

TOWN OF MINTURN, COLORADO

FINANCIAL STATEMENTS

December 31, 2010

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FINANCIAL SECTION



Honorable Mayor and Members of the Town Council
Town of Minturn
Minturn, 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 Minturn as of and for the year ended December 31, 2010, which collectively comprise the basic financial statements of the Town of Minturn, as listed in the table of contents. These financial statements are the responsibility of the Town of Minturn's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Minturn as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Minturn's basic financial statements. The combining and individual fund financial statements and schedules and 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Swanhorst & Company LLC

May 23, 2011

Town of Minturn

Management's Discussion and Analysis Fiscal Year Ending December 31, 2010

As management for The Town of Minturn, we offer readers of the Town's basic financial statements this narrative and analysis of the financial activities of the Town of Minturn for the year ended December 31, 2010. The following discussion is intended to assist in understanding the results of operations and our current financial condition. Our consolidated financial statements and the accompanying notes included elsewhere in this document contain additional information that should be referred to when reviewing this material.

Overview

The Town was incorporated in 1904, became a home rule municipality in 1982, and is a duly, regularly created, organized, and existing political subdivision under the Constitution and laws of the State of Colorado. The Town is located in the central portion of Colorado approximately 100 miles west of Denver, 2 miles south of Interstate 70 and four miles west of the Town of Vail and the Vail Ski Resort. The Town's 2009 assessed valuation (for collection of taxes in 2010) was \$32,204,630

Financial Highlights

For the year ended December 31, 2010, the Town of Minturn's balance of governmental funds net increase was \$86,025 or 5.8% over 2009. During 2010, the Town was able to complete several projects and move others along resulting in fund equity as indicated below. In 2010, the world, national, state and local economies continued to endure a significant downturn and remained depressed most of the year with the economic outlook only slightly improving as we entered the middle and end of the fourth quarter. With this economic picture in mind the Town of Minturn made direct and specific financial moves that assisted in lessening this economic impact on the residents of the Town while maintaining our historically provided service levels. We acted to address the continuing uncertain economic environment by implementing several strategic initiatives aimed at permitting us to take advantage of improving economic conditions and able to emerge stronger in the future. Under these strategic initiatives we:

- Maintained a flat or reduced budget in 2010. The Town was able to foresee and adjust to a continued decrease in revenue well in advance of the immanent results.
- Continued consistent and ongoing monitoring of the budget and our monthly and year to date expenses on a department level. This monitoring allowed the Town's management team the opportunity to forecast and adjust for the downward cycle of the economy. Because we did not ever get to the point of over spending we were able to maintain a strict and consistent conservative budget and financial picture without the need for drastic measures that would adversely affect our residents or our cash flow.
- Worked closely with the Minturn Red/Cliff Business Association on how the economy was affecting the business community and what the Town could expect. This action allowed the Town to better understand the needs of our commercial businesses and help them to be successful. It allowed us to recognize new businesses as they entered the market. Further, it allowed us a finger on the pulse of what the Town could anticipate in revenue collections.

- Strived to maintain our customer service levels for the community to include snow removal, water and delivery service, roads, administrative services and police coverage.

Throughout the difficult economic year Minturn has endeavored to support our residents and to maintain our community service levels, predominantly without increasing costs to the Town. We are happy to report that, to a large extent, our efforts toward fiscal responsibility were well founded and successful.

FUND	BEGINNING EQUITY	ENDING EQUITY	VARIANCE
General Fund	\$1,087,942	\$1,265,681	\$177,739
Enterprise Fund	\$2,335,963	\$2,372,179	\$36,216
Conservation Trust	\$56,071	\$31,427	(\$24,644)
Building Fund	\$283,326	\$205,475	(\$77,851)
Arts Fund	\$4,158	\$16,011	\$11,853
Capital Projects Fund	\$31,299	\$35,799	\$4,500
General Improvement Dist	\$10,427	\$4,855	(\$5,572)
Scholarship Fund	\$357,505	\$357,973	\$468

The Conservation Trust equity was decreased due to purchases made associated with the Eagle River restoration project, the Building Fund equity was reduced as a result of our refinancing of the outstanding bonds which reduced our reserve requirement by approximately \$286,000 over the next ten years, and the General Improvement District was reduced by spending down of cash on hand carried forward from 2009 as requested and budgeted for by the District.

The Town continued its conservative budget practices, efficient and moderate spending and upkeep and monitoring of the budget on a monthly basis. Town Staff has reviewed our labor needs and currently feel the existing twelve employees, although limiting, is sufficient to maintain our service needs. Currently, we have two positions on a hiring hold; a police officer and a public works director. The Battle Mountain Resort development continues to take a large amount of time; however, it has settled into a sustainable long term process with no real development anticipated for at least several years.

The Enterprise Fund continues to hold its own and make some forward gains on an annual basis. Although the Fund is able to maintain a solid reserve balance it is not financially prepared for any significant system breach or upgrade. In 2010 the Town completed an approximate 1,000 foot line replacement from Main Street north along Rail Road Avenue. This line was in serious disrepair and had been the source of numerous recent breaks and ongoing leaks. The Enterprise Fund is comprised of two basic revenue streams; water fees, which pay for the day to day water purification and distribution, and trash fees, which pay for the Town wide citizen trash pickup service. Without the consideration of the Battle Mountain Annexation, the Town is substantially at build out at this time within our current Town boundaries. Therefore, water tap revenue derived from the sale of water taps for new construction is insufficient to pay for needed future system maintenance and repair. Consideration of this and other funding source for the ongoing

infrastructure repair and maintenance should be considered during the annual budget process as water rates are reviewed.

The Arts Fund has been a source of considerable improvement in 2010. This fund is once again essentially able to cover its operational costs with Summer Market revenues. The annual summer Minturn Market was a success in 2010. Much of this was due to a more concerted management effort by the Town and a stronger event management contract.

The Capital Fund does not generate any revenue. All expenses are paid for via an interfund transfer from the General Fund or grant proceeds. Projects in the Capital Fund in 2010 included annual contractual maintenance needs resulting from the Eagle River restoration improvements.

The operations of the Town are funded primarily by tax revenue generated by a 17.934 mill levy on the assessed value of property and a 4% sales tax generated by sales within the Town. The mill levy is set at 17.934 and is not affected by the TABOR law, therefore the Town is allowed to collect, save and spend all property tax revenues derived from that levy. Tax revenue for the year from our Property Tax Mill Levy was \$563,206. Our 2010 City and County sales tax collections were down approximately 6% from 2009. Our total City and County sales tax collections totaled \$425,383. These two sources of revenue are equal to 80% of our General Fund revenues, not including Developer Fees charged to the Battle Mountain project. This percentage is a continuing reminder of the need for true diversification in our revenue stream. It is noted that the combined property and sales taxes as a ratio of gross revenues in the General Fund are approximately 15 percentage points higher than in 2008. Much of this is due to lower lease fees earned on land leases to other organizations due to the downward cycle of the economy over all. Additionally, in 2010 anticipated lease revenues from the radio tower land lease were not received and this lease has been terminated. Revenues from this lease were \$60,000 annually.

The Town collects a lodging tax of 1.5% which is in addition to a 4% sales tax on all short-term rental units beginning. Short-term lodging is defined as a single stay less than 30 days. This lodging tax is collected and allocated in the General Fund and continues to grow.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

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

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

The **statement of activities** presents information showing how the Town of Minturn's net assets changed during the most recent fiscal year. All changes in net assets 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 reported in this statement for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused employee paid time off).

The government-wide financial statements distinguish functions of the Town of Minturn 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 Minturn include general government, public safety (police), public works, and community development. The Business-type Activities of the Town of Minturn include Water, Trash, and Recreation.

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. Some funds are required to be established by State law and bond covenants; however the Town Council establishes other funds to help control and manage money for particular purposes. All of the Town's funds can be divided into three categories: Governmental Funds, Proprietary Funds, and Agency 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 *short-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. The 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 activities in the *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 Minturn maintains six individual governmental funds: General, Conservation Trust, Building Corporation, Arts, and Capital Projects and a General Improvement District. 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 and other major funds. The nonmajor funds are combined in the *Other Governmental Funds* 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.

Proprietary Funds – The Town of Minturn 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 uses an enterprise fund to account for its Water, Trash, and Recreation activities. This fund is considered to be a major fund of the Town of Minturn.

Agency Funds – The Town of Minturn maintains one *Agency Fund*. *Agency Funds* consist of resources retained by the Town as an agent for another unit in a fiduciary capacity. The Scholarship Fund is an Agency Fund and operates as an annuity whereby the interest is used for the purpose of awarding scholarships for post secondary education. The original annuity of \$350,000 was funded by Battle Mountain Resort. Until such time as agreed to by Battle Mountain Resort no disbursements will be made from this Fund. The Scholarship Fund is considered to be a nonmajor governmental fund. Individual fund data of this fund is provided in the form of the combined statements elsewhere in this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Government-wide Financial Analysis

As noted previously, net assets may serve over time as a useful indicator of the Town's financial position. For the year ended December 31, 2010, the Town's combined assets exceeded liabilities by \$6,552,812. This represents an increase in net assets of \$167,130 or .026% over year end 2009. Of this amount \$1,901,423 is unrestricted and is available to meet the Town's ongoing financial obligations.

Net Assets

	GOVERNMENTAL	BUSINESS-TYPE	TOTALS	
	ACTIVITIES	ACTIVITIES	2010	2009
ASSETS				
Cash and Investments	1,037,703	821,867	1,859,570	1,747,496
Restricted Cash and Investments	457,195		457,195	536,647
Accounts Receivable		115,655	115,655	278,629
Property Taxes Receivable	578,429		578,429	577,558
Other Receivables	111,130		111,130	122,906
Debt Issuance Costs, Net Of Accumulated Amortization	95,500		95,500	
Capital Assets, Not Being Depreciated	1,275,000		1,275,000	1,275,000
Capital Assets, Net of Accumulated Depreciation	3,276,322	2,120,923	5,397,245	5,198,845
TOTAL ASSETS	6,831,279	3,058,445	9,889,724	9,737,081
LIABILITIES				
Accounts Payable	37,480	11,653	49,133	69,668
Deferred Revenues	578,429		578,429	577,558
Deposits	9,300		9,300	9,300
Noncurrent Liabilities				
Due Within One Year	120,000	66,412	186,412	195,296
Due in More Than One Year	1,905,437	608,201	2,513,638	2,499,577
TOTAL LIABILITIES	2,650,646	686,266	3,336,912	3,351,399
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	2,647,034	1,451,733	4,098,767	3,811,658
Restricted for Debt Service	201,500		201,500	281,500
Restricted for Parks	287,122		287,122	311,218
Restricted for Emergencies	64,000		64,000	82,000
Unrestricted	980,977	920,446	1,901,423	1,899,306
Total Net Assets	4,180,633	2,372,179	6,552,812	6,385,682

Change in Net Assets

FUNCTIONS/PROGRAMS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
			2010	2009
PRIMARY GOVERNMENT				
PROGRAM REVENUES				
Charges for Services	90,330	2,147,308	2,237,638	1,617,564
Operating Grants and Contributions	397,177		397,177	753,171
Capital Grants and Contributions	140,669	11,500	152,169	737,332
GENERAL REVENUES				
Property Taxes	563,206		563,206	468,503
Specific Ownership Taxes	19,085		19,085	19,791
Sales and Use Taxes	425,383		425,383	452,952
Franchise Taxes	62,238		62,238	58,176
Other Taxes	51,938		51,938	59,060
Intergovernmental Revenues not Restricted	3,085		3,085	0
Investment Income	4,651		4,651	9,730
Other Revenues	379,375		379,375	371,709
TOTAL REVENUES	2,137,137	2,158,808	4,295,945	4,547,988
EXPENSES				
General Government	811,546		811,546	663,411
Planning and Zoning	132,092		132,092	762,059
Municipal Court	28,700		28,700	23,993
Police	421,043		421,043	431,979
Public Works	296,445		296,445	312,846
Parks and Recreation	228,453		228,453	772,364
Economic Development	11,396		11,396	5,063
Interest on Long-Term Debt	95,413		95,413	132,737
Water, Sanitation and Recreation		2,103,727	2,103,727	1,396,988
TOTAL EXPENSES	2,025,088	2,103,727	4,128,815	4,501,440
Excess Before Transfers	112,049	55,081	167,130	46,548
Transfers	18,865	(18,865)	0	0
CHANGE IN NET ASSETS	130,914	36,216	167,130	46,548
NET ASSETS, Beginning	4,049,719	2,335,963	6,385,682	6,339,134
NET ASSETS, Ending	4,180,633	2,372,179	6,552,812	6,385,682

During the fiscal year 2010 the Town of Minturn continued a working agreement for services rendered in the annexation request for Battle Mountain. The agreement included all pass through expenses incurred by the Town in both the General and Enterprise Funds. This added significant cash to revenues in order to cover the corresponding

ongoing expenses in the two funds in the amount of \$1,071,023. This revenue was either originally approved in the 2010 budget or supplementally appropriated during the year.

The Town realized \$48,535 in Real Estate Transfer Taxes (RETT) revenues. This amount was below the budgeted expectation of \$60,000 and may be a reflection of the soft real estate market experienced with the overall economic downturn. Over the past several years the Town has realized significant growth in the RETT revenues. This increase was due to two large and expensive developments, one on Taylor Street and one in the 1800 block of Main Street/Hwy 24. Additionally, a large number of sales took place. These real estate transfers were evenly consistent throughout the Town. With the large development and the evenly distributed sales Town wide the County Assessor was able to have a good sample of like sales transactions during the 2007 and 2009 reassessment year leading to higher taxable values for the residents of Minturn.

With the strong economy realized between 2006 and 2008, the 2010 assessment was proportionately higher as well. It should be noted this revenue stream is extremely fickle and very driven by the economy. With the recent economic downturn it is preliminarily anticipated that this assessment will drop in the 2011 assessment by as much as 30% county wide. Such an assessed value downturn would most definitely affect Minturn. In short, because one year was strong should not be interpreted as a trend or prelude to the following year and vice versa. The Town continues to watch this revenue stream and budget conservatively in light of the economic downturn.

Financial Analysis of the Town's Funds

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

The General Fund is the major operating fund of the Town. At the end of 2010 the current fiscal year fund balance increased by \$177,739 from \$1,087,942 to \$1,265,681. Although this fund balance is an increase it is indicative in large part to intensive budget management on the part of the Town Council and management and should be held conservatively in light of the current economic slump and slow recovery. It is the direction of the Council for the Town to hold an amount equal to 50% of our annual non-developer expenses in a cash reserve. This optimistic reserve target has been met annually for the past seven years or so and is built to better allow the Town to operate during unsure economic conditions. The realization of this ending fund balance and strong reserve policy makes Minturn a leader in fiscal responsibility and the strong reserve practice is recommended to be continued.

The Town has for several years been pursuing the annexation of a section of privately owned land to the south of Minturn. This approximate 5,300 acre parcel, owned by Battle Mountain Resort, will involve expenses to be reimbursed by the developer. The annexation of approximately 4,300 was completed in May of 2008. It is anticipated the remaining approximate 1,000 acres will be annexed at some point in the next few years.

Additional parcels of land are under annexation consideration or in the process of annexation in south Minturn area, such as 105 acres in Maloit Park.

General Fund Budgetary Highlights

The Town budgeted for General Fund expenditures of \$2,683,730 for the year ended December 31, 2010. Actual expenditures were \$1,549,257. Much of this difference between actual and budget is a result of the lower than budgeted expenses related to the Battle Mountain Resort Annexation as well as cuts related to the budget reduction exercise in light of anticipated lower revenue projections.

Although attempts have been made to adjust for market growth variances and building cycles in order to smooth out the annual budget, the resort and real estate market in the valley are very changeable and adjustments need to be realized as change occurs.

There were budget amendments during the year which reflected additional realized revenues and corresponding expenses.

Capital Asset and Debt Administration

Capital Assets. The Town’s investment in capital assets as of December 31, 2010, amounts to \$6,672,245. This investment in capital assets includes 2010 activity consisting of the addition of a front-end loader and the replacement of approximately 1,000 feet of water line along Rail Road Avenue. The detail of capital assets is in Note 3 to the financial statements.

Long-term debt.

As of December 31, 2010, the Town had long-term debt that was being paid by the Water, Sanitation, and Recreation, and the Building Fund as follows:

	FY2009 Ending Balance	FY2010 Principal Additions	FY2010 Principal Reduction	FY2010 Ending Balance
Water Fund	667,550	110,936	103,873	674,613
Building Fund	2,027,323	2,166,540	2,168,426	2,025,437

The detail of long-term debt is presented in Note 4 to the financial statements.

Economic Factors and Next Year’s Budget

- The largest single event since Minturn’s inception, the Battle Mountain Resort Annexation was completed in May of 2008. It was anticipated Battle Mountain Resort would submit a petition for the annexation of the remaining approximate 1,000 acres and a development agreement and then proceed with approvals and development in the future. This project, when approved, will include a private community including a ski area and housing. The project will also bring with it employee housing, an estimated 800 plus full time jobs, an increase in assets and

residents and a vastly increased and stable funding source for the future of Minturn.

- Sales tax revenues are a major source of revenue to the Town and are an important source for providing funds for the general operations and maintenance of the Town of Minturn. Currently, the Minturn Market as a whole continues to rank as one of the largest sales tax contributors. This market, run by the Town, continues to provide foot traffic for the retail shops and restaurants in Town.
- Although annually the Town's commercial and residential sectors continue to grow the budget history and philosophy remains to budget flat or near flat revenues based on the prior year. This conservative approach has allowed the Town to accurately estimate our budget to actual revenues and expenditures while keeping a close watch on expenses.
- In 2010, sales tax collections were down over 6% from 2009. Concurrently, the national and state economies are down significantly. National and international markets are in a severe recession although the local, state and national economies show signs of a recovery. This downward economy has plunged the real property assessed valuation and it is anticipated that Minturn's real property tax collections will be down by as much as 33% during the current 2011 reassessment. With the significant crash of the consumer credit market, continuing economic strife in the Euro dollar and recessionary concerns throughout much of the world, it is difficult to predict the full implication of the current national economy on the local economy. Sales tax revenue projections and real estate growth for 2011 are once again conservatively reflective of that trend. It is not estimated that the Battle Mountain Resort project will have any significant impact upon these revenues streams for several years.
- As stated in this document, the original Battle Mountain Resort annexation request was approved. The Town of Minturn currently awaits further submittals including a development plan. With the downturn in the economy Battle Mountain Resort has understandably taken a "wait and see" stance on immediate development. In view of this slowdown of the development, the Town of Minturn has taken a "wait and see" approach to future staffing needs and revenue expectations. As of the end of 2010, the Town employed 12 full time employees. Interestingly, although we have had minor short term fluctuations, this is the same full time equivalent staffing we had in 2000. Again this is representative of our stringent efforts to control our municipal costs.
- Our primary sources of liquidity are: cash generated from property and sales tax, leases of Town owned land, and water fees. We have experienced challenging economic conditions beginning in 2008 and continue unsubsidized due to recessionary economic conditions throughout the world and a slow and uncertain recovery from those conditions. Our underlying goal has been to control our expenditures and maintain our fund balances while at the same time not reducing our established service levels to our residents. Given the difficult and uncertain economic environment, the Town Council and Staff have undertaken additional internal actions which include:
 - Insurance Review: Annually, the Town Staff reviews and modifies our employee medical insurance program. Other similar cost control measures were made to the life insurance and the employee pension plan.

- Wage Freeze: During 2009 and 2010, our wage freezes have resulted in wage savings in excess of \$83,000 annually. Additionally, the Town management has opted not to refill two current vacant staff positions.

The Town of Minturn is in a relatively good financial position because of our ongoing conservative budget, our stable cash reserves, and our spending practices. Our Fund reserves are at a sufficient level to cover the Town's financial policy set by Council (equal to six months of operations expenditures). Although we continue to watch all revenue and expense numbers very closely, it is comforting to recognize the diverse service industry tax base we have as well as the growth in our store front businesses. With these factors in mind it remains a guiding touchstone that annual operational expenditures must be paid for from revenues earned during this same period and generally not paid from reserves. In other words, in order to best plan for the future we must live within our means.

All these factors were considered in preparing the Town of Minturn's budget for the 2011 fiscal year.

Requests for Information

The financial report is designed to provide a general overview of the Town of Minturn's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Town of Minturn
Attn.: Jay Brunvand, Clerk/Treasurer
P.O. Box 309
Minturn, CO 80498

BASIC FINANCIAL STATEMENTS

TOWN OF MINTURN, COLORADO

STATEMENT OF NET ASSETS

December 31, 2010

	GOVERNMENTAL	BUSINESS-TYPE	TOTALS	
	ACTIVITIES	ACTIVITIES	2010	2009
ASSETS				
Cash and Investments	\$ 1,037,703	\$ 821,867	\$ 1,859,570	\$ 1,747,496
Restricted Cash and Investments	457,195	-	457,195	536,647
Accounts Receivable	-	115,655	115,655	278,629
Property Taxes Receivable	578,429	-	578,429	577,558
Other Receivables	111,130	-	111,130	122,906
Debt Issuance Costs, Net of Accumulated Amortization	95,500	-	95,500	-
Capital Assets, Not Being Depreciated	1,275,000	-	1,275,000	1,275,000
Capital Assets, Net of Accumulated Depreciation	<u>3,276,322</u>	<u>2,120,923</u>	<u>5,397,245</u>	<u>5,198,845</u>
TOTAL ASSETS	<u>6,831,279</u>	<u>3,058,445</u>	<u>9,889,724</u>	<u>9,737,081</u>
LIABILITIES				
Accounts Payable	37,480	11,653	49,133	69,668
Deferred Revenues	578,429	-	578,429	577,558
Deposits	9,300	-	9,300	9,300
Noncurrent Liabilities				
Due Within One Year	120,000	66,412	186,412	195,296
Due in More Than One Year	<u>1,905,437</u>	<u>608,201</u>	<u>2,513,638</u>	<u>2,499,577</u>
TOTAL LIABILITIES	<u>2,650,646</u>	<u>686,266</u>	<u>3,336,912</u>	<u>3,351,399</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	2,647,034	1,451,733	4,098,767	3,811,658
Restricted for Debt Service	201,500	-	201,500	281,500
Restricted for Parks	287,122	-	287,122	311,218
Restricted for Emergencies	64,000	-	64,000	82,000
Unrestricted	<u>980,977</u>	<u>920,446</u>	<u>1,901,423</u>	<u>1,899,306</u>
TOTAL NET ASSETS	<u>\$ 4,180,633</u>	<u>\$ 2,372,179</u>	<u>\$ 6,552,812</u>	<u>\$ 6,385,682</u>

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

TOWN OF MINTURN, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2010

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 811,546	\$ 18,226	\$ 285,753	\$ -
Planning and Zoning	132,092	50,697	-	-
Municipal Court	28,700	-	-	-
Police	421,043	21,407	274	-
Public Works	296,445	-	100,685	-
Parks and Recreation	228,453	-	10,465	140,669
Economic Development	11,396	-	-	-
Interest on Long-Term Debt	95,413	-	-	-
Total Governmental Activities	2,025,088	90,330	397,177	140,669
Business-Type Activities				
Water, Sanitation and Recreation	2,103,727	2,147,308	-	11,500
Total Business-Type Activities	2,103,727	2,147,308	-	11,500
TOTAL PRIMARY GOVERNMENT	\$ 4,128,815	\$ 2,237,638	\$ 397,177	\$ 152,169

GENERAL REVENUES

Property Taxes
 Specific Ownership Taxes
 Sales and Use Taxes
 Franchise Taxes
 Other Taxes
 Intergovernmental Revenues not Restricted to Specific Programs
 Investment Income
 Miscellaneous

TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET ASSETS

NET ASSETS, Beginning

NET ASSETS, Ending

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

NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2010	2009
\$ (507,567)	\$ -	\$ (507,567)	\$ (641,481)
(81,395)	-	(81,395)	(45,686)
(28,700)	-	(28,700)	(23,993)
(399,362)	-	(399,362)	(401,904)
(195,760)	-	(195,760)	(222,123)
(77,319)	-	(77,319)	(59,520)
(11,396)	-	(11,396)	(5,063)
(95,413)	-	(95,413)	(132,737)
<u>(1,396,912)</u>	<u>-</u>	<u>(1,396,912)</u>	<u>(1,532,507)</u>
-	55,081	55,081	139,134
<u>-</u>	<u>55,081</u>	<u>55,081</u>	<u>139,134</u>
<u>(1,396,912)</u>	<u>55,081</u>	<u>(1,341,831)</u>	<u>(1,393,373)</u>
563,206	-	563,206	468,503
19,085	-	19,085	19,791
425,383	-	425,383	452,952
62,238	-	62,238	58,176
51,938	-	51,938	59,060
3,085	-	3,085	3,348
4,651	-	4,651	9,730
379,375	-	379,375	368,361
18,865	(18,865)	-	-
<u>1,527,826</u>	<u>(18,865)</u>	<u>1,508,961</u>	<u>1,439,921</u>
130,914	36,216	167,130	46,548
<u>4,049,719</u>	<u>2,335,963</u>	<u>6,385,682</u>	<u>6,339,134</u>
\$ <u>4,180,633</u>	\$ <u>2,372,179</u>	\$ <u>6,552,812</u>	\$ <u>6,385,682</u>

TOWN OF MINTURN, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

	<u>GENERAL</u>	<u>BUILDING CORPORATION</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>	
				2010	2009
ASSETS					
Cash and Investments	\$ 945,566	\$ 3,975	\$ 88,162	\$ 1,037,703	\$ 741,199
Restricted Cash and Investments	255,695	201,500	-	457,195	536,647
Accounts Receivable	-	-	-	-	137,580
Property Taxes Receivable	578,429	-	-	578,429	577,558
Other Receivables	111,130	-	-	111,130	122,906
Interfund Receivables	-	-	-	-	106,281
TOTAL ASSETS	<u>\$ 1,890,820</u>	<u>\$ 205,475</u>	<u>\$ 88,162</u>	<u>\$ 2,184,457</u>	<u>\$ 2,222,171</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 37,410	\$ -	\$ 70	\$ 37,480	\$ 55,809
Deferred Revenues	578,429	-	-	578,429	577,558
Interfund Payables	-	-	-	-	106,281
Deposits	9,300	-	-	9,300	9,300
TOTAL LIABILITIES	<u>625,139</u>	<u>-</u>	<u>70</u>	<u>625,209</u>	<u>748,948</u>
FUND BALANCE					
Reserved for Debt Service	-	201,500	-	201,500	281,500
Reserved for Parks	255,695	-	31,427	287,122	311,218
Reserved for Emergencies	64,000	-	-	64,000	82,000
Unreserved, Reported In					
General Fund	945,986	-	-	945,986	750,795
Special Revenue Funds	-	-	20,866	20,866	14,585
Debt Service Fund	-	3,975	-	3,975	1,826
Capital Projects Fund	-	-	35,799	35,799	31,299
TOTAL FUND BALANCE	<u>1,265,681</u>	<u>205,475</u>	<u>88,092</u>	<u>1,559,248</u>	<u>1,473,223</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,890,820</u>	<u>\$ 205,475</u>	<u>\$ 88,162</u>	<u>\$ 2,184,457</u>	<u>\$ 2,222,171</u>

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

Total Fund Balance of Governmental Funds	\$ 1,559,248	\$ 1,473,223
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	4,551,322	4,603,819
Long-term liabilities and related items, including certificates of participation (\$1,921,580), capital lease (\$78,208), accrued paid time off (\$25,649), and debt issuance costs \$95,500, are not due and payable in the current year and, therefore, are not reported in the funds.	<u>(1,929,937)</u>	<u>(2,027,323)</u>
Total Net Assets of Governmental Activities	<u>\$ 4,180,633</u>	<u>\$ 4,049,719</u>

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

TOWN OF MINTURN, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

Year Ended December 31, 2010

	GENERAL	BUILDING CORPORATION	NONMAJOR GOVERNMENTAL FUNDS	TOTALS	
				2010	2009
REVENUES					
Taxes	\$ 1,121,850	\$ -	\$ -	\$ 1,121,850	\$ 1,058,482
Licenses and Permits	68,923	-	-	68,923	90,590
Intergovernmental	104,044	-	151,134	255,178	810,638
Fines and Forfeitures	21,407	-	-	21,407	26,352
Investment Income	4,476	22	153	4,651	9,730
Developer Fees	285,753	-	-	285,753	647,713
Miscellaneous	80,135	241,584	57,656	379,375	368,361
TOTAL REVENUES	1,686,588	241,606	208,943	2,137,137	3,011,866
EXPENDITURES					
Current					
General Government	600,923	107,282	5,572	713,777	570,600
Planning and Zoning	132,092	-	-	132,092	762,931
Municipal Court	28,700	-	-	28,700	23,993
Police	410,726	-	-	410,726	415,721
Public Works	252,008	-	-	252,008	274,715
Parks and Recreation	-	-	224,734	224,734	770,941
Economic Development	11,396	-	-	11,396	5,063
Capital Outlay	95,647	-	-	95,647	32,162
Debt Service					
Principal	13,720	105,000	-	118,720	125,000
Interest and Fiscal Charges	4,045	91,943	-	95,988	132,737
Debt Issuance Costs	-	100,272	-	100,272	-
TOTAL EXPENDITURES	1,549,257	404,497	230,306	2,184,060	3,113,863
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	137,331	(162,891)	(21,363)	(46,923)	(101,997)
OTHER FINANCING SOURCES (USES)					
Debt Proceeds	91,928	2,015,000	-	2,106,928	-
Debt Premium	-	37,014	-	37,014	-
Payment to Escrow Agent	-	(2,029,859)	-	(2,029,859)	-
Transfers In	-	62,885	7,500	70,385	129,582
Transfers Out	(51,520)	-	-	(51,520)	(92,239)
TOTAL OTHER FINANCING SOURCES (USES)	40,408	85,040	7,500	132,948	37,343
NET CHANGE IN FUND BALANCE	177,739	(77,851)	(13,863)	86,025	(64,654)
FUND BALANCE, Beginning	1,087,942	283,326	101,955	1,473,223	1,537,877
FUND BALANCE, Ending	\$ <u>1,265,681</u>	\$ <u>205,475</u>	\$ <u>88,092</u>	\$ <u>1,559,248</u>	\$ <u>1,473,223</u>

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

TOWN OF MINTURN, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2010

	2010	2009
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Net Change in Fund Balance of Governmental Funds	\$ 86,025	\$ (64,654)
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense (\$144,425) exceeded capital outlay \$91,928 in the current year.	(52,497)	(112,980)
Repayments of debt principal are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net assets and do not affect the statement of activities.	118,720	125,000
Debt proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net assets 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: debt proceeds (\$2,106,928), debt premium (\$37,014), debt issuance costs \$100,272, payment to escrow agent \$2,029,859, amortization of debt issuance costs (\$4,772), amortization of debt premium \$1,764, and amortization of loss on refunding (\$1,189).	(18,008)	-
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 amount represents the change in accrued paid time off.	(3,326)	(2,609)
Change in Net Assets of Governmental Activities	\$ 130,914	\$ (55,243)

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

TOWN OF MINTURN, COLORADO

STATEMENT OF NET ASSETS
PROPRIETARY FUND
December 31, 2010

	WATER, SANITATION AND RECREATION	
	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 821,867	\$ 1,006,297
Accounts Receivable	115,655	141,049
TOTAL CURRENT ASSETS	937,522	1,147,346
NONCURRENT ASSETS		
Capital Assets, Net of Accumulated Depreciation	2,120,923	1,870,026
TOTAL ASSETS	3,058,445	3,017,372
CURRENT LIABILITIES		
Accounts Payable	11,653	13,859
Notes Payable, Current Portion	66,412	65,296
TOTAL CURRENT LIABILITIES	78,065	79,155
NONCURRENT LIABILITIES		
Accrued Paid Time Off	5,423	10,363
Notes Payable	524,570	591,891
Lease Payable	78,208	-
TOTAL NONCURRENT LIABILITIES	608,201	602,254
TOTAL LIABILITIES	686,266	681,409
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1,451,733	1,212,839
Unrestricted	920,446	1,123,124
TOTAL NET ASSETS	\$ 2,372,179	\$ 2,335,963

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

TOWN OF MINTURN, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUND
 Year Ended December 31, 2010

	<u>WATER, SANITATION AND RECREATION</u>	
	<u>2010</u>	<u>2009</u>
OPERATING REVENUES		
Charges for Services	\$ 671,606	\$ 665,870
Developer Fees	<u>1,475,702</u>	<u>834,752</u>
TOTAL OPERATING REVENUES	<u>2,147,308</u>	<u>1,500,622</u>
OPERATING EXPENSES		
Operating and Maintenance	1,986,140	1,288,379
Depreciation	<u>82,970</u>	<u>74,327</u>
TOTAL OPERATING EXPENSES	<u>2,069,110</u>	<u>1,362,706</u>
OPERATING INCOME (LOSS)	78,198	137,916
NONOPERATING REVENUES (EXPENSES)		
Interest Expense	<u>(34,617)</u>	<u>(34,282)</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	43,581	103,634
Capital Contributions	11,500	35,500
Transfers Out	<u>(18,865)</u>	<u>(37,343)</u>
CHANGE IN NET ASSETS	36,216	101,791
NET ASSETS, Beginning	<u>2,335,963</u>	<u>2,234,172</u>
NET ASSETS, Ending	<u>\$ 2,372,179</u>	<u>\$ 2,335,963</u>

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

TOWN OF MINTURN, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

Year Ended December 31, 2010

Increase (Decrease) in Cash and Cash Equivalents

	<u>WATER, SANITATION AND RECREATION</u>	
	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 2,172,702	\$ 1,485,863
Cash Paid to Suppliers	(1,725,450)	(1,034,245)
Cash Paid to Employees	<u>(267,836)</u>	<u>(241,962)</u>
Net Cash Provided (Used) by Operating Activities	<u>179,416</u>	<u>209,656</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Tap Fees Received	6,500	-
Grants Received	5,000	35,500
Acquisition of Capital Assets	(241,939)	(30,739)
Debt Principal Payments	(79,925)	(59,221)
Debt Interest Payments	<u>(34,617)</u>	<u>(34,282)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(344,981)</u>	<u>(88,742)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	<u>(18,865)</u>	<u>(37,343)</u>
Net Cash Used by Noncapital Financing Activities	<u>(18,865)</u>	<u>(37,343)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(184,430)	83,571
CASH AND CASH EQUIVALENTS, Beginning	<u>1,006,297</u>	<u>922,726</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 821,867</u>	<u>\$ 1,006,297</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 78,198	\$ 137,916
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense	82,970	74,327
Changes in Assets and Liabilities Related to Operations		
Accounts Receivable	25,394	(14,759)
Accounts Payable	(2,206)	9,544
Accrued Paid Time Off	<u>(4,940)</u>	<u>2,628</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 179,416</u>	<u>\$ 209,656</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Assets Acquired through Capital Lease	<u>\$ 91,928</u>	<u>\$ -</u>

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

TOWN OF MINTURN, COLORADO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUND

December 31, 2010

	<u>SCHOLARSHIPS</u>	
	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and Investments	\$ <u>357,973</u>	\$ <u>357,205</u>
LIABILITIES		
Held for Student Scholarships	\$ <u>357,973</u>	\$ <u>357,205</u>

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

TOWN OF MINTURN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The financial reporting entity consists of the Town and organizations for which the Town is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Town. In addition, any legally separate organizations for which the Town is financially accountable are considered part of the reporting entity. Financial accountability exists if the Town appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on, the Town.

Based on the application of these criteria, the Town includes the Minturn General Improvement District (the “District”) within its reporting entity. The Town Council serves as the governing board of the District. The District was formed to finance the construction of infrastructure in the Battle Mountain development using a dedicated property tax on property within the development. The District is blended into the Town’s financial statements as a special revenue fund. The Town also includes the Minturn Building Corporation (the “Corporation”) within its reporting entity. The Town Council appoints the Corporation’s Board of Directors. The Corporation was formed for the purpose of acquiring, constructing, installing and financing real and personal property to be used exclusively by the Town. The Corporation is blended into the Town’s financial statements as a debt service fund.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all 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 to a significant extent on fees and charges for support.

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*. Internally dedicated resources are reported as general revenues rather than program revenues.

TOWN OF MINTURN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

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. Revenues are recorded when earned and expenses are recorded 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The agency fund utilizes the accrual basis of accounting.

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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered 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 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 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 required to be accounted for in another fund.

TOWN OF MINTURN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The *Building Corporation* accounts for resources accumulated for, and payments made on, the Certificates of Participation issued by the Corporation.

Additionally, the Town reports the following major proprietary fund:

The *Water, Sanitation and Recreation Fund* is an enterprise fund that accounts for the financial activities associated with the provision of primarily water and garbage services.

In addition, the Town reports the following fund type:

The *Scholarships Agency Fund* accounts for a contribution of \$350,000 from the developer of the Battle Mountain development to create a scholarship program for qualified Town students. A committee will be established by the Town and the developer to determine the scholarship recipients. The Town holds all resources in a purely custodial capacity.

Assets, Liabilities and Net Assets/Fund Balance

Cash and Investments - For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less. Investments are stated at fair value.

Accounts Receivable - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Interfund Receivables and Payables - During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *interfund receivables* and *interfund payables*.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Capital Assets - Capital assets, which include property, plant, infrastructure, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund in the fund financial statements. Infrastructure assets, including streets, sidewalks and curbs and gutters, purchased or donated prior to January 1, 2004, are not reported in the financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 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 estimated fair market value at 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 MINTURN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Assets/Fund Balance (Continued)

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives.

Water and Sanitation Systems	20 - 50 years
Recreation Systems	35 years
Buildings and Improvements	10 - 50 years
Machinery and Equipment	5 - 10 years

Deferred Revenues - Deferred revenues include property taxes earned but levied for a subsequent year.

Compensated Absences - Employees of the Town are allowed to accumulate unused paid time off (PTO) for up to two years. Upon termination of employment from the Town, an employee will be compensated for all accrued PTO at rates between 30% and 50% of their pay rate, depending on years of service. Accumulated, unpaid PTO is accrued when earned in the government-wide and proprietary fund financial statements. A liability is recorded in the governmental fund financial statements only when payment is due.

Long-Term Debt - In the government-wide financial statements, and the proprietary fund 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 assets. Premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental funds 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 current expenditures.

Net Assets/Fund Balance - In the government-wide financial statements, and the proprietary fund in the fund financial statements, net assets are restricted when constraints placed on the net assets are externally imposed. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1 and are levied the following January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis.

TOWN OF MINTURN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Information

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read. Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2: CASH AND INVESTMENTS

At December 31, 2010, cash and investments consisted of the following:

Deposits	\$ (80,592)
Investments	<u>2,755,330</u>
Total	<u>\$ 2,674,738</u>

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

Cash and Investments	\$ 1,859,570
Restricted Cash and Investments	457,195
Agency Fund Cash and Investments	<u>357,973</u>
Total	<u>\$ 2,674,738</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. The 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

Investments

The Town is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

TOWN OF MINTURN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Interest Rate Risk - State statutes generally limit the maturity date of investment securities to five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

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 Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a nationally recognized statistical rating organizations ("NRSRO").

At December 31, 2010, the Town's investment of \$201,511 in the Federated Treasury Obligations Money Market Fund was rated AAAM by Standard & Poor's.

Local Government Investment Pools - At December 31, 2010, the Town had \$2,530,040 and \$23,779 invested in the Colorado Local Government Liquid Asset Trust (Colotrust) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively, investment vehicles established by State statutes 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 pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. The pools are rated AAAM by Standard & 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.

Restricted Cash and Investments

In accordance with the agreement established by the Certificates of Participation, cash and investments of \$201,500 are restricted by the Building Corporation to meet future debt service requirements. Additionally, \$255,695 is restricted in the General Fund for Little Beach Park improvements.

TOWN OF MINTURN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010, is summarized below:

	Balances 12/31/09	Additions	Deletions	Balances 12/31/10
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 1,275,000	\$ -	\$ -	\$ 1,275,000
Total Capital Assets, Not Being Depreciated	<u>1,275,000</u>	<u>-</u>	<u>-</u>	<u>1,275,000</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	3,905,603	-	-	3,905,603
Machinery and Equipment	529,787	91,928	40,735	580,980
Total Capital Assets, Being Depreciated	<u>4,435,390</u>	<u>91,928</u>	<u>40,735</u>	<u>4,486,583</u>
Less Accumulated Depreciation				
Buildings and Improvements	(710,741)	(97,846)	-	(808,587)
Machinery and Equipment	(395,830)	(46,579)	(40,735)	(401,674)
Total Accumulated Depreciation	<u>(1,106,571)</u>	<u>(144,425)</u>	<u>(40,735)</u>	<u>(1,210,261)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,328,819</u>	<u>(52,497)</u>	<u>-</u>	<u>3,276,322</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,603,819</u>	<u>\$ (52,497)</u>	<u>\$ -</u>	<u>\$ 4,551,322</u>
Business-Type Activities				
Capital Assets, Being Depreciated				
Water and Sanitation System	\$ 3,100,693	\$ 241,939	\$ -	\$ 3,342,632
Recreation Systems	79,009	-	-	79,009
Equipment	76,603	91,928	-	168,531
Total Capital Assets, Being Depreciated	<u>3,256,305</u>	<u>333,867</u>	<u>-</u>	<u>3,590,172</u>
Less Accumulated Depreciation				
Water and Sanitation System	(1,318,923)	(61,875)	-	(1,380,798)
Recreation Systems	(29,344)	(2,254)	-	(31,598)
Equipment	(38,012)	(18,841)	-	(56,853)
Total Accumulated Depreciation	<u>(1,386,279)</u>	<u>(82,970)</u>	<u>-</u>	<u>(1,469,249)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,870,026</u>	<u>\$ 250,897</u>	<u>\$ -</u>	<u>\$ 2,120,923</u>

Depreciation expense was charged to programs of the Town as follows:

Governmental Activities	
General Government	\$ 89,671
Police	10,317
Public Works	<u>44,437</u>
 Total	 <u>\$ 144,425</u>

TOWN OF MINTURN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 4: LONG-TERM DEBT

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2010:

	Balance 12/31/09	Additions	Payments	Balance 12/31/10	Due Within One Year
Governmental Activities					
Accrued Paid Time Off	\$ 22,323	\$ 47,457	\$ 44,131	\$ 25,649	\$ -
2000 Certificates of Participation	2,005,000	-	2,005,000	-	-
2010 Certificates of Participation	-	2,015,000	105,000	1,910,000	120,000
Debt Premium	-	37,014	1,764	35,250	-
Loss on Refunding	-	(24,859)	(1,189)	(23,670)	-
Capital Lease	-	91,928	13,720	78,208	-
	<u>-</u>	<u>91,928</u>	<u>13,720</u>	<u>78,208</u>	<u>-</u>
Total	<u>\$ 2,027,323</u>	<u>\$ 2,166,540</u>	<u>\$ 2,168,426</u>	<u>\$ 2,025,437</u>	<u>\$ 120,000</u>

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

Certificates of Participation

Certificates of Participation (COPs), Series 2010A, in the original amount of \$1,860,000, and Series 2010B, in the amount of \$155,000, were issued by the Corporation to refund the Certificates of Participation (COPs), Series 2000A and Series 2000B, which were originally issued to construct a building for use as a town hall, town employee housing, and a post office. The Corporation leases the building to the Town for amounts equal to the COPs debt service payments. The Town subleases the employee housing portion of the building to individuals and another portion of the building to the U.S. Postal Service.

The Series 2010A COPs accrue interest at rates ranging from 2% to 4% per annum, with payments due semi-annually on June 1 and December 1. Principal payments are due annually on December 1, from 2011 through 2020.

The Series 2010B COPs accrue interest at rates ranging from 1.75% to 2.25% per annum, with payments due semi-annually on June 1 and December 1. Principal payments are due annually on December 1, through 2011.

Future debt service payments are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 120,000	\$ 63,462	\$ 183,462
2012	165,000	60,938	225,938
2013	170,000	57,638	227,638
2014	185,000	52,538	237,538
2015	195,000	46,988	241,988
2016 - 2020	<u>1,075,000</u>	<u>127,012</u>	<u>1,202,012</u>
Total	<u>\$ 1,910,000</u>	<u>\$ 408,576</u>	<u>\$ 2,318,576</u>

TOWN OF MINTURN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 4: LONG-TERM DEBT (Continued)

Defeased Debt

Proceeds of the Certificates of Participation, Series 2010A and Series 2010B, in the amount of \$2,029,859, were deposited in an irrevocable trust with an escrow agent to advance refund the Certificates of Participation, Series 2000A and Series 2000B. Although the refunding resulted in the recognition of an accounting loss of \$24,859, the Town reduced its aggregate debt service payments by approximately \$197,859 and obtained in an economic gain (difference between the present values of the old and new debt service payments) of \$94,915. As a result, the refunded Certificates of Participation are considered defeased and the liability has been removed from the financial statements.

Capital Lease

During 2010, the Town entered into a lease agreement for \$183,856 to purchase a Caterpillar loader. Annual payments of \$35,530 are due under the lease agreement, through January, 2016. Interest accrues on the outstanding balance of the lease at 4% per annum. Capital assets totaling \$183,856 less accumulated depreciation of \$18,386 are reported in the financial statements as a result of this transaction. The lease obligation will be paid equally by the General and Water, Sanitation and Recreation Funds.

Following is a schedule of the future minimum lease payments required under the capital lease obligation.

Year Ended December 31,

2012	\$ 35,530
2013	35,530
2014	35,530
2015	35,530
2016	<u>35,530</u>
Total Minimum Lease Payments	177,650
Less: Interest Portion	<u>(21,234)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 156,416</u>

Following are the changes to long-term debt of the business-type activities for the year ended December 31, 2010:

TOWN OF MINTURN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 4: LONG-TERM DEBT (Continued)

	Balance 12/31/09	Additions	Payments	Balance 12/31/10	Due Within One Year
Business-Type Activities					
Accrued Paid Time Off	\$ 10,363	\$ 19,008	\$ 23,948	\$ 5,423	\$ -
CWRPDA Notes	206,991	-	57,505	149,486	58,000
1997A Rural Development Notes	227,769	-	4,336	223,433	4,212
1997B Rural Development Notes	222,427	-	4,364	218,063	4,200
Capital Lease	-	91,928	13,720	78,208	-
Total	<u>\$ 667,550</u>	<u>\$ 110,936</u>	<u>\$ 103,873</u>	<u>\$ 674,613</u>	<u>\$ 66,412</u>

CWRPDA Notes

During 1992, two loans for \$360,000 and \$73,837 were obtained from the Colorado Water Resources and Power Development Authority (CWRPDA) to refinance existing loans. Principal and interest payments are due semi-annually with interest rates ranging from 3.35% to 4.9%, through 2012.

During 1995, a loan for \$300,000 was obtained from the CWRPDA. Payments of \$5,614, including interest accruing at 4.5%, are due quarterly, with the final payment due in 2016. This loan is payable solely from revenues of the Town's water system, net of operations and maintenance expenses. During the year ended December 31, 2010, net revenues of \$155,234 were available to pay annual debt service of \$22,456. Remaining debt service at December 31, 2010, was \$117,896.

Rural Development Notes

1997A and 1997B Water Revenue Notes were issued to finance improvements to the Town's water system. Principal and interest payments are due semi-annually, through April 1, 2037. Interest accrues at 5% and 4.875%, respectively.

Future debt service payments for the notes are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 66,412	\$ 28,371	\$ 94,783
2012	32,772	25,188	57,960
2013	29,022	23,661	52,683
2014	30,389	22,294	52,683
2015	31,821	20,862	52,683
2016 - 2020	64,875	91,874	156,749
2021 - 2025	75,705	75,426	151,131
2026 - 2030	96,618	54,513	151,131
2031 - 2035	123,309	27,822	151,131
2036 - 2037	40,059	3,638	43,697
Total	<u>\$ 590,982</u>	<u>\$ 373,649</u>	<u>\$ 964,631</u>

TOWN OF MINTURN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 5: INTERFUND TRANSFERS

Interfund transfers during the year ended December 31, 2010, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Building Corporation	General Fund	\$ 44,020
Capital Projects Fund	General Fund	7,500
Building Corporation	Water, Sanitation and Recreation Fund	<u>18,865</u>
Total		<u>\$ 70,385</u>

The General and Water, Sanitation and Recreation Funds transferred the required lease payments to the Building Corporation for use of the facilities owned by the Corporation. The General Fund assisted with river restoration projects through transfers to the Capital Projects Fund.

NOTE 6: SEGMENT INFORMATION

Financial information for the water and sanitation segments of the Water, Sanitation and Recreation Fund for the year ended December 31, 2010, follows.

	<u>Water</u>	<u>Sanitation</u>	<u>Other</u>	<u>Totals</u>
Operating Revenues				
Charges for Services	\$ 577,526	\$ 94,080	\$ -	\$ 671,606
Developer Fees	<u>-</u>	<u>-</u>	<u>1,475,702</u>	<u>1,475,702</u>
Total Operating Revenues	<u>577,526</u>	<u>94,080</u>	<u>1,475,702</u>	<u>2,147,308</u>
Operating Expenses				
Operating and Maintenance	428,792	81,646	1,475,702	1,986,140
Depreciation	<u>82,970</u>	<u>-</u>	<u>-</u>	<u>82,970</u>
Total Operating Expenses	<u>511,762</u>	<u>81,646</u>	<u>1,475,702</u>	<u>2,069,110</u>
Operating Income (Loss)	65,764	12,434	-	78,198
Nonoperating Revenues (Expenses)				
Interest Expense	<u>(34,617)</u>	<u>-</u>	<u>-</u>	<u>(34,617)</u>
Net Income (Loss) Before Capital Contributions and Transfers	31,147	12,434	-	43,581
Capital Contributions	11,500	-	-	11,500
Transfers Out	<u>(18,865)</u>	<u>-</u>	<u>-</u>	<u>(18,865)</u>
Change in Net Assets	<u>\$ 23,782</u>	<u>\$ 12,434</u>	<u>\$ -</u>	<u>\$ 36,216</u>

TOWN OF MINTURN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 7: RETIREMENT COMMITMENTS

Police Plan

The Town of Minturn contributes to a single-employer defined contribution money purchase pension plan on behalf of full-time police officers. The contribution requirements of Plan participants and the Town are established and may be amended by the Town Council.

The Town is required to contribute 8% of each participating employee's compensation, and each employee must contribute a matching amount. All contributions to the Plan become partially vested to the employee upon completion of one year of service and fully vested after five years of service. During the year ended December 31, 2010, the Town and employee contributions were \$12,449 each, equal to the required contributions.

General Employee Plan

All employees, other than police officers, are eligible to participate in an Internal Revenue Code Section 401(a) Plan beginning six months from date of hire. The contribution requirements of Plan participants and the Town are established and may be amended by the Town Council. The Town is required to contribute 8% of each participant's base salary to the Plan. Employees are required to contribute 2% of base salary. The Town's contributions vest immediately, except for employees hired after February, 1, 2009, for which contributions will vest at 25% each year. During the year ended December 31, 2010, the Town and employee contributions to the Plan were \$40,900 and \$21,794, respectively, equal to the required contributions.

NOTE 8: RISK MANAGEMENT

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; general liability; unemployment; and employee benefit expenses related to health programs. The Town has purchased commercial insurance for workers compensation benefits.

Public Entity Risk Pool

For its property and liability risks, 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, and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, 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 and officers.

TOWN OF MINTURN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 8: RISK MANAGEMENT (Continued)

Public Entity Risk Pool (Continued)

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 City does not approve budgets nor does it have ability to significantly affect the operations of CIRSA.

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 government. On April 5, 1994, voters within the Town approved the collection, retention and expenditure of the full revenues generated by the Town in 1994 and subsequent years, notwithstanding the provisions of the Amendment.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2010, the emergency reserve of \$64,000 was reported as a reservation of fund balance in the General Fund.

Litigation

The Town is involved in various litigation. The outcome of this litigation cannot be determined at this time. However, management believes that any outcome will not have a significant adverse affect on the Town's financial condition.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF MINTURN, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2010

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Taxes	\$ 1,225,630	\$ 1,225,630	\$ 1,121,850	\$ (103,780)
Licenses and Permits	76,500	78,171	68,923	(9,248)
Intergovernmental	98,597	99,097	104,044	4,947
Fines and Forfeitures	21,000	22,860	21,407	(1,453)
Investment Income	20,000	20,000	4,476	(15,524)
Developer Fees	1,180,000	1,180,000	285,753	(894,247)
Miscellaneous	173,586	181,586	80,135	(101,451)
TOTAL REVENUES	<u>2,795,313</u>	<u>2,807,344</u>	<u>1,686,588</u>	<u>(1,120,756)</u>
EXPENDITURES				
Current				
General Government	1,516,212	1,558,913	600,923	957,990
Planning and Zoning	244,733	244,733	132,092	112,641
Municipal Court	22,093	22,093	28,700	(6,607)
Police	484,686	517,286	410,726	106,560
Public Works	302,491	305,241	252,008	53,233
Economic Development	10,000	12,250	11,396	854
Capital Outlay	23,214	23,214	113,412	(90,198)
TOTAL EXPENDITURES	<u>2,603,429</u>	<u>2,683,730</u>	<u>1,549,257</u>	<u>1,134,473</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>191,884</u>	<u>123,614</u>	<u>137,331</u>	<u>13,717</u>
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	-	-	91,928	91,928
Transfers Out	(104,646)	(104,646)	(51,520)	53,126
TOTAL OTHER FINANCING SOURCES (USES)	<u>(104,646)</u>	<u>(104,646)</u>	<u>40,408</u>	<u>145,054</u>
NET CHANGE IN FUND BALANCE	87,238	18,968	177,739	158,771
FUND BALANCE, Beginning	<u>1,128,201</u>	<u>1,128,201</u>	<u>1,087,942</u>	<u>(40,259)</u>
FUND BALANCE, Ending	<u>\$ 1,215,439</u>	<u>\$ 1,147,169</u>	<u>\$ 1,265,681</u>	<u>\$ 118,512</u>

See the accompanying Independent Auditors' Report.

TOWN OF MINTURN, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2010

NOTE 1: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

Budgets are legally adopted for all funds of the Town. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary fund are presented on a non-GAAP budgetary basis. Capital outlay and debt principal are budgeted as expenditures.

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

- In October, management submits to the Town Council a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Town Council.
- All appropriations lapse at year end.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

TOWN OF MINTURN, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2010

	<u>CONSERVATION TRUST</u>	<u>ARTS</u>	<u>MINTURN GID</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
ASSETS					
Cash and Investments	\$ 31,427	\$ 16,011	\$ 4,925	\$ 35,799	\$ 88,162
TOTAL ASSETS	<u>\$ 31,427</u>	<u>\$ 16,011</u>	<u>\$ 4,925</u>	<u>\$ 35,799</u>	<u>\$ 88,162</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 70	\$ -	\$ 70
FUND BALANCE					
Reserved for Parks	31,427	-	-	-	31,427
Unreserved, Reported In					
Special Revenue Funds	-	16,011	4,855	-	20,866
Capital Projects Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,799</u>	<u>35,799</u>
TOTAL FUND BALANCE	<u>31,427</u>	<u>16,011</u>	<u>4,855</u>	<u>35,799</u>	<u>88,092</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 31,427</u>	<u>\$ 16,011</u>	<u>\$ 4,925</u>	<u>\$ 35,799</u>	<u>\$ 88,162</u>

See the accompanying Independent Auditors' Report.

TOWN OF MINTURN, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2010

	<u>CONSERVATION TRUST</u>	<u>ARTS</u>	<u>MINTURN GID</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
REVENUES					
Intergovernmental	\$ 10,465	\$ -	\$ -	\$ 140,669	\$ 151,134
Investment Income	151	2	-	-	153
Miscellaneous	-	57,656	-	-	57,656
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	10,616	57,658	-	140,669	208,943
EXPENDITURES					
Current					
General Government	-	-	5,572	-	5,572
Parks and Recreation	35,260	45,805	-	143,669	224,734
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	35,260	45,805	5,572	143,669	230,306
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES					
	(24,644)	11,853	(5,572)	(3,000)	(21,363)
OTHER FINANCING SOURCES					
Transfers In	-	-	-	7,500	7,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(24,644)	11,853	(5,572)	4,500	(13,863)
FUND BALANCE, Beginning	56,071	4,158	10,427	31,299	101,955
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, Ending	\$ <u>31,427</u>	\$ <u>16,011</u>	\$ <u>4,855</u>	\$ <u>35,799</u>	\$ <u>88,092</u>

See the accompanying Independent Auditors' Report.

TOWN OF MINTURN, COLORADO

BUDGETARY COMPARISON SCHEDULE

CONSERVATION TRUST FUND

Year Ended December 31, 2010

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,465	\$ 465
Investment Income	<u>2,400</u>	<u>2,400</u>	<u>151</u>	<u>(2,249)</u>
TOTAL REVENUES	<u>12,400</u>	<u>12,400</u>	<u>10,616</u>	<u>(1,784)</u>
EXPENDITURES				
Parks and Recreation	<u>32,400</u>	<u>47,500</u>	<u>35,260</u>	<u>12,240</u>
TOTAL EXPENDITURES	<u>32,400</u>	<u>47,500</u>	<u>35,260</u>	<u>12,240</u>
NET CHANGE IN FUND BALANCE	(20,000)	(35,100)	(24,644)	10,456
FUND BALANCE, Beginning	<u>43,185</u>	<u>43,185</u>	<u>56,071</u>	<u>12,886</u>
FUND BALANCE, Ending	\$ <u><u>23,185</u></u>	\$ <u><u>8,085</u></u>	\$ <u><u>31,427</u></u>	\$ <u><u>23,342</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF MINTURN, COLORADO

BUDGETARY COMPARISON SCHEDULE

ARTS FUND

Year Ended December 31, 2010

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Investment Income	\$ -	\$ -	\$ 2	\$ 2
Minturn Market	<u>80,000</u>	<u>82,000</u>	<u>57,656</u>	<u>(24,344)</u>
TOTAL REVENUES	<u>80,000</u>	<u>82,000</u>	<u>57,658</u>	<u>(24,342)</u>
EXPENDITURES				
Minturn Market	<u>80,000</u>	<u>80,000</u>	<u>45,805</u>	<u>34,195</u>
TOTAL EXPENDITURES	<u>80,000</u>	<u>80,000</u>	<u>45,805</u>	<u>34,195</u>
NET CHANGE IN FUND BALANCE	-	2,000	11,853	9,853
FUND BALANCE, Beginning	<u>2,400</u>	<u>2,400</u>	<u>4,158</u>	<u>1,758</u>
FUND BALANCE, Ending	<u>\$ 2,400</u>	<u>\$ 4,400</u>	<u>\$ 16,011</u>	<u>\$ 11,611</u>

See the accompanying Independent Auditors' Report.

TOWN OF MINTURN, COLORADO

BUDGETARY COMPARISON SCHEDULE

MINTURN GID

Year Ended December 31, 2010

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Developer Fees	\$ <u>9,850</u>	\$ <u>-</u>	\$ <u>(9,850)</u>
TOTAL REVENUES	<u>9,850</u>	<u>-</u>	<u>(9,850)</u>
EXPENDITURES			
General Government	<u>9,850</u>	<u>5,572</u>	<u>4,278</u>
TOTAL EXPENDITURES	<u>9,850</u>	<u>5,572</u>	<u>4,278</u>
NET CHANGE IN FUND BALANCE	-	(5,572)	(5,572)
FUND BALANCE, Beginning	<u>-</u>	<u>10,427</u>	<u>10,427</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 4,855</u>	<u>\$ 4,855</u>

See the accompanying Independent Auditors' Report.

TOWN OF MINTURN, COLORADO

BUDGETARY COMPARISON SCHEDULE
BUILDING CORPORATION
 Year Ended December 31, 2010

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Investment Income	\$ 8,000	\$ 8,000	\$ 22	\$ (7,978)
Rental and Miscellaneous	<u>162,600</u>	<u>247,600</u>	<u>241,584</u>	<u>(6,016)</u>
TOTAL REVENUES	<u>170,600</u>	<u>255,600</u>	<u>241,606</u>	<u>(13,994)</u>
EXPENDITURES				
Current				
General Government	45,000	133,000	107,282	25,718
Debt Service				
Principal	130,000	130,000	105,000	25,000
Interest and Fiscal Charges	123,665	123,665	91,943	31,722
Debt Issuance Costs	<u>-</u>	<u>100,273</u>	<u>100,272</u>	<u>1</u>
TOTAL EXPENDITURES	<u>298,665</u>	<u>486,938</u>	<u>404,497</u>	<u>82,441</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(128,065)</u>	<u>(231,338)</u>	<u>(162,891)</u>	<u>68,447</u>
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	-	2,052,015	2,015,000	(37,015)
Debt Premium	-	-	37,014	37,014
Payment to Escrow Agent	128,065	-	(2,029,859)	(2,029,859)
Transfers In	<u>-</u>	<u>128,065</u>	<u>62,885</u>	<u>(65,180)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>128,065</u>	<u>2,180,080</u>	<u>85,040</u>	<u>(2,095,040)</u>
NET CHANGE IN FUND BALANCE	-	1,948,742	(77,851)	(1,961,412)
FUND BALANCE, Beginning	<u>282,564</u>	<u>282,564</u>	<u>283,326</u>	<u>762</u>
FUND BALANCE, Ending	<u>\$ 282,564</u>	<u>\$ 2,231,306</u>	<u>\$ 205,475</u>	<u>\$ (2,025,831)</u>

See the accompanying Independent Auditors' Report.

TOWN OF MINTURN, COLORADO

BUDGETARY COMPARISON SCHEDULE

CAPITAL PROJECTS FUND

Year Ended December 31, 2010

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ 141,000	\$ 140,669	\$ (331)
TOTAL REVENUES	<u>-</u>	<u>141,000</u>	<u>140,669</u>	<u>(331)</u>
EXPENDITURES				
Parks and Recreation	<u>7,500</u>	<u>143,900</u>	<u>143,669</u>	<u>231</u>
TOTAL EXPENDITURES	<u>7,500</u>	<u>143,900</u>	<u>143,669</u>	<u>231</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,500)	(2,900)	(3,000)	(100)
OTHER FINANCING SOURCES				
Transfers In	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	4,600	4,500	(100)
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>31,299</u>	<u>31,299</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 4,600</u>	<u>\$ 35,799</u>	<u>\$ 31,199</u>

See the accompanying Independent Auditors' Report.

TOWN OF MINTURN, COLORADO

BUDGETARY COMPARISON SCHEDULE
WATER, SANITATION AND RECREATION FUND
 Year Ended December 31, 2010

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Water Charges	\$ 583,000	\$ 583,000	\$ 577,526	\$ (5,474)
Water Tap Fees	32,500	32,500	6,500	(26,000)
Grants	-	-	5,000	5,000
Garbage Charges	94,000	94,000	94,080	80
Developer Fees	<u>1,000,000</u>	<u>1,500,000</u>	<u>1,475,702</u>	<u>(24,298)</u>
TOTAL REVENUES	<u>1,709,500</u>	<u>2,209,500</u>	<u>2,158,808</u>	<u>(50,692)</u>
EXPENSES				
Operating and Maintenance	1,988,358	2,557,608	1,986,140	571,468
Capital Outlay	20,714	20,714	241,939	(221,225)
Depreciation	65,000	65,000	82,970	(17,970)
Debt Service				
Principal	65,297	65,297	79,925	(14,628)
Interest	31,479	31,479	34,617	(3,138)
Transfers Out	<u>30,919</u>	<u>30,919</u>	<u>18,865</u>	<u>12,054</u>
TOTAL EXPENSES	<u>2,201,767</u>	<u>2,771,017</u>	<u>2,444,456</u>	<u>326,561</u>
CHANGE IN NET ASSETS, Budgetary Basis	<u>\$ (492,267)</u>	<u>\$ (561,517)</u>	(285,648)	<u>\$ 275,869</u>
RECONCILIATION TO GAAP BASIS				
Capital Outlay			241,939	
Debt Service Principal			<u>79,925</u>	
CHANGE IN NET ASSETS, GAAP Basis			<u>\$ 36,216</u>	

See the accompanying Independent Auditors' Report.

TOWN OF MINTURN, COLORADO

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

Year Ended December 31, 2010

	<u>BALANCE</u> <u>12/31/09</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>12/31/10</u>
ASSETS				
Cash and Investments	\$ <u>357,205</u>	\$ <u>768</u>	\$ <u>-</u>	\$ <u>357,973</u>
LIABILITIES				
Held for Student Scholarships	\$ <u>357,205</u>	\$ <u>768</u>	\$ <u>-</u>	\$ <u>357,973</u>

See the accompanying Independent Auditors' Report.

COMPLIANCE SECTION

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

LOCAL HIGHWAY FINANCE REPORT		City or County: TOWN OF MINTURN
		YEAR ENDING : December 2010
This Information From The Records Of (example - City of _ or County of TOWN OF MINTURN)	Prepared By: Phone:	JAY BRUNVAND 970/827-5645

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	6,907
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	294,188	b. Snow and ice removal	245,102
3. Other local imposts (from page 2)	19,085	c. Other	
4. Miscellaneous local receipts (from page 2)	35,482	d. Total (a. through c.)	245,102
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	143,754
a. Bonds - Original Issues		6. Total (1 through 5)	395,763
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	348,755	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	47,008	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	395,763	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			395,763

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
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
		395,763	395,763	0	1

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2010

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		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	8,804
1. Sales Taxes		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	19,085	g. Other Misc. Receipts	
6. Total (1. through 5.)	19,085	h. Other ROAD & BRIDGE	26,678
c. Total (a. + b.)	19,085	i. Total (a. through h.)	35,482
	(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	41,254	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	5,754	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	5,754	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	47,008	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			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: