u>401,420</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES:				
Water Utility	1,359,884	2,013,995	5,000	42,925
Wastewater Utility	1,871,723	1,545,397	-	84,000
Refuse Utility	<u>524,992</u>	<u>504,062</u>	<u>-</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>3,756,599</u>	<u>4,063,454</u>	<u>5,000</u>	<u>126,925</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 9,679,620</u>	<u>\$ 4,435,646</u>	<u>\$ 406,420</u>	<u>\$ 126,925</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
\$ (1,131,977)		\$ (1,131,977)
(1,264,762)		(1,264,762)
(840,710)		(840,710)
(439,576)		(439,576)
(239,602)		(239,602)
(12,520)		(12,520)
<u>(1,220,262)</u>		<u>(1,220,262)</u>
<u>(5,149,409)</u>		<u>(5,149,409)</u>
	\$ 702,036	702,036
	(242,326)	(242,326)
	<u>(20,930)</u>	<u>(20,930)</u>
	<u>438,780</u>	<u>438,780</u>
<u>(5,149,409)</u>	<u>438,780</u>	<u>(4,710,629)</u>
449,868	-	449,868
-	173,501	173,501
19,837	-	19,837
2,654,021	-	2,654,021
37,155	-	37,155
93,289	-	93,289
194,998	-	194,998
72,314	-	72,314
1,252	-	1,252
429,122	-	429,122
11,947	-	11,947
84,507	-	84,507
325	-	325
-	-	-
9,987	5,832	15,819
<u>75,067</u>	<u>30,514</u>	<u>105,581</u>
<u>4,133,689</u>	<u>209,847</u>	<u>4,343,536</u>
(1,015,720)	648,627	(367,093)
<u>37,169,502</u>	<u>31,990,151</u>	<u>69,159,653</u>
<u>\$ 36,153,782</u>	<u>\$ 32,638,778</u>	<u>\$ 68,792,560</u>

FUND FINANCIAL STATEMENTS

TOWN OF EAGLE, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	<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	\$ 914,515	\$ 545,892	\$ 4,322,234	\$ 1,620,676
Receivables – Net				
Due from County Treasurer	8,152	-	-	-
Taxes – Current	369,888	-	-	-
Taxes – Deferred	319,246	-	-	-
Accounts	-	-	-	9,262
Internal Balances	<u>(114,525)</u>	<u>125,000</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,497,276</u>	<u>\$ 670,892</u>	<u>\$ 4,322,234</u>	<u>\$ 1,629,938</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Accounts Payable	\$ 84,733	\$ -	\$ 413	\$ 1,600
Accrued Liabilities	84,322	-	-	721
Deposits	500	-	-	-
Deferred Revenue	<u>319,246</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>488,801</u>	<u>-</u>	<u>413</u>	<u>2,321</u>
Fund Balances:				
Restricted for –				
Debt Service	-	670,892	-	-
Conservation Trust	-	-	-	118,467
Emergency Reserves	118,500	-	7,600	-
Committed for –				
Open-space Preservation	-	-	-	1,509,150
Assigned for –				
Capital Projects	-	-	4,314,221	-
Undesignated	<u>889,975</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Equity	<u>1,008,475</u>	<u>670,892</u>	<u>4,321,821</u>	<u>1,627,617</u>
Total Liabilities, Equity and Other Credits	<u>\$ 1,497,276</u>	<u>\$ 670,892</u>	<u>\$ 4,322,234</u>	<u>\$ 1,629,938</u>

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

Total
Governmental
Funds

\$ 7,403,317

8,152
369,888
319,246
9,262

\$ 8,120,340

\$ 86,746
85,043
500

491,535

670,892
118,467
126,100

1,509,150

4,314,221

889,975

7,628,805

\$ 8,120,340

TOWN OF EAGLE, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2011

TOTAL GOVERNMENTAL FUND BALANCES		\$ 7,628,805
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	\$ 43,662,677	
Less Accumulated Depreciation	<u>(14,790,090)</u>	28,872,587
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>(30,200)</u>	7,550
Some liabilities are not due and payable in the current year and therefore, are not reported in the governmental funds:		
Accrued Interest Payable	\$ (793)	
Current Portion of Long-term Liabilities	<u>(116,635)</u>	(117,428)
Long-term liabilities are not due and payable in the current year-end and therefore, are not reported in the governmental funds.		
		<u>(237,732)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 36,153,782</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, 2011

	<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	\$ 3,749,098	\$ -	\$ 109,469	\$ 99,399
Licenses and Permits	118,616	-	-	-
Intergovernmental	470,701	-	-	27,498
Charges for Services	197,149	-	-	-
Fines, Forfeits and Penalties	49,697	-	-	-
Interest	2,858	701	4,635	1,793
Miscellaneous	29,547	-	-	52,250
	<u>4,617,666</u>	<u>701</u>	<u>114,104</u>	<u>180,940</u>
<u>Expenditures:</u>				
General Government	1,183,862	-	-	-
Public Safety	1,242,395	-	-	-
Public Works – Streets	1,096,756	-	-	-
Public Works – Bldg & Grounds	472,540	-	-	-
Open-Space Preservation	-	-	-	239,602
Debt Service:				
Principal	-	112,106	-	-
Interest	-	12,894	-	-
Capital Projects	-	-	252,633	-
	<u>3,995,553</u>	<u>125,000</u>	<u>252,633</u>	<u>239,602</u>
Excess Revenues Over (Under) Expenditures	622,113	(124,299)	(138,529)	(58,662)
<u>Other Financing Sources and (Uses):</u>				
Transfers (to) from Other Funds	<u>(525,000)</u>	<u>125,000</u>	<u>400,000</u>	<u>-</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	97,113	701	261,471	(58,662)
Fund Balances – Beginning	<u>911,362</u>	<u>670,191</u>	<u>4,060,350</u>	<u>1,686,279</u>
Fund Balances – Ending	<u>\$ 1,008,475</u>	<u>\$ 670,892</u>	<u>\$ 4,321,821</u>	<u>\$ 1,627,617</u>

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

Total
Governmental
Funds

\$ 3,957,966
118,616
498,199
197,149
49,697
9,987
81,797

4,913,411

1,183,862
1,242,395
1,096,756
472,540
239,602

112,106
12,894
252,633

4,612,788

300,623

-

300,623

7,328,182

\$ 7,628,805

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, 2011

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 300,623

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

In governmental funds, revenues are measured by the amount of current financial resources provided, including amounts due within 60 days after year-end; whereas, in the Statement of Activities, such amounts are measured as they were earned. This is the amount by which lodging taxes to be received after 60 days from the end of the year decreased from the previous year. (6,110)

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.

	\$ 199,113	
Capital Outlay		
Depreciation	<u>(1,609,160)</u>	(1,410,047)

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. (3,775)

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. 112,106

Compensated absences not payable from current resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year. This is the amount accrued leave increased this year. (8,891)

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. 374

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (1,015,720)

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

TOWN OF EAGLE, COLORADO
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
December 31, 2011

	Business-Type Activities Enterprise Funds			Total
	Water Fund	Wastewater Fund	Refuse Fund	
ASSETS:				
Current Assets:				
Cash and Investments	\$ 6,388,743	\$ 1,486,931	\$ 262,959	\$ 8,138,633
Restricted Cash and Investments	-	713,535	-	713,535
Receivables (Net)				
Due from County Treasurer	-	(27)	-	(27)
Taxes – Deferred	-	171,267	-	171,267
Accounts	115,053	177,792	58,254	351,099
Internal Balances	(5,260)	(5,215)	-	(10,475)
Total Current Assets	<u>6,498,536</u>	<u>2,544,283</u>	<u>321,213</u>	<u>9,364,032</u>
Non-Current Assets:				
Capital Assets:				
Land/Easements	117,732	52,839	-	170,571
Water Rights	9,137,235	-	-	9,137,235
Construction in Progress	916,058	575,431	-	1,491,489
Buildings	83,110	8,111	-	91,221
Plant/Facility	-	427,399	-	427,399
Utility System	13,817,407	23,593,448	-	37,410,855
Equipment	215,272	55,302	210,670	481,244
Less Accumulated Depreciation	(4,877,683)	(3,705,484)	(149,005)	(8,732,172)
Unamortized Bond Costs	65,921	-	-	65,921
Total Non-Current Assets	<u>19,475,052</u>	<u>21,007,046</u>	<u>61,665</u>	<u>40,543,763</u>
Total Assets	<u>\$ 25,973,588</u>	<u>\$ 23,551,329</u>	<u>\$ 382,878</u>	<u>\$ 49,907,795</u>
LIABILITIES AND NET ASSETS:				
Liabilities:				
Current Liabilities:				
Accounts Payable	\$ 70,770	\$ 48,470	\$ 41,267	\$ 160,507
Accrued Liabilities	23,285	157,681	-	180,966
Deferred Revenue and Taxes	-	304,190	35,560	339,750
Current Maturities of Long-term Debt	173,269	675,398	-	848,667
Total Current Liabilities	<u>267,324</u>	<u>1,185,739</u>	<u>76,827</u>	<u>1,529,890</u>
Non-Current Liabilities:				
Compensated Absences	21,753	3,241	-	24,994
Notes Payable	76,578	12,680,431	-	12,757,009
Bonds Payable	2,555,000	-	-	2,555,000
Bond/Note Premium, Net	2,148	399,976	-	402,124
Total Non-Current Liabilities	<u>2,655,479</u>	<u>13,083,648</u>	<u>-</u>	<u>15,739,127</u>
Total Liabilities	<u>2,922,803</u>	<u>14,269,387</u>	<u>76,827</u>	<u>17,269,017</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	16,668,057	7,964,776	61,665	24,694,498
Restricted for Debt Service	136,000	160,000	-	296,000
Restricted for Capital Outlay	-	713,535	-	713,535
Unrestricted	6,246,728	443,631	244,386	6,934,745
Total Net Assets	<u>23,050,785</u>	<u>9,281,942</u>	<u>306,051</u>	<u>32,638,778</u>
Total Liabilities and Net Assets	<u>\$ 25,973,588</u>	<u>\$ 23,551,329</u>	<u>\$ 382,878</u>	<u>\$ 49,907,795</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, 2011

	Business-Type Activities			Total
	Enterprise Funds			
	Water Fund	Wastewater Fund	Refuse Fund	
<u>OPERATING REVENUES:</u>				
Service Fees	\$ 1,957,669	\$ 1,542,490	\$ 504,062	\$ 4,004,221
Meters and Materials	<u>56,326</u>	<u>2,907</u>	<u>-</u>	<u>59,233</u>
Total Operating Revenues	<u>2,013,995</u>	<u>1,545,397</u>	<u>504,062</u>	<u>4,063,454</u>
<u>OPERATING EXPENSES:</u>				
Personnel Services	438,969	226,675	-	665,644
Supplies	109,388	102,054	-	211,442
Purchased Services	270,600	242,266	494,328	1,007,194
Insurance	22,000	24,000	-	46,000
Noncapitalized Outlay/Repairs	-	19,828	-	19,828
Depreciation and Amortization	344,547	727,234	10,664	1,082,445
Contingency	<u>-</u>	<u>6,602</u>	<u>-</u>	<u>6,602</u>
Total Operating Expenses	<u>1,185,504</u>	<u>1,348,659</u>	<u>504,992</u>	<u>3,039,155</u>
Operating Income (Loss)	<u>828,491</u>	<u>196,738</u>	<u>(930)</u>	<u>1,024,299</u>
<u>NON-OPERATING REVENUES (EXPENSES):</u>				
Tap and Improvements Fees	42,925	84,000	-	126,925
Property Taxes	-	173,501	-	173,501
Intergovernmental Grants	5,000	-	-	5,000
Interest and Earnings on Investments	4,953	634	245	5,832
Accretion of Bond Premium	166	23,528	-	23,694
Refunding Credit – Long-term Debt	-	6,820	-	6,820
Interest Expense and Fiscal Charges	(124,380)	(483,064)	-	(607,444)
Administrative Fee – General Fund	<u>(50,000)</u>	<u>(40,000)</u>	<u>(20,000)</u>	<u>(110,000)</u>
Total Non-Operating Revenues (Expenses)	<u>(121,336)</u>	<u>(234,581)</u>	<u>(19,755)</u>	<u>(375,672)</u>
Income (Loss) Before Transfers	707,155	(37,843)	(20,685)	648,627
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	707,155	(37,843)	(20,685)	648,627
Net Assets – Beginning	<u>22,343,630</u>	<u>9,319,785</u>	<u>326,736</u>	<u>31,990,151</u>
Net Assets – Ending	<u>\$ 23,050,785</u>	<u>\$ 9,281,942</u>	<u>\$ 306,051</u>	<u>\$ 32,638,778</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, 2011

	Business-Type Activities Enterprise Funds			
	Water Fund	Wastewater Fund	Refuse Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 2,018,446	\$ 1,536,636	\$ 502,541	\$ 4,057,623
Cash Payments to Employees	(433,295)	(226,714)	-	(660,009)
Cash Payments for Goods and Services	<u>(386,405)</u>	<u>(381,149)</u>	<u>(493,734)</u>	<u>(1,261,288)</u>
NET CASH PROVIDED OPERATING ACTIVITIES	<u>1,198,746</u>	<u>928,773</u>	<u>8,807</u>	<u>2,136,326</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Intergovernmental Grant	5,000	-	-	5,000
Property and Specific Ownership Taxes –Net	-	168,319	-	168,319
Inter-fund Advances (Repayments)	5,260	(2,579)	-	2,681
Inter-fund Administrative Fees – General Fund	<u>(50,000)</u>	<u>(40,000)</u>	<u>(20,000)</u>	<u>(110,000)</u>
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	<u>(39,740)</u>	<u>125,740</u>	<u>(20,000)</u>	<u>66,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Tap and Improvement Fees	42,925	84,000	-	126,925
Acquisition and Construction of Capital Assets	(329,408)	(579,745)	-	(909,153)
Proceeds From Long-Term Debt	-	1,288,966	-	1,288,966
Principal Paid on Long-Term Debt	(168,029)	(269,510)	-	(437,539)
Interest Paid on Long-Term Debt	(123,813)	(472,917)	-	(596,730)
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>(579,325)</u>	<u>50,794</u>	<u>-</u>	<u>(528,531)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Investments	<u>4,953</u>	<u>634</u>	<u>245</u>	<u>5,832</u>
NET CASH PROVIDED FROM INVESTING ACTIVITIES	<u>4,953</u>	<u>634</u>	<u>245</u>	<u>5,832</u>
NET INCREASE (DECREASE) IN CASH	584,634	1,105,941	(10,948)	1,679,627
CASH AT BEGINNING OF YEAR	<u>5,804,109</u>	<u>1,094,525</u>	<u>273,907</u>	<u>7,172,541</u>
CASH AT END OF YEAR	<u>\$ 6,388,743</u>	<u>\$ 2,200,466</u>	<u>\$ 262,959</u>	<u>\$ 8,852,168</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 828,491	\$ 196,738	\$ (930)	\$ 1,024,299
Non-Cash Expenses Included in Operating Income – Depreciation & Amortization	344,547	727,234	10,664	1,082,445
Change in Assets and Liabilities – Decrease (Increase) Receivables	4,451	(19,477)	(7,106)	(22,132)
Decrease (Increase) in Prepaid Expenses	795	467	-	1,262
Increase (Decrease) in Deferred Revenues	-	10,716	5,585	16,301
Increase (Decrease) in Accrued Liabilities/Payables	<u>20,462</u>	<u>13,095</u>	<u>594</u>	<u>34,151</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,198,746</u>	<u>\$ 928,773</u>	<u>\$ 8,807</u>	<u>\$ 2,136,326</u>

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

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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, 2011

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, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

PROPRIETARY FUNDS

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

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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. Those revenues susceptible to accrual are property taxes, sales taxes, highway user taxes, and reimbursements from developers for professional fees, because they are both measurable and available to finance expenditures of the current period:

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

Like the government-wide financial statements, the enterprise fund is accounted for using a flow of economic resources measurement focus. This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, and revenues are recorded when earned and expenses are recorded when incurred. All assets and all liabilities associated with the operation of this fund are included on the statement of net 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, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Budgets and Budgetary Accounting

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

Budget Calendar

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

1. Prior to 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 adopts the proposed budget by resolution prior to December 15. The ordinance which legally appropriates expenditures for the upcoming year is 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.

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

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

F. Cash and Investments

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

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

G. Capital Assets/Depreciation

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

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

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

H. Customer Accounts Receivable

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

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

I. Property Taxes Receivable and Deferred Revenue

Property taxes are levied on December 15, and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31, net of an estimated uncollectible portion. However, since the taxes are not available to pay current liabilities, the net receivables are recorded as deferred revenue. Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2010 were collected in 2011 and taxes certified in 2011 will be collected in 2012. 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 per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

J. 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.

K. Proprietary Funds – Operating Revenues and Expenses

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

L. Proprietary Funds – Contributed Capital

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

M. Inter-fund Transactions

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

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

N. Internal Balances

During the year, the Town may have transactions between funds to finance operations and provide services and to allocate combined cash balances. To the extent that certain transactions or budget transfers between funds have not been paid or received as of year-end, balances of inter-fund amounts receivable or payable are recorded. All inter-fund balances that exist within governmental activities are eliminated on the government-wide statement of net assets. Inter-fund balances at December 31, 2011 are as follows:

	Receivables	Payables
General Fund	\$ 10,475	\$ 125,000
Debt Service Fund	125,000	-
Water Fund	-	5,260
Waste Water Fund	-	5,215

O. Compensated Absences

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

In accordance with the above criteria the Town has accrued a liability for vacation pay which has been earned but not taken by Town employees. The liability for compensated absences for the governmental funds has been accrued on the government-wide statement of net 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.

P. Net Assets and Fund Balances

In the government-wide financial statements, net assets are classified as follows:

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

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

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

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

P. Net Assets and Fund Balances - continued

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

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

Restricted – when constraints are placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation. Available fund balances of the Debt Service Fund are restricted for future debt service pursuant to debt agreements. As discussed in *Note 11*, Colorado voters passed an amendment to the State Constitution, one of the provisions of which requires local governments to establish an emergency reserve which is calculated at 3% of certain expenditures; these funds may only be expended in cases of emergencies as defined by the amendment and are used to fund appropriations only after unrestricted resources are depleted. Special revenue resources in the Conservation Trust Fund are restricted for use in parks and recreation acquisition, development and maintenance pursuant to Colorado Revised Statutes.

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

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

Unassigned – the residual for the general fund.

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

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Q. Use of Estimates

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

NOTE 2 - CASH AND INVESTMENTS

In order to facilitate the recording of cash transactions and maximize interest earnings, the Town has pooled cash deposits for all funds. The Town maintains accountability for each fund's equity in pooled cash and investments. Interest earnings for combined funds are generally distributed based on monthly cash balances. A summary of the Town's cash and cash equivalents at December 31, 2011 are classified below:

Checking/Savings/Certificates of Deposit	\$ 2,120,984
Local Government Investment Pool	<u>14,245,061</u>
Total Balances	16,366,045
Net Outstanding Items	<u>(110,560)</u>
Total Cash and Cash Equivalents	<u>\$ 16,255,485</u>

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.

The Town's bank deposits were entirely covered by federal depository insurance (FDIC) or uninsured but collateralized under PDPA in accordance with state statute, and had bank balances of \$2,120,984 of which \$309,048 was covered by FDIC insurance and \$1,811,936 by PDPA described above. As of December 31, 2011 the Town had invested \$57,933 in certificates of deposit, which were entirely covered by FDIC insurance.

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

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2 - CASH AND INVESTMENTS - continued

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

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

Local Government Investment Pool (ColoTrust)

As of December 31, 2011 the Town had invested \$14,245,061 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, 2011, the Town had \$0 invested in COLOTRUST PRIME, and \$14,245,061 invested in COLOTRUST PLUS+. Investments in local government investment pools are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2 - CASH AND INVESTMENTS – 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)	\$ 14,245,061	AAAm	Standard & Poors
<i><u>Subject to Public Depository Protection Act</u></i>			
Certificates of Deposit	\$ 57,933	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)	\$ 44,248	05/21/13
Certificate of Deposit (PDPA)	\$ 13,685	02/21/12

The Town was not subject to foreign currency risk as of December 31, 2011.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 3 - RESTRICTED CASH

As a requirement of the Water Pollution Control Revolving Fund Loan from the Colorado Water Resources and Power Development Authority (see *Note 5*), the Town became responsible for the entire principal balance of the loan upon execution of the loan agreement, although loan requisitions have not yet been made. The total available loan balance on deposit with CWRPDA was \$1,288,966, of which \$575,431 is available to be drawn for downtown wastewater collection system construction-in-progress expenditures to-date as of December 31, 2011, and the remaining \$713,535 is reflected as *restricted cash* on the accompanying balance sheet of the Wastewater Fund.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for Governmental Activities for the year ended December 31, 2011 follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Balances</u> 01/01/11	<u>Additions</u>	<u>Dispositions/ Reclassif.</u>	<u>Balances</u> 12/31/11
Non-depreciable Assets:				
Land and Easements	\$ 2,715,090	\$ 14,824	\$ -	\$ 2,729,914
Construction in Progress	543,215	64,210	-	607,425
Depreciable Capital Assets:				
Park/Land Improvements	2,895,616	39,699	-	2,935,315
Buildings/Improvements	4,548,311	-	-	4,548,311
Rec Center/Pool/Ice Rink	5,235,122	-	-	5,235,122
Equipment	2,601,608	58,886	-	2,660,494
Infrastructure	24,924,602	21,494	-	24,946,096
Unamtz Debt Issue Costs	11,325	-	(3,775)	7,550
Total at Historical Cost	<u>43,474,889</u>	<u>199,113</u>	<u>(3,775)</u>	<u>43,670,227</u>
<i>Less Accumulated Depreciation:</i>				
Park/Land Improvements	(338,484)	(36,002)	-	(374,486)
Buildings/Improvements	(1,247,775)	(87,437)	-	(1,335,212)
Rec Center/Pool/Ice Rink	(825,803)	(104,952)	-	(930,755)
Equipment	(1,865,064)	(196,509)	-	(2,061,573)
Infrastructure	(8,903,804)	(1,184,260)	-	(10,088,064)
Total Accum Depreciation	<u>(13,180,930)</u>	<u>(1,609,160)</u>	<u>-</u>	<u>(14,790,090)</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$30,293,959</u>	<u>\$(1,410,047)</u>	<u>\$ (3,775)</u>	<u>\$28,880,137</u>

For the fiscal year ending December 31, 2011, amortization expense of \$3,775 was recorded in the General Government function on the statement of activities. Depreciation expense for governmental activities was recorded on the statement of activities as follows:

General Government	\$ 195,902
Public Safety	69,240
Public Works – Streets	116,593
Public Works – Buildings/Grounds	7,163
Unallocated Depreciation	<u>1,220,262</u>
Total Governmental Depreciation	<u>\$ 1,609,160</u>

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 4 - CAPITAL ASSETS – continued

Capital asset activity for Business-Type Activities for the year ended December 31, 2011 follows:

<u>BUSINESS-TYPE ACTIVITIES</u>	<u>Balances</u> 01/01/11	<u>Additions</u>	<u>Dispositions/ Reclassif.</u>	<u>Balances</u> 12/31/11
Non-depreciable Assets:				
Land and Easements	\$ 170,571	\$ -	\$ -	\$ 170,571
Water Rights	9,137,235	-	-	9,137,235
Construction in Progress	608,503	882,986	-	1,491,489
Depreciable Capital Assets:				
Buildings/Improvements	91,221	-	-	91,221
Equipment	473,646	7,598	-	481,244
Infrastructure-Plant/Facility	423,085	4,314	-	427,399
Infrastructure-Utility System	37,396,600	14,255	-	37,410,855
Unamtz Debt Issue Costs	<u>71,024</u>	<u>-</u>	<u>(5,103)</u>	<u>65,921</u>
Total at Historical Cost	<u>48,371,885</u>	<u>909,153</u>	<u>(5,103)</u>	<u>49,275,935</u>
<i>Less Accumulated Depreciation:</i>				
Buildings/Improvements	(90,736)	-	-	(90,736)
Equipment	(328,930)	(22,937)	-	(351,867)
Infrastructure	<u>(7,235,165)</u>	<u>(1,054,404)</u>	<u>-</u>	<u>(8,289,569)</u>
Total Accum Depreciation	<u>(7,654,831)</u>	<u>(1,077,341)</u>	<u>-</u>	<u>(8,732,172)</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$40,717,054</u>	<u>\$ (168,188)</u>	<u>\$ (5,103)</u>	<u>\$40,543,763</u>

For the fiscal year ending December 31, 2011, amortization expense of \$5,103 was recorded in the Water Utility function on the statement of activities. Depreciation expense for business-type activities was recorded on the statement of activities as follows:

Water Utility	\$ 339,443
Wastewater Utility	727,234
Refuse Utility	<u>10,664</u>
Total Business-type Depreciation	<u>\$ 1,077,341</u>

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5 - 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>01/01/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>12/31/11</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<i>GOVERNMENTAL ACTIVITIES</i>					
Notes Payable					
- Wells Fargo	\$ 350,089	-	(112,106)	237,983	116,635
Compensated Absences -	<u>107,493</u>	<u>154,524</u>	<u>(145,633)</u>	<u>116,384</u>	<u>-</u>
GOVERNMENTAL LONG-TERM OBLIGATIONS	<u>\$ 457,582</u>	<u>\$ 154,524</u>	<u>\$ (257,739)</u>	<u>\$ 354,367</u>	<u>\$ 116,635</u>
<i>BUSINESS-TYPE ACTIVITIES</i>					
Notes Payable					
CWCB Loan	\$ 92,876	\$ -	\$ (8,029)	\$ 84,847	\$ 8,269
'97 CWRPDA	992,821	-	(128,798)	864,023	128,799
'07 CWRPDA	11,343,552	-	(140,712)	11,202,840	497,904
'07 Premium	423,504	-	(23,528)	399,976	-
'11 CWRPDA	-	1,288,966	-	1,288,966	48,695
Bonds					
Series 2004	2,880,000	-	(160,000)	2,720,000	165,000
Bond Premium	2,314	-	(166)	2,148	-
Compensated Absences -	<u>23,243</u>	<u>16,655</u>	<u>(14,904)</u>	<u>24,994</u>	<u>-</u>
BUSINESS-TYPE LONG-TERM OBLIGATIONS	<u>\$15,758,310</u>	<u>\$ 1,305,621</u>	<u>\$ (476,137)</u>	<u>\$16,587,794</u>	<u>\$ 848,667</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, 2011

NOTE 5 - LONG-TERM OBLIGATIONS - continued

GOVERNMENTAL ACTIVITIES – LONG-TERM OBLIGATIONS

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

Notes Payable:

Lease and Purchase Option

Lease and Purchase Option Agreement, payable to Wells Fargo Brokerage Services, LLC, payable in semiannual installments of \$62,500 through 2013 at 4.00% for Town Hall improvements with a depreciable value of \$1,021,965. The note is secured by the Town of Eagle Town Hall. The total outstanding balance at December 31, 2011 is \$237,983. The annual requirements to amortize the note payable are as follows:

Year Ended <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	116,635	8,365	125,000
2013	121,348	3,652	125,000
	<u>\$ 237,983</u>	<u>\$ 12,017</u>	<u>\$ 250,000</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, 2011. Total accrued compensated absences as of year-end for governmental activities were \$116,384.

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, 2011 is \$84,847. The loan is carried in the Water Fund. The annual requirements to amortize the installment note payable are as follows:

Year Ended <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 8,269	\$ 2,546	\$ 10,815
2013	8,518	2,297	10,815
2014	8,773	2,042	10,815
2015	9,036	1,779	10,815
2016	9,307	1,508	10,815
2017-2020	40,944	3,152	44,096
	<u>\$ 84,847</u>	<u>\$ 13,324</u>	<u>\$ 98,171</u>

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5 - LONG-TERM OBLIGATIONS - continued

BUSINESS-TYPE ACTIVITIES – LONG-TERM OBLIGATIONS - continued

Notes Payable - continued:

1997 CWRPDA Loan

The Town entered into a water pollution control revolving fund loan agreement with the Colorado Water Resources and Power Development Authority dated May 1, 1997. The loan carries an interest rate of 4.533% and is payable in 20 annual installments on August 1. The loan includes an administrative fee payable semi-annually. The total outstanding balance at December 31, 2011 is \$864,023. 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>
2012	\$ 128,799	\$ 30,232	\$ 159,031
2013	134,165	25,748	159,913
2014	139,532	21,077	160,609
2015	144,898	16,218	161,116
2016	150,265	11,173	161,438
2017	<u>166,364</u>	<u>5,871</u>	<u>172,235</u>
	<u>\$ 864,023</u>	<u>\$ 110,319</u>	<u>\$ 974,342</u>

<u>Year Ended</u> <u>December 31,</u>	<u>Service Fee</u>
2012	\$ 18,762
2013	18,762
2014	18,762
2015	18,762
2016	16,416
2017	<u>7,036</u>
	<u>\$ 98,500</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 \$6,820 in 2011. 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>
2012	\$ 6,190
2013	5,403
2014	4,577
2015	3,678
2016	4,423
2017	<u>2,245</u>
	<u>\$ 26,516</u>

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5 - LONG-TERM OBLIGATIONS - continued

BUSINESS-TYPE ACTIVITIES – LONG-TERM OBLIGATIONS - continued

Notes Payable - continued:

2007 CWRPDA Loan

The Town entered into a water pollution control revolving fund loan agreement with the Colorado Water Resources and Power Development Authority dated May 31, 2007. The loan is a 21-year leveraged loan that carries an interest rate of 3.5% and is payable in 43 semi-annual installments on February 1 and August 1. The loan includes an administrative fee payable semi-annually. The loan is for expansion of the extended aeration activated sludge plant conversion to a conventional activated sludge process. Under this loan the town is the subrecipient of Federal assistance from the Environmental Protection Agency Office of Water. In accordance with the Federal Program requirements, the Funds are not considered a 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, 2011 is \$11,202,840. 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>
2012	\$ 497,904	\$ 330,091	\$ 827,995
2013	514,140	314,881	829,021
2014	530,376	299,174	829,550
2015	541,200	282,971	824,171
2016	562,848	266,438	829,286
2017-2021	3,068,604	1,064,183	4,132,787
2022-2026	3,734,280	555,946	4,290,226
2027	<u>1,753,488</u>	<u>62,766</u>	<u>1,816,254</u>
	<u>\$11,202,840</u>	<u>\$ 3,176,450</u>	<u>\$14,379,290</u>

<u>Year Ended</u> <u>December 31,</u>	<u>Service Fee</u>
2012	\$ 92,047
2013	92,047
2014	92,047
2015	92,047
2016	92,047
2017-2021	460,237
2022-2026	460,237
2027	<u>80,541</u>
	<u>\$ 1,461,250</u>

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5 - LONG-TERM OBLIGATIONS - continued

BUSINESS-TYPE ACTIVITIES – LONG-TERM OBLIGATIONS - continued

Notes Payable - continued:

2011 CWRPDA Loan

The Town entered into a water pollution control revolving fund loan agreement with the Colorado Water Resources and Power Development Authority dated January 21, 2011, for rehabilitation of the downtown wastewater collection system. . The loan is a 20-year loan that carries an interest rate of 2.0% and is payable in 40 semi-annual installments (beginning May 1, 2012) on May 1 and November 1. Loan interest repayments include an administrative fee. Under this loan the town is the sub-recipient of Federal assistance from the Environmental Protection Agency. The Authority has created in the Water Pollution Control Revolving Fund a Project Loan Account for this project into which the Authority shall deposit Re-loan Funds to be used to pay the cost of the project, which project loan account shall be disbursed to the Town upon receipt of a requisition executed by an authorized officer and approved by the Authority and the State Department of Public Health and Environment. The total outstanding balance at December 31, 2011 is \$1,288,966. 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>
2012	\$ 48,695	\$ 4,411	\$ 53,106
2013	54,250	2,536	56,786
2014	55,341	3,445	58,786
2015	56,453	2,833	59,286
2016	57,588	3,198	60,786
2017-2021	305,773	14,155	319,928
2022-2026	337,764	27,165	364,929
2027-2031	373,102	16,091	389,193
	<u>\$ 1,288,966</u>	<u>\$ 73,834</u>	<u>\$ 1,362,800</u>

<u>Year Ended</u> <u>December 31,</u>	<u>Service Fee</u>
2012	\$ 19,000
2013	22,000
2014	20,000
2015	19,500
2016	18,000
2017-2021	74,000
2022-2026	29,000
2027-2031	4,735
	<u>\$ 206,235</u>

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5 - LONG-TERM OBLIGATIONS - continued

BUSINESS-TYPE ACTIVITIES – LONG-TERM OBLIGATIONS - continued

Bonds Payable:

2004 Series Water Enterprise Revenue Bonds:

Water Enterprise Revenue Bonds were issued in the amount of \$3,750,000 in 2004. The interest rate varies from 1.55% to 3.95%, payable semi-annually on June 1 and December 1, principal payable December 1. Final maturity date is December 1, 2024. The bonds are carried in the Water Fund. Total Outstanding Revenue Bonds at December 31, 2011 is \$2,720,000. The annual requirements to amortize the bonds as of year-end are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 165,000	\$ 115,827	\$ 280,827
2013	170,000	110,218	280,218
2014	175,000	104,097	279,097
2015	180,000	97,623	277,623
2016	190,000	90,782	280,782
2017-2021	1,075,000	327,633	1,402,633
2022-2024	765,000	71,300	836,300
	<u>\$ 2,720,000</u>	<u>\$ 917,480</u>	<u>\$ 3,637,480</u>

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

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

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

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

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

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5 - LONG-TERM OBLIGATIONS - continued

BUSINESS-TYPE ACTIVITIES – LONG-TERM OBLIGATIONS - continued

Compensated absences consist of the accrual for vacation and comp time earned by the Town's employees but not taken by December 31, 2011. Total accrued compensated absences as of year-end for business-type activities were \$24,994.

NOTE 6 - PENSION PLANS

The Town of Eagle provides pension benefits for all its full time employees. The employees of the Town participate in a retirement program adopted as a prototype money purchase plan with Heritage Trust and Asset Management, Inc. The Town contributes 6% of gross payroll per eligible employee annually to this plan, plus an additional matching contribution of 1% for contributing employees. Total covered payroll for the year subject to participation was \$1,950,284 compared to total payroll of \$2,274,676. The Town's retirement contribution for the year ended December 31, 2011 was \$136,520. All employees are vested at 20% per year and are 100% vested after 5 years.

NOTE 7 - PROPRIETARY FUND BUDGETS

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

	WATER ENTERPRISE FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
GAAP Operating Revenues	\$ 2,056,600	\$ 2,013,995	\$ (42,605)
GAAP Non-Operating Revenues	55,080	53,044	(2,036)
Less: Accretion of Bond Premium	-	(166)	(166)
Total Budgetary Revenues	2,111,680	2,066,873	(44,807)
<u>Expenses:</u>			
GAAP Operating Expenses	942,657	1,185,504	(242,847)
GAAP Non-Operating Expenses	174,814	174,380	434
Add: Debt Service Principal	168,029	168,029	-
Add: Capital Outlay	409,300	329,408	79,892
Change In: Accrued Interest	-	433	(433)
Change In: Vacation/Comp Time	-	(3,733)	3,733
Less: Depreciation & Amortization	-	(344,547)	344,547
Total Budgetary Expenditures	1,694,800	1,509,474	185,326
Net Income (Loss)-Budgetary	\$ 416,880	\$ 557,399	\$ 140,519

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 7 - PROPRIETARY FUND BUDGETS - continued

WASTEWATER ENTERPRISE FUND			
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
GAAP Operating Revenues	\$ 1,545,645	\$ 1,545,397	\$ (248)
GAAP Non-Operating Revenues	268,878	288,483	19,605
Add: Loan Proceeds	575,000	1,288,966	713,966
Less: Refunding Credit	-	(6,820)	(6,820)
Less: Accretion of Bond Premium	-	(23,528)	(23,528)
Total Budgetary Revenues	2,389,523	3,092,498	702,975
<u>Expenses:</u>			
GAAP Operating Expenses	665,578	1,348,659	(683,081)
GAAP Non-Operating Expenses	518,217	523,064	(4,847)
Add: Debt Service Principal	269,510	269,510	-
Add: Capital Outlay	580,000	579,745	255
Change In: Accrued Interest	-	1,879	(1,879)
Change In: Vacation/Comp Time	-	1,982	(1,982)
Less: Depreciation	-	(727,234)	727,234
Total Budgetary Expenditures	2,033,305	1,997,605	35,700
Net Income (Loss)-Budgetary	\$ 356,218	\$ 1,094,893	\$ 738,675

REFUSE ENTERPRISE FUND			
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
GAAP Operating Revenues	\$ 510,000	\$ 504,062	\$ (5,938)
GAAP Non-Operating Revenues	250	245	(5)
Total Budgetary Revenues	510,250	504,307	(5,943)
<u>Expenses:</u>			
GAAP Operating Expenses	496,000	504,992	(8,992)
GAAP Non-Operating Expenses	20,000	20,000	-
Less: Depreciation	-	(10,664)	10,664
Total Budgetary Expenditures	516,000	514,328	1,672
Net Income (Loss)-Budgetary	\$ (5,750)	\$ (10,021)	\$ (4,271)

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 8 - RISK MANAGEMENT

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

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

Combined financial statement data for CIRSA as of December 31, 2011 is as follows:

	<u>CIRSA</u>
Assets	<u>\$ 77,404,638</u>
Liabilities	\$ 43,787,928
Net Assets	<u>33,616,710</u>
	<u>\$ 77,404,638</u>
Revenue	
Member Contributions Earned (<i>Net of Excess Insurance Premiums of \$5,991,446</i>)	\$ 21,255,340
Investment Income and Other	<u>1,884,444</u>
Total Revenue	23,139,784
Expenses (<i>Net of Distributions and Credits of \$2,028,400</i>)	<u>25,512,018</u>
(Excess of Expenses Over Revenues)	<u>\$ (2,372,234)</u>

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

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

NOTE 9 - CONTINGENCIES

During the normal course of business, the Town incurs claims and other assertions against it from various agencies and individuals. Management and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2011.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 10 - POST-EMPLOYMENT HEALTHCARE COVERAGE

The Town provides post-employment healthcare coverage as an employee benefit for eligible retirees. To be eligible, retirees must have 1) twenty (20) years of service with the Town of Eagle and be sixty (60) years of age; or 2) thirty (30) years of service with the Town of Eagle and be fifty-five (55) years of age. This benefit ends when the retiree becomes eligible for Medicare. As of December 31, 2011 there are no eligible retirees receiving post-employment healthcare coverage benefits.

NOTE 11 - 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, 2011 no such proceeds were received by the Town and as such are not included in the Town's audited financial statements.

B. CWRPDA Loan Covenants

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

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

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

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

As of December 31, 2011, the Town was in compliance with such covenants.

C. 2004 Series Bond Issue

According to the 2004 Series Bond Issue Agreement, the Town of Eagle covenants to maintain a reserve fund in an amount equal to the lesser of an amount equal to 10% of the principal of the 2004 bonds then outstanding or the maximum amount which may be funded pursuant to the tax code. One-half of the reserve fund requirement is funded in a reserve cash account and the other half is funded by a reserve fund insurance policy. As of December 31, 2011, the Town was in compliance with the covenant.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 12 - 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.

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. In 2012, the Board of Directors of the Town of Gypsum, Colorado, has decided to terminate the agreement with the Town of Eagle electorate's approval of the Eagle River Station which includes a Big Box Retailer with in the Town of Eagle's boundaries.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 13 - TAX, SPENDING AND DEBT LIMITATION

TABOR Amendment – Revenue and Spending Limitation Agreement

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

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

TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic condition, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The required reserve at December 31, 2011 is \$118,500 in the General Fund and \$7,600 in the Capital Projects Fund.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Except for bond refinancing at a lower interest rate or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments. In 1994 the Town's electorate voted to allow the Town to collect, retain, and expend revenues notwithstanding any of TABOR'S restrictions. The Town's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits (and qualification of a fund as an Enterprise Fund) will require judicial interpretation.

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2011 through the issuance date of this report. Other than the following item, there has been no material event noted during this period that would impact the result reflected in this report or the Town's results going forward.

On May 22, 2012, voters approved the Eagle River Station development within the Town's boundaries. The development is a mixed-use project with its primary focus being a regionally-oriented retail shopping center. The project also includes a rental residential component and allows for a range of other uses including institutional uses, health/medical and entertainment. The construction of the East Eagle Interchange and connector road is required as a part of the project. The projected economic impact of the development includes new jobs and other economic impacts of construction and operation of the development.

REQUIRED SUPPLEMENTAL INFORMATION

GENERAL & SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULES

TOWN OF EAGLE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Local Taxes and Assessments	\$ 3,721,217	\$ 3,738,219	\$ 3,749,098	\$ 10,879
Licenses and Permits	97,000	113,700	118,616	4,916
Intergovernmental	495,532	469,773	470,701	928
Charges for Services	316,000	229,500	197,149	(32,351)
Fines, Forfeits and Penalties	50,800	42,000	49,697	7,697
Interest	10,004	2,500	2,858	358
Miscellaneous	24,710	26,090	29,547	3,457
Total Revenues	<u>4,715,263</u>	<u>4,621,782</u>	<u>4,617,666</u>	<u>(4,116)</u>
<u>Expenditures:</u>				
General Government	1,388,014	1,297,600	1,183,862	113,738
Public Safety	1,300,400	1,319,732	1,242,395	77,337
Public Works – Streets	1,194,845	1,176,152	1,096,756	79,396
Public Works – Buildings & Grounds	504,811	497,340	472,540	24,800
Total Expenditures	<u>4,388,070</u>	<u>4,290,824</u>	<u>3,995,553</u>	<u>295,271</u>
Excess Revenues Over (Under) Expenditures	327,193	330,958	622,113	291,155
<u>Other Financing Sources and (Uses):</u>				
Transfers (to) Other Funds	<u>(525,000)</u>	<u>(525,000)</u>	<u>(525,000)</u>	<u>-</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(197,807)	(194,042)	97,113	291,155
Fund Balances – Beginning	<u>669,417</u>	<u>911,362</u>	<u>911,362</u>	<u>-</u>
Fund Balances – Ending	<u>\$ 471,610</u>	<u>\$ 717,320</u>	<u>\$ 1,008,475</u>	<u>\$ 291,155</u>

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

TOWN OF EAGLE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – CONSERVATION TRUST FUND
For the Year Ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Intergovernmental	\$ 27,000	\$ 27,000	\$ 27,498	\$ 498
Interest	<u>100</u>	<u>100</u>	<u>109</u>	<u>9</u>
Total Revenues	<u>27,100</u>	<u>27,100</u>	<u>27,607</u>	<u>507</u>
<u>Expenditures:</u>				
Contingency	<u>43,414</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>43,414</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures	(16,314)	27,100	27,607	507
<u>Other Financing Sources (Uses):</u>				
Transfers (Out)	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(91,314)	27,100	27,607	507
Fund Balances – Beginning	<u>91,314</u>	<u>90,860</u>	<u>90,860</u>	<u>-</u>
Fund Balances – Ending	<u>\$ -</u>	<u>\$ 117,960</u>	<u>\$ 118,467</u>	<u>\$ 507</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Taxes-Local	\$ 119,000	\$ 105,089	\$ 99,399	\$ (5,690)
Interest	-	1,694	1,684	(10)
Land Sale	<u>-</u>	<u>56,705</u>	<u>52,250</u>	<u>(4,455)</u>
Total Revenues - Budgetary	<u>119,000</u>	<u>163,488</u>	<u>153,333</u>	<u>(10,155)</u>
<u>Expenditures:</u>				
Open - space Preservation	<u>77,810</u>	<u>257,415</u>	<u>129,602</u>	<u>17,813</u>
Total Expenditures - Budgetary	<u>77,810</u>	<u>257,415</u>	<u>239,602</u>	<u>17,813</u>
Excess Revenues Over (Under) Expenditures	41,190	(93,927)	(86,269)	7,658
Fund Balances–Beginning	<u>1,615,758</u>	<u>1,595,419</u>	<u>1,595,419</u>	<u>-</u>
Fund Balances–Ending	<u>\$ 1,656,948</u>	<u>\$ 1,501,492</u>	<u>\$ 1,509,150</u>	<u>\$ 7,658</u>

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

OTHER SUPPLEMENTAL INFORMATION

GENERAL FUND

TOWN OF EAGLE, COLORADO
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES & OTHER FINANCING SOURCES:			
TAXES – LOCAL:			
Real Property Taxes	\$ 449,467	\$ 449,868	\$ 401
Specific Ownership Taxes	19,500	19,837	337
Sales Taxes – General	2,670,000	2,654,021	(15,979)
Tax Revenue Sharing	400,000	429,122	29,122
Severance Tax Refund	1,252	1,252	-
Franchise Taxes	198,000	194,998	(3,002)
TOTAL TAXES - LOCAL	3,738,219	3,749,098	10,879
LICENSES & PERMITS:			
Business Licenses	33,500	31,769	(1,731)
Marketing Fee	7,800	15,180	7,380
Building Permits	72,000	71,367	(633)
Roadcut Permits	400	300	(100)
TOTAL LICENSES & PERMITS	113,700	118,616	4,916
INTERGOVERNMENTAL			
Motor Vehicle License Fee	25,000	24,486	(514)
Highway Users Tax	205,000	207,663	2,663
Cigarette Tax	12,000	11,947	(53)
Road & Bridge Tax	142,448	141,773	(675)
County Sales Tax	85,000	84,507	(493)
Federal Mineral Lease Revenues	325	325	-
TOTAL INTERGOVERNMENTAL	469,773	470,701	928
CHARGES FOR SERVICES			
Planning and Zoning Fees & Reimbursements	60,500	54,923	(5,577)
Facility Usage Fees & Deposits	33,000	32,226	(774)
Inspection and Planning Reimbursements	16,000	-	(16,000)
Other Reimbursable Income	10,000	-	(10,000)
Administrative Services – Enterprise Funds	110,000	110,000	-
TOTAL CHARGES FOR SERVICES	229,500	197,149	(32,351)
FINES, FORFEITS & PENALTIES – TOTAL	42,000	49,697	7,697
INTEREST INCOME – TOTAL	2,500	2,858	358
MISCELLANEOUS			
Rental Income	6,090	6,730	640
Other	20,000	22,817	2,817
TOTAL MISCELLANEOUS	26,090	29,547	3,457
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 4,621,782	\$ 4,617,666	\$ (4,116)

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, 2011

	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES & OTHER FINANCING USES:			
GENERAL GOVERNMENT:			
Personnel Services	\$ 808,300	\$ 765,782	\$ 42,518
Supplies	11,450	10,118	1,332
Purchased Services	328,850	293,134	35,716
Insurance	47,000	46,543	457
Capital Outlay	7,000	4,685	2,315
Community Requests	75,000	63,600	11,400
Contingency	20,000	-	20,000
TOTAL GENERAL GOVERNMENT	1,297,600	1,183,862	113,738
PUBLIC SAFETY:			
Personnel Services	1,041,095	981,028	60,067
Supplies	42,800	42,891	(91)
Purchased Services	207,837	200,649	7,188
Insurance	16,000	16,000	-
Capital Outlay	2,000	1,527	473
Special Drug Fund	-	300	(300)
Contingency	10,000	-	10,000
TOTAL PUBLIC SAFETY	1,319,732	1,242,395	77,337
PUBLIC WORKS – STREETS:			
Personnel Services	678,402	658,518	19,884
Supplies	150,000	98,855	51,145
Purchased Services	320,750	315,726	5,024
Insurance	17,000	17,000	-
Capital Outlay	10,000	6,657	3,343
Contingency	-	-	-
TOTAL PUBLIC WORKS - STREETS	1,176,152	1,096,756	79,396
PUBLIC WORKS – BUILDINGS & GROUNDS:			
Personnel Services	276,440	266,541	9,899
Supplies	73,800	74,412	(612)
Purchased Services	136,000	122,587	13,513
Insurance	9,000	9,000	-
Capital Outlay	-	-	-
Contingency	2,000	-	2,000
TOTAL PUBLIC WORKS – BLDGS & GROUNDS	497,340	472,540	24,800
OTHER FINANCING USES:			
Operating Transfers Out – TOTAL	525,000	525,000	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 4,815,824	\$ 4,520,553	\$ 295,271

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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Interest	\$ 730	\$ 701	\$ (29)
Total Revenues	<u>730</u>	<u>701</u>	<u>(29)</u>
<u>Expenditures:</u>			
Town Hall Payment	125,000	125,000	-
Contingency Reserve	<u>253,639</u>	<u>-</u>	<u>253,639</u>
Total Expenditures	<u>378,639</u>	<u>125,000</u>	<u>253,639</u>
Excess Revenues Over (Under) Expenditures	<u>(377,909)</u>	<u>(124,299)</u>	<u>253,610</u>
<u>Other Financing Sources and (Uses):</u>			
Transfer from General Fund	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(252,909)	701	253,610
Fund Balances – Beginning	<u>670,191</u>	<u>670,191</u>	<u>-</u>
Fund Balances – Ending	<u>\$ 417,282</u>	<u>\$ 670,892</u>	<u>\$ 253,610</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, 2011

	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Use Tax	\$ 72,000	\$ 72,314	\$ 314
Community Enhancement Tax	37,154	37,155	1
Interest	4,500	4,635	135
Total Revenues	113,654	114,104	450
<u>Expenditures:</u>			
General Government:			
Bear Creek Park Sprinkler System	40,000	39,700	300
Pool & Ice Rink Maintenance Fund	80,000	80,000	-
Public Safety:			
Police Department Equipment	32,500	32,404	96
Public Works – Streets:			
Transportation/ROW Improvements	444,548	100,529	344,019
Contingency	17,500	-	17,500
Total Expenditures	614,548	252,633	361,915
Excess Revenues Over (Under) Expenditures	(500,894)	(138,529)	362,365
<u>Other Financing Sources and (Uses):</u>			
Transfer from General Fund	400,000	400,000	-
Total Other Financing Sources	400,000	400,000	-
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(100,894)	261,471	362,365
Fund Balances – Beginning	4,060,350	4,060,350	-
Fund Balances – Ending	\$ 3,959,456	\$ 4,321,821	\$ 362,365

OTHER SUPPLEMENTAL INFORMATION

NON-MAJOR SPECIAL REVENUE FUNDS

TOWN OF EAGLE, COLORADO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2011

	Special Revenue Funds		
	Conservation Trust Fund	Open Space Preservation Fund	Total
<u>Assets:</u>			
Current Assets:			
Cash and Investments	\$ 118,467	\$ 1,502,209	\$ 1,620,676
Accounts Receivable	-	9,262	9,262
 Total Assets	 \$ 118,467	 \$ 1,511,471	 \$ 1,629,938
<u>Liabilities and Fund Equity</u>			
Current Liabilities:			
Accounts Payable	\$ -	\$ 1,600	\$ 1,600
Accrued Payroll	-	721	721
 Total Liabilities	 -	 2,321	 2,321
Fund Equity:			
Fund Balances – Restricted	118,467	1,509,150	1,627,617
 Total Liabilities and Fund Equity	 \$ 118,467	 \$ 1,511,471	 \$ 1,629,938

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, 2011

	Special Revenue Funds		
	Conservation Trust Fund	Open Space Preservation Fund	Total
<u>Revenues:</u>			
Taxes - Local	\$ -	\$ 99,399	\$ 99,399
Intergovernmental	27,498	-	27,498
Interest	109	1,684	1,793
Land Sale	-	52,250	52,250
	27,607	153,333	180,940
<u>Expenditures:</u>			
Open-space Preservation	-	239,602	239,602
	-	239,602	239,602
Excess Revenues Over (Under) Expenditures	27,607	(86,269)	(58,622)
<u>Other Financing Sources and (Uses):</u>			
Transfers (to) Other Funds	-	-	-
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	27,607	(86,269)	(58,662)
Fund Balances – Beginning	90,860	1,595,419	1,686,279
Fund Balances – Ending	\$ 118,467	\$ 1,509,150	\$ 1,627,617

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, 2011

	Water Enterprise Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Budgetary Revenues:</u>			
GAAP Operating Revenues:			
Service Fees	\$ 2,000,000	\$ 1,957,669	\$ (42,331)
Meters and Materials	56,600	56,326	(274)
GAAP Non-Operating Revenues:			
Tap and Improvement Fees	50,000	42,925	(7,075)
Interest & Earnings on Investments	5,080	4,953	(127)
Intergovernmental Grants	-	5,000	5,000
Accretion of Bond Premium	-	166	166
Less: Accretion of Bond Premium	-	(166)	(166)
 Total Budgetary Revenues	 <u>2,111,680</u>	 <u>2,066,873</u>	 <u>(44,807)</u>
<u>Budgetary Expenditures:</u>			
GAAP Operating Expenses:			
Personnel Services	458,307	438,969	19,338
Supplies	131,000	109,388	21,612
Purchased Services	311,350	270,600	40,750
Insurance	22,000	22,000	-
Depreciation and Amortization	-	344,547	(344,547)
Contingency	20,000	-	20,000
GAAP Non-Operating Expenses:			
Interest and Fiscal Charges	124,814	124,380	434
Administrative Fee – General Fund	50,000	50,000	-
Debt Service Principal	168,029	168,029	-
Capital Outlay	409,300	329,408	79,892
Change in Accrued Interest Adjustment	-	433	(433)
Change in Vacation/Comp Time Accrual	-	(3,733)	3,733
Less: Depreciation & Amortization	-	(344,547)	344,547
 Total Budgetary Expenditures	 <u>1,694,800</u>	 <u>1,509,474</u>	 <u>185,326</u>
 Budgetary Net Income (Loss)	 <u>\$ 416,880</u>	 <u>\$ 557,399</u>	 <u>\$ 140,519</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, 2011

	Wastewater Enterprise Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Budgetary Revenues:</u>			
GAAP Operating Revenues:			
Service Fees	\$ 1,545,645	\$ 1,542,490	\$ (3,155)
Meters and Materials	-	2,907	2,907
GAAP Non-Operating Revenues:			
Tap and Improvement Fees	93,000	84,000	(9,000)
Property Taxes	175,278	173,501	(1,777)
Interest & Earnings on Investments	600	634	34
Accretion of Bond Premium	-	23,528	23,528
Refunding Credit	-	6,820	6,820
Add: Proceeds from Debit Issue	575,000	1,288,966	713,966
Less: Refunding Credit	-	(6,820)	(6,820)
Less: Accretion of Bond Premium	-	(23,528)	(23,528)
	<u>2,389,523</u>	<u>3,092,498</u>	<u>702,975</u>
<u>Budgetary Expenditures:</u>			
GAAP Operating Expenses:			
Personnel Services	231,727	226,675	5,052
Supplies	87,000	102,054	(15,054)
Purchased Services	266,250	242,266	23,984
Insurance	24,000	24,000	-
Noncapitalized Outlay/Repairs	30,000	19,828	10,172
Depreciation and Amortization	-	727,234	(727,234)
Contingency	26,601	6,602	19,999
GAAP Non-Operating Expenses:			
Interest and Fiscal Charges	478,217	483,064	(4,847)
Administrative Fee – General Fund	40,000	40,000	-
Debt Service Principal	269,510	269,510	-
Capital Outlay	580,000	579,745	255
Change in Accrued Interest	-	1,879	(1,879)
Change in Vacation/Comp Time	-	1,982	(1,982)
Less: Depreciation & Amortization	-	(727,234)	727,234
	<u>2,033,305</u>	<u>1,997,605</u>	<u>35,700</u>
 Budgetary Net Income (Loss)	 <u>\$ 356,218</u>	 <u>\$ 1,094,893</u>	 <u>\$ 738,675</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, 2011

	Refuse Enterprise Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Budgetary Revenues:</u>			
GAAP Operating Revenues:			
Service Fees	\$ 510,000	\$ 504,062	\$ (5,938)
GAAP Non-Operating Revenues:			
Interest & Earnings on Investments	250	245	(5)
Total Budgetary Revenues	510,250	504,307	(5,943)
<u>Budgetary Expenditures:</u>			
GAAP Operating Expenses:			
Purchased Services	496,000	494,328	1,672
Depreciation and Amortization	-	10,664	(10,664)
GAAP Non-Operating Expenses:			
Administrative Fee – General Fund	20,000	20,000	-
Less: Depreciation & Amortization	-	(10,664)	10,664
Total Budgetary Expenditures	516,000	514,328	1,672
Budgetary Net Income (Loss)	\$ (5,750)	\$ (10,021)	\$ (4,271)

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

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

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Eagle, Colorado
	YEAR ENDING : December 2011

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	315,003
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	659,550
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	7,500
2. General fund appropriations	0	b. Snow and ice removal	150,000
3. Other local imposts (from page 2)	964,884	c. Other	12,500
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	170,000
5. Transfers from toll facilities	0	4. General administration & miscellaneous	50,000
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	2,500
a. Bonds - Original Issues	0	6. Total (1 through 5)	1,197,053
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	964,884	b. Redemption	0
B. Private Contributions	0	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	232,149	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	1,197,033	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	1,197,033

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

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	1,197,033	1,197,033	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING:
December 2011

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes & Use Tax	945,047	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	19,837	g. Other Misc. Receipts	0
6. Total (1. through 5.)	964,884	h. Other Road & Bridge Tax	0
c. Total (a. + b.)	964,884	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	207,663	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	24,486	d. Federal Transit Admin	0
d. Other (Specify)	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	24,486	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	232,149	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	79,035	0	79,035
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	235,968	0	235,968
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	235,968	0	235,968
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	315,003	0	315,003
			(Carry forward to page 1)

Notes and Comments: