

**TOWN OF GEORGETOWN, COLORADO**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2010**

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## **FINANCIAL SECTION**



**JOHN CUTLER  
& ASSOCIATES**

Honorable Mayor and Members of the Board of Selectmen  
Town of Georgetown  
Georgetown, 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 Georgetown, Colorado, as of and for the year ended December 31, 2010, which collectively comprise the basic financial statements of the Town, as listed in the table of contents. These financial statements are the responsibility of the Town of Georgetown, Colorado'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 Georgetown, Colorado, 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 Town has not presented a management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated August 17, 2011 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The required supplementary information listed in the table of contents is not a required part of the basic financial statements but is 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 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 Georgetown, Colorado's basic financial statements. The combining and individual fund schedules, listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying financial information presented and the Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments and Non-Profit Organizations, and has been subject to the auditing procedures applied in the audit of the Town's 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.

*John Cutler & Associates, LLC*

August 17, 2011

## **BASIC FINANCIAL STATEMENTS**

TOWN OF GEORGETOWN, COLORADO

STATEMENT OF NET ASSETS

As of December 31, 2010

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
			2010	2009
<b>ASSETS</b>				
Cash and Investments	\$ 91,777	\$ 88,160	\$ 179,937	\$ 274,814
Restricted Cash and Investments	-	84,970	84,970	71,247
Receivables				
Property Taxes	147,614	-	147,614	147,412
Accounts	5,613	106,478	112,091	90,330
Due From Other Governments	55,337	339,041	394,378	589,973
Prepaid Expenses	-	6,292	6,292	6,292
Interfund Balances	183,898	(183,898)	-	-
Capital Assets, Not Depreciated	856,744	7,500	864,244	3,048,952
Capital Assets, Depreciated Net of Accumulated Depreciation	773,415	8,607,800	9,381,215	5,530,295
<b>TOTAL ASSETS</b>	<b>2,114,398</b>	<b>9,056,343</b>	<b>11,170,741</b>	<b>9,759,315</b>
<b>LIABILITIES</b>				
Accounts Payable	23,229	331,580	354,809	398,935
Retainage Payable	-	410,856	410,856	90,702
Accrued Salaries and Benefits	18,722	7,384	26,106	33,958
Accrued Interest	-	2,790	2,790	2,790
Deferred Revenues	147,614	-	147,614	147,412
Noncurrent Liabilities				
Due within One Year	-	297,746	297,746	46,262
Due in More Than One Year	29,274	3,905,035	3,934,309	539,986
<b>TOTAL LIABILITIES</b>	<b>218,839</b>	<b>4,955,391</b>	<b>5,174,230</b>	<b>1,260,045</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	1,600,885	4,412,519	6,013,404	7,992,999
Restricted for Capital Improvement	-	84,970	84,970	71,247
Restricted for Emergencies	58,000	-	58,000	48,000
Unrestricted	236,674	(396,537)	(159,863)	387,024
<b>TOTAL NET ASSETS</b>	<b>\$ 1,895,559</b>	<b>\$ 4,100,952</b>	<b>\$ 5,996,511</b>	<b>\$ 8,499,270</b>

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

TOWN OF GEORGETOWN, COLORADO

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2010

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 438,868	\$ 103,267	\$ 10,000	\$ -
Public Safety	226,528	-	-	-
Public Works	237,397	-	85,713	177,430
Parks and Recreation	63,757	-	4,781	-
Total Governmental Activities	966,550	103,267	100,494	177,430
<b>Business-Type Activities</b>				
Water and Sewer	995,643	922,139	-	2,647,427
Interest on Long-Term Debt	28,184	-	-	-
Total Business-Type Activities	1,023,827	922,139	-	2,647,427
Total Primary Government	\$ 1,990,377	\$ 1,025,406	\$ 100,494	\$ 2,824,857

GENERAL REVENUES

- Sales Taxes
- Property Taxes
- Specific Ownership Taxes
- Franchise Taxes
- Severance Taxes
- Other Taxes
- Interest
- Other

TOTAL GENERAL REVENUES

CHANGE IN NET ASSETS

NET ASSETS, Beginning

Prior Period Adjustment

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
\$ (325,601)	\$ -	\$ (325,601)	\$ (175,177)
(226,528)	-	(226,528)	(294,393)
25,746	-	25,746	(121,648)
(58,976)	-	(58,976)	(56,566)
<u>(585,359)</u>	<u>-</u>	<u>(585,359)</u>	<u>(647,784)</u>
-	2,573,923	2,573,923	2,017,068
-	(28,184)	(28,184)	(30,030)
<u>-</u>	<u>2,545,739</u>	<u>2,545,739</u>	<u>1,987,038</u>
(585,359)	2,545,739	1,960,380	1,339,254
382,573	-	382,573	442,793
145,809	-	145,809	142,765
10,331	-	10,331	12,197
57,494	-	57,494	44,766
33,267	-	33,267	80,823
8,326	-	8,326	10,438
251	250	501	1,057
24,780	11,660	36,440	22,181
<u>662,831</u>	<u>11,910</u>	<u>674,741</u>	<u>757,020</u>
77,472	2,557,649	2,635,121	2,096,274
4,400,872	4,098,398	8,499,270	6,989,568
<u>(2,582,785)</u>	<u>(2,555,095)</u>	<u>(5,137,880)</u>	<u>(586,572)</u>
<u>\$ 1,895,559</u>	<u>\$ 4,100,952</u>	<u>\$ 5,996,511</u>	<u>\$ 8,499,270</u>

TOWN OF GEORGETOWN, COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2010

	GENERAL FUND	SALES TAX FUND	OTHER GOVERNMENTAL FUNDS	TOTALS	
				2010	2009
<b>ASSETS</b>					
Cash and Investments	\$ -	\$ 64,451	\$ 27,326	\$ 91,777	\$ 335,456
Property Taxes Receivable	147,614	-	-	147,614	147,412
Accounts Receivable	5,613	-	-	5,613	5,483
Due From Other Governments	37,076	18,261	-	55,337	59,945
Due From Other Funds	290,227	-	-	290,227	30,464
<b>TOTAL ASSETS</b>	<b>\$ 480,530</b>	<b>\$ 82,712</b>	<b>\$ 27,326</b>	<b>\$ 590,568</b>	<b>\$ 578,760</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 23,106	\$ -	\$ 123	\$ 23,229	\$ 12,812
Accrued Salaries and Benefits	18,722	-	-	18,722	18,004
Due to Other Funds	106,329	-	-	106,329	9,283
Deferred Revenues	147,614	-	-	147,614	147,412
<b>TOTAL LIABILITIES</b>	<b>295,771</b>	<b>-</b>	<b>123</b>	<b>295,894</b>	<b>187,511</b>
<b>FUND EQUITY</b>					
Fund Balance					32
Reserved for Emergencies	58,000	-	-	58,000	48,000
Unreserved, reported in					
General Fund	126,759	-	-	126,759	171,356
Special Revenue Funds	-	82,712	27,203	109,915	171,893
<b>TOTAL FUND EQUITY</b>	<b>184,759</b>	<b>82,712</b>	<b>27,203</b>	<b>294,674</b>	<b>391,249</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 480,530</b>	<b>\$ 82,712</b>	<b>\$ 27,326</b>		

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	1,630,159	4,035,700
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are compensated absences.	(29,274)	(26,077)
Net assets of governmental activities	<u>\$ 1,895,559</u>	<u>\$ 4,400,872</u>

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

TOWN OF GEORGETOWN, COLORADO

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2010

	GENERAL FUND	SALES TAX FUND	OTHER GOVERNMENTAL FUNDS	TOTALS	
				2010	2009
<b>REVENUES</b>					
Taxes	\$ 487,298	\$ 110,941	\$ -	\$ 598,239	\$ 646,090
Licenses and Permits	68,418	-	-	68,418	59,633
Intergovernmental	290,291	12,413	4,781	307,485	299,786
Charges for Services	-	-	21,460	21,460	21,703
Donations	-	-	10,000	10,000	1,150
Court	13,389	-	-	13,389	21,262
Interest	135	113	3	251	676
Miscellaneous	24,780	-	-	24,780	14,281
<b>TOTAL REVENUES</b>	<b>884,311</b>	<b>123,467</b>	<b>36,244</b>	<b>1,044,022</b>	<b>1,064,581</b>
<b>EXPENDITURES</b>					
Current					
General Government	329,536	77,649	24,939	432,124	234,243
Public Safety	226,528	-	-	226,528	273,287
Public Works	177,788	-	-	177,788	168,786
Parks and Recreation	39,558	-	-	39,558	36,592
Capital Outlay	141,879	122,720	-	264,599	131,663
<b>TOTAL EXPENDITURES</b>	<b>915,289</b>	<b>200,369</b>	<b>24,939</b>	<b>1,140,597</b>	<b>844,571</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(30,978)</b>	<b>(76,902)</b>	<b>11,305</b>	<b>(96,575)</b>	<b>220,010</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers Out	(8,400)	-	(8,781)	(17,181)	(19,417)
Transfers In	4,781	4,000	8,400	17,181	19,417
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,619)</b>	<b>4,000</b>	<b>(381)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(34,597)</b>	<b>(72,902)</b>	<b>10,924</b>	<b>(96,575)</b>	<b>220,010</b>
FUND BALANCE, Beginning	219,356	155,614	16,279	391,249	143,586
Prior Period Adjustment	-	-	-	-	27,653
<b>FUND BALANCE, Ending</b>	<b>\$ 184,759</b>	<b>\$ 82,712</b>	<b>\$ 27,203</b>	<b>\$ 294,674</b>	<b>\$ 391,249</b>

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

TOWN OF GEORGETOWN, COLORADO

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

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (96,575)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$258,588, exceeded depreciation expense (\$81,344), the current period.	177,244
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the change in accrued compensated absences for the year.	<u>(3,197)</u>
Change in Net Assets of Governmental Activities	<u>\$ 77,472</u>

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

TOWN OF GEORGETOWN, COLORADO

STATEMENT OF NET ASSETS  
 PROPRIETARY FUND TYPE  
 As of December 31, 2010

	WATER FUND	SEWER FUND	TOTALS	
			2010	2009
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ -	\$ 88,160	\$ 88,160	\$ 86,699
Restricted Cash and Investments	-	84,970	84,970	71,247
Due from Other Funds	-	357,632	357,632	251,303
Accounts Receivable	65,406	41,072	106,478	84,847
Due from Other Governments	165,821	173,220	339,041	530,028
Prepaid Expenses	3,146	3,146	6,292	6,292
Total Current Assets	<u>234,373</u>	<u>748,200</u>	<u>982,573</u>	<u>1,030,416</u>
Noncurrent Assets				
Capital Assets, net of accumulated depreciation	<u>3,026,885</u>	<u>5,588,415</u>	<u>8,615,300</u>	<u>4,543,547</u>
<b>TOTAL ASSETS</b>	<u>3,261,258</u>	<u>6,336,615</u>	<u>9,597,873</u>	<u>5,573,963</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	173,946	157,634	331,580	386,123
Retainage Payable	155,017	255,839	410,856	90,702
Due to Other Funds	541,530	-	541,530	419,825
Accrued Expenses	3,692	3,692	7,384	15,954
Compensated Absences	6,943	6,943	13,886	7,470
Accrued Interest Payable	-	2,790	2,790	2,790
Current Portion of Long Term Debt	<u>86,428</u>	<u>211,318</u>	<u>297,746</u>	<u>38,792</u>
Total Current Liabilities	<u>967,556</u>	<u>638,216</u>	<u>1,605,772</u>	<u>961,656</u>
Noncurrent Liabilities				
Notes Payable	<u>902,587</u>	<u>2,988,562</u>	<u>3,891,149</u>	<u>513,909</u>
Total Noncurrent Liabilities	<u>902,587</u>	<u>2,988,562</u>	<u>3,891,149</u>	<u>513,909</u>
<b>TOTAL LIABILITIES</b>	<u>1,870,143</u>	<u>3,626,778</u>	<u>5,496,921</u>	<u>1,475,565</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	2,037,870	2,388,535	4,426,405	3,990,846
Restricted for Capital Improvement	-	84,970	84,970	71,247
Unreserved	<u>(646,755)</u>	<u>236,332</u>	<u>(410,423)</u>	<u>36,305</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 1,391,115</u>	<u>\$ 2,709,837</u>	<u>\$ 4,100,952</u>	<u>\$ 4,098,398</u>

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

TOWN OF GEORGETOWN, COLORADO

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

	WATER	SEWER	TOTALS	
	FUND	FUND	2010	2009
OPERATING REVENUES				
Charges for Services	\$ 463,529	\$ 458,610	\$ 922,139	\$ 804,718
Other Revenues	6,800	4,860	11,660	7,900
<b>TOTAL OPERATING REVENUES</b>	<b>470,329</b>	<b>463,470</b>	<b>933,799</b>	<b>812,618</b>
OPERATING EXPENSES				
Salaries and Benefits	136,190	133,822	270,012	226,288
Professional Services	103,840	37,784	141,624	155,547
Repairs and Maintenance	44,783	91,815	136,598	51,331
Administrative and General	32,272	50,915	83,187	171,136
Miscellaneous	6,190	1,312	7,502	2,345
Depreciation	126,300	230,420	356,720	98,208
<b>TOTAL OPERATING EXPENSES</b>	<b>449,575</b>	<b>546,068</b>	<b>995,643</b>	<b>704,855</b>
<b>OPERATING INCOME (LOSS)</b>	<b>20,754</b>	<b>(82,598)</b>	<b>(61,844)</b>	<b>107,763</b>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental	1,529,128	1,112,865	2,641,993	1,905,938
Interest Income	-	250	250	381
Interest Expenses	(18,975)	(9,209)	(28,184)	(30,030)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>1,510,153</b>	<b>1,103,906</b>	<b>2,614,059</b>	<b>1,876,289</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>1,530,907</b>	<b>1,021,308</b>	<b>2,552,215</b>	<b>1,984,052</b>
Capital Contributions	100	5,334	5,434	11,267
<b>NET INCOME</b>	<b>1,531,007</b>	<b>1,026,642</b>	<b>2,557,649</b>	<b>1,995,319</b>
NET ASSETS, Beginning	1,005,481	3,092,917	4,098,398	2,834,097
Prior Period Adjustment	(1,145,373)	(1,409,722)	(2,555,095)	(731,018)
<b>NET ASSETS, Ending</b>	<b>\$ 1,391,115</b>	<b>\$ 2,709,837</b>	<b>\$ 4,100,952</b>	<b>\$ 4,098,398</b>

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

TOWN OF GEORGETOWN, COLORADO

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE  
 Year Ended December 31, 2010  
 Increase (Decrease) in Cash and Cash Equivalents

	WATER	SEWER	TOTALS	
	FUND	FUND	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 446,595	\$ 611,568	\$ 1,058,163	\$ 800,658
Cash Paid to Suppliers	(261,025)	(523,389)	(784,414)	(517,674)
Cash Paid to Employees	(137,078)	(127,491)	(264,569)	(212,534)
Net Cash Provided (Used) by Operating Activities	48,492	(39,312)	9,180	70,450
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Capital Assets	(2,179,239)	(4,070,444)	(6,249,683)	(1,630,287)
Grants	1,529,128	1,112,865	2,641,993	1,389,521
Proceeds from Issuance of Debt	672,520	3,131,003	3,803,523	-
Note Payments	(52,026)	(115,303)	(167,329)	(36,671)
Interest Payments	(18,975)	(9,209)	(28,184)	(30,029)
Capital Contributions	100	5,334	5,434	11,267
Net Cash Used by Capital and Related Financing Activities	(48,492)	54,246	5,754	(296,199)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	-	250	250	381
Net Increase in Cash and Cash Equivalents	-	15,184	15,184	(225,368)
CASH AND CASH EQUIVALENTS, Beginning	-	157,946	157,946	383,314
CASH AND CASH EQUIVALENTS, Ending	\$ -	\$ 173,130	\$ 173,130	\$ 157,946
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income	\$ 20,754	\$ (82,598)	\$ (61,844)	\$ 107,763
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation and Amortization	126,300	230,420	356,720	98,208
Changes in Assets and Liabilities				
Accounts Receivable	(23,734)	2,103	(21,631)	(11,960)
Due From Other Governments	44,992	145,995	190,987	4,915
Accounts Payable	(210,932)	(166,640)	(377,572)	(89,342)
Retainage Payable	(29,705)	(60,997)	(90,702)	90,702
Due to/from Other Funds	121,705	(106,329)	15,376	(136,173)
Accrued Expenses	(4,096)	(4,474)	(8,570)	(1,133)
Accrued Compensated Absences	3,208	3,208	6,416	7,470
Total Adjustments	27,738	43,286	71,024	(37,313)
Net Cash Provided by Operating Activities	\$ 48,492	\$ (39,312)	\$ 9,180	\$ 70,450
Schedule of Noncash Items				
Capital Assets Acquired with Accounts Payable	\$ 327,720	\$ 406,165	\$ 733,885	\$ 449,335

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

TOWN OF GEORGETOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

In accordance with governmental accounting standards, the Town has considered the possibility of inclusion of additional entities in its basic financial statements.

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

Based on the application of these criteria, the Town does not include additional organizations in its reporting entity.

**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 of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *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 segments 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*.

TOWN OF GEORGETOWN, 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 and proprietary funds. Major individual governmental 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.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary (enterprise) fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

TOWN OF GEORGETOWN, 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)

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

When both restricted and unrestricted resources are available for 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 fund:

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.

The *Sales Tax Fund* accounts revenues and expenditures allocated for capital projects.

The Town also reports the following major proprietary fund:

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

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

The Town also reports the following fund type:

The *Agency Fund* accounts for grant funds for other entities. The Funds are held by the Town in a purely custodial capacity.

**Cash and Investments**

Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

TOWN OF GEORGETOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Capital Assets**

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide 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 assets' lives are not capitalized.

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

Buildings and Improvements	10 - 40 years
Infrastructure	15 - 75 years
Machinery and Equipment	3 - 10 years

**Compensated Absences**

Employees of the Town are allowed to accumulate unused paid time off ("PTO"). Upon termination of employment from the Town, an employee will be compensated for a maximum of 1 ½ times the annual PTO accrual rate.

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

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund type 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 type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF GEORGETOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Assets/Fund Equity**

In the government-wide 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 are levied on November 1 and attach as an enforceable lien on property on 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.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

**Comparative Data**

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.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

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

- In October, the Town staff submits to the Board of Selectmen a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 15, the budget is legally enacted through passage of an ordinance.

TOWN OF GEORGETOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (Continued)

**Budgets and Budgetary Accounting** (Continued)

- The Town Administration 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 Board of Selectmen.
- Budgets are legally adopted for all funds of the Town. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparison presented for the Enterprise Fund is presented on a non-GAAP budgetary basis. Capital outlay and debt payments are budgeted as expenditures and depreciation is not budgeted.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Selectmen. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

**State Compliance**

At December 31, 2010, actual expenses in the Sewer Fund exceeded budgeted amounts by \$510,180. This may be a violation of state statute.

**NOTE 3: DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of December 31, 2010 follows:

Cash Deposits	\$ 221,577
Investments	<u>43,330</u>
Total	<u><b>\$ 264,907</b></u>

The above amounts are classified in the statement of net assets as follows:

Governmental Activities	\$ 91,777
Business-Type Activities	88,160
Business-Type Activities - Restricted	<u>84,970</u>
Total	<u><b>\$ 264,907</b></u>

TOWN OF GEORGETOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

**Deposits** (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2010, State regulatory commissioners have indicated that all financial institutions holding deposits for the Town are eligible public depositories.

Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The Town has no policy regarding custodial credit risk for deposits.

At December 31, 2010, the Town had deposits with financial institutions with a carrying amount of \$221,577. The bank balances with the financial institutions were \$205,444. All of these balances were covered by federal depository insurance.

**Investments**

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

The above investments are authorized for all funds and fund types used by Colorado municipalities.

TOWN OF GEORGETOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

**Investments** (Continued)

The Town had invested \$43,330 in the Colorado Government Liquid Asset Trust and the Colorado Surplus Asset Fund Trust (COLOTRUST and CSAFE); investment vehicles established for local government entities in Colorado to pool surplus funds and are registered with the State Securities Commissioner. They operate similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. Colostrust is rated AAA and CSAFE is rated AAAM by Standard and Poor's.

**Restricted Cash**

Cash in the amount of \$84,970 is restricted in the Sewer Fund for wastewater capital improvement projects.

**NOTE 4: CAPITAL ASSETS**

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

	<u>Balances</u> 12/31/09	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> 12/31/10
<b>Governmental Activities</b>				
Capital Assets, not depreciated				
Land	\$ 856,744	\$ -	\$ -	\$ 856,744
Capital Assets, depreciated				
Buildings and Improvements	200,051	22,656	-	222,707
Infrastructure	1,562,279	205,000	-	1,767,279
Machinery and Equipment	<u>532,739</u>	<u>30,932</u>	-	<u>563,671</u>
Total Capital Assets, depreciated	<u>2,295,069</u>	<u>258,588</u>	-	<u>2,553,657</u>
Less Accumulated Depreciation				
Buildings and Improvements	144,388	3,547	-	147,935
Infrastructure	1,090,468	53,598	-	1,144,066
Machinery and Equipment	<u>464,042</u>	<u>24,199</u>	-	<u>488,241</u>
Total Accumulated Depreciation	<u>1,698,898</u>	<u>81,344</u>	-	<u>1,780,242</u>
Total Capital Assets, depreciated, Net	<u>596,171</u>	<u>177,244</u>	-	<u>773,415</u>
Governmental Activities, Capital Assets, Net	<u>\$ 1,452,915</u>	<u>\$ 177,244</u>	\$ -	<u>\$ 1,630,159</u>

TOWN OF GEORGETOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 4: CAPITAL ASSETS (Continued)**

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

**Governmental Activities**

General Government	\$ 3,547
Public Works	53,598
Parks and Recreation	<u>24,199</u>
 Total	 <b><u>\$ 81,344</u></b>

At December 31, 2010 the beginning balance of the capital assets in the governmental activities was decreased by \$4,646,282 and the beginning balance of accumulated depreciation in the governmental activities was decreased by \$2,063,497 for a net decrease in governmental capital assets of \$2,582,785. This adjustment was recorded to accurately reflect the Town's capital assets based on the buildings and infrastructure inventory and valuation that was conducted by the Town during 2010. Additional information can be found in Note 10 of this report.

	<u>Balances</u> <u>12/31/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/10</u>
<b>Business-Type Activities</b>				
Capital Assets, not depreciated				
Land	\$ 7,500	\$ -	\$ -	\$ 7,500
Capital Assets, depreciated				
Buildings and Improvements	1,350,486	3,522,514	-	4,873,000
Collection and Distribution	1,036,403	3,432,864	-	4,469,267
Machinery and Equipment	<u>123,691</u>	<u>28,190</u>	-	<u>151,881</u>
Total Capital Assets, depreciated	<u>2,510,580</u>	<u>6,983,568</u>	-	<u>9,494,148</u>
Less: Accumulated Depreciation				
Buildings and Improvements	-	149,693	-	149,693
Collection and Distribution	415,246	196,734	-	611,980
Machinery and Equipment	<u>114,382</u>	<u>10,293</u>	-	<u>124,675</u>
Total Accumulated Depreciation	<u>529,628</u>	<u>356,720</u>	-	<u>886,348</u>
Total Capital Assets, depreciated, Net	<u>1,980,952</u>	<u>6,626,848</u>	-	<u>8,607,800</u>
Business-Type Activities, Capital Assets, Net	<b><u>\$ 1,988,452</u></b>	<b><u>\$ 6,626,848</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,615,300</u></b>

TOWN OF GEORGETOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 4: CAPITAL ASSETS** (Continued)

At December 31, 2010 the beginning balance of the capital assets in the business-type activities was decreased by \$4,488,332 and the beginning balance of accumulated depreciation in the business-type activities was decreased by \$1,933,237 for a net decrease in business-type activities capital assets of \$2,555,095. This adjustment was recorded to accurately reflect the Town's capital assets based on the buildings and infrastructure inventory and valuation that was conducted by the Town during 2010. Additional information can be found in Note 10 of this report.

**NOTE 5: INTERFUND ACTIVITY**

Interfund Balances at June 30, 2010 are as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 290,227	\$ 106,329
Water Fund	-	541,530
Sewer Fund	<u>357,632</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 647,859</u></b>	<b><u>\$ 647,859</u></b>

These balances are due to cash transactions that were received or paid by the General Fund on behalf of another fund.

During 2010, the General Fund transferred \$8,400 to the Town Promotion Fund to cover operating expenditures. The Conservation Trust Fund transferred \$4,781 to the General Fund and \$4,000 to the Sales Tax Fund to cover costs of maintaining the Town's parks and recreation areas.

**NOTE 6: LONG-TERM DEBT**

**Governmental Activities**

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

	Balance <u>12/31/09</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/10</u>	Due In <u>One Year</u>
Accrued Compensated Absences	<u>\$ 26,077</u>	<u>\$ 3,197</u>	<u>\$ -</u>	<u>\$ 29,274</u>	<u>\$ -</u>

Accrued Compensated Absences are being paid from resources generated by the General Fund.

TOWN OF GEORGETOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 6: LONG-TERM DEBT** (Continued)

**Business-Type Activities**

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2010.

	<u>Balance</u> <u>12/31/09</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/10</u>	<u>Due In</u> <u>One Year</u>
1999 CWSB Loan	\$ 137,535	\$ -	\$ 5,534	\$ 132,001	\$ 5,824
2002 DOLA Loan	188,531	-	10,675	177,856	11,171
2004 DOLA Loan	76,239	-	4,213	72,025	4,423
2006 DOLA Loan	150,396	-	18,407	131,990	19,328
2009 CWRPDA Loan, Drinking Water	-	672,520	33,500	639,020	67,000
2009 CWRPDA Loan, Wastewater Facility	-	3,131,003	95,000	3,036,003	190,000
Compensated Absences	<u>7,470</u>	<u>6,416</u>	<u>-</u>	<u>13,886</u>	<u>-</u>
Total	<u>\$ 560,171</u>	<u>\$ 3,809,939</u>	<u>\$ 167,329</u>	<u>\$ 4,202,781</u>	<u>\$ 297,746</u>

**1999 Colorado Water Conservancy Board (CWSB)**

In July, 1999, the Town entered into a loan agreement with the Colorado Water Conservancy Board. Proceeds were used to acquire water rights. Principal and interest payments in the amount of \$12,714 are due annually on December 28, through 2027. Interest accrues at 5.25%.

**2002 Colorado Department of Local Affairs (DOLA)**

In September 2002, the Town entered into a loan agreement with the Colorado Department of Local Affairs. Proceeds of the loan were used to fund water improvement projects. Principal and interest payments in the amount of \$20,061 are due annually on September 1, through 2022. Interest accrues at 5.00%.

**2004 Colorado Department of Local Affairs (DOLA)**

In September, 2004, the Town entered into a loan agreement with the Colorado Department of Local Affairs. Proceeds of the loan were used to fund water and wastewater improvement projects. Principal and interest payments in the amount of \$8,024 are due annually on September 1, through 2023. Interest accrues at 5.00%.

TOWN OF GEORGETOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 6: LONG-TERM DEBT** (Continued)

**2006 Colorado Department of Local Affairs (DOLA**

In August, 2006, the Town entered into a loan agreement with the Colorado Department of Local Affairs. Proceeds of the loan were used to fund water and wastewater improvement projects. Principal and interest payments in the amount of \$25,901 are due annually on September 1, through 2016. Interest accrues at 5.00%.

**2009 Colorado Water Resources and Power Development Authority (CWRPDA) Loan – Drinking Water**

In September 2009, the Town entered into a loan agreement with the Colorado Water Resources and Power Authority (the “Authority”). Proceeds of the loan/grant are used to improve the Town’s water treatment facility. Under the terms of the agreement, the Town received a combination of loan and grant funds totaling \$3,340,000. \$2,000,000 of the proceeds were forgiven at loan closing and do not require repayment by the Town. At December 31, 2010, loan proceeds in the amount of \$672,520 were drawn by the town. The remaining balance of the available proceeds will be drawn by the Town during 2010. The loan carries no interest. Semi- annual principal payments in the amount of \$33,500 are due on November 1, and May 1, beginning in 2010 and ending in 2030.

**2009 Colorado Water Resources and Power Development Authority (CWRPDA) Loan – Waste Water Facility**

In September 2009, the Town entered into a loan agreement with the Colorado Water Resources and Power Authority (the “Authority”). Proceeds of the loan/grant are used to improve the Town’s wastewater treatment facility. Under the terms of the agreement, the Town received a combination of loan and grant funds totaling \$5,800,000. \$2,000,000 of the proceeds were forgiven at loan closing and do not require repayment by the Town. At December 31, 2010, loan proceeds in the amount of \$3,131,003 were drawn by the town. The loan carries no interest. Semi- annual principal payments in the amount of \$95,000 are due on November 1, and May 1, beginning in 2010 and ending in 2030.

TOWN OF GEORGETOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 6: LONG-TERM DEBT** (Continued)

**Future Debt Service Requirements**

Estimated annual debt service requirements for the outstanding loans at December 31, 2010 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 297,746	\$ 25,954	\$ 323,700
2012	299,797	23,903	323,700
2013	301,953	21,747	323,700
2014	304,216	19,484	323,700
2015	306,594	17,106	323,700
2016-2020	1,430,958	53,484	1,484,442
2021-2025	1,057,702	13,794	1,071,496
2026-2030	<u>189,929</u>	<u>166</u>	<u>190,095</u>
Total Debt Service Requirements	<b><u>\$ 4,188,895</u></b>	<b><u>\$ 175,638</u></b>	<b><u>\$ 4,364,533</u></b>

**NOTE 7: RETIREMENT COMMITMENTS**

**Police Pension Plan**

Plan Description - The Town provides pension benefits for its police officers through the Statewide Defined Benefit Plan, a multi-employer cost sharing defined benefit pension plan administered by the Fire and Police Pension Association of Colorado (FPPA). A member is eligible for retirement after attaining age 55 with 25 years of service. A member is eligible for early retirement after completing 30 years of service or attaining age 50.

FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Statewide Defined Benefit Plan. This report may be obtained by writing to: FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111 or by calling FPPA at 303-770-3772 in the Denver metro area or 1-800-332-FPPA (3772) from outside the metro area.

Funding Policy - The plan requires that the District contribute an amount equal to 8% of the covered employee's gross annual salary. The District contributions to the Plan for the year ending December 31, 2010, were \$16,098 equal to the required contribution.

TOWN OF GEORGETOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 7: RETIREMENT COMMITMENTS** (Continued)

**Defined Contribution Plan**

The Town offers all employees except for police officers who are covered under FPPA a defined contribution pension plan, which is administered by the Colorado County Officials and Employees Retirement Association (CCOERA). Employee participation is mandatory and commences after one year of employment. Both the Town and employees contribute an amount equal to 3.00% of compensation. During the year ended December 31, 2010, the Town contributions to the plan were \$17,020, equal to the required contribution.

**Deferred Compensation Plan**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all Town employees and permits them to defer a portion of their salary until future years. The Town does not match employee contributions. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

**NOTE 8: RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. Commercial insurance coverage is purchased to handle these risks of loss.

**NOTE 9: COMMITMENTS AND CONTINGENCIES**

**Wastewater Treatment Contract**

During 2005 the Town entered into an agreement with the Town of Silver Plume to process Silver Plume's wastewater through the Town's facility. Under the terms of the agreement, both Towns contribute annually determined amounts to the Capital Reserve and Emergency Reserve. These funds are held by the Town of Georgetown and require approval by a Joint Water Commission Board prior to expenditure. During 2010, the Town of Georgetown and the Town of Silver Plume contributed \$5,234, to this reserve. In addition, the Town of Silver Plume paid the Town of Georgetown \$53,270 during 2010 for wastewater treatment services under the terms of the contract.

TOWN OF GEORGETOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 9: COMMITMENTS AND CONTINGENCIES** (Continued)

**Wastewater Treatment Contract** (Continued)

Approximately 20 years ago, the Town entered into an agreement with the Town of Silver Plume to share in the cost of operations and maintenance of the Town's wastewater facility and water treatment system. No formal written agreement was signed between the parties, however, the Town of Silver Plume agreed to pay \$156,271 to cover its share of the costs incurred by the Town of Georgetown over the years. The Town received two payments totaling \$100,000 in January of 2011 toward the balance of the amount owed.

Since no written agreement was ever signed between the two parties, and payment of the remaining amount owed is uncertain, the Town has not recorded a receivable on its books and amounts are recorded as revenue when received.

**Wastewater Sludge Dewatering System**

In September, 2009, the Town entered into an intergovernmental agreement with the City of Idaho Springs and the Town of Morrison for the purchase of a wastewater sludge dewatering system. Under the terms of the agreement, the parties agreed to acquire the system and share ownership, use, operation, and maintenance costs equally. In addition, the Town of Morrison has applied and received grant funding to help offset the cost of the purchase of the equipment. The Town's share of the grant funds in the amount of \$67,000 was received during 2010.

**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. In November 1996, voters within the Town approved the collection, retention and expenditure of the all revenues generated by the Town in 1996 and subsequent years, notwithstanding the provisions of the Amendment. The Town believes it is in substantial compliance with 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 \$58,000 was recorded in the General Fund.

TOWN OF GEORGETOWN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 10: PRIOR PERIOD ADJUSTMENTS**

During 2010, the Town engaged TST of Denver, Inc, and Clifton Gunderson, LLP to conduct a detailed inventory and cost valuation of the Town's buildings and infrastructure assets. As a result of this inventory and analysis, the Town has restated its costs for capital assets for the governmental activities and the business-type activities. In the government-wide statement of activities, the beginning balance of net assets for the governmental activities was decreased by \$2,582,785 to accurately reflect the cost of infrastructure and buildings owned by the Town.

In statement of revenues expenses and changes in net assets for the proprietary fund types, the beginning net assets of the Water Fund were decreased by \$1,145,373 and the beginning net assets of the Sewer Fund were decreased by \$1,409,722 to accurately reflect the cost of infrastructure and buildings owned by those funds.

**REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF GEORGETOWN, COLORADO

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2010

	2010			VARIANCE	2009 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Taxes	\$ 489,425	\$ 489,425	\$ 487,298	\$ (2,127)	\$ 527,086
Licenses and Permits	43,415	53,415	68,418	15,003	59,633
Intergovernmental	253,200	272,467	290,291	17,824	221,612
Court	26,825	26,825	13,389	(13,436)	21,262
Interest	400	400	135	(265)	367
Miscellaneous	4,200	4,200	24,780	20,580	14,281
TOTAL REVENUES	<u>817,465</u>	<u>846,732</u>	<u>884,311</u>	<u>37,579</u>	<u>844,241</u>
EXPENDITURES					
Current					
General Government	279,955	324,222	329,536	(5,314)	173,079
Public Safety	218,904	225,604	226,528	(924)	273,287
Public Works	297,765	277,065	177,788	99,277	168,786
Parks and Recreation	32,872	31,872	39,558	(7,686)	36,592
Capital Outlay	31,500	31,500	141,879	(110,379)	26,577
TOTAL EXPENDITURES	<u>860,996</u>	<u>890,263</u>	<u>915,289</u>	<u>(25,026)</u>	<u>678,321</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(43,531)</u>	<u>(43,531)</u>	<u>(30,978)</u>	<u>12,553</u>	<u>165,920</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	(7,750)	(7,750)	(8,400)	(650)	(14,243)
Transfers In	5,500	5,500	4,781	(719)	5,174
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,250)</u>	<u>(2,250)</u>	<u>(3,619)</u>	<u>(1,369)</u>	<u>(9,069)</u>
NET CHANGE IN FUND BALANCE	(45,781)	(45,781)	(34,597)	11,184	156,851
FUND BALANCE, Beginning	95,742	95,742	219,356	123,614	34,852
Prior Period Adjustment	-	-	-	-	27,653
FUND BALANCE, Ending	<u>\$ 49,961</u>	<u>\$ 49,961</u>	<u>\$ 184,759</u>	<u>\$ 134,798</u>	<u>\$ 219,356</u>

See the accompanying independent auditors' report.

TOWN OF GEORGETOWN, COLORADO

SALES TAX FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2010

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2009 ACTUAL
REVENUES				
Sales Tax	\$ 98,508	\$ 110,941	\$ 12,433	\$ 119,004
Intergovernmental	14,600	12,413	(2,187)	73,000
Interest	300	113	(187)	299
TOTAL REVENUES	<u>113,408</u>	<u>123,467</u>	<u>10,059</u>	<u>192,303</u>
EXPENDITURES				
Current				
General Government				
Professional Services	95,500	77,231	18,269	22,356
Miscellaneous	-	418	(418)	4,220
Capital Outlay	137,600	122,720	14,880	105,086
TOTAL EXPENDITURES	<u>233,100</u>	<u>200,369</u>	<u>32,731</u>	<u>131,662</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(119,692)</u>	<u>(76,902)</u>	<u>32,731</u>	<u>60,641</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	4,000	4,000	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(115,692)	(72,902)	42,790	60,641
FUND BALANCE, Beginning	<u>142,273</u>	<u>155,614</u>	<u>13,341</u>	<u>94,973</u>
FUND BALANCE, Ending	<u>\$ 26,581</u>	<u>\$ 82,712</u>	<u>\$ 56,131</u>	<u>\$ 155,614</u>

See the accompanying independent auditors' report.

**COMBINING AND INDIVIDUAL FUND SCHEDULES**

TOWN OF GEORGETOWN, COLORADO

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

As of December 31, 2010

	CONSERVATION TRUST FUND	TOWN PROMOTION FUND	TOTALS	
			2010	2009
<b>ASSETS</b>				
Cash and Investments	\$ 624	\$ 26,702	\$ 27,326	\$ 16,329
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 123	\$ 123	\$ 50
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>123</b>	<b>123</b>	<b>50</b>
<b>FUND EQUITY</b>				
Unreserved, Reported in Special Revenue Funds	624	26,579	27,203	16,279
<b>TOTAL FUND EQUITY</b>	<b>624</b>	<b>26,579</b>	<b>27,203</b>	<b>16,279</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 624</b>	<b>\$ 26,702</b>	<b>\$ 27,326</b>	<b>\$ 16,329</b>

See the accompanying independent auditors' report.

TOWN OF GEORGETOWN, COLORADO

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

	CONSERVATION	TOWN	TOTALS	
	TRUST FUND	PROMOTION FUND	2010	2009
REVENUES				
Intergovernmental	\$ 4,781	\$ -	\$ 4,781	\$ 5,174
Charges for Services	-	21,460	21,460	21,703
Donations	-	10,000	10,000	1,150
Interest	3	-	3	10
TOTAL REVENUES	<u>4,784</u>	<u>31,460</u>	<u>36,244</u>	<u>28,037</u>
EXPENDITURES				
General Government	-	24,939	24,939	34,588
TOTAL EXPENDITURES	<u>-</u>	<u>24,939</u>	<u>24,939</u>	<u>34,588</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,784</u>	<u>6,521</u>	<u>11,305</u>	<u>(6,551)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(8,781)	-	(8,781)	(5,174)
Transfers In	-	8,400	8,400	14,243
TOTAL OTHER FINANCING SOURCES (USES)	<u>(8,781)</u>	<u>8,400</u>	<u>(381)</u>	<u>9,069</u>
NET CHANGE IN FUND BALANCE	<u>(3,997)</u>	<u>14,921</u>	<u>10,924</u>	<u>2,518</u>
FUND BALANCE, Beginning	<u>4,621</u>	<u>11,658</u>	<u>16,279</u>	<u>13,761</u>
FUND BALANCE, Ending	<u>\$ 624</u>	<u>\$ 26,579</u>	<u>\$ 27,203</u>	<u>\$ 16,279</u>

See the accompanying independent auditors' report.

TOWN OF GEORGETOWN, COLORADO

CONSERVATION TRUST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2010

	2010		VARIANCE Positive (Negative)	2009 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Lottery Revenues	\$ 5,500	\$ 4,781	\$ (719)	\$ 5,174
Interest	25	3	(22)	10
TOTAL REVENUES	<u>5,525</u>	<u>4,784</u>	<u>(741)</u>	<u>5,184</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(9,500)</u>	<u>(8,781)</u>	<u>719</u>	<u>(5,174)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(9,500)</u>	<u>(8,781)</u>	<u>719</u>	<u>(5,174)</u>
NET CHANGE IN FUND BALANCE	(3,975)	(3,997)	(22)	10
FUND BALANCE, Beginning	<u>4,656</u>	<u>4,621</u>	<u>(35)</u>	<u>4,611</u>
FUND BALANCE, Ending	<u>\$ 681</u>	<u>\$ 624</u>	<u>\$ (57)</u>	<u>\$ 4,621</u>

See the accompanying independent auditors' report.

TOWN OF MONUMENT, COLORADO

TOWN PROMOTION FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2010

	2010		VARIANCE Positive (Negative)	2009 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 19,660	\$ 21,460	\$ 1,800	\$ 21,703
Donations	500	10,000	9,500	1,150
TOTAL REVENUES	20,160	31,460	11,300	22,853
EXPENDITURES				
Current				
General Government				
Professional Services	3,736	4,536	(800)	15,960
General and Administrative	23,800	20,403	3,397	18,628
TOTAL EXPENDITURES	27,536	24,939	2,597	34,588
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,376)	6,521	13,897	(11,735)
OTHER FINANCING SOURCES (USES)				
Transfers In	7,750	8,400	650	14,243
TOTAL OTHER FINANCING SOURCES (USES)	7,750	8,400	650	14,243
NET CHANGE IN FUND BALANCE	374	14,921	14,547	2,508
FUND BALANCE, Beginning	139	11,658	11,519	9,150
FUND BALANCE, Ending	\$ 513	\$ 26,579	\$ 26,066	\$ 11,658

See the accompanying independent auditors' report.

TOWN OF GEORGETOWN, COLORADO

WATER FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2010

	2010		VARIANCE Positive (Negative)	2009 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 411,250	\$ 463,529	\$ 52,279	\$ 402,750
Tap Fees	200	100	(100)	100
Intergovernmental	2,505,000	1,529,128	(975,872)	685,837
Capital Contribution	50,000	-	(50,000)	-
Transfers	119,000	-	(119,000)	-
Investment Income	1	-	(1)	-
Other Revenues	7,800	6,800	(1,000)	3,900
TOTAL REVENUES	<u>3,093,251</u>	<u>1,999,557</u>	<u>(1,093,694)</u>	<u>1,092,587</u>
EXPENDITURES				
Salaries and Benefits	147,857	136,190	11,667	108,028
Professional Services	85,060	103,840	(18,780)	107,521
Repairs and Maintenance	48,000	44,783	3,217	38,609
Administration and General	34,500	32,272	2,228	39,506
Miscellaneous	600	6,190	(5,590)	898
Transfers	119,000	-	119,000	-
Capital Outlay	2,742,002	2,506,959	235,043	772,137
Debt Service				
Principal	51,714	52,026	(312)	17,335
Interest	18,975	18,975	-	19,854
TOTAL EXPENDITURES	<u>3,247,708</u>	<u>2,901,235</u>	<u>346,473</u>	<u>1,103,888</u>
NET INCOME, Budget Basis	<u>\$ (154,457)</u>	<u>(901,678)</u>	<u>\$ (747,221)</u>	<u>(11,301)</u>
GAAP BASIS ADJUSTMENTS				
Capital Outlay		2,506,959		772,137
Depreciation		(126,300)		(42,412)
Principal Paid on Long-Term Debt		52,026		17,335
NET INCOME, GAAP Basis		1,531,007		735,759
NET ASSETS, Beginning		1,005,481		763,833
Prior Period Adjustment		<u>(1,145,373)</u>		<u>(494,111)</u>
NET ASSETS, Ending		<u>\$ 1,391,115</u>		<u>\$ 1,005,481</u>

See the accompanying independent auditors' report.

TOWN OF GEORGETOWN, COLORADO

SEWER FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2010

	2010		VARIANCE Positive (Negative)	2009 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 467,245	\$ 458,610	\$ (8,635)	\$ 401,968
Tap Fees	200	100	(100)	100
Investment Income	1,000	250	(750)	381
Intergovernmental	4,117,000	1,112,865	(3,004,135)	1,220,101
Capital Contributions	54,100	5,234	(48,866)	11,067
Transfers	131,000	-	(131,000)	-
Other Revenues	92,600	4,860	(87,740)	4,000
<b>TOTAL REVENUES</b>	<b>4,863,145</b>	<b>1,581,919</b>	<b>(3,281,226)</b>	<b>1,637,617</b>
EXPENDITURES				
Salaries and Benefits	147,917	133,822	14,095	118,260
Professional Services	37,660	37,784	(124)	48,026
Repairs and Maintenance	115,000	91,815	23,185	12,722
Administration and General	52,300	50,915	1,385	131,630
Miscellaneous	600	1,312	(712)	1,447
Capital Outlay	3,513,000	4,476,609	(963,609)	1,307,485
Transfers	215,600	-	215,600	-
Debt Service				
Principal	115,303	115,303	-	19,336
Interest	9,209	9,209	-	10,176
<b>TOTAL EXPENDITURES</b>	<b>4,206,589</b>	<b>4,916,769</b>	<b>(710,180)</b>	<b>1,649,082</b>
<b>NET INCOME, Budget Basis</b>	<b>\$ 656,556</b>	<b>(3,334,850)</b>	<b>\$ (3,991,406)</b>	<b>(11,465)</b>
GAAP BASIS ADJUSTMENTS				
Capital Outlay		4,476,609		1,307,485
Depreciation		(230,420)		(55,796)
Principal Paid on Long-Term Debt		115,303		19,336
<b>NET INCOME, GAAP Basis</b>		<b>1,026,642</b>		<b>1,259,560</b>
NET ASSETS, Beginning		3,092,917		2,070,264
Prior Period Adjustment		(1,409,722)		(236,907)
<b>NET ASSETS, Ending</b>		<b>\$ 2,709,837</b>		<b>\$ 3,092,917</b>

See the accompanying independent auditors' report.

TOWN OF GEORGETOWN, COLORADO

AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 Year Ended December 31, 2010

	BALANCE DECEMBER 31 2009	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2010
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
ASSETS				
Cash and Investments	\$ -	\$ 64,000	\$ 64,000	\$ -
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
LIABILITIES				
Due Other Governments	\$ -	\$ 64,000	\$ 64,000	\$ -
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

See the accompanying independent auditors' report.

## **COMPLIANCE**



**JOHN CUTLER  
& ASSOCIATES**

To the Mayor and Town Board of Selectmen  
Town of Georgetown, Colorado

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Georgetown, Colorado, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**Compliance and Other Matters**

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

This report is intended solely for the information and use of the Town Board of Selectmen management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*John Cutler & Associates, LLC*

August 17, 2011



## JOHN CUTLER & ASSOCIATES

To the Mayor and Town Board of Selectmen  
Town of Georgetown, Colorado

### **REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

#### **Compliance**

We have audited the compliance of the Town of Georgetown, Colorado with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2010. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

#### **Internal Control Over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Town Board of Selectmen, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*John Cutler & Associates, LLC*

August 17, 2011

TOWN OF GEORGETOWN, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2010

**Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes      x   no
- Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes      x   no

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes      x   no
- Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

\_\_\_\_\_ yes      x   no

Identification of major program:

- 66.458 Capitalization Grants for Clean Water State Revolving Fund - ARRA
- 66.468 Capitalization Grants for Drinking Water State Revolving Fund - ARRA

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes      x   no

**Findings Related to Financial Statements**

The audit of the financial statements did not disclose any significant deficiencies in internal control that would be considered a material weakness, and did not disclose any instances of noncompliance with requirements of certain provisions of laws, regulations, and grants that were material to those financial statements.

**Findings and Questioned Costs for Federal Awards**

The audit of federal awards did not disclose any significant deficiencies in internal control that would be considered a material weakness, and did not disclose any instances of noncompliance with requirements of certain provisions of laws, regulations, and grants that were material to those federal awards

TOWN OF GEORGETOWN, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2010

	<u>Major Program ?</u>	<u>CDFA #</u>	<u>Total Expenditures</u>
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>			
Passed through the State Department Of Public Health and Environment			
Capitalization Grants for Drinking Water State Revolving Funds - ARRA	Yes	66.468	2,241,449
Capitalization Grants for Clean Water State Revolving Funds - ARRA	Yes	66.458	<u>4,270,862</u>
<b>Total Federal Financial Assistance</b>			<b><u>\$ 6,512,311</u></b>

**NOTES**

**1. Basis of Presentation**

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the purpose financial statements.

See the accompanying independent auditors' report.

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Town of Georgetown
		YEAR ENDING : December 2010
This Information From The Records Of (example - City of _ or County of Town of Georgetown)	Prepared By: Phone:	Mary Sims 3,035,692,555

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

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

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

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	254,863
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	87,786
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,236
2. General fund appropriations	126,683	b. Snow and ice removal	2,401
3. Other local imposts (from page 2)	179,116	c. Other	
4. Miscellaneous local receipts (from page 2)	12,647	d. Total (a. through c.)	3,637
5. Transfers from toll facilities		4. General administration & miscellaneous	23,200
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	369,486
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	318,446	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	51,040	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	369,486	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	
			369,486

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

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

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	369,486	369,486		0

Notes and Comments:  
unaudited figures

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2010	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	131,146	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	12,647
1. Sales Taxes	37,639	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	10,331	g. Other Misc. Receipts	
6. Total (1. through 5.)	47,970	h. Other	
c. Total (a. + b.)	179,116	i. Total (a. through h.)	12,647
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	46,284	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	4,756	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	4,756	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	51,040	3. Total (1. + 2.g)	
			(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		23,867	23,867
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation		230,996	230,996
(5). Total Construction (1) + (2) + (3) + (4)	0	230,996	230,996
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	254,863	254,863
			(Carry forward to page 1)
<b>Notes and Comments:</b>			
unaudited figures			