

Town of Dillon, Colorado



Financial Statements December 31, 2016



TABLE OF CONTENTS

	<u>PAGES</u>
Financial Section	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Balance Sheet – Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Statement of Assets and Liabilities – Agency Fund	22
Notes to the Financial Statements	23
Required Supplementary Information	
General Fund – Budgetary Comparison Schedule	39
Notes to Required Supplementary Information	40
Supplementary Information	
Nonmajor Governmental Funds	41
Combining Balance Sheet – Nonmajor Governmental Funds	42

TABLE OF CONTENTS
(continued)

	<u>PAGES</u>
Supplementary Information (continued)	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	43
Capital Improvement Fund – Budgetary Comparison Schedule	44
Street Improvement Fund – Budgetary Comparison Schedule	45
Conservation Trust Fund – Budgetary Comparison Schedule	46
Housing Initiative 5A Fund – Budgetary Comparison Schedule	47
Cemetery Perpetual Care Fund – Budgetary Comparison Schedule	48
Dillon Urban Renewal Authority – Budgetary Comparison Schedule	49
Water Fund – Budgetary Comparison Schedule	50
Sewer Fund – Budgetary Comparison Schedule	51
Marina Fund – Budgetary Comparison Schedule	52
Statement of Changes in Assets and Liabilities – Agency Fund	53
Compliance Section	
Local Highway Finance Report	54

Financial Section



Honorable Mayor and Town Council
Town of Dillon
Dillon, Colorado

INDEPENDENT AUDITORS' 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 Dillon as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Dillon, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dillon as of December 31, 2016, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters (Required Supplementary Information)

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and the required supplementary information listed 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 information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters (Other Information)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Dillon’s basic financial statements. The supplementary information and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



June 5, 2017

Management's Discussion and Analysis

As management of the Town of Dillon, we offer readers of the Town of Dillon's financial statements this narrative overview and analysis of the financial activities of the Town of Dillon for the fiscal year ended December 31, 2016.

Financial Highlights

- The assets of the Town of Dillon exceeded its liabilities at the close of fiscal year 2016 by \$23,907,858 (*net position*). Of this amount, \$6,457,589 (*unrestricted net position*) may be used to meet the Town of Dillon's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$445,921.
- As of the close of the fiscal year 2016, the Town of Dillon's governmental activities reported ending net position of \$9,874,244 an increase of \$36,207 compared with the prior year. Approximately 35.7% of this total amount, \$3,529,157, is available for spending at the Town's discretion (*unrestricted net position*).
- At the end of the fiscal year ended December 31, 2016, unrestricted fund balance for the General Fund was \$1,973,988, or 44.3% of the total general fund expenditures.
- The Town of Dillon's total debt increased by \$4,142,734 during the fiscal year ended December 31, 2016.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Dillon's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the Town of Dillon's assets and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Dillon is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town of Dillon that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Dillon include general government, public safety, public works, community development, culture and recreation, housing and the Dillon Urban Renewal Authority. The business-type activities of the Town of Dillon include a water utility that treats and distributes water (the Water Fund), a sewer utility that maintains the sewer collection system (the Sewer Fund) and a marina program (the Marina Fund) that operates and maintains the Dillon Marina.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Dillon maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Improvement Fund and Street Improvement Fund, which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Town of Dillon adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds. The Town of Dillon maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Dillon uses enterprise funds to account for its water and sewer utilities and marina operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer and Marina Funds, all of which are considered to be major funds of the Town of Dillon.

Fiduciary funds. The Town of Dillon has one fiduciary fund, the Summit County Telecommunications Consortium (SCTC). The activities of the SCTC are reported in a separate Statement of Assets and Liabilities and Changes in Assets and Liabilities. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town of Dillon's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements are found on pages 22 and 53 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements and the required supplementary information. The combining fund statements can be found on pages 42-43.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Dillon, assets exceeded liabilities by \$23,907,858 at the close of the fiscal year 2016.

The net position of the Town at December 31, 2016 was:

Town of Dillon's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 11,258,374	\$ 6,338,582	\$ 4,953,451	\$ 4,845,790	\$ 16,211,825	\$ 11,184,372
Capital Assets	13,217,424	13,546,712	14,215,712	14,337,034	27,433,136	27,883,746
Total Assets	<u>24,475,798</u>	<u>19,885,294</u>	<u>19,169,163</u>	<u>19,182,824</u>	<u>43,644,961</u>	<u>39,068,118</u>
Other Liabilities	268,130	210,352	184,392	262,786	452,522	473,138
Noncurrent Liabilities	14,095,636	9,607,921	4,951,157	5,296,138	19,046,793	14,904,059
Total Liabilities	<u>14,363,766</u>	<u>9,818,273</u>	<u>5,135,549</u>	<u>5,558,924</u>	<u>19,499,315</u>	<u>15,377,197</u>
Total Deferred Inflows of Resources	<u>237,788</u>	<u>228,984</u>	<u>-</u>	<u>-</u>	<u>237,788</u>	<u>228,984</u>
Net Position:						
Invested in Capital Assets, Net of Related Debt	4,229,722	4,029,779	11,105,182	11,126,379	15,334,904	15,156,158
Restricted	2,115,365	2,163,200	-	-	2,115,365	2,163,200
Unrestricted	3,529,157	3,645,058	2,928,432	2,497,521	6,457,589	6,142,579
Total Net Position	<u>\$ 9,874,244</u>	<u>\$ 9,838,037</u>	<u>\$ 14,033,614</u>	<u>\$ 13,623,900</u>	<u>\$ 23,907,858</u>	<u>\$ 23,461,937</u>

A large portion of the Town of Dillon's net position (64.1%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Dillon'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 of Dillon's net position (8.85%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$6,457,589) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Dillon is able to report positive balances in all three categories of net position, both for the Town as a whole, as well as for its separate governmental and business-type activities.

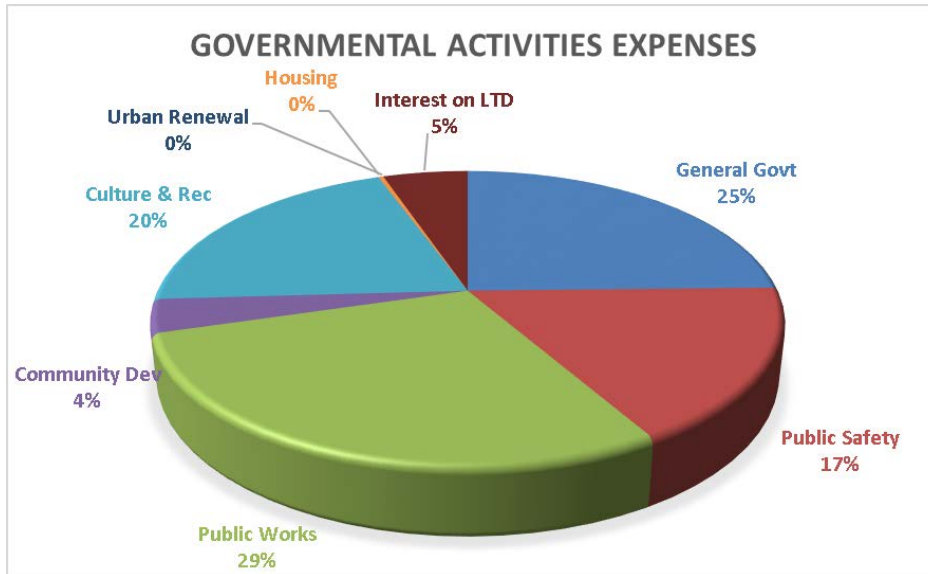
The Town of Dillon's net position increased by \$445,921 during the fiscal year 2016. The net position of Governmental Activities increased by \$36,207 which can be attributed to an increase in revenues including sales tax, lodging tax and recreational marijuana excise tax offset by increases in personnel costs and annual debt payments. Net position of Business-Type Activities increased by \$409,714 which is the result of an increase in water usage fees, marina fees and an increase in the investment in the Joint Sewer Authority offset by increases in personnel costs.

Governmental activities. Governmental activities increased the Town of Dillon’s net position by \$36,207. The following are illustrative summaries of Governmental Activities breaking out revenues and expenses:

Town of Dillon's Changes in Net Position

	Governmental		Business Type		Total	
	2016	2015	2016	2015	2016	2015
Program Revenues						
Charges for Services	\$ 233,899	\$ 205,633	\$ 3,223,512	\$ 3,037,105	\$ 3,457,411	\$ 3,242,738
Operating Grants and Contributions	133,569	150,202	-	-	133,569	150,202
Capital Grants and Contributions	208,662	141,426	55,664	57,021	264,326	198,447
General Revenues						
Sales Tax	6,019,651	6,073,888	-	-	6,019,651	6,073,888
Property Tax	216,978	208,401	-	-	216,978	208,401
Lodging Tax	171,023	168,239	-	-	171,023	168,239
Other Tax	357,600	148,486	-	-	357,600	148,486
Grants & Contributions not Restricted to Specific Programs	15,043	15,576	-	-	15,043	15,576
Other General Revenues	261,694	181,682	114,903	157,098	376,597	338,780
Total Revenues	<u>7,618,119</u>	<u>7,293,533</u>	<u>3,394,079</u>	<u>3,251,224</u>	<u>11,012,198</u>	<u>10,544,757</u>
Program Expenses						
General Government	1,878,663	1,484,572	-	-	1,878,663	1,484,572
Public Safety	1,295,649	1,279,465	-	-	1,295,649	1,279,465
Public Works	2,191,519	2,108,356	-	-	2,191,519	2,108,356
Community Development	279,488	223,642	-	-	279,488	223,642
Culture and Recreation	1,553,800	662,434	-	-	1,553,800	662,434
Housing	23,436	20,899	-	-	23,436	20,899
Urban Renewal	340	181	-	-	340	181
Interest on Long-Term Debt	397,084	408,583	-	-	397,084	408,583
Water	-	-	1,052,105	789,382	1,052,105	789,382
Sewer	-	-	781,589	872,200	781,589	872,200
Marina	-	-	1,112,604	1,192,167	1,112,604	1,192,167
Total Expenses	<u>7,619,979</u>	<u>6,188,132</u>	<u>2,946,298</u>	<u>2,853,749</u>	<u>10,566,277</u>	<u>9,041,881</u>
Transfers	38,067	38,067	(38,067)	(38,067)	-	-
Changes in Net Position	36,207	1,143,468	409,714	359,408	445,921	1,502,876
Net Position-Beginning of Year	<u>9,838,037</u>	<u>8,694,569</u>	<u>13,623,900</u>	<u>13,264,492</u>	<u>23,461,937</u>	<u>21,959,061</u>
Net Position-End of Year	<u>\$9,874,244</u>	<u>\$ 9,838,037</u>	<u>\$ 14,033,614</u>	<u>\$ 13,623,900</u>	<u>\$ 23,907,858</u>	<u>\$ 23,461,937</u>

- Sales tax, the primary source of revenues to the General Fund (79% of governmental revenues), decreased \$54,237 from 2015 as a result of reclassifying excise tax from retail marijuana businesses to a separate category for tracking. The Town experienced the loss of two major retailers in July 2016 but increases in other sectors offset those losses.
- Property tax increased 4.1% over 2015 due to decreases in assessed valuation.
- Lodging tax collections increased 1.6% over 2015.
- Charges for services increased 13.7% over 2015 due to increases in fines and forfeitures and rentals of town facilities.
- Operating grants and contributions were down 11.1% due to a reduction in grant proceeds from the Colorado Department of Transportation for DUI and Click It or Ticket campaigns.

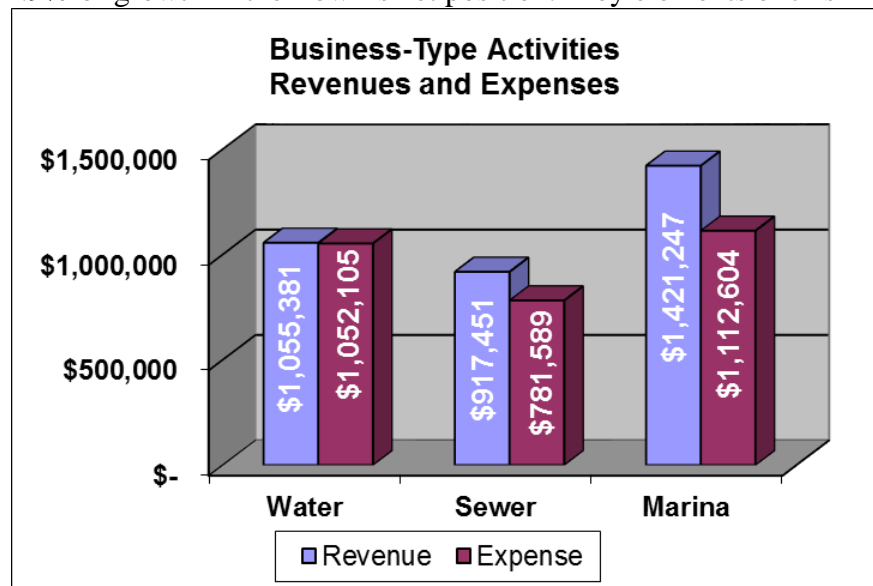


- Expenses for governmental activities are up 23%. The chart to the left (see *Governmental Activities Expenses*) represents department expenses as a percentage of the total expenses for governmental activities.
- General government expenses are up 26.5% due to additional events spending, economic development efforts and salary and benefit increases.

- Public safety expenses increased 1.2% due to salary and benefit increases.
- Public works expenses increased 3.9% due to the increase in spending on vehicle and equipment maintenance and salary and benefits.
- Community Development expenses increased 135% due to the addition of an engineering intern to assist the department with the major capital projects and new development projects.
- Culture and Recreation increased 1.3% due to an increase in spending on Marina Park and amphitheater improvements.
- Core Services (public safety, public works and culture and recreation) make up 66% of the expenses. General Government consists of Town Council, general administration, economic development, marketing, communications and events.

Business-type activities. Business-type activities increased the Town of Dillon’s net position by \$409,714, accounting for 91.9% of growth in the Town’s net position. Key elements of this increase are as follows:

- Charges for services increased 6.1% due to increases in water usage fees and marina revenues from slips, boat rentals, fuel sales and sailing school.
- Water and Sewer and Marina Funds reflect net incomes as shown in the chart to the right.



Financial Analysis of the Town of Dillon's Funds

As noted earlier, the Town of Dillon uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town of Dillon's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Dillon's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year 2016, the Town of Dillon's governmental funds reported combined ending fund balances of \$10,784,452, an increase of \$4,843,042 (82%) over 2015. Approximately 18.3% of this total amount constitutes unassigned fund balance (\$1,973,988), which is available for spending at the Town's discretion. The remainder of fund balance is restricted or assigned to indicate that it is not available for new spending because it has already been either restricted for 1) emergencies (\$224,490), 2) parks and open space projects (\$27,508), 3) affordable housing projects (\$578,995), 4) streets (\$1,203,670), 5) debts proceeds for amphitheater improvements (\$5,000,000) or assigned for 1) cemetery purposes (\$19,744), 2) capital projects (\$1,659,057) 3) urban renewal (\$4,168) or nonspendable for notes receivable (\$3,950), prepaid expenditures (\$8,180) and cemetery perpetual care balances (\$80,702).

The General Fund is the chief operating fund of the Town of Dillon. At the end of the fiscal year 2016, unassigned fund balance of the General Fund was \$1,973,988, while the total fund balance was \$2,210,608. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represents 44.3% and 49.6% of the total general fund expenditures, respectively.

The Capital Improvement Fund ended the year with a fund balance of \$6,659,057. The net increase in fund balance during the fiscal year 2016 was \$5,233,946 as a result of issuing a \$5 million bank lease for funding the amphitheater improvements that are anticipated to begin in the summer of 2017.

The Street Improvement Fund was created in 2008 to account for the issuance of debt for funding street reconstruction projects that were approved by the voters in 2008. The funding source for the debt repayment is the voter approved .5% sales tax. The fund balance at December 31, 2016 is \$1,203,670. The net decrease in the fund balance for 2016 was \$160,417 as a result of spending the bond proceeds for the Lodgepole Street reconstruction project that will be completed in the summer of 2017.

The nonmajor special revenue funds include the Conservation Trust Fund, Housing Initiative 5A Fund, Cemetery Perpetual Care Fund and the Dillon Urban Renewal Authority. The fund balance in the Conservation Trust Fund (\$27,508) is restricted by the State of Colorado for parks and open space projects as approved by Great Outdoors Colorado (GOCO). The Housing Initiative 5A Fund was created in 2007 to collect the voter approved sales tax of .125% and the impact fee. All expenditures must be used for affordable housing and the current fund balance is \$578,995. The Cemetery Perpetual Care Fund has a current fund balance of \$100,446 and only the donations, capital fee and interest earnings can be expended for cemetery purposes. The

Cemetery Advisory Committee is charged with obtaining donations and make recommendations for future projects. The Dillon Urban Renewal Authority (DURA) was established by the Town for the purposes of revitalizing blighted areas. The Town Council serves as the governing body for DURA.

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

Unrestricted net position of the Water, Sewer and Marina Funds at the end of the year amounted to \$2,928,432. The changes in unrestricted net position for all three funds were an increase of \$3,276 for Water, \$135,862 for Sewer and \$270,576 for Marina. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town of Dillon's business-type activities.

General Fund Budgetary Highlights

The fund balance of the Town of Dillon's General Fund decreased by \$361,648 (14%) during the current fiscal year. Revenues were over budget by \$171,490 due to the growth in the economy. Expenditures were under budget by \$71,596 (1.6%) due to staff vacancies in public safety and public works and reduction in spending in snow removal and planning consultant fees. Supplemental appropriations were approved by Town Council for donations to non-profits, administrative spending and transfers to the Capital Improvement Fund.

Capital Asset and Debt Administration

Capital assets. The Town of Dillon's investment in capital assets for its governmental and business-type activities as of December 31, 2016, amounts to \$27,433,136 (net of accumulated depreciation). This investment in capital assets includes land, streets, sidewalks, buildings, equipment and vehicles, parks and amphitheatre, furniture and fixtures, water plant, water and sewer lines, marina facilities and other improvements.

Town of Dillon's Capital Assets

	Governmental		Business Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Land	\$ 2,091,562	\$ 2,091,562	\$ 219,652	\$ 219,652	\$ 2,311,214	\$ 2,311,214
Water Rights	-	-	2,738,830	2,738,830	\$ 2,738,830	\$ 2,738,830
Construction in Progress	785,740	79,052	-	1,914,573	\$ 785,740	\$ 1,993,625
Infrastructure	18,526,952	18,310,132	8,225,818	8,227,146	\$26,752,770	\$26,537,278
Buildings	1,614,670	1,614,670	480,243	480,243	\$ 2,094,913	\$ 2,094,913
Equipment & Vehicles	2,912,210	3,096,571	822,338	933,258	\$ 3,734,548	\$ 4,029,829
Parks & Amphitheatre	3,057,850	3,057,850	-	-	\$ 3,057,850	\$ 3,057,850
Furniture & Fixtures	311,075	288,947	-	-	\$ 311,075	\$ 288,947
Water Plant	-	-	5,823,554	3,738,488	\$ 5,823,554	\$ 3,738,488
Improvements	-	-	4,670,627	4,646,981	\$ 4,670,627	\$ 4,646,981
Total	<u>\$29,300,059</u>	<u>\$28,538,784</u>	<u>\$22,981,062</u>	<u>\$22,899,171</u>	<u>\$52,281,121</u>	<u>\$51,437,955</u>

Major capital asset events during the current fiscal year included the following:

- Amphitheatre Design (\$248k).
- Lodgepole Street Improvements (\$177k).
- Purchase of Equipment/Vehicles (\$216k).
- Stairs to Marina parking lot and on Lodgepole (\$122k).
- Computer Server and Sound System (\$116k).
- Water/Sewer Main Installations (\$255k).
- Marina rental boats (\$33k)
- Marina Dock improvements (\$23k)

Long-term debt. At the end of the current fiscal year, the Town of Dillon had total long term debt outstanding of \$19,046,793. Of this amount, \$3,058,487 in water utility loans, \$147,252 in sewer utility loans, \$1,734,000 for the marina shoreline replacement project, and \$8,940,000 in bonds secured solely by specified revenue sources (i.e. revenue bonds). Additionally, the Town of Dillon has \$5,066,000 in lease financing for the amphitheater improvements, \$119,352 in compensated absences and a bond discount (\$18,298). The Town of Dillon's total debt increased by \$4,142,734 during the current fiscal year due to the bank lease to fund the amphitheater improvements scheduled for 2017 and 2018.

Town of Dillon's Outstanding Debt

	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Water Utility Loans	\$ -	\$ -	\$ 3,058,487	\$ 3,167,215	\$ 3,058,487	\$ 3,167,215
Sewer Utility Loans	-	-	147,252	288,368	\$ 147,252	\$ 288,368
Marina Facility Loans	-	-	1,734,000	1,821,000	\$ 1,734,000	\$ 1,821,000
Revenue Bonds	8,940,000	9,415,000	-	-	\$ 8,940,000	\$ 9,415,000
Capital Lease Obligations	5,066,000	121,717	-	-	\$ 5,066,000	\$ 121,717
Compensated Absences	107,934	90,988	11,418	19,555	\$ 119,352	\$ 110,543
Bond Discount	(18,298)	(19,784)	-	-	\$ (18,298)	\$ (19,784)
Total	<u>\$14,095,636</u>	<u>\$ 9,607,921</u>	<u>\$ 4,951,157</u>	<u>\$ 5,296,138</u>	<u>\$19,046,793</u>	<u>\$14,904,059</u>

Economic Factors and Next Year's Budget and Rates

- Sales tax revenues account for 78% of total governmental fund revenues and is the primary source for providing funds for general operations, maintenance, debt payments and capital projects of the Town of Dillon.
- Sales tax collections in 2017 were projected to be flat to 2016.
- Assessed valuations have decreased slightly by .13% from 2016 to 2017.
- Capital spending represents 54% of the 2017 budget of all expenditures appropriated for capital projects in the Capital Improvement Fund, Street Improvement Fund, Water Fund, Sewer Fund and Marina Fund.
- Major capital projects for 2017 include the amphitheater improvements project, reconstruction of Lodgepole Street including the intersection of Lake Dillon Drive, completion of the stairs to the Marina parking lot, resurfacing of LaBonte Street from Buffalo to Lake Dillon Drive, water main replacement along Highway 6, emergency power at the water plant, demolition of the old storage tank, replacement of sewer manholes and replacement of a portion of the marina rental boat fleet.

All of these factors were considered in the preparation for the Town of Dillon's budget for the 2017 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town of Dillon's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Carri McDonnell, Finance Director, Town of Dillon, P.O. Box 8, Dillon, CO 80435, or to carrim@townofdillon.com, or (970) 262-3404.

TOWN OF DILLON, COLORADO
STATEMENT OF NET POSITION
December 31, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 4,892,729	\$ 3,062,409	\$ 7,955,138
Restricted Cash and Investments	5,000,000	-	5,000,000
Accounts Receivable	59,386	61,833	121,219
Current Taxes Receivable	1,876	-	1,876
Intergovernmental Receivable	1,054,465	-	1,054,465
Property Taxes Receivable	237,788	-	237,788
Notes Receivable	3,950	-	3,950
Prepaid Expenses	8,180	-	8,180
Investment in Joint Sewer Authority	-	1,829,209	1,829,209
Capital Assets			
Non-Depreciable Assets	2,877,302	2,958,482	5,835,784
Depreciable Assets, Net	10,340,122	11,257,230	21,597,352
Total Assets	24,475,798	19,169,163	43,644,961
LIABILITIES			
Accounts Payable	111,188	111,112	222,300
Interest Payable	31,996	57,574	89,570
Accrued Liabilities	92,681	15,706	108,387
Deposits	9,135	-	9,135
Unearned Revenues	23,130	-	23,130
Noncurrent Liabilities			
Due Within One Year	620,031	360,331	980,362
Due in More Than One Year	13,475,605	4,590,826	18,066,431
Total Liabilities	14,363,766	5,135,549	19,499,315
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	237,788	-	237,788
NET POSITION			
Net Investment in Capital Assets	4,229,722	11,105,182	15,334,904
Restricted for:			
Cemetery, Nonexpendable	80,702	-	80,702
Emergencies	224,490	-	224,490
Parks and Open Space	27,508	-	27,508
Housing	578,995	-	578,995
Streets	1,203,670	-	1,203,670
Unrestricted	3,529,157	2,928,432	6,457,589
Total Net Position	\$ 9,874,244	\$ 14,033,614	\$ 23,907,858

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

TOWN OF DILLON, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,878,663	\$ 74,424	\$ -	\$ -
Public Safety	1,295,649	115,833	29,495	-
Public Works	2,191,519	-	104,074	-
Community Development	279,488	13,557	-	-
Culture and Recreation	1,553,800	30,085	-	95,458
Housing	23,436	-	-	113,204
Urban Renewal	340	-	-	-
Interest on Long-Term Debt	397,084	-	-	-
Total Governmental Activities	7,619,979	233,899	133,569	208,662
Business-Type Activities				
Water	1,052,105	1,014,794	-	31,179
Sewer	781,589	843,314	-	24,485
Marina	1,112,604	1,365,404	-	-
Total Business-Type Activities	2,946,298	3,223,512	-	55,664
TOTAL PRIMARY GOVERNMENT	\$ 10,566,277	\$ 3,457,411	\$ 133,569	\$ 264,326

GENERAL REVENUES
Sales Taxes
Property Taxes
Lodging Tax
Other Tax
Grants & Contributions Not Restricted to Specific Programs
Interest
Miscellaneous

TOTAL GENERAL REVENUES

TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

PRIMARY GOVERNMENT

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
\$ (1,804,239)	\$ -	\$ (1,804,239)
(1,150,321)	-	(1,150,321)
(2,087,445)	-	(2,087,445)
(265,931)	-	(265,931)
(1,428,257)	-	(1,428,257)
89,768	-	89,768
(340)	-	(340)
<u>(397,084)</u>	<u>-</u>	<u>(397,084)</u>
<u>(7,043,849)</u>	<u>-</u>	<u>(7,043,849)</u>
-	(6,132)	(6,132)
-	86,210	86,210
<u>-</u>	<u>252,800</u>	<u>252,800</u>
<u>-</u>	<u>332,878</u>	<u>332,878</u>
<u>(7,043,849)</u>	<u>332,878</u>	<u>(6,710,971)</u>
6,019,651	-	6,019,651
216,978	-	216,978
171,023	-	171,023
357,600	-	357,600
15,043	-	15,043
19,689	12,233	31,922
<u>242,005</u>	<u>102,670</u>	<u>344,675</u>
7,041,989	114,903	7,156,892
<u>38,067</u>	<u>(38,067)</u>	<u>-</u>
36,207	409,714	445,921
<u>9,838,037</u>	<u>13,623,900</u>	<u>23,461,937</u>
<u>\$ 9,874,244</u>	<u>\$ 14,033,614</u>	<u>\$ 23,907,858</u>

TOWN OF DILLON, COLORADO

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2016

	General	Capital Improvement	Street Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS					
Assets					
Cash and Investments	\$ 1,664,433	\$ 1,459,807	\$ 1,060,948	\$ 707,541	\$ 4,892,729
Restricted Cash and Investments	-	5,000,000	-	-	5,000,000
Accounts Receivable	57,988	1,398	-	-	59,386
Current Taxes Receivable	1,876	-	-	-	1,876
Intergovernmental Receivable	644,972	245,765	145,052	18,676	1,054,465
Property Taxes Receivable	186,520	31,033	-	20,235	237,788
Notes Receivable	3,950	-	-	-	3,950
Due from Other Funds	11,195	-	-	-	11,195
Prepaid Expenditures	8,180	-	-	-	8,180
Total Assets	<u>\$ 2,579,114</u>	<u>\$ 6,738,003</u>	<u>\$ 1,206,000</u>	<u>\$ 746,452</u>	<u>\$ 11,269,569</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 59,370	\$ 47,913	\$ -	\$ 3,905	\$ 111,188
Accrued Liabilities	90,351	-	2,330	-	92,681
Deposits	9,135	-	-	-	9,135
Unearned Revenues	23,130	-	-	-	23,130
Due to Other Funds	-	-	-	11,195	11,195
Total Liabilities	<u>181,986</u>	<u>47,913</u>	<u>2,330</u>	<u>15,100</u>	<u>247,329</u>
Deferred Inflows of Resources					
Property Taxes	<u>186,520</u>	<u>31,033</u>	<u>-</u>	<u>20,235</u>	<u>237,788</u>
Fund Balances					
Nonspendable:					
Notes Receivable	3,950	-	-	-	3,950
Prepaid Expenditures	8,180	-	-	-	8,180
Cemetery	-	-	-	80,702	80,702
Restricted for:					
Emergencies	224,490	-	-	-	224,490
Capital Projects	-	5,000,000	-	-	5,000,000
Parks and Open Space	-	-	-	27,508	27,508
Housing	-	-	-	578,995	578,995
Streets	-	-	1,203,670	-	1,203,670
Assigned to:					
Cemetery	-	-	-	19,744	19,744
Capital Projects	-	1,659,057	-	-	1,659,057
Urban Renewal	-	-	-	4,168	4,168
Unassigned	<u>1,973,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,973,988</u>
Total Fund Balances	<u>2,210,608</u>	<u>6,659,057</u>	<u>1,203,670</u>	<u>711,117</u>	<u>10,784,452</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,579,114</u>	<u>\$ 6,738,003</u>	<u>\$ 1,206,000</u>	<u>\$ 746,452</u>	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					
					13,217,424
Long-term liabilities, including bonds payable (\$8,940,000), leases payable (\$5,066,000), interest payable (\$31,996), accrued compensated absences (\$107,934) offset by bond discount \$18,298, are not due and payable in the current period and, therefore, not reported in the funds.					
					<u>(14,127,632)</u>
Total Net Position of Governmental Activities					<u>\$ 9,874,244</u>

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

TOWN OF DILLON, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2016

	General	Capital Improvement	Street Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 4,363,922	\$ 1,485,477	\$ 900,490	\$ 15,363	\$ 6,765,252
Charges for Services	50,248	-	-	7,050	57,298
Licenses and Permits	61,689	-	-	-	61,689
Intergovernmental	148,612	85,000	-	123,662	357,274
Fines and Forfeitures	114,912	-	-	-	114,912
Interest	17,135	763	1,109	682	19,689
Miscellaneous	162,015	64,865	-	15,125	242,005
Total Revenues	<u>4,918,533</u>	<u>1,636,105</u>	<u>901,599</u>	<u>161,882</u>	<u>7,618,119</u>
EXPENDITURES					
Current					
General Government	1,671,610	-	-	-	1,671,610
Public Safety	1,250,940	-	-	-	1,250,940
Public Works	776,362	-	9,248	-	785,610
Community Development	277,342	-	-	-	277,342
Culture and Recreation	478,927	-	-	6,945	485,872
Housing	-	-	-	23,436	23,436
Urban Renewal	-	-	-	340	340
Capital Outlay	-	2,138,336	177,175	-	2,315,511
Debt Service					
Principal	-	121,717	475,000	-	596,717
Interest	-	5,173	400,593	-	405,766
Debt Issuance Costs	-	66,000	-	-	66,000
Total Expenditures	<u>4,455,181</u>	<u>2,331,226</u>	<u>1,062,016</u>	<u>30,721</u>	<u>7,879,144</u>
Excess of Revenues Over (Under) Expenditures	<u>463,352</u>	<u>(695,121)</u>	<u>(160,417)</u>	<u>131,161</u>	<u>(261,025)</u>
OTHER FINANCING SOURCES (USES)					
Debt Issued	-	5,066,000	-	-	5,066,000
Transfer In	-	863,067	-	-	863,067
Transfer Out	(825,000)	-	-	-	(825,000)
Total Other Financing Sources (Uses)	<u>(825,000)</u>	<u>5,929,067</u>	<u>-</u>	<u>-</u>	<u>5,104,067</u>
Net Change in Fund Balances	(361,648)	5,233,946	(160,417)	131,161	4,843,042
Fund Balances, Beginning of Year	<u>2,572,256</u>	<u>1,425,111</u>	<u>1,364,087</u>	<u>579,956</u>	<u>5,941,410</u>
Fund Balances, End of Year	<u>\$ 2,210,608</u>	<u>\$ 6,659,057</u>	<u>\$ 1,203,670</u>	<u>\$ 711,117</u>	<u>\$ 10,784,452</u>

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

TOWN OF DILLON, COLORADO
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2016

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances of Governmental Funds	\$ 4,843,042
Capital outlays to purchase or build capital assets \$1,200,825 are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense (\$1,494,944).	(294,119)
The net effect of various miscellaneous transactions involving capital assets (i.e. disposal of assets) are not reported in the governmental funds.	(35,169)
Repayments of bond principal \$475,000 and lease payments of \$121,717 are expenditures in the governmental funds, but they decrease long-term liabilities in the statement of net position and do not affect the statement of activities.	596,717
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in accrued compensated absences (\$16,946) and accrued interest payable \$10,168.	(6,778)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items: lease agreement (\$5,066,000) and amortization of bond discount (\$1,486).	<u>(5,067,486)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 36,207</u></u>

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

TOWN OF DILLON, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2016

	Water Fund	Sewer Fund	Marina Fund	Total Business-Type Activities
ASSETS				
Current Assets				
Cash and Investments	\$ 1,771,369	\$ 744,963	\$ 546,077	\$ 3,062,409
Accounts Receivable	43,118	13,432	5,283	61,833
Total Current Assets	1,814,487	758,395	551,360	3,124,242
Noncurrent Assets				
Investment in Joint Sewer Authority	-	1,829,209	-	1,829,209
Capital Assets				
Non-Depreciable Assets	2,958,482	-	-	2,958,482
Depreciable Assets, Net	6,051,861	2,081,573	3,123,796	11,257,230
Total Noncurrent Assets	9,010,343	3,910,782	3,123,796	16,044,921
Total Assets	10,824,830	4,669,177	3,675,156	19,169,163
LIABILITIES				
Current Liabilities				
Accounts Payable	91,164	9,112	10,836	111,112
Interest Payable	51,672	3,251	2,651	57,574
Accrued Liabilities	10,127	2,612	2,967	15,706
Leases and Loans Payable	111,564	147,252	101,515	360,331
Total Current Liabilities	264,527	162,227	117,969	544,723
Noncurrent Liabilities				
Compensated Absences	4,964	2,270	4,184	11,418
Leases and Loans Payable	2,946,923	-	1,632,485	4,579,408
Total Noncurrent Liabilities	2,951,887	2,270	1,636,669	4,590,826
Total Liabilities	3,216,414	164,497	1,754,638	5,135,549
NET POSITION				
Net Investment in Capital Assets	5,951,856	3,763,530	1,389,796	11,105,182
Unrestricted	1,656,560	741,150	530,722	2,928,432
TOTAL NET POSITION	\$ 7,608,416	\$ 4,504,680	\$ 1,920,518	\$ 14,033,614

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

TOWN OF DILLON, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended December 31, 2016

	Water Fund	Sewer Fund	Marina Fund	Total Business-Type Activities
OPERATING REVENUES				
Charges for Services	\$ 1,014,794	\$ 843,314	\$ 1,365,404	\$ 3,223,512
Total Operating Revenues	1,014,794	843,314	1,365,404	3,223,512
OPERATING EXPENSES				
Operations	370,395	108,759	797,538	1,276,692
Maintenance	167,028	107,713	25,826	300,567
Distribution	74,574	-	-	74,574
Treatment	41,006	326,824	-	367,830
Depreciation	310,157	81,574	213,497	605,228
Total Operating Expenses	963,160	624,870	1,036,861	2,624,891
Operating Income (Loss)	51,634	218,444	328,543	598,621
NONOPERATING REVENUES (EXPENSES)				
Interest Revenue	5,420	4,822	1,991	12,233
Miscellaneous Revenue	3,988	-	53,852	57,840
Interest Expense	(88,945)	(9,418)	(75,743)	(174,106)
AMP Expense - Joint Sewer Authority	-	(147,301)	-	(147,301)
Joint Sewer Authority	-	44,830	-	44,830
Total Nonoperating Revenues (Expenses)	(79,537)	(107,067)	(19,900)	(206,504)
Net Income (Loss) Before Transfers and Capital Contributions	(27,903)	111,377	308,643	392,117
Transfer Out	-	-	(38,067)	(38,067)
Capital Contributions-Tap Fees	31,179	24,485	-	55,664
CHANGE IN NET POSITION	3,276	135,862	270,576	409,714
NET POSITION, Beginning	7,605,140	4,368,818	1,649,942	13,623,900
NET POSITION, Ending	\$ 7,608,416	\$ 4,504,680	\$ 1,920,518	\$ 14,033,614

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

TOWN OF DILLON, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Increase (Decrease) in Cash and Cash Equivalents
For the Year Ended December 31, 2016

	Water Fund	Sewer Fund	Marina Fund	Total Business-Type Activities
CASH FLOW FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,015,229	\$ 829,387	\$ 1,362,815	\$ 3,207,431
Cash Paid to Suppliers	(474,873)	(464,177)	(341,502)	(1,280,552)
Cash Paid to Employees	(253,667)	(69,929)	(489,507)	(813,103)
Net Cash Provided by Operating Activities	<u>286,689</u>	<u>295,281</u>	<u>531,806</u>	<u>1,113,776</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Capital Assets	(321,668)	(105,264)	(56,974)	(483,906)
Debt Principal Payments	(108,728)	(141,116)	(87,000)	(336,844)
Interest Payments	(90,433)	(12,535)	(83,677)	(186,645)
Tap Fees Received	31,179	24,485	-	55,664
AMP Fees - Joint Sewer Authority	-	(147,301)	-	(147,301)
Transfer Out	-	-	(38,067)	(38,067)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(489,650)</u>	<u>(381,731)</u>	<u>(265,718)</u>	<u>(1,137,099)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES				
Miscellaneous	3,988	-	53,852	57,840
Net Cash Provided by Noncapital Financing Activities	<u>3,988</u>	<u>-</u>	<u>53,852</u>	<u>57,840</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Received	5,420	4,822	1,991	12,233
Net Increase (Decrease) in Cash & Cash Equivalents	(193,553)	(81,628)	321,931	46,750
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,964,922</u>	<u>826,591</u>	<u>224,146</u>	<u>3,015,659</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 1,771,369</u></u>	<u><u>\$ 744,963</u></u>	<u><u>\$ 546,077</u></u>	<u><u>\$ 3,062,409</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 51,634	\$ 218,444	\$ 328,543	\$ 598,621
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation	310,157	81,574	213,497	605,228
Net Gain from Joint Venture	-	(10,768)	-	(10,768)
Changes in Assets and Liabilities				
Accounts Receivable	435	(3,159)	(2,589)	(5,313)
Accounts Payable	(80,350)	8,340	3,842	(68,168)
Accrued Liabilities	4,164	612	(2,463)	2,313
Compensated Absences	649	238	(9,024)	(8,137)
Net Cash Provided by Operating Activities	<u><u>\$ 286,689</u></u>	<u><u>\$ 295,281</u></u>	<u><u>\$ 531,806</u></u>	<u><u>\$ 1,113,776</u></u>

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

TOWN OF DILLON, COLORADO
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
December 31, 2016

	Summit County Telecommunications Consortium
ASSETS	
Current Assets	
Cash and Investments	\$ 132,322
Accounts Receivable	9,532
Total Current Assets	\$ 141,854
LIABILITIES	
Liabilities	
Accrued Liabilities	\$ 1,681
Funds Held for Others	140,173
Total Liabilities	\$ 141,854

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

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Dillon, Colorado (the Town) is a home-rule municipality governed by a mayor-manager form of government through a Mayor and six-member Town Council elected by the citizens.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for organizations that are fiscally dependent upon it.

The Dillon Urban Renewal Authority (Authority) was established in 2009 along with the Dillon Urban Renewal Plan to assist with revitalization of blighted areas in the Town. The Town amended the Dillon Urban Renewal Plan in 2012 to allow for tax increment financing. The Town Council serves as the governing board for the Authority and management of the Town has operational responsibility for the Authority. Although the Authority is legally separate from the Town, the Authority's primary revenue source, tax increment financing, can only be established by the Town. The Authority does not issue separate financial statements and is reported as a special revenue fund in the Town's financial statements.

For financial reporting purposes, the Town includes all funds, agencies, boards and commissions, which are controlled by, or are dependent on, the Town. No additional entities are included in the Town's reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues are reported separately from *business-type activities*, which rely on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the Town's government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The agency fund uses the accrual basis of accounting. Revenues are recorded in the period in which they are earned and expenses are recognized when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within sixty days of the end of the current fiscal period.

Taxes, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

When both restricted and unrestricted resources are available for a specific use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the Town reports the following major governmental funds:

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

The *Capital Improvement Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities and/or assets (other than those financed by proprietary funds and fiduciary funds). Major capital projects are funded with a portion of sales and property taxes as approved by the Town Council in the annual budget.

The *Street Fund* accounts for the reconstruction of streets funded by the dedicated sales tax of .5% and through the issuance of bonds.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Town reports the following major proprietary funds:

The *Water Fund* accounts for the financial activities associated with the provision of water services.

The *Sewer Fund* accounts for the financial activities associated with the provision of sewer services.

The *Marina Fund* accounts for the financial activities associated with the operations of the Dillon Marina.

Additionally, the Town reports the following Fiduciary Fund:

The Summit County Telecommunications Consortium Agency Fund (SCTC) accounts for assets that are held on behalf of the participating public entities. The SCTC was established through an intergovernmental agreement with the Towns of Dillon, Breckenridge, Frisco and Silverthorne and Summit County Government. The responsibilities of the SCTC include the oversight of the public access channel. The Town of Dillon holds the resources in a fiduciary capacity.

Cash and Investments

Cash equivalents include investments with original maturities of three months or less. Investments in pooled cash are considered cash equivalents.

Receivables

Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectable. The Town has a down payment assistance program for employees. The Town records a note and deed of trust on the property purchased by the employee. Outstanding balances are recorded under notes receivable.

Prepaid Expenses

Payments to vendors for services that will benefit subsequent years are reported as prepaid expenses.

Interfund Receivables and Payables

During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified in the fund financial statements as *due from other funds* and *due to other funds*.

Capital Assets

Capital assets, which include property, equipment and all infrastructure owned by the Town, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (continued)

Property and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives.

Buildings and improvements	10-50 years
Equipment and Vehicles	3-15 years
Parks and Amphitheatre	3-50 years
Furniture and Fixtures	3-20 years
Infrastructure	10-40 years
Plant, Lines and Reservoirs	15-40 years

Unearned Revenues

Unearned revenues arise when business license fees are received in advance for the next fiscal year. In subsequent periods, the liability for the unearned revenue is removed from the balance sheet and the revenue is recognized.

Compensated Absences

Employees of the Town are allowed to accumulate unused vacation time. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation time.

These compensated absences are recognized as current salary costs when earned in the proprietary fund types and when due in the governmental fund types. A long-term liability has been recorded in the government-wide financial statements for the accrued compensated absences.

Long-Term Obligations

In the government-wide financial statements, and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums, discounts and accounting losses from debt refundings are deferred and amortized over the life of the bonds using the straight-line method. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses or expenditures when paid.

Deferred Inflows of Resources

Deferred inflows of resources include property taxes earned but levied for a subsequent year.

Net Position/Fund Balance

In the government-wide financial statements and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. The Town Council establishes a fund balance commitment through passage of an ordinance. The Town Council has assigned the fund balance of the Capital Improvement Fund for capital projects and related capital equipment in its fund balance policies, and has authorized by resolution the authority to the Town Manager to assign amounts to a specific purpose. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the Town's policy is to use restricted amounts first, followed by committed, assigned and unassigned amounts.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Property taxes attach as an enforceable lien on the property as of January 1. Taxes are levied the subsequent January 1 and are payable in full on April 30 of the subsequent year, or in two installments on February 28 and June 15. The County Treasurer collects and remits the taxes to the Town monthly.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments as of December 31, 2016 follows:

Deposits	\$10,529,055
Petty Cash	700
Investments	<u>2,557,705</u>
Total Cash on Hand and Investments	<u>\$13,087,460</u>

Cash and investments are reported in the financial statements as follows:

Cash and Investments	\$ 7,955,138
Restricted Cash and Investments	5,000,000
Agency Fund Cash and Investments	<u>132,322</u>
Total Cash and Investments	<u>\$13,087,460</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the 102% of the uninsured deposits. At December 31, 2016, the Town had bank deposits of \$9,838,316 collateralized with securities held by the financial institutions' agents but not in the Town's name.

Investments

At December 31, 2016, the Town had the following investments:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Investment in Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>Fair Value</u>
Local Government Investment Pools	AAAm	1,665,705	--	1,665,705
Brokered Certificates of Deposit	N/A	<u>--</u>	<u>892,000</u>	<u>892,000</u>
Total		<u>\$1,665,705</u>	<u>\$892,000</u>	<u>\$2,557,705</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (continued)

The Town has a formal investment policy that limits its investment choices and the length of maturity to five years. Custodial risk is not addressed by State Statutes or the Town's investment policy. The investment choices are within the limitations of state laws and include:

- Obligations of the United States and certain U.S. agency securities
- Money market funds that consist entirely of U.S. government securities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities

Credit Risk – State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more Nationally Recognized Statistical Rating Organizations (NRSRO).

Custodial Risk – The Town has purchased brokered certificates of deposits that are not held in the Town's name. However, they are held in financial institutions that participate in the Public Deposit Protection Act.

Concentration of Credit Risk – State statutes do not limit the amount the Town may invest in a single issuer, except for corporate securities.

Interest Rate Risk – The Town has an investment policy adopted by the Town Council that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town's policy is to buy and hold investments to maturity and limits the maturities to five years. The Town's investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the Town's investment risk constraints and the cash flow characteristics of the portfolio.

Fair Value Measurements – The Town reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categories the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At December 31, 2016, the Town's investment in Colotrust were reported at the net asset value per share, measured utilizing quoted prices in active markets for similar investments (Level 2 inputs). CSAFE was reported at the net asset value per share, which was measured using amortized cost.

Local Government Investment Pools – At December 31, 2016 the Town had \$822,229 invested in the Colorado Surplus Asset Fund Trust (CSAFE) and \$843,476 in the Colorado Local Government Liquid Asset Trust (Colotrust). The pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Trusts. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7, with each share valued at \$1. The pools are rated AAAM by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (continued)

Restricted Cash and Investments

Cash of \$5,000,000 is being held by the Town from debt proceeds issued in 2016. The debt proceeds are reported in the Capital Improvement Fund and will be used in 2017 and 2018 for the Amphitheater Improvement project.

NOTE 3: CAPITAL ASSETS

Governmental Activities

Capital assets activity for governmental activities for the year ended December 31, 2016 is summarized below:

	Balance <u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/16</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 2,091,562	\$ --	\$ --	\$ 2,091,562
Construction in Progress	<u>79,052</u>	<u>706,688</u>	<u>--</u>	<u>785,740</u>
Total Capital Assets, Not Being Depreciated	<u>2,170,614</u>	<u>706,688</u>	<u>--</u>	<u>2,877,302</u>
Capital Assets, Being Depreciated				
Infrastructure	18,310,132	216,820	--	18,526,952
Buildings	1,614,670	--	--	1,614,670
Equipment & Vehicles	3,096,571	255,189	(439,550)	2,912,210
Parks & Amphitheatre	3,057,850	--	--	3,057,850
Furniture & Fixtures	<u>288,947</u>	<u>22,128</u>	<u>--</u>	<u>311,075</u>
Total Capital Assets, Being Depreciated	<u>26,368,170</u>	<u>494,137</u>	<u>(439,550)</u>	<u>26,422,757</u>
Less: Accumulated Depreciation For				
Infrastructure	10,190,259	1,034,347	--	11,224,606
Buildings	1,187,054	51,684	--	1,238,738
Equipment & Vehicles	1,813,875	270,119	(404,381)	1,679,613
Parks & Amphitheatre	1,511,937	134,368	--	1,646,305
Furniture & Fixtures	<u>288,947</u>	<u>4,426</u>	<u>--</u>	<u>293,373</u>
Total Accumulated Depreciation	<u>14,992,072</u>	<u>1,494,944</u>	<u>(404,381)</u>	<u>16,082,635</u>
Total Capital Assets, Being Depreciated, Net	<u>11,376,098</u>	<u>(1,000,807)</u>	<u>(35,169)</u>	<u>10,340,122</u>
Governmental Activities Capital Assets, Net	<u>\$13,546,712</u>	<u>\$ (294,119)</u>	<u>\$ (35,169)</u>	<u>\$13,217,424</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE 3: CAPITAL ASSETS (Continued)

Business-Type Activities

Capital assets activity for business-type activities for the year ended December 31, 2016 is summarized below:

	Balance <u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/16</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 219,652	--	--	\$ 219,652
Water Rights	2,738,830	--	--	2,738,830
Construction in Progress	<u>1,914,573</u>	--	<u>(1,914,573)</u>	<u>--</u>
Total Capital Assets, Not Being Depreciated	<u>4,873,055</u>	<u>--</u>	<u>(1,914,573)</u>	<u>2,958,482</u>
Capital Assets, Being Depreciated				
Water Plant	3,738,488	2,086,217	(1,151)	5,823,554
Lines	5,765,968	255,288	(256,616)	5,764,640
Buildings	480,243	--	--	480,243
Equipment & Vehicles	933,258	33,328	(144,248)	822,338
Lift Station	903,298	--	--	903,298
Reservoirs	1,557,880	--	--	1,557,880
Improvements	<u>4,646,981</u>	<u>23,646</u>	<u>--</u>	<u>4,670,627</u>
Total Capital Assets, Being Depreciated	<u>18,026,116</u>	<u>2,398,479</u>	<u>(402,015)</u>	<u>20,022,580</u>
Less: Accumulated Depreciation For				
Water Plant	2,158,729	189,204	(1,151)	2,346,782
Lines	3,340,076	120,123	(256,616)	3,203,583
Buildings	420,174	11,610	--	431,784
Equipment & Vehicles	633,453	81,162	(144,248)	570,367
Lift Station	208,076	24,712	--	232,788
Reservoirs	196,368	38,947	--	235,315
Improvements	<u>1,605,261</u>	<u>139,470</u>	<u>--</u>	<u>1,744,731</u>
Total Accumulated Depreciation	<u>8,562,137</u>	<u>605,228</u>	<u>(402,015)</u>	<u>8,765,350</u>
Total Capital Assets, Being Depreciated, Net	<u>9,463,979</u>	<u>1,793,251</u>	<u>--</u>	<u>11,257,230</u>
Business-Type Activities Capital Assets, Net	<u>\$14,337,034</u>	<u>\$1,793,251</u>	<u>\$ (1,914,573)</u>	<u>\$14,215,712</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2016

NOTE 3: CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 40,811
Public Safety	34,288
Public Works	1,267,785
Culture and Recreation	<u>152,060</u>
Total Governmental Activities Depreciation Expense	<u>\$1,494,944</u>
Business-Type Activities	
Water Fund	\$ 310,157
Sewer Fund	81,574
Marina Fund	<u>213,497</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 605,228</u>

NOTE 4: INVESTMENT IN SILVERTHORNE/DILLON JOINT SEWER AUTHORITY

The Town is a participant in the Silverthorne/Dillon Joint Sewer Authority (Authority) which was formed to construct and operate a sewage treatment facility. Participants in the Authority are the Towns of Silverthorne and Dillon, Dillon Valley District, Buffalo Mountain Metropolitan District, Mesa Cortina Water and Sanitation District, and Yale Investments, Inc.

Construction costs are paid by each participant based on their share of the available capacity in each phase of the project. Operating costs are funded by quarterly billings to the participants, which are based on the number of taps each participant has connected to the system.

The Town records its investments in the Authority and its share of operating costs in the Sewer Fund. The investment is accounted for under the equity method in accordance with generally accepted accounting principles.

The Town had an investment in the Authority at December 31, 2016 of \$1,829,209, which represents a 13.10% share in the joint venture. At December 31, 2016, the Town was responsible for 19.37% of the Authority's operating expenses.

Financial information about the Joint Sewer Authority can be obtained in a separate audit report at the Silverthorne Town Hall, 601 Center Circle, Silverthorne, Colorado 80498.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2016:

	Beginning <u>12/31/15</u>	<u>Additions</u>	<u>Retirement</u>	Ending <u>12/31/16</u>	Due Within <u>One Year</u>
Capital Project Lease -06	\$ 121,717	--	(121,717)	--	--
Excise Tax Revenue Bonds-08	4,620,000	--	(270,000)	4,350,000	280,000
Excise Tax Revenue Bonds-10	2,745,000	--	(90,000)	2,655,000	90,000
Excise Tax Revenue Bonds-15	2,050,000	--	(115,000)	1,935,000	115,000
Amphitheatre Lease-16	--	5,066,000	--	5,066,000	135,031
08 Bond Discount	(19,784)	--	1,486	(18,298)	--
Compensated Absences	<u>90,988</u>	<u>16,946</u>	<u>--</u>	<u>107,934</u>	<u>--</u>
Total	<u>\$ 9,607,921</u>	<u>\$5,082,946</u>	<u>\$(595,231)</u>	<u>\$14,095,636</u>	<u>\$620,031</u>

Compensated absences are expected to be paid with revenues of the General Fund.

On June 4, 2008, the Town issued the Excise Tax Revenue Bonds, Series 2008 for the reconstruction of Town streets. The interest rate on the bonds ranges from 3.25% to 5% and is payable on June 1 and December 1 of each year. Principal payments are due on December 1 of each year through 2028.

On April 8, 2010, the Town issued the Excise Tax Revenue Bonds, Series 2010 for the reconstruction of Town streets. The interest rate on the bonds ranges from 1.25% to 5.125% and is payable on June 1 and December 1 of each year. Principal payments are due on December 1 of each year through 2030.

On April 15, 2015, the Town issued the Excise Tax Revenue Bonds, Series 2015 for the reconstruction of Town streets. The interest rate on the bonds is 2.73% and are payable on June 1 and December 1 of each year. Principal payments are due on December 1 of each year through 2030.

The Excise Tax Revenue Bonds, Series 2008, Series 2010 and Series 2015 are payable solely from the Town's sales and lodging taxes. During the year ended December 31, 2016, revenues of \$6,190,674 were available to pay annual debt service of \$875,593 for all three bonds. The outstanding debt service at December 31, 2016 for all three bonds is \$12,190,852.

On March 30, 2006, the Town entered into a lease purchase agreement with Wells Fargo Brokerage Services, LLC for capital projects and heavy equipment. The interest rate was 4.25%. Annual payments of \$126,890 were required through March 30, 2016.

On December 15, 2016, the Town entered into a site and improvement lease with UMB Bank, N.A. for the amphitheatre project and the refinance of the 2010 Marina site and improvement lease with UMB Bank, N.A. for the slope stabilization project. The Town provided Dillon Town Hall as collateral. The Capital Improvement fund will repay the portion of the lease associated with the amphitheatre project and the Marina Enterprise Fund will repay the portion associated with the slope stabilization project. The interest rate is 3.55% and matures on December 15, 2036 with monthly payments, beginning in 2017.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2016

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2016:

	Beginning <u>12/31/15</u>	<u>Additions</u>	<u>Retirement</u>	Ending <u>12/31/16</u>	Due Within <u>One Year</u>
Marina Lease-10	\$1,821,000	--	(1,821,000)	--	--
Marina Lease-16	--	1,734,000	--	1,734,000	101,515
CWCB Loan-09	1,373,352	--	(32,679)	1,340,673	33,986
CWRPDA Loan-15	1,793,863	--	(76,049)	1,717,814	77,578
Sewer Revenue Note 1-07	152,760	--	(74,772)	77,988	77,988
Sewer Revenue Note 2-07	135,608	--	(66,344)	69,264	69,264
Compensated Absences	<u>19,555</u>	<u>--</u>	<u>(8,137)</u>	<u>11,418</u>	<u>--</u>
Total	<u>\$5,296,138</u>	<u>\$1,734,000</u>	<u>\$(2,078,981)</u>	<u>\$4,951,157</u>	<u>\$360,331</u>

On December 15, 2016, the Town refinanced the 2010 site and improvement lease with UMB Bank, N.A. for the slope stabilization project at the Dillon Marina and increased the lease to include the amphitheatre project. The Town provided Dillon Town Hall as collateral. The Marina Enterprise Fund will repay the portion of the lease associated with the slope stabilization project and the Capital Improvement fund will repay the portion associated with the amphitheatre project. The interest rate is 3.55% and matures on December 1, 2030 with monthly payments, beginning in 2017.

On July 15, 2009, The Town entered into a loan contract with the Department of Natural Resources, Colorado Water Conservation Board for the Old Dillon Reservoir enlargement project. The interest rate is 4% and matures on April 1, 2041. Principal and interest payments are due on April 1 of each year.

On September 1, 2015, the Town entered into loan contract with the Colorado Water Resources and Power Development Authority for the construction of a water storage tank. The interest rate is 2% and matures on March 1, 2035. Principal and interest payments are due on March 1 and September 1 of each year.

The CWCB Loan and CWRPDA Loan are payable solely from revenues from the Town's water utility system after the deduction of operating maintenance costs. During the year ended December 31, 2016, net revenues of \$402,378 were available to pay annual debt service of \$199,161. The outstanding debt service at December 31, 2016 for both loans is \$4,269,696.

On May 4, 2007, the Town entered into a loan agreement with Wells Fargo Brokerage Services, LLC for the construction of the Gold Run Lift Station. The interest rate is 4.3% and matures May 4, 2017 with annual payments in May.

On August 24, 2007, the Town entered into a loan agreement with Wells Fargo Brokerage Services, LLC for the rehabilitation of various sewer lines throughout Town. The interest rate is 4.4% and matures August 24, 2017 with annual payments in August.

The Sewer Revenue Note 1-07 and 2-07 are payable solely from revenues from the Town's sewer utility system after deduction of operating and maintenance costs. During the year ended December 31, 2016, net revenues of \$171,256 were available to pay annual debt service of \$153,851. The outstanding debt service at December 31, 2016 for both loans is \$166,189.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2016

NOTE 5: LONG-TERM DEBT (Continued)

Future Debt Service Requirements

Governmental Activities

Annual debt service requirements for the outstanding revenue bonds at December 31, 2016 are as follows:

Year Ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 485,000	\$ 383,954	\$868,954
2018	505,000	366,114	871,114
2019	520,000	347,119	867,119
2020	545,000	329,927	874,927
2021	565,000	305,234	870,234
2022-2026	3,205,000	1,150,228	4,355,228
2027-2030	<u>3,115,000</u>	<u>368,276</u>	<u>3,483,276</u>
Total	<u>\$8,940,000</u>	<u>\$3,250,852</u>	<u>\$12,190,852</u>

Following is a schedule of the future minimum lease payments required under the outstanding lease obligation at December 31, 2016:

Year Ended December 31,	
2017	315,152
2018	315,152
2019	315,152
2020	315,152
2021	315,152
2022-2026	1,575,760
2027-2031	1,817,527
2032-2036	<u>2,387,059</u>
Total Minimum Lease Payments	7,356,106
Less: Interest	<u>(2,290,106)</u>
Present Value of Future Minimum Lease Payments	<u>\$5,066,000</u>

Business-Type Activities

Annual debt service requirements for the outstanding loans at December 31, 2016 are as follows:

Year Ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 258,816	\$ 102,969	\$ 361,785
2018	114,482	93,998	208,480
2019	117,487	84,678	202,165
2020	120,579	81,674	202,253
2021	123,764	78,581	202,345
2022-2026	670,005	343,202	1,013,207
2027-2031	765,189	250,802	1,015,991
2032-2036	706,773	143,505	850,278
2037-2041	<u>328,644</u>	<u>50,737</u>	<u>379,381</u>
Total	<u>\$3,205,739</u>	<u>\$1,230,146</u>	<u>\$4,435,885</u>

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2016

NOTE 5: LONG-TERM DEBT (Continued)

Future Debt Service Requirements (Continued)

Business-Type Activities (Continued)

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligation for the Marina Fund at December 31, 2016:

Year Ended December 31,	
2017	162,260
2018	162,260
2019	162,260
2020	162,260
2021	162,260
2022-2026	811,300
2027-2030	<u>569,531</u>
Total Minimum Lease Payments	2,192,131
Less: Interest	<u>(458,131)</u>
Present Value of Future Minimum Lease Payments	<u>\$1,734,000</u>

Operating Lease

The Town entered into a lease agreement with the Denver Water Department effective January 1, 1994 and terminating December 21, 2019 for the use of Dillon Reservoir and land at the Dillon Marina. The Town pays 4% of annual gross revenues to the Denver Water Department, which totaled \$55,901 for the year ended December 31, 2016.

NOTE 6: INTERFUND BALANCES AND TRANSFERS

The Town has an agreement with the Dillon Urban Renewal Authority to repay the Town any amounts owed the Town when tax increment financing revenues are collected by the Authority. The outstanding balance of this interfund loan at December 31, 2016, was \$11,195.

The Marina Fund transferred \$38,067 to the Capital Improvement Fund to assist in the payment of the equipment lease.

The General Fund transferred \$825,000 to the Capital Improvement Fund to assist with the amphitheatre master plan improvements.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE 7: RETIREMENT COMMITMENTS

Town employees participate in the Colorado County Officials and Employees Retirement Association (CCOERA) defined contribution plan. Full-time employees are required to contribute 5% of their gross salary and the Town matches the contribution, as required by plan documents. The Town has a defined contribution plan through International City/County Management Association (ICMA) for full-time police officers and department heads. These employees also contribute 5% of gross salaries with the Town matching their contribution. Town contributions vest at a rate of 20% each year and employees become fully vested after five years for either pension plan. Plan provisions and contribution requirements of the Town and the employees are established and may be amended by the Town Council. Total contributions of the CCOERA and ICMA retirement plans made by the Town for the year ended December 31, 2016 were \$80,514 and \$34,473 respectively, which equals the required contributions.

In addition to the retirement plans, the Town also contributes to a 457 deferred compensation plan through ICMA for the benefit of the sworn police officers. The Town and the employee each contribute 5% of gross wages and all contributions are 100% vested. The Town contributions for the year ended December 31, 2016 were \$27,943 which equals the required contributions. All plan assets are held in trust for the exclusive benefit of the employees.

NOTE 8: RISK MANAGEMENT

Public Entity Risk Pool

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, section 18(2).

The purposes of CIRSA are to provide members defined liability and property and workers' compensation coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have ability to significantly affect the operations of CIRSA.

TOWN OF DILLON, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE 9: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation.

In November 1996, Town voters authorized the Town to collect and retain all revenues from all sources in 1996 and each subsequent year and to spend the same, notwithstanding the limitations of the amendment. The Town believes it is in compliance with the requirements of the amendment. However, the Town has made certain interpretations of the amendment's language in order to determine its compliance. The amendment requires a reserve for emergencies equal to 3% of qualifying expenditures of the Town. At December 31, 2016 the Town had restricted \$224,490 to comply with this requirement.

Litigation

From time to time, the Town is involved in various litigation. Management believes the outcome of any litigation will not have a significant impact on the Town's financial position.

Economic Development Agreements

The Town has entered into four economic development agreements that require the Town to reimburse certain business for sales tax generated by the businesses. Economic developments are approved by the Town Council on a case by case basis. During the year ended December 31, 2016, the Town paid \$43,117 under those agreements and accrued \$15,693 for payment in the subsequent fiscal year.

This Page Left Blank Intentionally

Required Supplementary Section

TOWN OF DILLON, COLORADO
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes	\$ 4,242,106	\$ 4,242,106	\$ 4,363,922	\$ 121,816
Charges for Services	41,423	41,423	50,248	8,825
Licenses and Permits	60,399	60,399	61,689	1,290
Intergovernmental	88,960	88,960	148,612	59,652
Fines and Forfeitures	114,125	114,125	114,912	787
Interest	13,405	13,405	17,135	3,730
Miscellaneous	<u>10,377</u>	<u>186,625</u>	<u>162,015</u>	<u>(24,610)</u>
Total Revenues	<u>4,570,795</u>	<u>4,747,043</u>	<u>4,918,533</u>	<u>171,490</u>
EXPENDITURES				
General Government	1,492,180	1,668,428	1,671,610	(3,182)
Public Safety	1,287,697	1,287,697	1,250,940	36,757
Public Works	818,302	818,302	776,362	41,940
Community Development	263,417	263,417	277,342	(13,925)
Culture and Recreation	<u>488,933</u>	<u>488,933</u>	<u>478,927</u>	<u>10,006</u>
Total Expenditures	<u>4,350,529</u>	<u>4,526,777</u>	<u>4,455,181</u>	<u>71,596</u>
Excess of Revenue Over (Under) Expenditures	220,266	220,266	463,352	243,086
OTHER FINANCING SOURCES (USES)				
Transfer Out	<u>-</u>	<u>(825,000)</u>	<u>(825,000)</u>	<u>-</u>
Net Change in Fund Balance	220,266	(604,734)	(361,648)	243,086
Fund Balance, Beginning of Year	<u>1,751,048</u>	<u>1,751,048</u>	<u>2,572,256</u>	<u>821,208</u>
Fund Balance, End of Year	<u>\$ 1,971,314</u>	<u>\$ 1,146,314</u>	<u>\$ 2,210,608</u>	<u>\$ 1,064,294</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2016

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the October Council meeting, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all of the Town's funds.
5. The budgets of the governmental funds are adopted on a basis consistent with generally accepted accounting principles. The proprietary fund budgets are prepared on a non-GAAP basis. Capital outlay and debt service payments are budgeted as expenditures. Depreciation is not budgeted. The fiduciary fund budget is adopted by the member board established through the Intergovernmental Agreement for the Summit County Telecommunications Consortium (SCTC) and is not presented in the Town's financial statements.
6. Budgeted amounts are as originally adopted or as amended by the Town Council. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

Supplementary Section

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Conservation Trust Fund – This fund is used to account for the Town’s share of lottery funds distributed by the State of Colorado. Funds are to be used for Parks, Trails and Open Space.

Housing Initiative 5A Fund - The voters of Summit County, including the Town of Dillon approved a ballot question in November 2006 that authorized a sales tax of .125% and an impact fee of no more than \$2 per square foot on new development. The revenue collections must be used for attainable housing.

Cemetery Perpetual Care Fund – This fund is used to account for the sale of cemetery spaces at the Dillon Cemetery and donations received specifically for the Dillon Cemetery. Funds are to be used for Dillon Cemetery maintenance and capital projects.

Dillon Urban Renewal Authority – The Dillon Urban Renewal Authority was established and the Dillon Urban Renewal Plan was approved in 2009 in order to revitalize blighted areas in the Town. The Town Council amended the Dillon Urban Renewal Plan in 2012 to allow for tax increment financing.

TOWN OF DILLON, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2016

	Special Revenue				Total
	Conservation Trust	Housing Initiative 5A	Cemetery Perpetual Care	Dillon Urban Renewal Authority	Nonmajor Governmental Funds
ASSETS					
Cash and Investments	\$ 27,508	\$ 564,225	\$ 100,446	\$ 15,362	\$ 707,541
Intergovernmental Receivable	-	18,675	-	1	18,676
Property Tax Receivable	-	-	-	20,235	20,235
Total Assets	\$ 27,508	\$ 582,900	\$ 100,446	\$ 35,598	\$ 746,452
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ -	\$ 3,905	\$ -	\$ -	\$ 3,905
Due to Other Funds	-	-	-	11,195	11,195
Total Liabilities	-	3,905	-	11,195	15,100
Deferred Inflows of Resources					
Property Taxes	-	-	-	20,235	20,235
Fund Balances					
Nonspendable:					
Cemetery	-	-	80,702	-	80,702
Restricted for:					
Parks and Open Space	27,508	-	-	-	27,508
Housing	-	578,995	-	-	578,995
Assigned to:					
Cemetery	-	-	19,744	-	19,744
Urban Renewal	-	-	-	4,168	4,168
Total Fund Balances	27,508	578,995	100,446	4,168	711,117
Total Liabilities, Deferred Inflows of Resources and Fund Balances					
	\$ 27,508	\$ 582,900	\$ 100,446	\$ 35,598	\$ 746,452

See the Accompanying Independent Auditors' Report

TOWN OF DILLON, COLORADO
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2016

	Special Revenue				Total Nonmajor Governmental Funds
	Conservation Trust	Housing Initiative 5A	Cemetery Perpetual Care	Dillon Urban Renewal Authority	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 15,363	\$ 15,363
Charges for Services	-	-	7,050	-	7,050
Intergovernmental	10,458	113,204	-	-	123,662
Interest	105	119	458	-	682
Miscellaneous	-	-	15,125	-	15,125
Total Revenues	<u>10,563</u>	<u>113,323</u>	<u>22,633</u>	<u>15,363</u>	<u>161,882</u>
EXPENDITURES					
Current					
Culture and Recreation	4,945	-	2,000	-	6,945
Housing	-	23,436	-	-	23,436
Urban Renewal	-	-	-	340	340
Total Expenditures	<u>4,945</u>	<u>23,436</u>	<u>2,000</u>	<u>340</u>	<u>30,721</u>
Net Change in Fund Balances	5,618	89,887	20,633	15,023	131,161
Fund Balances, Beginning of Year	<u>21,890</u>	<u>489,108</u>	<u>79,813</u>	<u>(10,855)</u>	<u>579,956</u>
Fund Balances, End of Year	<u>\$ 27,508</u>	<u>\$ 578,995</u>	<u>\$ 100,446</u>	<u>\$ 4,168</u>	<u>\$ 711,117</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
CAPITAL IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 1,436,475	\$ 1,436,475	\$ 1,485,477	\$ 49,002
Interest	1,000	1,000	763	(237)
Intergovernmental	-	-	85,000	85,000
Miscellaneous	79,000	79,000	64,865	(14,135)
Total Revenues	<u>1,516,475</u>	<u>1,516,475</u>	<u>1,636,105</u>	<u>119,630</u>
EXPENDITURES				
Capital Outlay	2,379,219	2,559,219	2,138,336	420,883
Debt Service				
Principal	121,717	121,717	121,717	-
Interest	5,173	5,173	5,173	-
Debt Issuance Costs	-	-	66,000	(66,000)
Total Expenditures	<u>2,506,109</u>	<u>2,686,109</u>	<u>2,331,226</u>	<u>354,883</u>
Excess of Revenues Over (Under) Expenditures	<u>(989,634)</u>	<u>(1,169,634)</u>	<u>(695,121)</u>	<u>474,513</u>
OTHER FINANCING SOURCES				
Debt Issued	-	-	5,066,000	5,066,000
Transfer In	38,067	863,067	863,067	-
Total Other Financing Sources	<u>38,067</u>	<u>863,067</u>	<u>5,929,067</u>	<u>5,066,000</u>
Net Change in Fund Balance	(951,567)	(306,567)	5,233,946	5,540,513
Fund Balance, Beginning	<u>1,215,656</u>	<u>1,215,656</u>	<u>1,425,111</u>	<u>209,455</u>
Fund Balance, Ending	<u>\$ 264,089</u>	<u>\$ 909,089</u>	<u>\$ 6,659,057</u>	<u>\$ 5,749,968</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
STREET IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes	\$ 883,690	\$ 900,490	\$ 16,800
Interest	<u>2,000</u>	<u>1,109</u>	<u>(891)</u>
Total Revenues	<u>885,690</u>	<u>901,599</u>	<u>15,909</u>
EXPENDITURES			
Public Works	20,800	9,248	11,552
Capital Outlay	715,000	177,175	537,825
Debt Service			
Principal	475,000	475,000	-
Interest	<u>400,594</u>	<u>400,593</u>	<u>1</u>
Total Expenditures	<u>1,611,394</u>	<u>1,062,016</u>	<u>549,378</u>
Net Change in Fund Balance	(725,704)	(160,417)	565,287
Fund Balance, Beginning	<u>1,175,980</u>	<u>1,364,087</u>	<u>188,107</u>
Fund Balance, Ending	<u>\$ 450,276</u>	<u>\$ 1,203,670</u>	<u>\$ 753,394</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 68,454	\$ 10,458	\$ (57,996)
Interest	<u>50</u>	<u>105</u>	<u>55</u>
Total Revenues	<u>68,504</u>	<u>10,563</u>	<u>(57,941)</u>
 EXPENDITURES			
Culture and Recreation	<u>54,000</u>	<u>4,945</u>	<u>49,055</u>
Net Change in Fund Balance	14,504	5,618	(8,886)
Fund Balance, Beginning of Year	<u>21,253</u>	<u>21,890</u>	<u>637</u>
Fund Balance, End of Year	<u><u>\$ 35,757</u></u>	<u><u>\$ 27,508</u></u>	<u><u>\$ (8,249)</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
HOUSING INITIATIVE 5A FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 105,078	\$ 113,204	\$ 8,126
Interest	50	119	69
Total Revenues	<u>105,128</u>	<u>113,323</u>	<u>8,195</u>
EXPENDITURES			
Housing	<u>23,441</u>	<u>23,436</u>	<u>5</u>
Net Change in Fund Balance	81,687	89,887	8,200
Fund Balance, Beginning of Year	<u>467,897</u>	<u>489,108</u>	<u>21,211</u>
Fund Balance, End of Year	<u><u>\$ 549,584</u></u>	<u><u>\$ 578,995</u></u>	<u><u>\$ 29,411</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
CEMETERY PERPETUAL CARE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES				
Charges for Services	\$ 1,500	\$ 1,500	\$ 7,050	\$ 5,550
Interest	500	500	458	(42)
Miscellaneous	<u>1,200</u>	<u>3,800</u>	<u>15,125</u>	<u>11,325</u>
Total Revenues	<u>3,200</u>	<u>5,800</u>	<u>22,633</u>	<u>16,833</u>
EXPENDITURES				
Culture and Recreation	<u>2,000</u>	<u>4,600</u>	<u>2,000</u>	<u>2,600</u>
Net Change in Fund Balance	1,200	1,200	20,633	19,433
Fund Balance, Beginning of Year	<u>78,497</u>	<u>78,497</u>	<u>79,813</u>	<u>1,316</u>
Fund Balance, End of Year	<u>\$ 79,697</u>	<u>\$ 79,697</u>	<u>\$ 100,446</u>	<u>\$ 20,749</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
DILLON URBAN RENEWAL AUTHORITY
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes	\$ 16,889	\$ 15,363	\$ (1,526)
EXPENDITURES			
Urban Renewal	<u>3,000</u>	<u>340</u>	<u>2,660</u>
Net Change in Fund Balance	13,889	15,023	1,134
Fund Balance, Beginning of Year	<u>-</u>	<u>(10,855)</u>	<u>(10,855)</u>
Fund Balance, End of Year	<u>\$ 13,889</u>	<u>\$ 4,168</u>	<u>\$ (9,721)</u>

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
WATER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Utility Sales	\$ 988,960	\$ 988,960	\$1,014,794	\$ 25,834
Tap Fees	16,876	16,876	31,179	14,303
Interest	4,100	4,100	5,420	1,320
Miscellaneous	1,026	1,026	3,988	2,962
Loan Proceeds	-	-	-	-
Total Revenues	<u>1,010,962</u>	<u>1,010,962</u>	<u>1,055,381</u>	<u>44,419</u>
EXPENDITURES				
Current				
Operations	361,111	401,111	370,395	30,716
Maintenance	43,717	43,717	167,028	(123,311)
Distribution	14,400	14,400	74,574	(60,174)
Treatment	72,010	72,010	41,006	31,004
Capital Outlay	566,070	566,070	321,668	244,402
Debt Service				
Principal	108,728	108,728	108,728	-
Interest	90,433	90,433	88,945	1,488
Total Expenditures	<u>1,256,469</u>	<u>1,296,469</u>	<u>1,172,344</u>	<u>124,125</u>
CHANGE IN NET POSITION, Budget Basis	<u>\$ (245,507)</u>	<u>\$ (285,507)</u>	(116,963)	<u>\$ 168,544</u>
ADJUSTMENTS TO GAAP BASIS				
Principal Payments on Debt			108,728	
Capital Outlay			321,668	
Depreciation			<u>(310,157)</u>	
CHANGE IN NET POSITION, GAAP Basis			3,276	
NET POSITION, Beginning			<u>7,605,140</u>	
NET POSITION, Ending			<u><u>\$7,608,416</u></u>	

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
SEWER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2016

	Original and Final Budget	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Utility Sales	\$ 857,676	\$ 843,314	\$ (14,362)
Tap Fees	13,056	24,485	11,429
Interest	700	<u>4,822</u>	<u>4,122</u>
Total Revenues	<u>871,432</u>	<u>872,621</u>	<u>1,189</u>
EXPENDITURES			
Current			
Operations	116,141	108,759	7,382
Maintenance	49,150	107,713	(58,563)
Treatment	494,262	326,824	167,438
Capital Outlay	394,070	105,264	288,806
Capital AMP Fees	-	147,301	(147,301)
Debt Service			
Principal	141,116	141,116	-
Interest	<u>12,535</u>	<u>9,418</u>	<u>3,117</u>
Total Expenditures	<u>1,207,274</u>	<u>946,395</u>	<u>260,879</u>
CHANGE IN NET POSITION, Budget Basis	<u>\$ (335,842)</u>	(73,774)	<u>\$ 262,068</u>
ADJUSTMENTS TO GAAP BASIS			
Principal Payments on Debt		141,116	
Capital Outlay		105,264	
Depreciation		(81,574)	
Investment in Joint Sewer Authority		<u>44,830</u>	
CHANGE IN NET POSITION, GAAP Basis		135,862	
NET POSITION, Beginning		<u>4,368,818</u>	
NET POSITION, Ending		<u><u>\$ 4,504,680</u></u>	

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
MARINA FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for Services	\$ 1,162,500	\$ 1,365,404	\$ 202,904
Interest	2,500	1,991	(509)
Miscellaneous	49,000	53,852	4,852
Total Revenues	<u>1,214,000</u>	<u>1,421,247</u>	<u>207,247</u>
EXPENDITURES			
Current			
Operations	808,515	797,538	10,977
Maintenance	24,700	25,826	(1,126)
Capital Outlay	102,500	56,974	45,526
Debt Service			
Principal	87,000	87,000	-
Interest	83,677	75,743	7,934
Transfer Out	38,067	38,067	-
Total Expenditures	<u>1,144,459</u>	<u>1,081,148</u>	<u>63,311</u>
CHANGE IN NET POSITION, Budget Basis	<u>\$ 69,541</u>	340,099	<u>\$ 270,558</u>
ADJUSTMENTS TO GAAP BASIS			
Principal Payments on Debt		87,000	
Capital Outlay		56,974	
Depreciation		<u>(213,497)</u>	
CHANGE IN NET POSITION, GAAP Basis		270,576	
NET POSITION, Beginning		<u>1,649,942</u>	
NET POSITION, Ending		<u>\$ 1,920,518</u>	

See the accompanying Independent Auditors' Report.

TOWN OF DILLON, COLORADO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

For the Year Ended December 31, 2016

	<u>Balance</u> <u>January 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31, 2016</u>
Summit County Telecommunications Consortium				
ASSETS				
Cash and Investments	\$ 110,238	\$ 171,482	149,398	\$ 132,322
Accounts Receivable	<u>9,232</u>	<u>9,532</u>	<u>9,232</u>	<u>9,532</u>
Total Assets	<u>\$ 119,470</u>	<u>\$ 181,014</u>	<u>\$ 158,630</u>	<u>\$ 141,854</u>
LIABILITIES				
Accrued Liabilities	\$ 1,707	\$ 1,681	\$ 1,707	\$ 1,681
Funds Held for Others	<u>117,763</u>	<u>179,333</u>	<u>156,923</u>	<u>140,173</u>
Total Liabilities	<u>\$ 119,470</u>	<u>\$ 181,014</u>	<u>\$ 158,630</u>	<u>\$ 141,854</u>

See the accompanying Independent Auditors' Report.

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Dillon
		YEAR ENDING : December 2016
This Information From The Records Of (example - City of _ or County of _ Town of Dillon	Prepared By: Phone:	Carri McDonnell 970-262-3404

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	0
3. Other local imposts (from page 2)	1,440,412
4. Miscellaneous local receipts (from page 2)	114,912
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	1,555,324
B. Private Contributions	
C. Receipts from State government (from page 2)	77,660
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	1,632,984

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	379,648
2. Maintenance:	56,213
3. Road and street services:	
a. Traffic control operations	24,116
b. Snow and ice removal	29,288
c. Other	
d. Total (a. through c.)	53,404
4. General administration & miscellaneous	42,872
5. Highway law enforcement and safety	225,254
6. Total (1 through 5)	757,391
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	400,593
b. Redemption	475,000
c. Total (a. + b.)	875,593
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	875,593
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	1,632,984

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	9,415,000	0	475,000	8,940,000
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,632,984	1,632,984		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2016

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	216,978	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	114,912
1. Sales Taxes	1,212,049	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	11,385	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,223,434	h. Other	
c. Total (a. + b.)	1,440,412	i. Total (a. through h.)	114,912
	(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	68,151	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	9,509	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	9,509	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	77,660	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		379,648	379,648
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	379,648	379,648
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	379,648	379,648
			(Carry forward to page 1)

Notes and Comments: