



2012

Comprehensive Annual Financial Report

December 31



TOWN OF FIRESTONE
FIRESTONE, COLORADO

Comprehensive Annual Financial Report
For the Fiscal Year ended December 31, 2012

Issued by the Town of Firestone, Finance Department

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Town of Firestone, Colorado
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2012

Table of Contents

INTRODUCTORY SECTION

Letter of Transmittal	i
Awards	vi
Organization Chart – by Function.....	vii
Principal Officials	viii
Town of Firestone Staff	ix

FINANCIAL SECTION

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	3

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements	
Statement of Net Position	18
Statement of Activities.....	19
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet – Governmental Funds	21
Reconciliation of the Governmental Funds	
Balance Sheet with the Government-wide Statement of Net Position	23
Statement of Revenues, Expenditures and	
Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Governmental Funds Statement of Revenues,	
Expenditures and Changes in Fund Balances with the	
Government-wide Statement of Activities	26
Proprietary Fund Financial Statements	
Statement of Net Position – Proprietary Funds.....	27
Statement of Revenues, Expenses and Changes in	
Net Position – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds.....	29
Reconciliation of Operating Income to Net Cash From	
Operating Activities – Proprietary Funds	30
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	31
Statement of Changes in Fiduciary Net Position	32

Town of Firestone, Colorado
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended December 31, 2012

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies	33
Note 2. Cash and Investments.....	44
Note 3. Receivables	46
Note 4. Interfund Transactions	47
Note 5. Capital Assets.....	48
Note 6. Long-Term Debt.....	49
Notes 7-12. Pension Plans.....	54
Notes 13-19. Other Information.....	58

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – General, Highway, and Parks Funds.....	63
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Other Supplementary Information

Combining and Individual Statements and Schedules	
Schedule of Revenues, Expenditures and Changes in Fund Balance	
Budget and Actual – Capital Improvement Fund	66
Combining Balance Sheet – Other Governmental Funds	67
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balance – Other Governmental Funds.....	69
Non-major Governmental Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balances	
Budget and Actual – Firestone Finance Authority Fund	71
Schedule of Revenues, Expenditures and Changes in Fund Balances	
Budget and Actual – Firestone Urban Renewal Authority Fund.....	72
Schedule of Revenues, Expenditures and Changes in Fund Balances	
Budget and Actual – Conservation Trust Fund.....	73
Schedule of Revenues, Expenditures and Changes in Fund Balances	
Budget and Actual – Open Space Fund	74
Schedule of Revenues, Expenditures and Changes in Fund Balances	
Budget and Actual – Debt Service Fund.....	75
Enterprise Funds	
Schedule of Revenues, Expenditures and Changes in Net Position	
Budget and Actual (Non-GAAP Budgetary Basis) – Water Fund	76
Schedule of Revenues, Expenditures and Changes in Net Position	
Budget and Actual (Non-GAAP Budgetary Basis) – Stormwater Fund.....	77

Town of Firestone, Colorado
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended December 31, 2012

Capital Assets Used in the Operation of Governmental Activities	
Schedule by Activity and Source	78
Schedule of Changes by Function and Activity	79
Comparative Schedule by Source	80

STATISTICAL SECTION

Introduction	81
Net Position by Component	82
Changes in Net Position	84
Fund Balances of Governmental Funds	87
Changes in Fund Balances of Governmental Funds	88
General Governmental Tax Revenues by Source	89
Sales Tax Trends	90
Assessed and Estimated Actual Value of Taxable Property	91
Property Tax Levy from Direct and Overlapping Governments	92
Principal Taxpayers	94
Property Tax Levies and Collections	96
Ratios of Outstanding Debt by Type	97
Ratio of General Bonded Debt Outstanding	98
Direct and Overlapping General Bonded Debt	99
Pledged Revenue – Developer Reimbursement Obligations	100
Legal Debt Margin Information	101
Demographic and Economic Statistics	103
Principal Employers	104
Property Value and Construction	105
Full-Time Equivalent Town Government Employees by Function	106
Miscellaneous Statistics	107

COMPLIANCE

Local Highway Finance Report	108
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INTRODUCTORY SECTION

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June 26, 2013

To the Honorable Mayor, members of the Board of Trustees, and Citizens of the Town of Firestone (the “Town”), state law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles in the United States (“GAAP”) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual financial report of the Town for the fiscal year ended December 31, 2012.

This report consists of management’s representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the Town’s assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the Town’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town’s internal controls have been designed to provide reasonable, rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Anton Collins Mitchell LLP, a firm of licensed certified public accountants, has audited the Town’s financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town for the fiscal year ended December 31, 2012 are free of material misstatement. The independent audit involved: examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded that, based upon the audit, there was a reasonable basis for rendering an unqualified opinion that the Town’s financial statements for the fiscal year ended December 31, 2012, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Firestone’s MD&A can be found immediately following the report of the independent auditor.

PROFILE OF THE TOWN OF FIRESTONE

The Town, incorporated in 1908, is located on the northern fringe of the Denver metropolitan area of Colorado. The Town currently occupies a land planning area of approximately 47.2 square miles and serves a population of about 11,096. Firestone is located in Weld County. The Town is empowered to levy a property tax on real properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing board and voter approval. On April 2, 1996, the taxpayers approved a ballot question to remove the Taxpayer Bill of Rights (“TABOR”) limits that were imposed on the Town in 1992.

The Town has operated under the Trustees-Town Manager form of government since its first meeting as a statutory town. Policy-making and legislative authority are vested in the Board of Trustees (the “Board”), consisting of the mayor and six trustees. The Town’s Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the Town’s manager, attorney, treasurer, and clerk. The Town’s manager is responsible for: carrying out the goals, policies, and ordinances of the Board; for overseeing the day-to-day operations of the Town; and for appointing the heads of the various departments. The Board is elected on a nonpartisan basis. The Mayor is elected for a two-year term and the Trustees are elected for four-year terms. The mayor and trustees are elected at-large.

The Town provides a full range of services including: police protection; construction and maintenance of streets, parks, trails, and open space; and stormwater and water utilities. Other utility services such as sewer, electricity, natural gas, and trash removal are provided by organizations not affiliated with the Town, and therefore, are not reported in the Town’s financial statements.

The annual budget serves as the foundation for the Town’s financial planning and control. All departments of the Town are required to submit requests for appropriation to the Town’s finance director on or about the last day of August each year. The finance director and town manager use these requests as the starting point for developing a proposed budget. The finance director then presents the proposed budget to the Board for review prior to October 15. The Board is required to hold public hearings on the proposed budget and to adopt a final budget no later than December 15. The Town’s fiscal year is on a calendar year basis. The Town’s budget is prepared by fund (e.g. general); department (e.g. police); and division (e.g. patrol). However, the annual budget is appropriated and approved at the fund level only by the Board of Trustees and certified to the State of Colorado as such. Transfers of appropriations between funds require the approval of the Board.

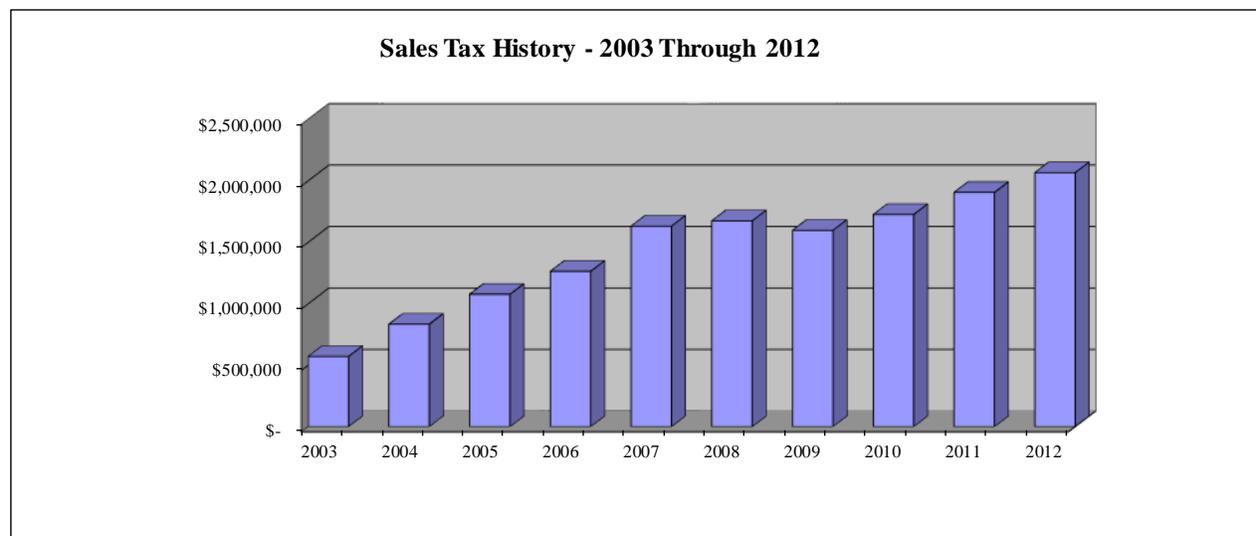
Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. As for the General, Highway, and Park Funds, these comparisons are presented on pages 63 to 65 as part of the required supplementary information. For all other governmental funds, the comparisons are presented in the other supplementary information subsection of this report, which begins on page 66.

FACTORS AFFECTING FINANCIAL CONDITION

LOCAL ECONOMY

The current adopted version of the Town’s master plan was amended in 2010 and reflects the evolution of Firestone toward a high quality, family-oriented community within the overall context of a strategic front range location in the northern Denver metropolitan area. With this, Firestone’s economy has become more diversified in recent years with employment in manufacturing, services, retail, government, banking, and construction sectors. In 2005, the Town reached an agreement with American Furniture Warehouse (“AFW”) to construct a 550,000- square-foot retail center to anchor an 80-acre commercial development site. In 2006, the Town approved a Public Improvement Reimbursement Agreement (“PIRA”) with THF Realty, Inc. that will reimburse the developers for offsite infrastructure improvements dedicated to the Town from pledged revenues where the sales tax would ordinarily be generated at that site. In 2008, an additional agreement related to the PIRA modified the reimbursement provisions for the portion of the site where two additional big box retail businesses are planned. In 2009, one of those big box sites was completed with a Home Depot store that opened in June 2009. In 2011, additional retail development adjacent to the Home Depot was completed with the opening of a Burger King, and a development center for several future tenants. Current tenants in that development center include Anytime Fitness and Pizza Hut. The Town anticipates that the remaining lots available in the area will be developed throughout the next several years.

Because of the growth of the Town’s retail base, sales tax revenues have shown significant growth throughout the past ten years. The retail trade sector has steadily employed more of the Town’s population in the past several years and significantly influences Firestone’s economy. Below is a chart reflecting the increase in sales tax revenues throughout the last ten years (as of December of each year).

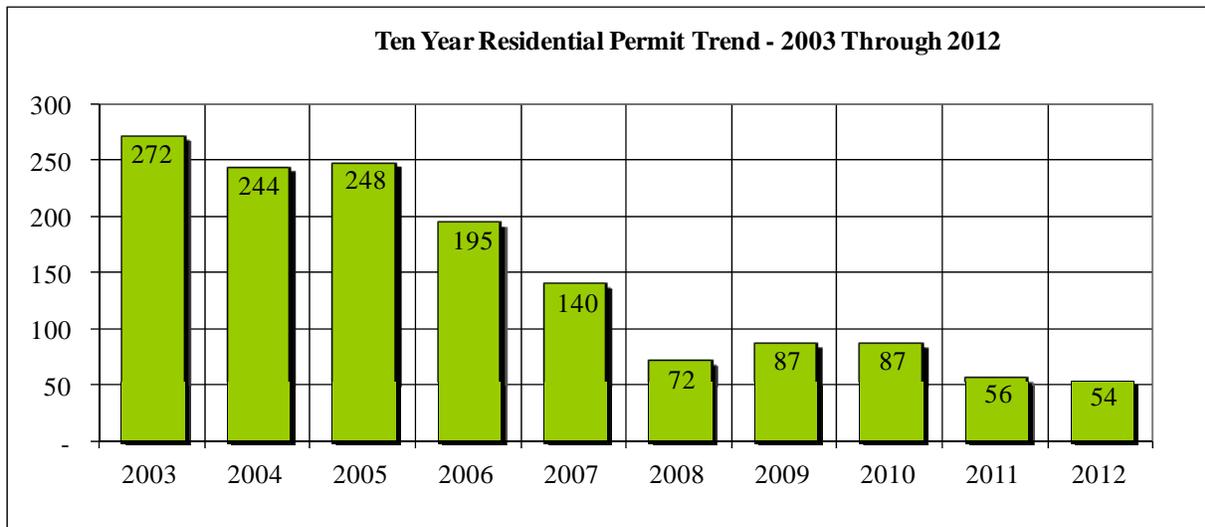


The Town's commercial property development slowed significantly in 2008, 2009, and 2010 following several years of rapid growth. This is in line with the national and regional economic recession. While a number of Colorado municipalities have experienced actual declines in sales tax revenue during the 2008 through 2010 recession, Firestone has experienced a small growth in 2010, 2011 and 2012.

The Town is currently working to increase the number and variety of businesses throughout the community, including initiatives to enhance the economic success of historic Old Town Firestone. The table below details the change in the Town's total taxable assessed value (AV) for the past ten years.

AV year / Year Levied	Assessed Valuation
2003 / 2004	\$ 55,659,010
2004 / 2005	\$ 69,416,870
2005 / 2006	\$ 83,287,660
2006 / 2007	\$ 96,612,970
2007 / 2008	\$ 114,332,430
2008 / 2009	\$ 118,208,020
2009 / 2010	\$ 132,642,530
2010 / 2011	\$ 116,860,720
2011 / 2012	\$ 131,980,920
2012 / 2013	\$ 142,320,680

The community has experienced a significant slowdown in residential construction building permits throughout the past ten years, as seen in the chart below. The Town expects this to continue for the foreseeable future as the national and state housing markets continue to work through the mortgage crises and valuation adjustments. The table below sets forth single family building permits for the past ten years:



LONG-TERM PLANNING

The Board and management are currently working on a major project that will impact the Town's financial position. In 2005, the Board indicated its desire to pursue participation in Northern Integrated Supply Project ("NISP") for future water needs. NISP is a joint project to develop water storage and supply facilities for a large group of water providers in the region. The Town is tentatively expecting a revenue bond debt issue or multiple debt issues to cover the costs associated with the project. The timing of such debt issuance is anticipated to occur within the next few years. As part of the planning for the financing of the NISP, the Town undertook a water rate study in 2008 that led to rate changes in early 2009 to better recover the cost of providing water service operating and capital needs including NISP. During 2011, the Town completed a water rate study and put in place the recommended rates effective January 1, 2012.

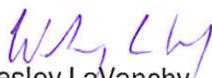
The Town continuously monitors the status of its budget and conducts a formal mid-year budget review for the Board. The Town plans to make adjustments, as warranted, including expense reductions and deferrals in response to the significant downturn in building and its subsequent effect on current and future revenues.

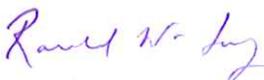
AWARDS AND ACKNOWLEDGMENTS

For the sixth year in a row, the Town of Firestone was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association ("GFOA") for its Comprehensive Annual Financial Statements ("CAFR") for fiscal year end December 31, 2011. In order to qualify for the award, the Town's CAFR document must be judged to be proficient in various categories including: financial statement presentation, management's discussion and analysis, footnote disclosure, other supplementary financial and statistical information.

We would like to express our appreciation to all staff members who assisted and contributed to the preparation of this report. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administrative departments. We would also like to thank Randy Watkins, of Anton Collins Mitchell LLP, and staff for their valuable input, able assistance, and the professional manner in which the audit engagement was performed. Credit also must be given to the Mayor and the Board of Trustees for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Firestone's finances.

Respectfully submitted,


Wesley LaVanchy
Town Manager


Ronald W. Lay, CPA
Director of Finance

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Firestone
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moynell

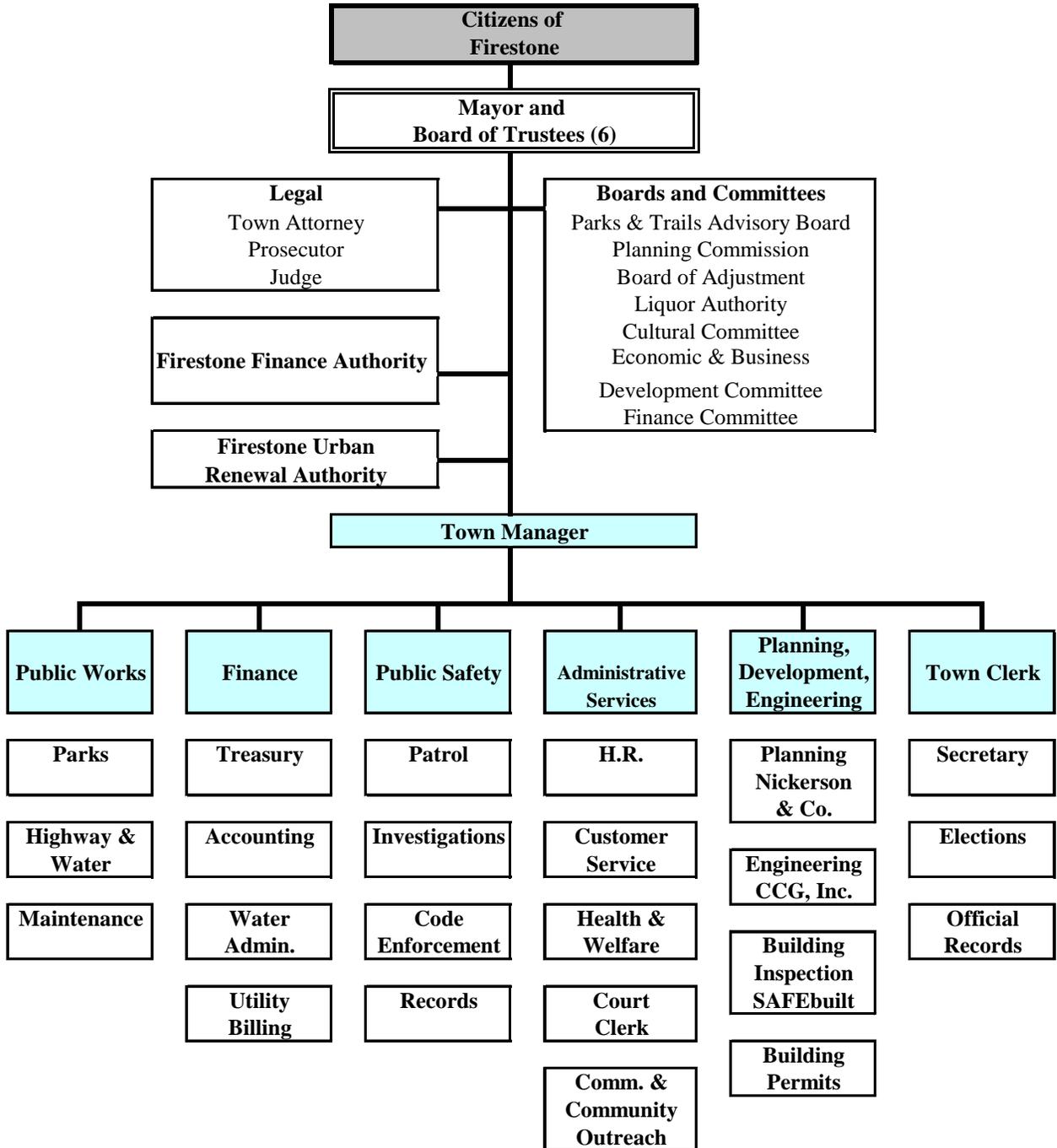
President

Jeffrey R. Emer

Executive Director

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Town of Firestone
 Organization Chart - by Function
 As of December 31, 2012



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MAYOR AND BOARD OF TRUSTEES

Mayor	Chad Auer
Mayor Pro-tem	Paul Sorensen
Trustee	George Heath
Trustee	Bobbi Sindelar
Trustee	Darrell Walsh
Trustee	Matt Holcomb
Trustee	Jennifer Weinberger
Town Manager	Wesley LaVanchy

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TOWN OF FIRESTONE STAFF

Director of Finance/Town Treasurer..... Ron Lay
Human Resources DirectorPascale Pring
Office/Human Resources Assistant & Accounts Payable April Smith
Accounting Manager Susan Watkins
Accounts Receivable & Payroll.....Linda O’Keefe
Town Clerk & Planning CoordinatorRebecca Toberman
Town Clerk Pro-tem..... Carissa Medina
Public Works Director Theo Abkes
Public Works Administrative AssistantBrenda Montoya
Communications & Community Outreach CoordinatorKristi Ritter
Building Permit Technician..... Tracy Case
Utility Billing Clerk Julie Pasillas
Town Planner.....Bruce Nickerson, Nickerson & Co.
Town Engineer..... Dave Lindsay, CCG, Inc.
Town Attorney.....Sam Light, Light, Kelly & Dawes, PC
Building Inspections..... SAFEbuilt, Inc.

Firestone Police Department Staff

Chief of Police David Montgomery
Police Commander.....Bryce Borders
Municipal Court ClerkBeverly Medina
Police Records Clerk..... Debbie Pittman

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FINANCIAL SECTION

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Independent Auditor's Report

Honorable Mayor and Members
of the Town Board of Trustees
Town of Firestone, Colorado

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 Firestone, Colorado (the "Town") as of December 31, 2012, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements.

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the Town incorporated deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure of net position due to the adoption of Governmental Accounting Standards Board Statement No. 63, "Financial Reporting of Deferred



Outflows of Resources, Deferred Inflows of Resources, and Net Position.” The adoption of this standard also provides a new statement of net position format to report all assets, deferred outflows of resources, deferred inflows of resources, and net position. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the basic financial statements, the Town has changed its method for accounting and reporting certain items previously reported as assets or liabilities during 2012 due to the early adoption of Governmental Accounting Standards Board Statement No. 65, “Items Previously Reported as Assets and Liabilities.” Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3 through 17, and the budgetary comparison information on Pages 63 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town’s basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information, capital asset information, statistical section, and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison information, capital asset information, and Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Anton Collins Mitchell LLP

Greeley, Colorado
June 26, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Firestone (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Firestone for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found in the introductory section of this report.

BACKGROUND INFORMATION

The Town was incorporated in 1908. For accounting purposes the Town uses twelve basic funds: the General Fund, five Special Revenue Funds, one Capital Improvements Fund, two Debt Service Funds, two Enterprise Funds, and one Fiduciary Fund.

On April 2, 1996, the taxpayers approved a ballot question to remove the TABOR limits that were imposed on the Town in 1992. The mill levy for 2012 was set at 6.244 mills for general operations and .561 mills for debt service for a total mill levy of 6.805 mills.

FINANCIAL HIGHLIGHTS

- The Town's total reported net working capital increased by \$1,152,107 (or 11.78 percent) from December of 2011 to December of 2012. Total net working capital increased in both the governmental and business-type activities by \$502,631 and \$649,476, respectively. The increase is primarily due to the reduction in capital projects funding during fiscal year 2012.
- General revenues account for \$4,812,678 or 52.79 percent of total revenues. The Town had \$4,304,823 in program specific revenues in the form of charges for services, operating grants and contributions, and capital contributions. \$4,216,856 (or 97.96 percent) of the 2012 program specific revenues were derived from charges for services.
- The Town had \$7,041,651 in expenses related to governmental activities, which were offset by program specific charges for services and operating grants and contributions of \$1,351,831. General revenues consisting of property taxes and specific ownership taxes of \$990,372, sales and use taxes of \$2,683,817, other revenues of \$1,124,982, and the planned use of reserves were adequate to provide for these programs.
- The Town had water and stormwater service income totaling \$2,865,025 with operating and capital grants and contributions totaling \$87,967. The cost of providing services totaled \$2,155,073.
- Outlays for capital assets were construction of street, water and storm water infrastructure; improvements to various parks; acquisition of police vehicles and equipment, public works equipment and information technology equipment. See the Capital Assets section of this management's discussion and analysis for more information.
- The Town's governmental funds have four capital leases and one general obligation bond outstanding which total \$260,966 at December 31, 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The Town has a long-term lease commitment to the Firestone Finance Authority in the amount of \$1,535,000, shown in the financial statements as certificates of participation debt.
- The Town has pledged revenues under two agreements with a developer for the financing of infrastructure for the City Centre development located at I-25 and Colorado Highway 119. The total obligation under these agreements is \$0 as of December 31, 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

This comprehensive annual financial report consists of five parts: letter of transmittal, management's discussion and analysis, the basic financial statements, supplementary information, and a statistical section. The basic financial statements include two kinds of statements that present different views of the Town.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town, reporting the Town's operations in more detail than the Town's overall financial statements.
- The governmental funds statements tell how basic services such as general government, public safety, public works, etc., were financed in the short-term, as well as what remains for future spending.
- The proprietary fund is presented as a business-type activity in the government-wide financial statements. The Town has two enterprise funds; the water fund and the stormwater fund.
- Fiduciary funds statements provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the financial statements with a comparison of the Town's budget for the year. Detailed in the following diagram is how the various parts of this annual report are arranged and related to one another.

MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE 1

Organization of the Town's Comprehensive Annual Financial Report

Section	Included in Audit Opinion	Document
Introductory Section		Letter of Transmittal - from Management
Financial Section	Audit Report	Independent Auditor's Report
	Limited procedures performed by auditor. Disclaimer of opinion	Management's Discussion and Analysis
Financial Statements	Audited Information	Government Wide Financial Statements
		Fund Financial Statements
		Notes to the Financial Statements
		Supplementary Information
		Capital Assets
Statistical Section		Statistical Information
Compliance	Audited Information	Local Highway Finance Report

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2 summarizes the major features of the Town's financial statements, including the portion of the Town's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the two types of financial statements (government-wide and fund) found in the basic financial statements.

**TABLE 2
MAJOR FEATURES OF THE FINANCIAL STATEMENTS**

	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Town (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary	Activities the Town operates similar to private businesses: water and stormwater services	Instances in which the Town administers resources on behalf of someone else, such as a pension fund
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, and short-term and long-term	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT WIDE FINANCIAL STATEMENTS

The Town's government wide financial statements are designed to provide readers a broad overview of the Town's finances in a manner similar to a private-sector business. These statements provide both short-term and long-term information about the Town's overall financial status. All of the current year's revenues and expenses are accounted for on the full accrual basis in the statement of net position and the statement of activities regardless of when cash is received or paid.

- The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Throughout time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. To assess the Town's overall health, consideration should be given to additional non-financial factors such as the condition of buildings and equipment and the associated cost of repairs.
- The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

Both of the Town's government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) and those that are principally supported by user fees (business activities). Included in governmental activities are most of the Town's basic services, such as general government, public safety, public works, etc. The basic government wide financial statements can be found on pages 18 to 20 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or major funds, not the Town as a whole. Funds are accounting devices the Town uses to keep track of specific sources of funding and spending on particular programs. The Town funds are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds: Most of the Town's basic services are included in governmental funds, which generally focus on: (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end, which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the Towns' programs. Because this information does not encompass the long-term focus of the Towns' statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them. The basic governmental fund financial statements can be found on pages 21 to 26 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

- Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water operation, which is considered to be a major fund of the Town, and the stormwater operation.

The basic proprietary fund financial statements can be found on pages 27 to 30 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town is responsible for ensuring that the assets reported in these funds are used only for the intended purposes and by those to whom the assets belong. The Town excludes these activities from the Towns' financial statements because it cannot use these assets to finance its operations.

- The Town currently has one fiduciary fund, the Old Hire Pension Fund. The fund is used to account for the payment of pension benefits.

The basic fiduciary fund statements can be found on pages 31 to 32 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the Town and fund financial statements. The notes to the financial statements can be found on pages 33 to 62 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. This includes the supplemental data required for non-major fund information and budgetary comparison schedules.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

NET POSITION AND CHANGES IN NET POSITION

The Towns' combined net position were less on December 31, 2012 than they were the year before, decreasing by 0.09 percent to \$91,923,429. The decrease is nominal. Table 3 provides a summary of the Towns' net position at December 31, 2012 with comparisons to 2011. For more information see the Statement of Net Position contained within this report.

TABLE 3
CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Assets						
Current Assets	\$ 7,025,626	\$ 6,355,783	\$ 4,382,185	\$ 3,617,678	\$ 11,407,811	\$ 9,973,461
Capital Assets, net	30,249,629	31,796,212	53,989,020	53,874,975	84,238,649	85,671,187
Total Assets	\$ 37,275,255	\$ 38,151,995	\$ 58,371,205	\$ 57,492,653	\$ 95,646,460	\$ 95,644,648
Liabilities						
Current Liabilities	\$ 416,154	\$ 248,942	\$ 253,611	\$ 138,580	\$ 669,765	\$ 387,522
Long-term Liabilities	1,900,944	2,095,379	183,900	260,676	2,084,844	2,356,055
Total Liabilities	\$ 2,317,098	\$ 2,344,321	\$ 437,511	\$ 399,256	\$ 2,754,609	\$ 2,743,577
Deferred Inflows of Resources						
Unearned Revenue	\$ 968,422	\$ 898,418	-	-	\$ 968,422	\$ 898,418
Deferred Inflows of Resources	\$ 968,422	\$ 898,418	\$ -	\$ -	\$ 968,422	\$ 898,418
Net Position						
Net investment in Capital Assets	\$ 28,453,663	\$ 29,832,385	\$ 53,954,280	\$ 53,745,675	\$ 82,407,943	\$ 83,578,060
Restricted	319,783	269,051	-	-	319,783	269,051
Unrestricted	5,216,289	4,807,819	3,979,414	3,347,722	9,195,703	8,155,541
Total Net Position	\$ 33,989,735	\$ 34,909,255	\$ 57,933,694	\$ 57,093,397	\$ 91,923,429	\$ 92,002,652

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 4 provides a summary of the changes in net position. Following Table 4 is specific discussion related to overall revenues and expenses.

**TABLE 4
CHANGES IN NET POSITION FROM OPERATING RESULTS**

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total Primary Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
<u>Program Revenues</u>						
Charges for Services	\$ 1,351,831	\$ 1,469,743	\$ 2,865,025	\$ 2,465,489	\$ 4,216,856	\$ 3,935,232
Operating Grants	-	25,400	26,067	26,696	26,067	52,096
Capital Grants and Contributions	-	113,160	61,900	57,500	61,900	170,660
<u>General Revenues</u>						
Property Taxes	918,897	810,956	-	-	918,897	810,956
Sales and Use Taxes	2,683,817	2,518,329	-	-	2,683,817	2,518,329
Franchise Taxes	380,273	338,780	-	-	380,273	338,780
Investment Earnings	15,411	14,705	9,155	9,391	24,566	24,096
Other	800,773	792,120	4,352	708	805,125	792,828
Total Revenues	\$6,151,002	\$6,083,193	\$2,966,499	\$2,559,784	\$9,117,501	\$8,642,977
Expenses						
General Government	\$ 1,322,245	\$ 1,106,283	\$ -	\$ -	\$ 1,322,245	\$ 1,106,283
Public Safety	2,266,759	2,169,999	-	-	2,266,759	2,169,999
Public Works	2,445,606	2,450,275	-	-	2,445,606	2,450,275
Health and Welfare	96,785	95,010	-	-	96,785	95,010
Economic Development	65,143	70,334	-	-	65,143	70,334
Parks	774,910	668,285	-	-	774,910	668,285
Interest on Long-Term Debt	70,203	73,349	-	-	70,203	73,349
Water/Stormwater	-	-	2,155,073	2,034,806	2,155,073	2,034,806
Total Expenses	\$7,041,651	\$6,633,535	\$2,155,073	\$2,034,806	\$9,196,724	\$8,668,341
Revenues less Expenses	\$ (890,649)	\$ (550,342)	\$ 811,426	\$ 524,978	\$ (79,223)	\$ (25,364)
Transfers	(28,871)	(123,361)	28,871	123,361	-	-
Increase(Decrease) In Net Position	\$ (919,520)	\$ (673,703)	\$ 840,297	\$ 648,339	\$ (79,223)	\$ (25,364)

The decrease in net position shown in Table 4 for the total primary government includes transfers (if any) extracted from the governmental activities funds. The Town, for 2011 and 2012, had no contributions to endowments or permanent funds, special items or extraordinary items to report in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Detailed below in Tables 5 and 6 are charts displaying revenues by sources for the governmental and business-type activities of the Town.

TABLE 5
SOURCES OF REVENUES BY COMPARATIVE YEARS: GOVERNMENTAL ACTIVITIES

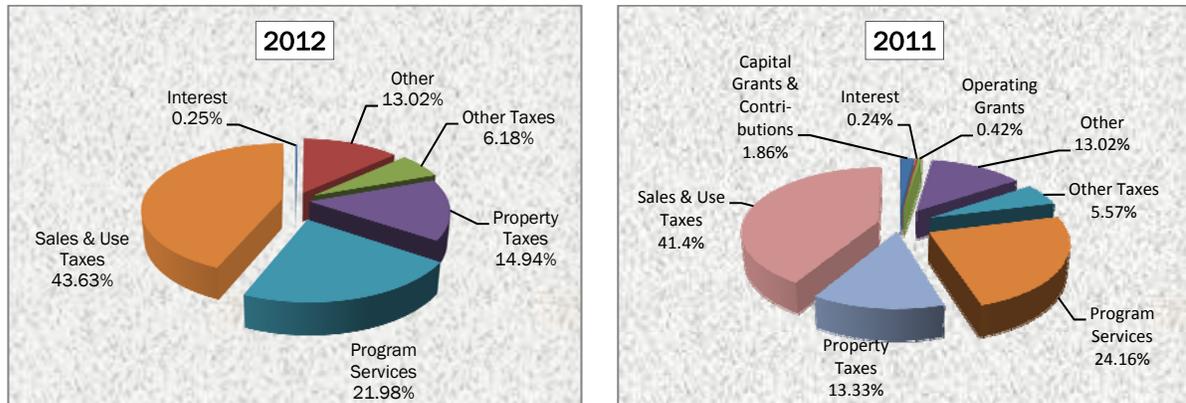
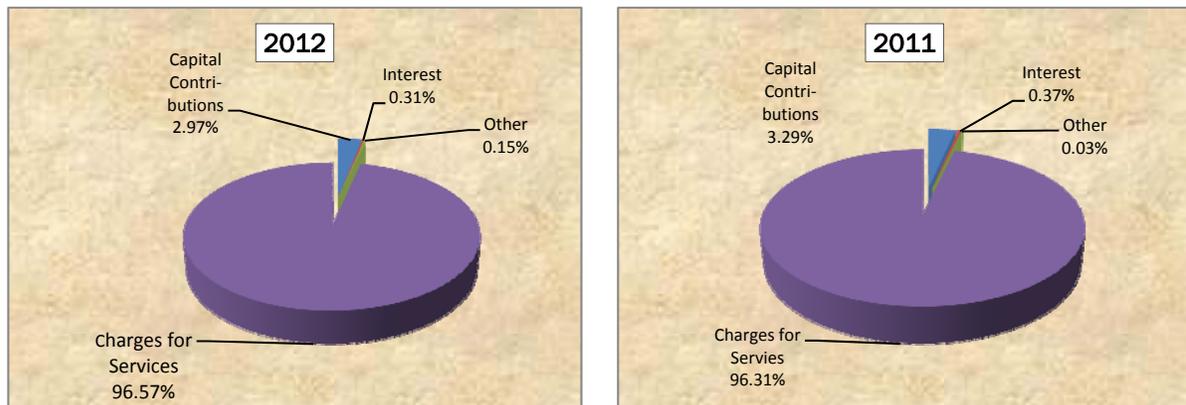


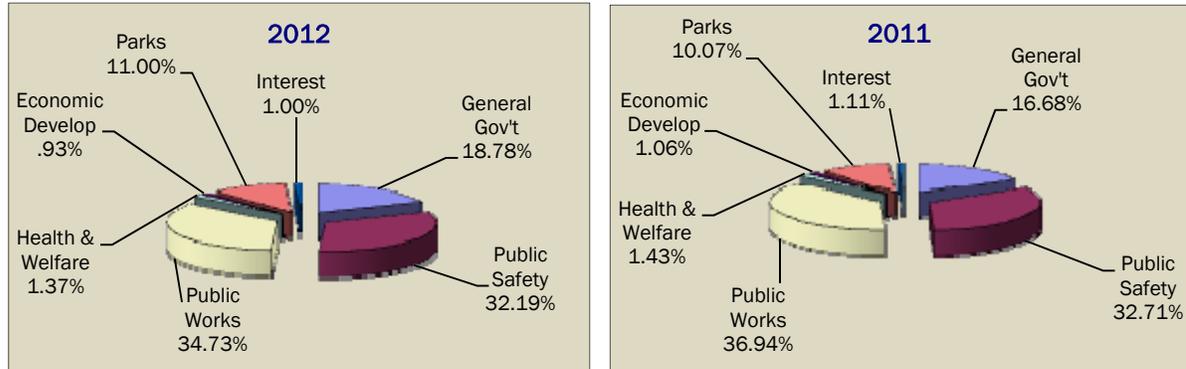
TABLE 6
SOURCES OF REVENUES BY COMPARATIVE YEARS: BUSINESS-TYPE ACTIVITIES



MANAGEMENT'S DISCUSSION AND ANALYSIS

Detailed below in Table 7 are charts displaying the percentage of program expenses for 2011 and 2012 for the governmental activities of the Town.

**TABLE 7
EXPENSES BY COMPARATIVE YEARS: GOVERNMENTAL ACTIVITIES**



GOVERNMENTAL ACTIVITIES

The \$919,520 decrease in net position for governmental activities in 2012 is primarily due to the planned use of reserves to cover operating expenses.

The statement of activities shows the cost of program services and the related charges for services and the related operating grants and contributions offsetting those costs. Table 8 reflects each program's total cost and net cost of services. That is, it identifies the cost of these services supported by unrestricted property taxes.

**TABLE 8
NET COST OF GOVERNMENTAL ACTIVITIES**

	2012		2011
	Total Cost of Service	Net Cost of Service	Net Cost of Service
General Government	\$ 1,322,245	\$ 1,184,530	\$ 1,021,442
Public Safety	2,266,759	2,065,998	1,968,780
Public Works	2,445,606	1,547,685	1,202,374
Health and Welfare	96,785	96,785	95,010
Economic Development	65,143	65,143	70,334
Parks	774,910	659,476	593,942
Interest on Long-Term Debt	70,203	70,203	73,349
Total	\$ 7,041,651	\$ 5,689,820	\$ 5,025,232

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF TOWN FUNDS

GENERAL FUND

The purpose of the general fund is to account for the routine operational activities of the Town. This fund provides for functional areas of the organization such as: general government, public safety, public works, etc. The primary funding sources for the general fund are sales and property tax revenues, fines, and charges for services provided.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The Town's final budget for the general fund anticipated that expenditures would exceed revenues by \$56,683. The actual results for the year show revenues exceeding expenditures by \$462,648. Revenue exceeded budget by \$480,404 which allowed for all uses of those funds as budgeted. This excess revenue will be used in future years.

It should be noted that the Town's budget format is designed to establish and monitor divisional functions of the Town's operations to more closely align expenses with the areas of responsibility. The actual approval of appropriations by the Board of Trustees is at the fund level and the divisional functions used in the budget are for presentation and management control purposes. These divisions are set up as cost centers for accountability in each of the following areas:

- General Government
- Public Safety
- Public Works
- Health and Welfare
- Economic Development
- Parks and Open Space

The Town must maintain a 3 percent emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At December 31, 2012 the Town's TABOR reserve amounted to \$174,175.

HIGHWAY FUND

The purpose of the highway fund is to account for the capital projects, repairs, and routine maintenance activities for the streets of the Town. This fund provides for the functional area of the organization of public works. The primary funding sources for the highway fund are road tax revenues, fines, and charges for services provided.

MANAGEMENT'S DISCUSSION AND ANALYSIS

HIGHWAY FUND BUDGETARY HIGHLIGHTS

The Town's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The Town's final budget for the highway fund anticipated that expenditures would exceed revenues by \$180,410. The actual results for the year show revenues exceeding expenditures by \$6,516. Revenues received exceeded budget revenue amounts but not all projects were completed as scheduled.

PARK FUND

The purpose of the park fund is to account for the capital projects for the parks of the Town. This fund provides for the functional area of the organization of parks and open spaces. The primary funding sources for the park fund are building permits and tower relay rental.

PARK FUND BUDGETARY HIGHLIGHTS

The Town's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The Town's final budget for the park fund anticipated that expenditures would exceed revenues by \$199,410. The actual results for the year show expenditures exceeding revenues by \$126,465. Estimated building permits fell short of the budget but the fund balance allowed for most of the planned projects to proceed.

CAPITAL IMPROVEMENTS FUND

The purpose of the capital improvements fund is to account for the capital projects in roadway, stormwater, regional park, municipal facilities, and raw irrigation areas of the Town. This fund provides for the functional areas of the organization for general government, public safety, public works, etc. The primary funding sources for the capital improvements fund are building permit impact fees.

CAPITAL IMPROVEMENTS FUND BUDGETARY HIGHLIGHTS

The Town's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The Town's final budget for the capital improvements fund anticipated that revenues would exceed expenditures by \$161,873. The actual results for the year show revenues exceeding expenditures by \$154,590. The estimated impact fees were under budget but did not allow for all the planned projects to proceed. The projects allowed still gave a positive cash flow to the budget.

PROPRIETARY FUNDS

The Towns' proprietary funds provide the same type of information found in the government-wide statements but in more detail.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

By the end of 2012, the Town had invested \$84,238,649 in a broad range of capital assets for its governmental and business type activities including: land, buildings, site improvements, vehicles and other equipment (See Table 9 below). This amount represents a net decrease of \$1,432,533 (or 1.67 percent) from last year. Additional information on The Town's capital assets can be found in Note 5 to the financial statements. Total depreciation expense for the year was \$2,203,679 in the governmental activities and \$348,556 in the Towns' business-type activities.

TABLE 9
CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Land	\$ 5,965,810	\$ 5,808,702	\$ 99,121	\$ 99,121	\$ 6,064,931	\$ 5,907,823
Water Shares	-	-	40,610,164	40,610,164	40,610,164	40,610,164
Construction in Progress	441,048	394,795	719,866	396,603	1,160,914	791,398
Land Improvements	3,090,398	3,267,971	-	-	3,090,398	3,267,971
Buildings and Improvements	913,304	975,265	-	-	913,304	975,265
Streets and Storm Drainage	19,208,894	20,837,750	-	-	19,208,894	20,837,750
Utility Systems	-	-	12,400,194	12,636,220	12,400,194	12,636,220
Machinery and Equipment	630,175	511,724	159,675	132,868	789,850	644,592
Total	\$ 30,249,629	\$ 31,796,207	\$ 53,989,020	\$ 53,874,976	\$ 84,238,649	\$ 85,671,183

MANAGEMENT'S DISCUSSION AND ANALYSIS

LONG-TERM DEBT

At year end, the Town had \$190,966 of outstanding governmental fund capital leases, \$70,000 in general obligation bonds reported in the governmental funds and \$34,740 of outstanding capital leases in the business-type fund. Developer Reimbursement Obligations were paid in full for both the governmental funds and for the business-type funds during 2012. For 2012, the Town experienced a 10.01 percent decrease overall in outstanding debt from 2011.

**TABLE 10
OUTSTANDING DEBT**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 70,000	\$ 135,000	\$ -	\$ -	\$ 70,000	\$ 135,000
Certificate of Participation	1,535,000	1,620,000	-	-	1,535,000	1,620,000
Capital Leases	190,966	50,288	34,740	16,324	225,706	66,612
Developer Reim. Obligation	-	158,532	-	112,991	-	271,523
Compensated Absences	99,985	63,280	22,454	14,690	122,439	77,370
Total	\$ 1,895,951	\$ 2,027,100	\$ 57,194	\$ 144,005	\$ 1,953,145	\$ 2,170,505

Colorado Revised Statute 31-15-302(1)(d)(II) states that a municipality's total amount of indebtedness for all purposes shall not at any time exceed 3 percent of actual value, except for such debt as may be incurred in supplying water. The Town's outstanding debt is below this limit. Please see Note 6 in the notes to the financial statements and the statistical section of the CAFR for more details.

FIDUCIARY FUND ACTIVITIES

PENSION FUND

The Old Hire Pension Fund was established and continually funded to provide for the provision of retirement pension benefit for the police officer that was hired by the Town prior to April 8, 1978. The sole police officer within the plan is now deceased and the sole surviving spouse is now deceased. The fund provided for the payment of the benefit, as well as related expenses. The primary funding source for the pension fund is the allocation of monies from the General Fund.

FACTORS BEARING ON THE TOWN'S FUTURE

At the time these financial statements were prepared and audited, the Town was aware of the following circumstances that could significantly affect its financial health in the future:

- The Town's budget for 2013 incorporates general property tax revenue of \$968,442 (based on a net assessed valuation for the Town of \$142,320,680 and a mill levy of

MANAGEMENT'S DISCUSSION AND ANALYSIS

6.245 mills for operations and .560 mills for debt service) with a budget of \$12,096,068 in expenditures for 2013.

- During 2008, the Town completed the initial formation and partial funding of several reserve funds for purposes of funding future repair and replacement needs for Town infrastructure. Initial funding via intrafund transfers to these repair and replacement funds took place in 2008 and continued for 2009. There was no funding budgeted for 2010, 2011, or 2012; however, the Town continues to evaluate the future costs related to renewal and replacement of capital facilities. These reserve accounts have been included in the General Fund as assigned for reporting purposes.
- There are several factors that drive the Town's budget and financial performance. The factors include but are not limited to the following: area employment rates, sales and use tax revenues, building permit valuation and issuance, population growth, and capital asset construction requirements.
- Currently, the Town's residential building permit valuation and issuance drives a significant part of the budget revenue for corresponding capital expenditures. The Town receives capital revenues from impact fees and water tap fees during the fiscal year, which will be utilized in future years to acquire or construct capital assets to serve future residents. The housing market trend in Colorado is experiencing a continued downturn in demand. A significant decrease in housing permits would have significant adverse effect on impact fee revenues and corresponding capital projects. The Town's 2009 through 2012 budgets were based on significantly reduced estimates for new construction consistent with the current market conditions.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Towns' officials, citizens, taxpayers, parents, investors, and creditors with a general overview of the Towns' finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director at the Town of Firestone, Finance Department, 151 Grant Avenue, P.O. Box 100, Firestone, Colorado 80520-0100.

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BASIC FINANCIAL STATEMENTS

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Town of Firestone
Firestone, Colorado
Statement of Net Position
December 31, 2012

	Primary Government		
	Govern- mental Activities	Business- Type Activities	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 5,498,528	\$ 4,140,221	\$ 9,638,749
Receivables	1,514,033	190,416	1,704,449
Other Current Assets	12,948	51,548	64,496
Capital Assets (Net of Accumulated Depreciation):			
Land and Water Shares	5,965,810	40,709,285	46,675,095
Construction in Progress	441,048	719,866	1,160,914
Land Improvements	3,090,398	-	3,090,398
Buildings and Improvements	913,304	-	913,304
Streets & Storm Drainage	19,208,894	-	19,208,894
Utility Systems	-	12,400,194	12,400,194
Equipment & Vehicles	630,175	159,675	789,850
Total Assets	37,275,138	58,371,205	95,646,343
LIABILITIES			
Accounts Payable and Other Current Liabilities	286,496	252,406	538,902
Accrued Interest Payable	9,587	1,205	10,792
Developer Deposits	119,954	-	119,954
Noncurrent Liabilities:			
Accrued Compensated Absences	99,985	22,454	122,439
Customer Deposits	-	126,706	126,706
Due Within One Year	246,457	18,998	265,455
Due in Greater Than One Year	1,549,509	15,742	1,565,251
Net Pension Obligation, due in more than one year	4,993	-	4,993
Total Liabilities	2,316,981	437,511	2,754,492
DEFERRED INFLOW OF RESOURCES			
Unearned Revenue	968,422	-	968,422
Total Deferred Inflow of Resources	968,422	-	968,422
NET POSITION			
Net Investment In Capital Assets	28,453,663	53,954,280	82,407,943
Restricted for Emergencies	174,175	-	174,175
Restricted for Parks and Recreation	145,608	-	145,608
Unrestricted	5,216,289	3,979,414	9,195,703
Total Net Position	\$ 33,989,735	\$ 57,933,694	\$ 91,923,429

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

Town of Firestone
 Firestone, Colorado
Statement of Activities
 Year Ended December 31, 2012

Functions / Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants & Contrib.	Capital Contrib.
Governmental Activities:				
General Government	\$ 1,322,245	\$ 137,715	\$ -	\$ -
Public Safety	2,266,759	200,761	-	-
Public Works	2,445,606	897,921	-	-
Health and Welfare	96,785	-	-	-
Economic Development	65,143	-	-	-
Parks and Open Space	774,910	115,434	-	-
Interest on Long-Term Debt	70,203	-	-	-
Total Government Activities	<u>7,041,651</u>	<u>1,351,831</u>	<u>-</u>	<u>-</u>
Business Type Activities:				
Water	2,125,436	2,751,268	26,067	61,900
Stormwater	29,637	113,757	-	-
Total Business-Type Activities	<u>2,155,073</u>	<u>2,865,025</u>	<u>26,067</u>	<u>61,900</u>
Total Town Government	<u>\$ 9,196,724</u>	<u>\$ 4,216,856</u>	<u>\$ 26,067</u>	<u>\$ 61,900</u>

General Revenues

Taxes:

- Property Taxes Levied for General Purposes
- Property Taxes Levied for Debt Service
- Property Taxes Levied for Urban Renewal
- Specific Ownership Taxes
- Sales and Use Tax
- Highway Users, Road & Bridge, Motor Vehicle Taxes
- Franchise Taxes
- Investment Earnings
- Miscellaneous
- Transfers

Total General Revenues and Transfers

Changes in Net Position

Net Position at Beginning of Year

Net Position at Ending of Year

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

Net (Expense) Revenue
and Changes in Net Position

Govern- mental Activities	Business- Type Activities	TOTAL
\$ (1,184,530)	\$ -	\$ (1,184,530)
(2,065,998)	-	(2,065,998)
(1,547,685)	-	(1,547,685)
(96,785)	-	(96,785)
(65,143)	-	(65,143)
(659,476)	-	(659,476)
(70,203)	-	(70,203)
(5,689,820)	-	(5,689,820)
-	713,799	713,799
-	84,120	84,120
-	797,919	797,919
(5,689,820)	797,919	(4,891,901)
824,637	-	824,637
74,090	-	74,090
20,170	-	20,170
71,475	-	71,475
2,683,817	-	2,683,817
469,955	-	469,955
380,273	-	380,273
15,411	9,155	24,566
259,343	4,352	263,695
(28,871)	28,871	-
4,770,300	42,378	4,812,678
(919,520)	840,297	(79,223)
34,909,255	57,093,397	92,002,652
\$ 33,989,735	\$ 57,933,694	\$ 91,923,429

Town of Firestone
 Firestone, Colorado
Balance Sheet
Governmental Funds
 December 31, 2012

	General	Highway	Parks
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 1,785,491	\$ 499,016	\$ 724,922
Cash with Fiscal Agent	38,639	7,764	-
Receivables	1,366,964	40,451	-
Due From Other Funds	-	-	-
Prepaid Items	12,433	515	-
Total Assets	\$ 3,203,527	\$ 547,746	\$ 724,922
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 116,788	\$ 29,777	\$ -
Accrued Payables	120,866	15,440	-
Due To Other Funds	117	-	-
Developer Deposits	119,954	-	-
Total Liabilities	357,725	45,217	-
Deferred Inflows of Resources:			
Unearned Revenue	888,793	-	-
Total Deferred Inflows of Resources	888,793	-	-
Fund Balances:			
Nonspendable for Prepaid Items	12,433	515	-
Restricted for Emergencies	174,175	-	-
Restricted for Parks and Recreation	-	-	-
Committed for Capital Improvements	-	-	-
Assigned Fund Balance	128,397	502,014	724,922
Unassigned Fund Balance	1,642,004	-	-
Total Fund Balances	1,957,009	502,529	724,922
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,203,527	\$ 547,746	\$ 724,922

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

Capital Improvement	Other Govt. Funds	Total Govt. Funds
\$ 2,236,855	\$ 205,841	\$ 5,452,125
-	-	46,403
-	106,618	1,514,033
-	117	117
-	-	12,948
<u>\$ 2,236,855</u>	<u>\$ 312,576</u>	<u>\$ 7,025,626</u>
\$ -	\$ 3,625	\$ 150,190
-	-	136,306
-	-	117
-	-	119,954
<u>-</u>	<u>3,625</u>	<u>406,567</u>
-	79,629	968,422
<u>-</u>	<u>79,629</u>	<u>968,422</u>
-	-	12,948
-	-	174,175
-	145,608	145,608
2,236,855	-	2,236,855
-	83,714	1,439,047
-	-	1,642,004
<u>2,236,855</u>	<u>229,322</u>	<u>5,650,637</u>
<u>\$ 2,236,855</u>	<u>\$ 312,576</u>	<u>\$ 7,025,626</u>

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Town of Firestone
 Firestone, Colorado
Reconciliation of the Governmental Funds
Balance Sheet with the Government-wide Statement of Net Position
 December 31, 2012

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balances - Governmental Funds	\$	5,650,637
--	----	-----------

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

Cost of Capital Assets	\$	50,564,215	
Accumulated Depreciation		(20,314,586)	
			30,249,629

Long-term liabilities, including bonds payable, are not due and payable from current financial resources, and therefore, are not reported as liabilities in the governmental funds.

Long term liabilities at year end consist of:

Certificates of Participation	\$	(1,535,000)	
Bonds Payable		(70,000)	
Capital Leases Payable		(190,966)	
Accrued Interest Payable		(9,587)	
			(1,805,553)

Accrued compensated absences are not due and payable from current financial resources, and therefore, are not reported in the governmental funds.		(99,985)
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Net pension obligation is shown in the long-term liabilities in the Statement of Net Assets but is not included in the governmental funds.		(4,993)
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Total Net Position - Governmental Activities	\$	33,889,735
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The accompanying notes are an integral part of these financial statements.

Town of Firestone
Firestone, Colorado
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2012

	General	Highway	Parks	Capital Improvement
REVENUES				
Taxes and Impact Fees	\$ 4,076,967	\$ 543,737	\$ -	\$ 527,030
Licenses and Permits	271,824	-	39,750	-
Intergovernmental	34,900	-	-	-
Charges for Services	-	138,125	-	-
Fines	164,833	-	-	-
Investment Earnings	3,557	1,067	1,792	5,310
Miscellaneous	107,224	18,962	20,479	-
Total Revenues	4,659,305	701,891	62,021	532,340
EXPENDITURES				
Current:				
General Government	1,153,346	61,418	24,134	-
Public Safety				
Police	2,046,653	-	-	-
Building Inspection	127,442	-	-	-
Public Works (Roads, Facilities, etc)	80,151	606,878	-	-
Parks and Open Space	398,958	-	9,588	-
Health & Welfare	96,785	-	-	-
Economic Development	65,143	-	-	-
Capital Outlay	399,706	102,631	154,764	-
Debt Service:				
Principal	225,356	44,387	-	-
Interest	5,058	1,182	-	-
Total Expenditures	4,598,598	816,496	188,486	-
Excess (Deficiency) of Revenues				
Over Expenditures	60,707	(114,605)	(126,465)	532,340
OTHER FINANCING SOURCES (USES)				
Transfers In	344,821	77,050	-	-
Transfer Out	(150,698)	-	-	(377,750)
Proceeds from Capital Lease	207,818	44,071	-	-
Total Other Financing Sources (Uses)	401,941	121,121	-	(377,750)
Net Change in Fund Balances	462,648	6,516	(126,465)	154,590
Fund Balances at Beginning of Year	1,494,361	496,013	851,387	2,082,265
Fund Balances at End of Year	\$ 1,957,009	\$ 502,529	\$ 724,922	\$ 2,236,855

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

	Other Govt. Funds		Total Govt. Funds
\$	140,188	\$	5,287,922
	-		311,574
	51,419		86,319
	-		138,125
	-		164,833
	3,685		15,411
	150		146,815
	<u>195,442</u>		<u>6,150,999</u>
	60,568		1,299,466
	-		2,046,653
	-		127,442
	-		687,029
	-		408,546
	-		96,785
	-		65,143
	-		657,101
	150,000		419,743
	63,587		69,827
	<u>274,155</u>		<u>5,877,735</u>
	(78,713)		273,264
	177,706		599,577
	(100,000)		(628,448)
	-		251,889
	<u>77,706</u>		<u>223,018</u>
	(1,007)		496,282
	230,329		5,154,355
\$	<u>229,322</u>	\$	<u>5,650,637</u>

Town of Firestone
 Firestone, Colorado
**Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures and Changes in Fund Balances with the
 Government-wide Statement of Activities**
 Year Ended December 31, 2012

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

Total net change in fund balance - Governmental Funds	\$	496,282
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which depreciation exceeds capital outlay in the period:

Expenditures for capital assets	\$ 657,101		
Less current year depreciation	<u>(2,203,679)</u>		(1,546,578)

Repayment of debt principal is an expenditure in the government funds, and it reduces long-term liabilities in the Statement of Net Position but does not affect the Statement of Activities.			419,743
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Increase in accrued interest payable reflected in expenses in the Statement of Activities and not reflected in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances.			(373)
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Increase in accrued compensated absences reflected in expenses in the Statement of Activities and not reflected in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances.			(36,705)
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Receipt of lease proceeds is not shown as a revenue on the Statement of Activities but is shown as an other financing source on the Statement of Revenue, Expenditures and Changes in Fund Balances.			(251,889)
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			<u><u>\$ (919,520)</u></u>
Change in Net Position - Governmental Activities			

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

Town of Firestone
Firestone, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2012

	Water Enterprise Fund	Stormwater Enterprise Fund	Total
ASSETS			
Current Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 4,124,092	\$ 16,129	\$ 4,140,221
Receivables	150,716	39,700	190,416
Other Current Assets	51,548	-	51,548
Total Current Assets	4,326,356	55,829	4,382,185
Noncurrent Assets			
Capital Assets:			
Land	99,121	-	99,121
Water Rights	40,610,164	-	40,610,164
Utility Systems	14,698,968	269,504	14,968,472
Construction in Progress	623,986	95,880	719,866
Equipment	457,676	-	457,676
Less Accumulated Depreciation	(2,847,878)	(18,401)	(2,866,279)
Total Capital Assets (Net of Accumulated Depreciation)	53,642,037	346,983	53,989,020
Total Noncurrent Assets	53,642,037	346,983	53,989,020
Total Assets	57,968,393	402,812	58,371,205
LIABILITIES			
Current Liabilities			
Accounts Payable	190,359	11,495	201,854
Accrued Payables	51,757	-	51,757
Loan Payable - Current	18,998	-	18,998
Total Current Liabilities	261,114	11,495	272,609
Noncurrent Liabilities			
Customer Deposits	126,706	-	126,706
Accrued Compensated Absences	22,454	-	22,454
Due in Greater Than One Year	15,742	-	15,742
Total Noncurrent Liabilities	164,902	-	164,902
Total Liabilities	426,016	11,495	437,511
NET POSITION			
Net Investment In Capital Assets	53,607,297	346,983	53,954,280
Unrestricted	3,935,080	44,334	3,979,414
Total Net Position	\$ 57,542,377	\$ 391,317	\$ 57,933,694

Town of Firestone
Firestone, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2012

	Water Enterprise Fund	Stormwater Enterprise Fund	Total
Operating Revenues			
Charges for Services	\$ 2,751,268	\$ 113,757	\$ 2,865,025
Miscellaneous	4,352	-	4,352
Total Operating Revenues	<u>2,755,620</u>	<u>113,757</u>	<u>2,869,377</u>
Operating Expenses			
Operations	1,239,570	8,928	1,248,498
Administration	541,495	15,319	556,814
Depreciation	343,166	5,390	348,556
Total Operating Expenses	<u>2,124,231</u>	<u>29,637</u>	<u>2,153,868</u>
Operating Income	<u>631,389</u>	<u>84,120</u>	<u>715,509</u>
Nonoperating Revenues (Expenses)			
Investment Earnings	9,155	-	9,155
Interest Expense	(1,205)	-	(1,205)
Intergovernmental	26,067	-	26,067
Total Nonoperating Revenues (Expenses)	<u>34,017</u>	<u>-</u>	<u>34,017</u>
Income Before Contributions and Transfers	665,406	84,120	749,526
Capital Contributions	61,900	-	61,900
Transfers In (Out)	112,991	(84,120)	28,871
Change in Net Position	<u>840,297</u>	<u>-</u>	<u>840,297</u>
Net Position at Beginning of Year	<u>56,702,080</u>	<u>391,317</u>	<u>57,093,397</u>
Net Position at End of Year	<u><u>\$ 57,542,377</u></u>	<u><u>\$ 391,317</u></u>	<u><u>\$ 57,933,694</u></u>

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

Town of Firestone
Firestone, Colorado
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2012

	Water Enterprise Fund	Stormwater Enterprise Fund	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 2,784,003	\$ 113,001	\$ 2,897,004
Cash Payments to Suppliers for Goods & Services	(1,076,755)	(12,752)	(1,089,507)
Cash Payments to Employees for Services	(602,504)		(602,504)
Net Cash Flows from Operating Activities	1,104,744	100,249	1,204,993
Cash Flows from Noncapital Financing Activities			
Transfers to Other Funds	-	(84,120)	(84,120)
Transfers from Other Funds	112,991	-	112,991
(Increase) Decrease in Grants Receivable	(467)	-	(467)
Operating Grants Received	21,255	-	21,255
Total Cash Flows from Noncapital Financing Activities	133,779	(84,120)	49,659
Cash Flows from Capital and Related Financing Activities			
Contributed Capital	61,900	-	61,900
Acquisition of Capital Assets	(410,369)	-	(410,369)
Principal Payments on Developer Reimbursement Obligations	(112,991)	-	(112,991)
Principal Paid on Debt	(28,918)	-	(28,918)
Interest Paid on Debt	(435)	-	(435)
Net Cash Flows from Capital and Related Financing Activities	(490,813)	-	(490,813)
Net Cash Flow from Investing Activities			
Investment Earnings	9,155	-	9,155
Net Cash Flow from Investing Activities	9,155	-	9,155
Net Increase in Cash and Cash Equivalents	756,865	16,129	772,994
Cash and Cash Equivalents at Beginning of Year	3,367,227	-	3,367,227
Cash and Cash Equivalents at End of Year	\$ 4,124,092	\$ 16,129	\$ 4,140,221

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

Town of Firestone
Firestone, Colorado
**Reconciliation of Operating Income to
Net Cash From Operating Activities
Proprietary Funds**
Year Ended December 31, 2012

	<u>Water Enterprise Fund</u>	<u>Stormwater Enterprise Fund</u>	<u>Total</u>
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating Income	\$ 631,389	\$ 84,120	\$ 715,509
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
(Increase) Decrease in Assets:			
Depreciation	343,166	5,390	348,566
Accounts Receivable	18,362	(756)	17,606
Other Assets	(8,723)	-	(8,723)
Increase (Decrease) in Liabilities:			
Accounts Payable	98,805	11,495	110,300
Accrued Payables	11,724	-	11,724
Customer Deposits	10,021	-	10,021
Net Cash from Operating Activities	<u>\$ 1,104,744</u>	<u>\$ 100,249</u>	<u>\$ 1,204,993</u>
Noncash from Capital and Related Financing Activities			
Proceeds from Capital Lease	<u>\$ 47,334</u>	<u>\$ -</u>	<u>\$ 47,334</u>

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

Town of Firestone
 Firestone, Colorado
Statement of Fiduciary Net Position
 December 31, 2012

	<u>Old-Hire Pension Trust Fund</u>
ASSETS	
<hr/>	
Investments Held by FPPA Cash and Cash Equivalents	\$ 13,999
Receivable from Town	4,993
Total Assets	<u>18,992</u>
LIABILITIES	
<hr/>	
Total Liabilities	<u>-</u>
NET POSITION	
<hr/>	
Net Position Held in Trust for Pension Benefits	<u>\$ 18,992</u>

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

Town of Firestone
 Firestone, Colorado
Statement of Changes in Fiduciary Net Position
 Year Ended December 31, 2012

	Old-Hire Pension Trust Fund
Additions	
Employer Contributions	\$ 7,091
FPPA Earnings	240
Realized/Unrealized Gain on Investments	1,213
Total Additions	8,544
Deductions	
Pension Benefits Paid	8,075
Investment Fees	107
Total Deductions	8,182
Change in Net Position	362
Net Position at Beginning of Year	18,630
Net Position at End of Year	\$ 18,992

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

NOTES TO FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Firestone (the “Town”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the Town’s accounting policies are described below.

REPORTING ENTITY

In conformance with governmental accounting and financial reporting standards, the Town of Firestone, Colorado, is the reporting entity for financial reporting purposes. The Town is the primary government financially accountable for all activities of the Town of Firestone. The Town meets the criteria of a primary government: its Town Board of Trustees is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The Town is not included in any other governmental reporting entity.

The determination to include separate governmental entities is based on the criteria of GASB Statement No.14, *The Financial Reporting Entity* which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. To be financially accountable, a voting majority of the component unit's board must be appointed by the primary government, and either A) the primary government must be able to impose its will, or B) the primary government may potentially benefit financially or be financially responsible for the component unit.

Blended Component Units

The Firestone Finance Authority was created to account for the acquisition and development of Central Park and its related debt service. The Firestone Urban Renewal Authority was established to develop and implement a plan to renew and revitalize portions of southern Firestone. The Town is financially accountable for each of the blended component units. The basis for blending is that the Town’s Board acts as the governing board for the entities.

JOINT VENTURES

The Town of Firestone may participate in joint ventures created for special purposes which are not part of the Town’s reporting entity. Additional information regarding the Town’s participation in joint ventures is provided in Note 13. The following is a description of the only joint venture in which the Town participated in during the 12 months ended December 31, 2012:

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued) **Joint Ventures (continued)**

Weld 911 Emergency Telephone Service Authority Board - The Town of Firestone is one of 49 local governments which are members of the Weld 911 Emergency Telephone Service Authority Board (“Weld 911”). Weld 911 is an organization created by intergovernmental agreement in 1988 solely to provide for the operation of the 911 emergency telephone service program. Weld 911 is governed by a seven member board selected as defined in the agreement. The governing board is autonomous as to budgeting and fiscal matters.

Investments in joint ventures are recorded as expenditures at the time the investment is made.

Complete financial statements of this joint venture can be obtained from:

Weld County
P.O. Box 758
Greeley, Colorado 80632

FUND ACCOUNTING

The Town uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.”

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked funds (special revenue funds), the construction of capital assets (the capital improvement fund) and the debt service fund. The following are the Town’s major and non-major governmental funds:

- **General Fund** - The General Fund (a major fund) is the Town’s general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include local property taxes, sales tax, franchise and other intergovernmental revenues. Expenditures include all costs associated with the daily operation of general government, public safety, public works, parks and recreation and community development. Due to the implementation of GASB 54, Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, the replacement reserve funds have been included in the General Fund for reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued) ***Fund Accounting (continued)***

- **Highway and Parks Funds** - These major funds are special revenue fund types, which are funded by developer contributions, state grants, highway users tax, specific ownership, road and bridge tax, capital lease proceeds and transfers from other funds. The expenditures represent street operating expenses, the cost of street and park construction and the cost of street maintenance.
- **Capital Improvements Fund** - This major fund is a capital projects fund type which is established to account for financial resources segregated for the acquisition or construction of capital facilities other than those financed by enterprise operations.
- **Other Governmental Funds** - These are non-major funds and are Debt Service Funds (Firestone Finance Authority, Debt Service) or Special Revenue Funds (Firestone Urban Renewal Authority, Conservation Trust, Open Space) which have been established to account for revenues derived from specific taxes or other earmarked revenue sources which finance specific activities as required by law or administrative action.

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as enterprise funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Town's major enterprise funds are:

- **Water Fund** - This fund accounts for the financial transactions related to the water service operations of the Town.
- **Stormwater Fund** - This fund accounts for the financial transactions related to the stormwater service operations of the Town.

Fiduciary funds are used by the Town to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Old Hire Pension fund is the only fiduciary fund held by the Town. The pension fund accounts for the Town's contribution to the Old Hire Pension Plan.

BASIS OF PRESENTATION

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued) ***Basis of Presentation (continued)***

activities. The government-wide financial statements do not include fiduciary funds since they are not part of the financial activities of the primary government.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Town and for each function or program of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund Financial Statements - Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus and a modified accrual basis of accounting. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus and accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operations of these funds are included on the statement of net position. The statement of

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued) ***Basis of Presentation (continued)***

revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available is defined as revenue expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, intergovernmental revenues and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, intergovernmental revenues and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 60 days after year-end, sales taxes and other intergovernmental revenues.

Unearned Revenue - Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant moneys are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the Town has

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued) ***Basis of Accounting (continued)***

a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on changes in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. The principal operating revenues of the water and stormwater funds are charges to customers for sales and services. 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 non-operating revenues and expenses.

BUDGETS AND BUDGETARY ACCOUNTING

An annual budget and appropriation resolution is adopted by the Board of Trustees in accordance with the Colorado State Statutes. Budgets are adopted on a basis consistent with GAAP, except for the following: proceeds from long-term debt are budgeted as revenue in the proprietary funds; note, lease and bond principal payments are budgeted as expenses in the proprietary funds; and purchases of capital assets are budgeted as capital outlay expenses in the proprietary funds. On or about October 15, the Town staff submits to the Board of Trustees 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. Also, public hearings are conducted at a special meeting and at regular Town Board meetings to obtain taxpayer comments. Prior to December 15, the budget is legally adopted by the Town Board.

Colorado law requires that all funds have legally adopted budgets and total expenditures for each fund cannot exceed the amount appropriated. The legal level of budgetary control is at the fund level as total expenditures cannot exceed the amount appropriated for a fund without board approval but may be legally reallocated within the fund without board approval.

All appropriations lapse at the end of each fiscal year. Appropriations for a fund may be increased provided they are offset by unanticipated resources.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Town Board throughout the year. Following is a summary

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued) ***Budget and Budgetary Accounting (continued)***

of the original budget, total revisions and revised budget for appropriated expenditures and intrafund transfers in 2012:

	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Revised Budget</u>
Government Funds:			
General Fund	\$ 4,595,811	\$ 187,000	\$ 4,782,811
Special Revenue Funds -			
Highway Fund	987,668	-	987,668
Parks Fund	271,100	-	271,100
Conservation Trust Fund	50,000	-	50,000
Open Space Fund	50,000	-	50,000
Capital Improvement Fund	498,222	-	498,222
Debt Service Fund	73,488	-	73,488
Firestone Finance Authority Fund	143,200	-	143,200
Firestone Urban Renewal Authority	14,451	44,000	58,451
Business-Type Funds:			
Water Fund	3,144,303	-	3,144,303
Stormwater Fund	143,472	-	143,472
Total Funds	<u>\$ 9,971,715</u>	<u>\$ 231,000</u>	<u>\$ 10,202,715</u>

CASH AND CASH EQUIVALENTS

To improve cash management, cash received by the Town is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Town's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. Investments of the Town's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Town are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued)

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if any, are classified as internal balances on the government-wide statement of net assets and, classified as due from other funds or due to other funds on the balance sheet.

PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond year end are recorded as prepaid items in the government-wide and fund financial statements, and will be reported as expenses/expenditures in the following year.

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.

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

Description	Governmental Activities Estimated Useful Lives	Business-Type Activities Estimated Useful Lives
Land	N/A	N/A
Water Rights	N/A	N/A
Land Improvements	10-30 years	N/A
Buildings and Improvements	5-30 years	N/A
Streets and Storm Drainage	15-40 years	N/A
Machinery and Equipment	5-15 years	5-20 years
Utility Systems	N/A	30-50 years

In the governmental fund financial statements, capital outlays (assets) are reported as expenditures when incurred and no depreciation expense is recorded.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued)

ACCRUED COMPENSATED ABSENCES PAYABLE

In accordance with the provisions of the GASB Statement No. 16, *Accounting for Compensated Absences*, vested or accumulated personal leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Accumulated compensated absences not expected to be paid with current available resources are reported as governmental activities liabilities, but not reported in the funds. Compensated absences for Governmental Funds have generally been liquidated through the General Fund and the Highway Fund. Compensated absences relating to the Enterprise Funds are recorded as a liability of those funds. The Town had a total liability for accrued compensated absences in the amount of \$22,454 for the business-type activities and \$99,985 for the governmental activities on the statement of Net Position at December 31, 2012.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

Payables, accrued liabilities and long-term obligations are reported in the government-wide financial statement, and payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of capital leases that will be paid from governmental funds are reported as a liability in the fund financial statements when the liabilities mature or are due and payable. In general, payment made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

FUND BALANCE AND NET POSITION

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

- **Net Investment in Capital Assets** – This category groups all capital assets, including infrastructure into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- **Restricted Net Position** – This category presents the net position restricted by external parties (creditors, grantors, contributors, laws and regulations).

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued) **Fund Balance and Net Position (continued)**

- **Unrestricted Net Position** – This category represents the net position of the Town that are not restricted for any project or other purpose by third parties.

In the fund financial statements, fund balances of governmental funds are classified in five separate categories. The five categories, and their general meanings, are as follows:

- **Nonspendable** – Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- **Restricted** – Amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements, enabling legislation or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.
- **Committed** – Amounts that can be used only for specific purposes determined by a formal action of the Town Board. The Town Board is the highest level of decision making authority for the Town. Commitments may be established, modified, or rescinded only through resolutions approved by the Town Board.
- **Assigned** – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Assignments may be established, modified, or rescinded only through resolutions approved by the Town Board. The Town Board has the authority to assign amounts for specific purposes.
- **Unassigned** – All other spendable amounts.

If applicable, the Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in its commitment or assignment actions.

CONTRIBUTION OF CAPITAL

Contributions of capital in proprietary funds financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources for capital acquisition and construction.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued)

INTERFUND TRANSACTIONS

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Town Board and that are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items during 2012.

PROPERTY TAXES

Property taxes are levied prior to December 31 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on the last day of February 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 is 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.

NEW ACCOUNTING PRONOUNCEMENTS

During 2012, the Town implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in the Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure, which do not conflict with or contradict GASB Pronouncements. This statement had no impact to the Town's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued) ***New Accounting Pronouncements (continued)***

During 2012, the Town implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement incorporates the deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, *Elements of Financial Statement* into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

During 2012, the Town early implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Due to the implementation of this statement debt issuance costs should be recognized as an expense in the period incurred. In addition, the deferred revenue for property taxes is now classified as a deferred inflow of resources instead of a liability. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. This statement had no impact to the Town's financial statements.

NOTE 2: CASH AND INVESTMENTS

The composition of the Town's cash and cash equivalents, including restricted cash and investments, on December 31, 2012 is as follows:

	Cost Basis	Market Value	S&P Rating	Moodys Rating
Cash on Hand	\$ 940	\$ 940	-	-
Cash with County Treasurer	46,403	46,403	-	-
Checking	795,523	795,523	-	-
Certificates of Deposit	911,961	911,961	-	-
CSAFE	4,127,337	4,127,337	AAAm	Aaa
Savings	3,756,585	3,756,585	-	-
Investments Held by FPPA	13,999	13,999	-	-
Total Funds	\$ 9,652,748	\$ 9,652,748		

NOTES TO THE FINANCIAL STATEMENTS

Note 2: Cash and Investments (continued)

CUSTODIAL CREDIT RISK - DEPOSITS

For deposits, custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Town's custodial banks under provisions of the Colorado Public Deposit Protection Act ("PDPA"). PDPA requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages, and deeds of trust.

CUSTODIAL CREDIT RISK - INVESTMENTS

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the Town would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a specific policy for custodial credit risk.

State statutes and the Town's investment policies authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

At December 31, 2012, the Town had invested \$4,127,337 in the Colorado Secure Assets Fund ("CSAFE"), a local government investment pool established in Colorado to pool surplus funds for investment purposes. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00. The designated custodial bank of the pooled investments provides safekeeping and depository services in connection with the direct investment and withdrawal functions of the pooled investments. All securities owned by pooled investments are held by the Federal Reserve Bank in the account maintained for the custodial banks. Investments of pooled investments consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. The final maturity of any and all securities purchased by pooled investments may not exceed one year. Pooled investments are rated AAAM by Standard & Poor's. The investment policy of CSAFE does not include investing in derivatives.

NOTES TO THE FINANCIAL STATEMENTS

Note 2: Cash and Investments (continued)
Custodial Credit Risk – Investments (continued)

INTEREST RATE RISK

The Town's investment policies limit investment maturities to two years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to adverse fair market value changes arising from increasing interest rates.

DERIVATIVE INVESTMENTS

The Town held no derivative investments as of December 31, 2012. Of the Town's investment in the CSAFE local government investment pool, no funds were invested in derivative securities as of December 31, 2012. The Town relied upon information provided by CSAFE in estimating the Town's fair value of its investment in CSAFE and the securities held by CSAFE.

NOTE 3: RECEIVABLES

Receivables at December 31, 2012, consist of the following:

Receivables	Governmental Activities	Business- Type Activities	Total
Taxes	\$ 1,349,430	\$ -	\$ 1,349,430
Accounts	14,283	159,658	173,941
Intergovernmental	-	21,722	21,722
Other	5,529	9,036	14,565
Developers	194,447	-	194,447
	1,563,689	190,416	1,754,105
Less allowance for doubtful accounts	(49,656)	-	(49,656)
Total Funds	\$ 1,514,033	\$ 190,416	\$ 1,704,449

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2012, were as follows:

<u>Interfund Transfers</u>	<u>Transfers In:</u>					Totals
	General	Highway	Non-Major Governmental	Enterprise		
<u>Transfers Out:</u>						
Governmental Funds:						
Major Funds -						
General Fund	\$ -	\$ -	\$ 37,707	\$ 112,991	\$ 150,698	
Capital Improvement Fund	210,701	77,050	89,999	-	377,750	
Nonmajor Funds -	50,000	-	50,000	-	100,000	
Total Governmental Funds	\$ 260,701	\$ 77,050	\$ 177,706	\$ 112,991	\$ 628,448	
Proprietary Funds:						
Major Funds -	\$ 84,120	-	-	-	\$ 84,120	

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; (2) move funds appropriated for debt service to the Firestone Finance Authority Fund as debt service payments become due; and (3) use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations. Contributed capital between the governmental funds and proprietary fund is shown within the transfer line for financial statement presentation.

The Town's interfund receivables and payables at December 31, 2012 (at the fund level) are shown below. These amounts represent short-term receivables and payables. The balances result from determining ineligible park maintenance costs that had already been transferred to the General Fund from the Conservation Trust Fund.

<u>Receivable fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Conservation Trust Fund	General Fund	\$ 117

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 for governmental activities was as follows:

	Capital Assets 12/31/2011	Additions/ Adjustments	Deletions/ Adjustments	Capital Assets 12/31/2012
Governmental Activities:				
Capital Assets, not being depreciated -				
Land	\$ 5,808,702	\$ 157,108	\$ -	\$ 5,965,810
Construction in Progress	394,795	76,750	(30,497)	441,048
Total Capital Assets, not being depreciated	<u>6,203,497</u>	<u>233,858</u>	<u>(30,497)</u>	<u>6,406,858</u>
Capital Assets, being depreciated				
Land Improvements	5,571,210	185,260	-	5,756,470
Buildings & Improvements	1,637,173	-	-	1,637,173
Streets & Storm Drainage	34,093,262	761	-	34,094,023
Machinery & Equipment	2,407,387	267,718	(5,414)	2,669,691
Total Capital Assets, being depreciated	<u>43,709,032</u>	<u>453,739</u>	<u>(5,414)</u>	<u>44,157,357</u>
Less Accumulated Depreciation for:				
Land Improvements	(2,303,238)	(362,834)	-	(2,666,072)
Buildings & Improvements	(661,908)	(61,961)	-	(723,869)
Streets & Storm Drainage	(13,255,512)	(1,629,617)	-	(14,885,129)
Machinery & Equipment	(1,895,663)	(149,267)	5,414	(2,039,516)
Total Accumulated Depreciation	<u>(18,116,321)</u>	<u>(2,203,679)</u>	<u>5,414</u>	<u>(20,314,586)</u>
Total Capital Assets, being depreciated- Net	<u>25,592,711</u>	<u>(1,749,940)</u>	<u>-</u>	<u>23,842,771</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 31,796,208</u>	<u>\$ (1,516,082)</u>	<u>\$ (30,497)</u>	<u>\$ 30,249,629</u>

Depreciation for governmental activities capital assets have been allocated as shown below:

General Government	\$ 19,023
Parks	362,834
Public Works	1,754,311
Public Safety	67,511
Total Depreciation Expense - Governmental Activities	<u>\$ 2,203,679</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 5: Capital Assets (continued)

Capital asset activity for the year ended December 31, 2012 for business-type activities was as follows:

	Capital Assets 12/31/2011	Additions/ Adjustments	Deletions/ Adjustments	Capital Assets 12/31/2012
Business-Type Activities:				
Capital Assets, not being depreciated				
Land	\$ 99,121	\$ -	\$ -	\$ 99,121
Water Rights	40,610,164	-	-	40,610,164
Construction in Progress	396,603	323,263	-	719,866
Total Capital Assets, not being depreciated	41,105,888	323,263	-	41,429,151
Capital Assets, being depreciated				
Machinery & Equipment	397,266	60,411	-	457,677
Utility System	14,889,545	78,926	-	14,968,471
Total Capital Assets, being depreciated-	15,286,811	139,337	-	15,426,148
Less Accumulated Depreciation for:				
Machinery & Equipment	(264,398)	(33,604)	-	(298,002)
Utility System	(2,253,325)	(314,952)	-	(2,568,277)
Total Accumulated Depreciation	(2,517,723)	(348,556)	-	(2,866,279)
Total Capital Assets, being depreciated- Net	12,769,088	(209,219)	-	12,559,869
Business-Type Activities				
Capital Assets - Net	\$ 53,874,976	\$ 114,044	\$ -	\$ 53,989,020

NOTE 6: LONG-TERM DEBT

PLEDGED REVENUES

During 2006, the Town executed two reimbursement agreements (an Amended and Restated Public Improvements Reimbursement Agreement and Retail Infrastructure Funding Agreement) (the "Plan") with a developer (the "Developer"). Pursuant to the Plan, the Town will reimburse the Developer for costs incurred in constructing certain assets that were conveyed to the Town upon completion. Reimbursements are made based on a percentage of revenues derived from sales tax charged by the Town, commencing with the date the assets were completed by the developer and conveyed to the Town. Any unpaid balance

NOTES TO THE FINANCIAL STATEMENTS

Note 6: Long-Term Debt (continued)
Pledged Revenues (continued)

accrues interest at the Wall Street Journal Prime Rate, capped at 7 percent per annum, compounding monthly until the balance is paid in full.

The Town follows guidance provided in GASB No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, to account for the assets received, and payments made in connection with these agreements. Accordingly, the pledged revenues are treated as an obligation of the Town, until fully repaid. The assets have been capitalized and are depreciated over their useful lives in the Government-wide financial statements. At December 31, 2012, there is no balance due to the Developer.

BUSINESS-TYPE ACTIVITIES DEBT

The following is a summary of outstanding Business-Type Activities long-term debt of the Town as of December 31, 2012:

	<u>Outstanding</u> <u>12/31/2012</u>
Capital Leases:	
September 23, 2010, 48 month lease with Key Government Finance, Inc., maturing September 23, 2013, to acquire a 2010 Kubota 4wd Tractor with cab at a cost of \$58,788.50. Annual payments of \$15,431 principal and interest at 3.59%. Allocated 26.19% to the Water Fund, 47.62% to the Park Fund, and 26.19% to the Highway Fund.	\$ 4,014
June 20, 2012, 24-month lease with Kansas State Bank of Manhattan, maturing June 20, 2014, to acquire a 2011 John Deere 410J Backhoe with 24" bucket and a 2012 Crimeline Crack Fill Machine at a cost of \$138,849. Annual payments of \$48,704, principal and interest at 5.25%. Allocated 34.1% to the Water Fund, 34.1% to the General Fund, and 31.7% to the Highway Fund.	30,726
Total Enterprise Fund Debt	<u>\$ 34,740</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 6: Long-Term Debt (continued)
Business - Type Activities Debt (continued)

The following is a summary of changes in Business-Type Activities long-term debt of the Town for the year ended December 31, 2012:

	Balance 12/31/2011	Additions	Retired	Balance 12/31/2012	Due Within One Year
Capital Leases					
Mar 1, 2007 Lease	\$ 8,331	\$ -	\$ 8,331	\$ -	\$ -
Sep 23, 2010 Lease	7,993	-	3,979	4,014	4,014
Jun 20, 2012 Lease	-	47,334	16,608	30,726	14,984
Developer Reimbursement Obligation					
	112,991	-	112,991	-	-
Compensated Absences					
	14,690	22,454	14,690	22,454	-
Total	<u>\$ 144,005</u>	<u>\$ 69,788</u>	<u>\$ 156,599</u>	<u>\$ 57,194</u>	<u>\$ 18,998</u>

The annual requirements to amortize all of the Town's Business-Type Activities debt as of December 31, 2012, are as follows:

Year Ending Dec. 31	Principal	Interest	Total
2013	\$ 18,998	\$ 1,664	\$ 20,662
2014	15,742	210	15,952
Total	<u>\$ 34,740</u>	<u>\$ 1,874</u>	<u>\$ 36,614</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 6: Long-Term Debt (continued)

GOVERNMENTAL ACTIVITIES DEBT

The following is a summary of outstanding Governmental Activities long-term debt of the Town as of December 31, 2012:

	<u>Outstanding 12/31/2012</u>
General Obligation Debt:	
March 1, 2000 General Obligation Municipal Building Bonds, original issue totaling \$700,000, due in annual principal amounts ranging from \$50,000 in 2008 to \$70,000 in 2013 with coupon rates ranging from 4.65% to 5.15%.	\$ 70,000
Certificates of Participation:	
May 31, 2005, Certificates of Participation - \$1,985,000 original issue by the Firestone Finance Authority used to acquire leased property from Knox Farm, LLC for future use as a park. The interest rate on this debt is (65%) of the Prime Rate as of October 15 of the prior year, reset every three years and may not be less than 3.50% nor more than 6.75%. The certificates mature December 1, 2025. The certificates are payable solely from revenues received from the Town under a lease agreement between itself and the Authority. This debt does not constitute a general obligation or other indebtedness of the Town within the meaning of any constitutional or statutory debt limitation and shall not constitute a multiple fiscal year direct or indirect debt of other financial obligation.	1,535,000
Capital Leases:	
September 23, 2010, 48 month lease with Key Government Finance, Inc. to acquire a 2010 Kubota 4wd Tractor with cab at a cost of \$59,788.50. Annual payments of \$15,430.50 principal and interest at 3.59%. Allocated 26.19% to the Water Fund, 47.62% to the Parks Fund, and 26.19% for the Highway Fund.	14,094
June 20, 2012, 24-month lease with Kansas State Bank of Manhattan to acquire a 2011 John Deere 410J Backhoe with 24" bucket and a 2012 Crimeline Crack Fill Machine costing \$138,849. Annual payments of \$48,704 and interest at 5.25%. Allocated 34.1% to the Water Fund, and 34.1% to the General Fund and 31.7% to the Highway Fund.	59,419
April 20, 2012, 24-month lease with Kansas State Bank in Manhattan to acquire two 2012 Dodge Charger patrol units costing \$88,991. Annual payments of \$31,381.50 principal and interest at 5.91%.	57,608
March 20, 2012, 48-month lease with Kansas State Bank in Manhattan to acquire twelve Panasonic laptops computers costing \$71,439. Monthly payments of \$1,654.00 principal and interest at 2.5%.	59,845
Total Governmental Funds Debt	<u><u>\$ 1,795,966</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Note 6: Long-Term Debt (continued) ***Governmental Activities Debt (continued)***

The following is a summary of changes in Governmental Activities long-term debt of the Town for the year ended December 31, 2012:

	Balance 12/31/2011	Additions	Retired	Balance 12/31/2012	Due Within One Year
General Obligation Debt					
Series 1999	\$ 135,000	\$ -	\$ 65,000	\$ 70,000	\$ 70,000
Certificates of Participation					
May 31, 2006, COPs	1,620,000	-	85,000	1,535,000	90,000
Capital Leases					
Mar. 1, 2007 Lease	24,948	-	24,948	-	-
September 23, 2010 Lease	25,340	-	11,246	14,094	11,281
June 20, 2012 Lease	-	91,459	32,040	59,419	28,920
April 20, 2012 Lease	-	88,991	31,383	57,608	27,977
Monthly 2012 Lease	-	71,439	11,594	59,845	18,279
Developer Reimbursement Obligation	158,532	-	158,532	-	-
Compensated Absences	63,280	99,985	63,280	99,985	-
Total	<u>\$ 2,027,100</u>	<u>\$ 351,874</u>	<u>\$ 483,023</u>	<u>\$ 1,895,951</u>	<u>\$ 246,457</u>

The annual requirements to amortize all of the Town's Governmental Activities debt as of December 31, 2012, are as follows:

Year Ending Dec. 31	Principal	Interest	Total
2013	\$ 246,457	\$ 88,568	\$ 335,025
2014	171,788	76,627	248,415
2015	114,426	68,172	182,598
2016	103,295	63,013	166,308
2017	105,000	58,000	163,000
2018-2022	610,000	206,000	816,000
2023-2025	445,000	45,250	490,250
Total	<u>\$ 1,795,966</u>	<u>\$ 605,630</u>	<u>\$ 2,401,596</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 6: Long-Term Debt (continued) ***Governmental Activities Debt (continued)***

The assets acquired through capital lease and certificates of participation are as follows:

Assets	Governmental Activities	Business-Type Activities
Land	\$ 1,985,000	\$ 47,611
Building	270,614	-
Machinery & Equipment	949,770	101,164
Less Accumulated Depreciation	(604,722)	(35,144)
Total	<u>\$ 2,600,661</u>	<u>\$ 113,631</u>

NOTE 7: DEFINED BENEFIT PENSION PLAN – POLICE OFFICERS

PLAN DESCRIPTION

The Town of Firestone contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (“FPPA”). The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members through the Statewide Death and Disability Plan which is also administered by the FPPA. This is a non-contributory plan. All full-time, paid police officers of the Town of Firestone are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Title 31, Article 30 of the Colorado Revised Statutes (“CRS”), as amended, assigns the authority to establish benefit provisions to the state legislature.

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

BASIS OF ACCOUNTING FOR THE STATEWIDE DEFINED BENEFIT PLAN

The financial statements of the Statewide Defined Benefit Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Statewide Defined Benefit Plan investments are presented at fair value except for short-term investments which are recorded at cost, which approximates fair value.

NOTES TO THE FINANCIAL STATEMENTS

Note 7: Defined Benefit Pension Plan – Police Officers

FUNDING POLICY

Plan members and the Town of Firestone are required to contribute at a rate set by statute. The contribution requirements of plan members and the Town of Firestone are established under Title 31, Article 30, Part 10 of the CRS, as amended. The contribution rate for members is 8 percent of covered salary and for the Town of Firestone is 8 percent of covered salary. The Town's contributions to the Statewide Defined Benefit Plan for the years ending December 31, 2012, 2011, and 2010, were \$111,197, \$109,965, and \$117,791, respectively, equal to its required contributions for each year.

NOTE 8: DEFINED CONTRIBUTION PENSION PLAN – POLICE OFFICERS

PLAN DESCRIPTION

Employees of the Town of Firestone who are members of the FPPA Statewide Defined Benefit Plan (see Note 7) may voluntarily contribute to the FPPA 457 Plan (“457 Plan”), an Internal Revenue Code Section 457 defined contribution plan administered by FPPA. Plan participation is voluntary, and contributions are separate from others made to FPPA. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the 457 Plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111 or by calling FPPA at 770-3772 in the Denver Metro area, or 1-800-332-FPPA (3772) from outside the metro area.

FUNDING POLICY

The 457 Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$16,500 for the calendar years 2011 and 2010, and \$17,000 for 2012). Catch-up contributions up to \$5,500 for the calendar years 2012, 2011 and 2010 were allowed for participants who had attained age 50 before the close of the plan year. For the year ended December 31, 2012, 2011, and 2010, the 457 Plan member contributions from the Town of Firestone were \$3,415, \$550, and \$1,300, respectively.

NOTE 9: DEFINED BENEFIT PENSION PLAN – OLD HIRE POLICE PENSION TRUST FUND

PLAN DESCRIPTION

This plan is a single employer defined benefit pension plan established by resolution of the Town. All assets are held and invested by the FPPA. Police hired prior to April 8, 1978, who elected not to change to the “State Plan” are covered by this Town plan.

NOTES TO THE FINANCIAL STATEMENTS

Note 9: Defined Benefit Pension Plan – Old Hire Police Pension Trust Fund (continued) ***Plan Description (continued)***

Members attaining the age of 55 years and who have 20 years or more of credited service may retire. Upon retirement a member is eligible to receive a monthly pension equal to one-half of their average monthly salary received the year before their retirement. Upon death of a member, the surviving spouse is entitled to receive half (50 percent) of the monthly pension the member was eligible to receive.

CONTRIBUTIONS

The sole police officer within the plan deceased in 2011 and the sole surviving spouse eligible for distributions deceased in October 2012. Contributions to and distributions from the plan ceased at the end of 2012. Per Colorado Revised Statutes Title 31, Article 30.5, Section 209 (“Idle Funds Statute”), the remaining funds of \$13,999 in the plan will be utilized to fund the FPPA Statewide Defined Benefit Plan (see Note 7) for existing participants in 2013.

NOTE 10: DEFINED BENEFIT PENSION PLAN – NON-POLICE STAFF

PLAN DESCRIPTION

The Town of Firestone contributes to the Local Government Division Trust Fund (“LGDTF”), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The LGDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries.

All non-police officer employees of Town of Firestone are members of the LGDTF. Title 24, Article 51 of the CRS, as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

FUNDING POLICY

The Town of Firestone is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the Town of Firestone are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0 percent and for the Town of Firestone it is 10.00 percent of covered salary. A portion of the Town of Firestone’s contribution (1.02 percent of covered salary) is allocated to the Health Care Trust Fund (See Note 11). The Town is also required to pay an amortization equalization disbursement (“AED”) equal to 2.20 percent of the total payroll for the calendar years 2010, 2011, and 2012.

NOTES TO THE FINANCIAL STATEMENTS

Note 10: Defined Benefit Pension Plan – Non-Police Staff (continued) ***Funding Policy (continued)***

Additionally, the Town of Firestone is required to pay a supplemental amortization equalization disbursement (“SAED”) equal to 1.50 percent of the total payroll for the calendar years 2010, 2011, and 2012. If the Town of Firestone rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions (including the AED and SAED) on the amounts paid for the retiree; however no member contributions are required. For the years ending December 31, 2012, 2011, and 2010, the Town of Firestone’s employer contributions to the LGDTF were \$189,385, \$175,283, and \$172,902, respectively, equal to their required contributions for each year.

NOTE 11: POSTEMPLOYMENT HEALTH CARE BENEFITS

PLAN DESCRIPTION

The Town of Firestone contributes to the Health Care Trust Fund (“HCTF”), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

FUNDING POLICY

The Town of Firestone is required to contribute at a rate of 1.02 percent of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Town of Firestone are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. For the years ending December 31, 2012, 2011, and 2010, the Town of Firestone’s employer contributions to the HCTF were \$15,234, \$13,050, and \$13,778, respectively, equal to their required contributions for each year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: DEFINED CONTRIBUTION PENSION PLAN – NON-POLICE STAFF

PLAN DESCRIPTION

Employees of the Town of Firestone who are members of the LGDTF (see Note 10) may voluntarily contribute to the Voluntary Investment Program (“401(k) Plan”), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available comprehensive annual financial report for the 401(k) Plan. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

FUNDING POLICY

The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$16,500 for the calendar years 2011 and 2010, and \$17,000 for 2012). Catch-up contributions up to \$5,500 for the calendar years 2012, 2011 and 2010 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v).⁵ The contribution requirements for the Town of Firestone are established under Title 24, Article 51, Section 1402 of the CRS, as amended. For the years ended December 31, 2012, 2011, and 2010, the 401(k) Plan member contributions from the Town of Firestone were \$16,086, \$2,556, and \$2,958, respectively.

NOTE 13: JOINT VENTURES

Condensed financial information for the joint ventures in which the Town of Firestone has an interest is as follows:

WELD 911 EMERGENCY TELEPHONE SERVICE AUTHORITY BOARD

At December 31, 2011, (date of latest available information), Weld 911 had a fund balance of \$5,082,525. Total revenues for 2011 were \$2,383,064 and total expenses were \$2,541,888 resulting in an excess of expenses over revenues of \$158,824. The amount of the Town’s share of these amounts is based upon the percentage of the county wide telephone accesses to be served by the Weld 911 Authority.

Complete financial statements for these above joint ventures can be obtained from:

Weld County
P.O. Box 758
Greeley, Colorado 80632

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14: RESERVED FUND BALANCES / NET POSITION

The following is a summary of the purposes of fund balance / net position classifications in the various funds:

General Fund - Nonspendable	Payments made to vendors for services that will benefit periods beyond year end.
Highway Fund - Nonspendable	Payments made to vendors for services that will benefit periods beyond year end.
General Fund - Restricted	A portion restricted for emergencies as defined under TABOR.
Conservation Trust - Restricted	Fund balance assigned for future payments on maintenance and capital expenditures as allowed under CRS.
Old Hire Pension - Restricted	Fund balance restricted for future retirement benefits.
Capital Improvements - Committed	Fund balance committed for future transfers to appropriate funds to be used for capital construction or acquisitions funded by the impact fees collected in this fund.
General Fund - Assigned	Fund balance assigned for future transfers to appropriate funds to be used for the capital construction or acquisition.
Highway Fund - Assigned	Fund balance assigned for operations, maintenance and future capital expenditures related to street and highway operations.
Park Fund - Assigned	Fund balance assigned for planning and future capital expenditures or acquisitions related to park infrastructure.
Firestone Finance Authority - Assigned	Fund balance assigned for future payments on Certificates of Participation issued to finance Town property.
Open Space - Assigned	Fund balance assigned for future transfers for maintenance, capital expenditures and COPS payments for open space, parks, and trails.
Debt Service - Assigned	Fund balance assigned for future payments on outstanding General Obligation Debt.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15: RISK MANAGEMENT

Since January 1, 2010, the Town has been a member of the Colorado Intergovernmental Risk Sharing Agency (“CIRSA”) which provides sufficient liability and property coverage to protect against property damage to all of the Town’s fixed assets and equipment. Other coverage includes general liability coverage as well as supplemental liability coverage for employee benefits, employment practices, law enforcement activities, vehicle and auto liability, crimes against the Town and a general umbrella liability policy. In addition, the Town has secured additional coverage for Town events and volunteers. The Town maintains the state required workers compensation insurance with Pinnacol Assurance, the primary provider of workers compensation coverage in Colorado.

NOTE 16: TAXES, SPENDING AND DEBT LIMITATIONS

In November 1992, Colorado voters passed an amendment (the “Amendment”) to the State Constitution (Article X, Section 20) also known as the Taxpayer’s Bill of Rights (“TABOR”) which limits the revenue raising and spending abilities of state and local governments.

The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes federal funds, gifts, property sales, fund transfers, damage awards, and fund reserve (balance). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the Town under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. An emergency, as defined by the Amendment, excludes economic conditions, revenue shortfalls, or salary of fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The Town has restricted \$174,175 for this purpose.

On April 2, 1996, the voting citizens of the Town of Firestone authorized the Town to collect, retain, and expend the full proceeds of the Towns sales and use tax, property tax revenues, non federal grants, fees and other revenues collected and received during the year 1996 and each subsequent year, for capital projects, basic municipal services or other lawful municipal purposes, notwithstanding any state limitation on fiscal year revenue and spending, including without limitation the restrictions of Article X, Section 20 of the Colorado Constitution or any other law. This effectively removed all revenue and spending limits imposed by TABOR.

The Town believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require Judicial interpretation

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: COMMITMENTS AND CONTINGENT LIABILITIES

Management is not aware of any outstanding claims or other financial contingencies that could have a material adverse effect on the Town's financial statements.

NOTE 18: DEVELOPER AGREEMENTS

The Town is involved in developer agreements to promote commercial growth within its boundaries. These agreements are structured so that future revenues are committed to meet development obligations, but only as the revenues are earned. If revenues are not earned from the sources outlined in the agreements, the Town of Firestone is not obligated to fund the expenditures from other sources. These agreements fall under Government Accounting Standard Board Statement No 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* for pledged revenues. The obligations to be repaid through these pledged revenues are summarized below (see also Note 6):

AMERICAN FURNITURE WAREHOUSE (AFW) AND THF/TFD FIRESTONE DEVELOPMENT, L.L.C.

An Amended and Restated Public Improvements Reimbursement Agreement (the "PIRA") between AFW and THF/TFD Firestone Development (the "Developers") was approved by the Town on July 31, 2006. The PIRA will finance the construction of certain public improvements in connection with the City Centre development, located at I-25 and Firestone Blvd. Under the PIRA, the Developers will receive 1.25 percent (the "Credit PIF") of the Town's 2 percent sales and use tax on the sale or provision of goods in the development. The amount of eligible cost that could be reimbursed to the Developers from Credit PIF Revenues is limited to \$11,000,000, plus interest accruing at the Wall Street Journal Prime Rate, capped at 7 percent per annum. The Developers have 20 years (2026) to receive the maximum reimbursable amount.

THF FIRESTONE DEVELOPMENT, L.L.C.

A Retail Infrastructure Funding Agreement (the "RIFA") with THF Firestone Development (the "THF Developer") was approved by the Town on September 4, 2008. The RIFA supplements the PIRA and is intended to help finance the construction of additional public improvements in connection with the development of a portion of the retail area at I-25 and Firestone Blvd. Under the RIFA, the THF Developer imposes a Retail Transaction Fee ("RTF") in the amount of 0.25 percent of the Town's 2 percent sales and use tax on the sale or provision of goods in the project area. The amount of eligible cost that could be reimbursed to the Developers from RTF Revenues is limited to \$4,000,000, plus interest accruing at the Wall Street Journal Prime Rate, capped of 7 percent per annum. The Developers have 20 years (2028) to receive the maximum reimbursable amount.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 19: SUBSEQUENT EVENTS

Management of the Town has evaluated subsequent events through June 26, 2013, the date that the financial statements were available to be issued. No transactions or events that would require adjustment to or disclosure in the financial statements were identified.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Firestone
Firestone, Colorado
Schedule of Revenues, Expenditures and Changes in
Fund Balances -Budget and Actual - General, Highway and Parks Funds
Year Ended December 31, 2012

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Taxes and Impact Fees	\$ 3,658,102	\$ 3,658,102	\$ 4,076,967	\$ 418,865
Licenses and Permits	253,500	253,500	271,824	18,324
Intergovernmental	33,154	33,154	34,900	1,746
Charges for Services	-	-	-	-
Fines	175,000	175,000	164,833	(10,167)
Investment Earnings	2,645	2,645	3,557	912
Miscellaneous	56,500	56,500	107,224	50,724
Total Revenues	4,178,901	4,178,901	4,659,305	480,404
EXPENDITURES				
Current:				
General Government	1,023,394	1,210,394	1,153,346	57,048
Public Safety				
Police	1,976,010	1,976,010	2,046,653	(70,643)
Building Inspection	117,000	117,000	127,442	(10,442)
Public Works (Roads, Facilities, etc)	83,891	83,891	80,151	3,740
Parks and Open Spaces	410,589	410,589	398,958	11,631
Health & Welfare	109,600	109,600	96,785	12,815
Economic Development	77,000	77,000	65,143	11,857
Capital Outlay	368,617	368,617	399,706	(31,089)
Debt Service:				
Principal	204,210	204,210	225,356	(21,146)
Interest	-	-	5,058	(5,058)
Total Expenditures	4,370,311	4,557,311	4,598,598	(41,287)
Excess (Deficiency) of Revenue Over Expenditures	(191,410)	(378,410)	60,707	439,117
OTHER FINANCING SOURCES (USES)				
Transfers In	427,250	427,250	344,821	(82,429)
Transfers Out	(225,500)	(225,500)	(150,698)	74,802
Proceeds from Capital Lease	119,977	119,977	207,818	87,841
Total Other Financing Sources (Uses)	321,727	321,727	401,941	80,214
Net Change in Fund Balances	\$ 130,317	\$ (56,683)	462,648	\$ 519,331
Fund Balances at Beginning of Year			1,494,361	
Fund Balances at End of Year			\$ 1,957,009	

See accompanying Independent Auditor's Report.

Highway Fund

Budgeted Amounts		Actual Amounts	Variance with Final Budget
Original	Final		Positive (Negative)
\$ 525,008	\$ 525,008	\$ 543,737	\$ 18,729
-	-	-	-
-	-	-	-
140,000	140,000	138,125	(1,875)
-	-	-	-
1,500	1,500	1,067	(433)
4,000	4,000	18,962	14,962
<u>670,508</u>	<u>670,508</u>	<u>701,891</u>	<u>31,383</u>
53,800	53,800	61,418	(7,618)
-	-	-	-
-	-	-	-
-	-	-	-
758,701	758,701	606,878	151,823
-	-	-	-
-	-	-	-
-	-	-	-
122,500	122,500	102,631	19,869
52,667	52,667	44,387	8,280
-	-	1,182	(1,182)
<u>987,668</u>	<u>987,668</u>	<u>816,496</u>	<u>171,172</u>
<u>(317,160)</u>	<u>(317,160)</u>	<u>(114,605)</u>	<u>202,555</u>
81,750	81,750	77,050	(4,700)
-	-	-	-
55,000	55,000	44,071	(10,929)
<u>136,750</u>	<u>136,750</u>	<u>121,121</u>	<u>(15,629)</u>
<u>\$ (180,410)</u>	<u>\$ (180,410)</u>	6,516	<u>\$ 186,926</u>
		496,013	
		<u>\$ 502,529</u>	

See accompanying Independent Auditor's Report.

Town of Firestone
 Firestone, Colorado
Schedule of Revenues, Expenditures and Changes in
Fund Balances -Budget and Actual - General, Highway and Parks Funds
 Year Ended December 31, 2012

	Parks Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Licenses and Permits	\$ 48,750	\$ 48,750	\$ 39,750	\$ (9,000)
Investment Earnings	3,000	3,000	1,792	(1,208)
Miscellaneous	19,940	19,940	20,479	539
Total Revenues	<u>71,690</u>	<u>71,690</u>	<u>62,021</u>	<u>(9,669)</u>
EXPENDITURES				
Current:				
General Government	23,000	23,000	24,134	(1,134)
Parks	35,000	35,000	9,588	25,412
Capital Outlay	213,100	213,100	154,764	58,336
Total Expenditures	<u>271,100</u>	<u>271,100</u>	<u>188,486</u>	<u>82,614</u>
Net Change in Fund Balances	<u>\$ (199,410)</u>	<u>\$ (199,410)</u>	(126,465)	<u>\$ 72,945</u>
Fund Balances at Beginning of Year			851,387	
Fund Balances at End of Year			<u>\$ 724,922</u>	

See accompanying Independent Auditor's Report.

OTHER SUPPLEMENTARY INFORMATION

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Town of Firestone
 Firestone, Colorado
Schedule of Revenues, Expenditures and Changes in
Fund Balance -Budget and Actual - Capital Improvement Fund
 Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Impact Fees	\$ 652,545	\$ 652,545	\$ 527,030	\$ (125,515)
Investment Earnings	7,550	7,550	5,310	(2,240)
Total Revenues	<u>660,095</u>	<u>660,095</u>	<u>532,340</u>	<u>(127,755)</u>
OTHER FINANCING USES				
Transfers Out	(498,222)	(498,222)	(377,750)	120,472
Total Other Financing Sources (Uses)	<u>(498,222)</u>	<u>(498,222)</u>	<u>(377,750)</u>	<u>120,472</u>
Net Change in Fund Balance	<u>\$ 161,873</u>	<u>\$ 161,873</u>	154,590	<u>\$ (7,283)</u>
Fund Balance at Beginning of Year			2,082,265	
Fund Balance at End of Year			<u>\$ 2,236,855</u>	

See accompanying Independent Auditor's Report.

Town of Firestone
 Firestone, Colorado
Combining Balance Sheet
Other Governmental Funds
 December 31, 2012

	Firestone Finance Authority	Firestone Urban Renewal Authority	Conservation Trust	Open Space
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 19,190	\$ 3,625	\$ 145,491	\$ 34,049
Receivables	-	-	-	26,989
Due from Other Funds	-	-	117	-
Total Assets	\$ 19,190	\$ 3,625	\$ 145,608	\$ 61,038
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ 3,625	\$ -	\$ -
Total Liabilities	-	3,625	-	-
Deferred Inflows of Resources:				
Unearned Revenue	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted	-	-	145,608	-
Assigned	19,190	-	-	61,038
Total Fund Balances	19,190	-	145,608	61,038
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 19,190	\$ 3,625	\$ 145,608	\$ 61,038

See accompanying Independent Auditor's Report.

Debt Service	Total Governmental Funds
\$ 3,486	\$ 205,841
79,629	106,618
-	117
<u>\$ 83,115</u>	<u>\$ 312,576</u>

\$ -	\$ 3,625
<u>-</u>	<u>3,625</u>

79,629	79,629
<u>79,629</u>	<u>79,629</u>

-	145,608
3,486	83,714
<u>3,486</u>	<u>229,322</u>

<u>\$ 83,115</u>	<u>\$ 312,576</u>
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Town of Firestone
 Firestone, Colorado
Combining Schedule of Revenues, Expenditure, and
Changes in Fund Balances - Other Governmental Funds
 Year Ended December 31, 2012

	Firestone Finance Authority	Firestone Urban Renewal Authority	Conservation Trust	Open Space
REVENUES				
Taxes and Impact Fees	\$ -	\$ 20,169	\$ -	\$ 45,929
Intergovernmental	-	-	51,419	-
Investment Earnings	52	36	270	3,264
Miscellaneous	150	-	-	-
Total Revenues	<u>202</u>	<u>20,205</u>	<u>51,689</u>	<u>49,193</u>
EXPENDITURES				
Current:				
Administration	1,200	57,911	-	-
Debt Service:				
Principal	85,000	-	-	-
Interest	56,700	-	-	-
Total Expenditures	<u>142,900</u>	<u>57,911</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(142,698)</u>	<u>(37,706)</u>	<u>51,689</u>	<u>49,193</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	140,000	37,706	-	-
Transfers Out	-	-	(50,000)	(50,000)
Total Other Financing Sources (Uses)	<u>140,000</u>	<u>37,706</u>	<u>(50,000)</u>	<u>(50,000)</u>
Net Change in Fund Balances	(2,698)	-	1,689	(807)
Fund Balances at Beginning of Year	21,888	-	143,919	61,845
Fund Balances at End of Year	<u>\$ 19,190</u>	<u>\$ -</u>	<u>\$ 145,608</u>	<u>\$ 61,038</u>

See accompanying Independent Auditor's Report.

Debt Service	Total Governmental Funds
\$ 74,090	\$ 140,188
-	51,419
63	3,685
-	150
74,153	195,442
1,457	60,568
65,000	150,000
6,887	63,587
73,344	274,155
809	(78,713)
-	177,706
-	(100,000)
-	77,706
809	(1,007)
2,677	230,329
\$ 3,486	\$ 229,322

Town of Firestone
 Firestone, Colorado
Schedule of Revenues, Expenditures, and Changes in
Fund Balances -Budget and Actual - Other Governmental Funds
 Year Ended December 31, 2012

	Firestone Finance Authority Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Investment Earnings	50	50	52	2
Miscellaneous	150	150	150	-
Total Revenues	<u>200</u>	<u>200</u>	<u>202</u>	<u>2</u>
EXPENDITURES				
Current:				
Administration	1,500	1,500	1,200	300
Debt Service:				
Principal	85,000	85,000	85,000	-
Interest	56,700	56,700	56,700	-
Total Expenditures	<u>143,200</u>	<u>143,200</u>	<u>142,900</u>	<u>300</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(143,000)</u>	<u>(143,000)</u>	<u>(142,698)</u>	<u>302</u>
OTHER FINANCING SOURCES				
Transfers In	140,000	140,000	140,000	-
Total Other Financing Sources	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (3,000)</u>	<u>\$ (3,000)</u>	<u>(2,698)</u>	<u>\$ 302</u>
Fund Balances at Beginning of Year			<u>21,888</u>	
Fund Balances at End of Year			<u>\$ 19,190</u>	

See accompanying Independent Auditor's Report.

Town of Firestone
 Firestone, Colorado
Schedule of Revenues, Expenditures, and Changes in
Fund Balances -Budget and Actual - Other Governmental Funds
 Year Ended December 31, 2012

Firestone Urban Renewal Authority			
Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 19,662	\$ 19,662	\$ 20,169	\$ 507
10	10	36	26
-	-	-	-
<u>19,672</u>	<u>19,672</u>	<u>20,205</u>	<u>533</u>
14,451	58,451	57,911	540
-	-	-	-
-	-	-	-
<u>14,451</u>	<u>58,451</u>	<u>57,911</u>	<u>540</u>
<u>5,221</u>	<u>(38,779)</u>	<u>(37,706)</u>	<u>1,073</u>
-	44,000	37,706	(6,294)
<u>-</u>	<u>44,000</u>	<u>37,706</u>	<u>(6,294)</u>
<u>\$ 5,221</u>	<u>\$ 5,221</u>	-	<u>\$ (5,221)</u>
		<u>-</u>	
		<u>\$ -</u>	

Town of Firestone
 Firestone, Colorado
Schedule of Revenues, Expenditure, and Changes in
Fund Balances -Budget and Actual - Other Governmental Funds
 Year Ended December 31, 2012

	Conservation Trust			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	42,000	42,000	51,419	9,419
Investment Earnings	200	200	270	70
Total Revenues	<u>42,200</u>	<u>42,200</u>	<u>51,689</u>	<u>9,489</u>
OTHER FINANCING USES				
Transfers Out	(50,000)	(50,000)	(50,000)	-
Total Other Financing Uses	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (7,800)</u>	<u>\$ (7,800)</u>	1,689	<u>\$ 9,489</u>
Fund Balances at Beginning of Year			<u>143,919</u>	
Fund Balances at End of Year			<u>\$ 145,608</u>	

See accompanying Independent Auditor's Report.

Town of Firestone
 Firestone, Colorado
Schedule of Revenues, Expenditures, and Changes in
Fund Balances -Budget and Actual - Other Governmental Funds
 Year Ended December 31, 2012

Open Space

Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 50,000	\$ 50,000	\$ 45,929	\$ (4,071)
-	-	-	-
50	50	3,264	3,214
<u>50,050</u>	<u>50,050</u>	<u>49,193</u>	<u>(857)</u>
(50,000)	(50,000)	(50,000)	-
<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
<u>\$ 50</u>	<u>\$ 50</u>	(807)	<u>\$ (857)</u>
		61,845	
		<u>\$ 61,038</u>	

Town of Firestone
 Firestone, Colorado
Schedule of Revenues, Expenditures and Changes in
Fund Balances -Budget and Actual - Other Governmental Funds
 Year Ended December 31, 2012

	Debt Service			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Taxes	\$ 74,114	\$ 74,114	\$ 74,090	\$ (24)
Investment Earnings	75	75	63	(12)
Total Revenues	<u>74,189</u>	<u>74,189</u>	<u>74,153</u>	<u>(36)</u>
EXPENDITURES				
Current:				
Administration	1,600	1,600	1,457	143
Debt Service:				
Principal	65,000	65,000	65,000	-
Interest	6,888	6,888	6,887	1
Total Expenditures	<u>73,488</u>	<u>73,488</u>	<u>73,344</u>	<u>144</u>
Excess (Deficiency) of Revenue				
Over Expenditures	<u>701</u>	<u>701</u>	<u>809</u>	<u>108</u>
Net Change in Fund Balances	<u>\$ 701</u>	<u>\$ 701</u>	809	<u>\$ 108</u>
Fund Balance at Beginning of Year			<u>2,677</u>	
Fund Balance at End of Year			<u>\$ 3,486</u>	

See accompanying Independent Auditor's Report.

Town of Firestone
Firestone, Colorado
Water Fund
Schedule of Revenues, Expenditures and Changes in Net Position -
Budget and Actual (Non GAAP Budgetary Basis)
Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for Services	\$ 2,316,675	\$ 2,316,675	\$ 2,751,268	\$ 434,593
Miscellaneous	1,000	1,000	4,352	3,352
Total Operating Revenues	<u>2,317,675</u>	<u>2,317,675</u>	<u>2,755,620</u>	<u>437,945</u>
Operating Expenses				
Operations	1,160,444	1,160,444	1,239,570	(79,126)
Administration	568,191	568,191	541,495	26,696
Total Operating Expenses	<u>1,728,635</u>	<u>1,728,635</u>	<u>1,781,065</u>	<u>(52,430)</u>
Operating Income	589,040	589,040	974,555	385,515
Nonoperating Revenues (Expenditures)				
Capital Contributions	702,000	702,000	581,300	(120,700)
Investment Earnings	10,000	10,000	9,155	(845)
Transfers In	225,500	225,500	112,991	(112,509)
Capital Lease Proceeds	-	-	47,334	47,334
Interest Expense	-	-	(1,205)	(1,205)
Principal Paid	(255,231)	(255,231)	(141,909)	113,322
Capital Outlay	(523,437)	(523,437)	(457,758)	65,679
Tap Fees Paid	(637,000)	(637,000)	(519,400)	117,600
Intergovernmental Revenues	-	-	26,067	26,067
Total Nonoperating Revenues (Expenditures)	<u>(478,168)</u>	<u>(478,168)</u>	<u>(343,425)</u>	<u>134,743</u>
Excess (Deficiency) of Revenues Over Expenditures - Budgetary Basis	<u>\$ 110,872</u>	<u>\$ 110,872</u>	631,130	<u>\$ 520,258</u>
Reconciliation to a GAAP Basis				
Depreciation			(343,166)	
Capital Lease Proceeds			(47,334)	
Capital Outlay			457,758	
Principal Paid			141,909	
Change in Net Position			<u>840,297</u>	
Net Position at Beginning of Year			56,702,080	
Net Position at End of Year			<u>\$ 57,542,377</u>	

See accompanying Independent Auditor's Report.

Town of Firestone
Firestone, Colorado
Stormwater Fund
Schedule of Revenues, Expenditures and Changes in Net Position -
Budget and Actual (Non GAAP Budgetary Basis)
Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for Services	\$ 110,000	\$ 110,000	\$ 113,757	\$ 3,757
Total Operating Revenues	110,000	110,000	113,757	3,757
Operating Expenses				
Operations	250	250	8,928	(8,678)
Administration	25,500	25,500	15,319	10,181
Total Operating Expenses	25,750	25,750	24,247	1,503
Operating Income	84,250	84,250	89,510	5,260
Nonoperating Revenues (Expenditures)				
Transfers In	33,472	33,472	-	(33,472)
Transfers Out	(84,250)	(84,250)	(84,120)	130
Capital Outlay	(33,472)	(33,472)	-	33,472
Total Nonoperating Revenues (Expenditures)	(84,250)	(84,250)	(84,120)	130
Excess of Revenues Over Expenditures - Budgetary Basis	\$ -	\$ -	5,390	\$ 5,390
Reconciliation to a GAAP Basis				
Depreciation			(5,390)	
Change in Net Position			-	
Net Position at Beginning of Year			391,317	
Net Position at End of Year			\$ 391,317	

See accompanying Independent Auditor's Report.

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES

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Town of Firestone
Capital Assets Used in the Operation of Governmental Activities
Schedule by Activity and Source

December 31, 2012

Function and Activity	Land	Land Improvements	Building and Improvements	Equipment and Vehicles	Infrastructure	TOTAL
General Government	\$ -	\$ -	\$ -	\$ 172,835	\$ -	\$ 172,835
Public Works	-	-	-	1,405,269	-	1,405,269
Parks, Cultural and Open Space	5,965,810	5,756,470	-	-	-	11,722,280
Public Safety	-	-	-	1,091,587	-	1,091,587
Building	-	-	1,637,172	-	-	1,637,172
Construction in Progress	-	-	364,299	18,950	-	383,249
Streets and Related Infrastructure	-	-	-	-	34,094,023	34,094,023
Construction in Progress	-	-	-	-	57,800	57,800
Total Governmental Funds Capital Assets	\$ 5,965,810	\$ 5,756,470	\$ 2,001,471	\$ 2,688,641	\$ 34,151,823	\$ 50,564,215

See accompanying Independent Auditor's Report.

Town of Firestone
Capital Assets Used in the Operation of Governmental Activities
Schedule of Changes by Function and Activity

December 31, 2012

<u>Function and Activity</u>	<u>Capital Assets 12/31/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets 12/31/2012</u>
General Government	\$ 159,774	\$ 13,061	\$ -	\$ 172,835
Public Works	1,313,808	91,461	-	1,405,269
Parks, Cultural and Open Space	11,379,912	342,369	-	11,722,281
Construction in Progress	30,497	-	30,497	-
Public Safety	933,804	163,197	5,414	1,091,587
Building	1,637,173	-	-	1,637,173
Construction in Progress	364,299	-	-	364,299
Streets and Related Infrastructure	34,093,262	759	-	34,094,021
Construction in Progress	-	76,750	-	76,750
Total Governmental Funds Capital Assets	<u><u>\$ 49,912,529</u></u>	<u><u>\$ 687,597</u></u>	<u><u>\$ 35,911</u></u>	<u><u>\$ 50,564,215</u></u>

See accompanying Independent Auditor's Report.

Town of Firestone
Capital Assets Used in the Operation of Governmental Activities
Comparative Schedule by Source

December 31, 2011 and 2012

GENERAL FIXED ASSETS	2011	2012
Land	\$ 5,808,702	\$ 5,965,810
Land Improvements	5,571,210	5,756,470
Land Improvements - Construction in Progress	30,496	-
Building and Improvements	1,637,173	1,637,173
Building - Construction in Progress	364,299	364,299
Equipment and Vehicles	2,407,387	2,669,691
Equip and Vehicles - Construction in Progress	-	18,949
Infrastructure	34,093,262	34,094,023
Infrastructure - Construction in Progress	-	57,800
 TOTAL GENERAL FIXED ASSETS	\$ 49,912,529	\$ 50,564,215
 INVESTMENT IN GENERAL FIXED ASSETS	2011	2012
Contributions and Donations	\$ 26,320,454	\$ 26,320,453
Developer Reimbursement Obligations	487,403	487,403
General Obligation Bonds	773,917	773,917
Grants	1,092,776	323,328
Operating Revenues and Impact Fees	19,252,979	20,674,114
Certificates of Participation	1,985,000	1,985,000
 TOTAL INVESTMENT IN GENERAL FIXED ASSETS	\$ 49,912,529	\$ 50,564,215

See accompanying Independent Auditor's Report.

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STATISTICAL SECTION

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Town of Firestone

Statistical Section

Comprehensive Annual Financial Report
For the fiscal year ended December 31, 2012

This part of the Town of Firestone's Comprehensive Annual Financial Report presents detailed information spanning multiple years to provide a historical context for understanding, interpreting and analyzing the information presented in the financial statements, note disclosures, and supplementary information about the Town's overall financial condition.

The Statistical Section is organized as follows -

	<u>Pages</u>
<i>Financial Trends:</i>	82-88
Information on the Town's financial performance and health over time.	
<i>Revenue:</i>	89-96
Information on the Town's ability to generate tax revenue over time.	
<i>Debt Capacity:</i>	97-102
Information on the Town's outstanding debt and that of overlapping governments.	
<i>Demographics:</i>	103-105
Information on demographic and economic measures that affect the Town and its provision of services to its constituents.	
<i>Operating Information:</i>	106-109
Information on the Town's operations, staffing and other data.	

Town of Firestone
Net Position by Component
Last Nine Years

	Fiscal Year		
	2004 ⁽¹⁾	2005	2006
Governmental activities			
Net investment in capital assets	\$ 26,174,629	\$ 26,709,375	\$ 28,787,980
Restricted	3,259,099	4,103,582	5,173,757
Unrestricted	635,609	1,052,457	1,476,557
Total governmental activities position	<u>\$ 30,069,337</u>	<u>\$ 31,865,414</u>	<u>\$ 35,438,294</u>
Business-type activities			
Net investment in capital assets	\$ 38,751,657	\$ 41,580,548	\$ 47,690,346
Restricted	181,339	203,818	262,187
Unrestricted	1,876,625	2,392,705	1,242,711
Total business-type activities net position	<u>\$ 40,809,621</u>	<u>\$ 44,177,071</u>	<u>\$ 49,195,244</u>
Primary government			
Net investment in capital assets	\$ 64,926,286	\$ 68,289,923	\$ 76,478,326
Restricted	3,440,438	4,307,400	5,435,944
Unrestricted	2,512,234	3,445,162	2,719,268
Total primary government net position	<u>\$ 70,878,958</u>	<u>\$ 76,042,485</u>	<u>\$ 84,633,538</u>

Source: Town of Firestone Finance Department

⁽¹⁾The Town implemented GASB 34, the new reporting standard, in fiscal year 2004.
Therefore, ten years of data is not available but will be accumulated over time.

See accompanying Independent Auditor's Report.

	2007	2008	2009	2010	2011	2012
\$	29,452,697	\$ 31,129,414	\$ 32,308,457	\$ 30,754,589	\$ 29,832,385	\$ 28,453,663
	4,661,782	4,722,885	2,682,197	3,034,596	269,051	319,783
	2,751,531	1,748,080	1,723,914	1,793,769	4,807,819	5,216,289
\$	36,866,010	\$ 37,600,379	\$ 36,714,568	\$ 35,582,954	\$ 34,909,255	\$ 33,989,735
\$	51,453,496	\$ 51,891,777	\$ 53,326,076	\$ 53,632,012	\$ 53,745,675	\$ 53,954,280
	-	-	-	-	-	-
	1,744,886	2,399,424	2,304,582	2,813,046	3,347,722	3,979,414
\$	53,198,382	\$ 54,291,201	\$ 55,630,658	\$ 56,445,058	\$ 57,093,397	\$ 57,933,694
\$	80,906,193	\$ 83,021,191	\$ 85,634,533	\$ 84,386,601	\$ 83,578,060	\$ 82,407,943
	4,661,782	4,722,885	2,682,197	3,034,596	269,051	319,783
	4,496,417	4,147,504	4,028,496	4,606,815	8,155,541	9,195,703
\$	90,064,392	\$ 91,891,580	\$ 92,345,226	\$ 92,028,012	\$ 92,002,652	\$ 91,923,429

See accompanying Independent Auditor's Report.

**Town of Firestone
Changes in Net Position
Last Nine Years**

	Fiscal Year								
	2004 ⁽¹⁾	2005	2006 ⁽²⁾	2007 ⁽²⁾	2008 ⁽²⁾	2009 ⁽²⁾	2010 ⁽²⁾	2011 ⁽²⁾	2012 ⁽²⁾
Expenses									
Governmental activities:									
General Government	\$ 812,740	\$ 869,905	\$ 997,530	\$ 1,200,682	\$ 1,154,780	\$ 1,410,953	\$ 1,156,785	\$ 1,106,283	\$ 1,322,245
Public Safety	1,770,667	1,957,514	2,357,338	2,169,622	2,230,778	2,350,659	2,246,700	2,169,999	2,266,759
Public Works	419,351	427,030	2,105,134	2,186,471	2,308,808	2,563,019	2,588,250	2,450,275	2,445,606
Health & Welfare	33,905	58,585	73,744	74,408	86,964	103,002	95,917	95,010	96,785
Economic Development	48,877	3,092	14,389	11,561	13,844	15,298	18,905	70,334	65,143
Parks & Recreation	112,763	202,246	534,021	458,506	635,834	700,636	699,652	668,285	774,910
Interest on long-term debt	36,738	87,585	114,083	124,480	120,026	106,860	82,409	73,349	70,203
Depreciation Unallocated	1,447,343	1,604,975	-	-	-	-	-	-	-
Total governmental activities expenses	4,682,384	5,210,932	6,196,239	6,225,730	6,551,034	7,250,427	6,888,618	6,633,535	7,041,651
Business-type activities:									
Water	982,389	1,108,066	1,247,776	1,531,947	1,756,601	1,698,657	1,857,559	2,018,304	2,125,436
Stormwater	-	-	-	-	-	13,013	48,000	16,502	29,637
Total business-type activities expenses	982,389	1,108,066	1,247,776	1,531,947	1,756,601	1,711,670	1,905,559	2,034,806	2,155,073
Total primary government activities expenses	\$ 5,664,773	\$ 6,318,998	\$ 7,444,015	\$ 7,757,677	\$ 8,307,635	\$ 8,962,097	\$ 8,794,177	\$ 8,668,341	\$ 9,196,724

See accompanying Independent Auditor's Report.

Town of Firestone
Changes in Net Position
Last Nine Years

	Fiscal Year								
	2004 ⁽¹⁾	2005	2006 ⁽²⁾	2007 ⁽²⁾	2008 ⁽²⁾	2009 ⁽²⁾	2010 ⁽²⁾	2011 ⁽²⁾	2012 ⁽²⁾
Program Revenues									
Governmental activities:									
Charges for services									
General Government	\$ 921,986	\$ 1,115,731	\$ 1,928	\$ 21,709	\$ 22,980	\$ 30,887	\$ 43,364	\$ 77,340	\$ 137,715
Public safety	-	-	166,738	175,676	144,515	209,212	173,518	201,219	200,761
Public works	192,015	83,341	2,726,309	1,444,132	908,196	1,274,954	1,318,295	1,117,241	897,921
Parks	-	-	343,367	111,000	54,000	93,748	98,311	73,943	115,434
Operating grants and contributions	269,391	-	-	33,921	285,623	1,178,813	89,656	25,400	-
Capital grants and contributions									
General government	-	-	-	-	-	-	-	7,500	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	1,012,019	729,117	2,761,373	841,171	792,282	-	-	105,660	-
Parks	-	-	312,611	849,089	744,750	-	-	-	-
Total governmental activities program revenues	2,395,411	1,928,189	6,312,326	3,476,698	2,952,346	2,787,613	1,723,144	1,608,303	1,351,831
Business-type activities:									
Charges for services									
Water	1,117,252	1,333,753	1,678,504	1,642,135	1,721,452	1,842,175	2,296,168	2,354,488	2,751,268
Stormwater	-	-	-	-	-	76,817	106,144	111,001	113,757
Operating grants and contributions	-	-	-	-	-	545,599	30,461	26,696	26,067
Capital grants and contributions	1,885,901	3,066,407	4,446,399	3,737,731	1,382,707	300,760	99,000	57,500	61,900
Total business-type activities program revenues	3,003,153	4,400,160	6,124,903	5,379,866	3,104,159	2,765,351	2,531,773	2,549,685	2,952,992
Total primary government program revenues	\$ 5,398,564	\$ 6,328,349	\$ 12,437,229	\$ 8,856,564	\$ 6,056,505	\$ 5,552,964	\$ 4,254,917	\$ 4,157,988	\$ 4,304,823
Net (expense) revenue									
Governmental activities	(2,286,973)	(3,282,743)	116,087	(2,749,032)	(3,598,688)	(4,462,813)	(5,165,474)	(5,025,232)	(5,689,820)
Business-type activities	2,020,764	3,292,094	4,877,127	3,847,919	1,347,558	1,053,681	626,214	514,879	797,919
Total primary government net expense	\$ (266,209)	\$ 9,351	\$ 4,993,214	\$ 1,098,887	\$ (2,251,130)	\$ (3,409,132)	\$ (4,539,260)	\$ (4,510,353)	\$ (4,891,901)

See accompanying Independent Auditor's Report.

Town of Firestone
Changes in Net Position
Last Nine Years

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes	2004	2005	2006	2007	2008	2009	2010	2011	2012
Property taxes - general	\$ 340,377	\$ 430,108	\$ 517,234	\$ 600,200	\$ 707,972	\$ 731,651	\$ 813,795	\$ 720,123	\$ 824,637
Property taxes - debt service	66,315	69,272	69,975	69,600	67,958	70,490	72,265	75,271	74,090
Property taxes - urban renewal	-	-	-	-	-	-	-	15,562	20,170
Specific ownership taxes	-	-	-	-	-	-	55,890	57,189	71,475
Sales & Use Tax	1,472,821	1,952,157	1,990,320	2,092,775	2,308,510	2,097,477	2,301,440	2,518,329	2,683,817
Hwy users, road & bridge, motor vehicle taxes	-	-	-	-	-	-	454,967	467,408	469,955
Franchise taxes	255,614	324,072	286,774	298,572	338,077	339,903	343,974	338,780	380,273
Impact Fees	1,674,980	1,861,574	-	-	-	-	-	-	-
License & Permits	13,713	5,850	-	-	-	-	-	-	-
Grants & Contributions - Not Restricted for Specific	19,785	178,098	-	-	-	-	-	-	-
Investment earnings	72,167	165,340	260,008	362,983	196,461	42,695	10,635	14,705	15,411
Other miscellaneous	47,475	321,640	324,482	419,767	655,611	701,848	158,345	267,523	259,343
Gain on Sale of Capital Assets	89,562	412	8,000	406,541	-	-	-	-	-
Transfers	-	-	-	-	(192,958)	(269,778)	(177,451)	(123,361)	(28,871)
Total governmental activities	4,052,809	5,308,523	3,456,793	4,250,438	4,081,631	3,714,286	4,033,860	4,351,529	4,770,300
Business-type activities									
Investment earnings	10,064	68,356	141,046	81,529	65,128	15,999	6,302	9,391	9,155
Other miscellaneous	-	-	-	-	-	-	4,433	708	4,352
Transfers	-	-	-	-	192,958	269,778	177,451	123,361	28,871
Total business-type activities	10,064	68,356	141,046	81,529	258,086	285,777	188,186	133,460	42,378
Total primary government	\$ 4,062,873	\$ 5,376,879	\$ 3,597,839	\$ 4,331,967	\$ 4,339,717	\$ 4,000,063	\$ 4,222,046	\$ 4,484,989	\$ 4,812,678

Changes in Net Position

Governmental activities	\$ 1,765,836	\$ 2,025,780	\$ 3,572,880	\$ 1,501,406	\$ 482,943	\$ (748,528)	\$ (1,131,614)	\$ (673,703)	\$ (919,520)
Business-type activities	2,030,828	3,360,450	5,018,173	3,929,448	1,605,644	1,339,458	814,400	648,339	840,297
Total primary government	\$ 3,796,664	\$ 5,386,230	\$ 8,591,053	\$ 5,430,854	\$ 2,088,587	\$ 590,930	\$ (317,214)	\$ (25,364)	\$ (79,223)
Special Item		<u>\$ (229,703)</u>							
		<u>\$ 5,156,527</u>							

Source: Town of Firestone Finance Department

⁽¹⁾ The Town implemented GASB 34, as a new reporting standard, in fiscal year 2004. Therefore, ten years of data is not available but will be accumulated over time.

⁽²⁾ The Town allocated depreciation per GAAP/GASB requirements.

See accompanying Independent Auditor's Report.

Town of Firestone
Fund Balances of Governmental Funds
Last Ten Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 169,234	\$ 160,160	\$ 251,830	\$ 199,362	\$ 217,630	\$ 182,990	\$ 255,431	\$ 172,156	\$ -	\$ -
Unreserved	625,702	479,821	605,977	936,462	1,081,552	933,910	676,957	849,368	-	-
Nonspendable	-	-	-	-	-	-	-	-	10,365	12,433
Restricted	-	-	-	-	-	-	-	-	125,132	174,175
Assigned	-	-	-	-	-	-	-	-	128,100	128,397
Unassigned	-	-	-	-	-	-	-	-	1,230,764	1,642,004
Total general fund	<u>\$ 794,936</u>	<u>\$ 639,981</u>	<u>\$ 857,807</u>	<u>\$ 1,135,824</u>	<u>\$ 1,299,182</u>	<u>\$ 1,116,900</u>	<u>\$ 932,388</u>	<u>\$ 1,021,524</u>	<u>\$ 1,494,361</u>	<u>\$ 1,957,009</u>
All other governmental funds										
Reserved	\$ 1,801	\$ 3,098,939	\$ 3,857,775	\$ 4,974,395	\$ 4,444,152	\$ 4,533,125	\$ 2,426,766	\$ 2,853,815	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	3,266,349	207,400	494,558	605,645	1,748,934	882,638	1,003,948	1,027,279	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	515
Restricted	-	-	-	-	-	-	-	-	143,919	145,608
Committed	-	-	-	-	-	-	-	-	2,082,265	2,236,855
Assigned	-	-	-	-	-	-	-	-	1,433,810	1,310,650
Total of all other governmental funds	<u>\$ 3,268,150</u>	<u>\$ 3,306,339</u>	<u>\$ 4,352,333</u>	<u>\$ 5,580,040</u>	<u>\$ 6,193,086</u>	<u>\$ 5,415,763</u>	<u>\$ 3,430,714</u>	<u>\$ 3,881,094</u>	<u>\$ 3,659,994</u>	<u>\$ 3,693,628</u>

Source: Town of Firestone Finance Department

See accompanying Independent Auditor's Report.

Town of Firestone
Changes in Fund Balances of Governmental Funds
Last Ten Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes and Impact Fees	\$ 1,725,251	\$ 3,810,107	\$ 4,637,183	\$ 4,390,097	\$ 3,164,965	\$ 3,576,498	\$ 4,748,305	\$ 5,030,226	\$ 5,108,891	\$ 5,287,922
Licenses and permits	547,322	868,093	996,593	859,251	594,967	362,823	369,179	397,676	348,704	311,574
Intergovernmental	282,536	289,176	470,411	461,473	657,631	576,069	1,191,114	99,199	108,118	86,319
Charges for services	2,243,932	169,789	83,341	234,317	981,874	613,685	111,773	114,445	117,303	138,125
Fines	59,244	67,606	124,988	166,738	175,676	144,515	199,991	170,647	159,002	164,833
Investment earnings	-	72,167	165,340	260,008	362,983	198,904	42,695	10,635	14,705	15,411
Miscellaneous	7,605,214	1,081,720	758,442	3,252,617	772,562	217,409	101,144	103,989	107,848	146,815
Total revenues	12,463,499	6,358,658	7,236,298	9,624,501	6,710,658	5,689,903	6,764,201	5,926,817	5,964,571	6,150,999
Expenditures										
General government	778,463	794,555	869,960	945,495	1,110,438	1,136,935	1,430,492	1,176,268	1,059,884	1,299,466
Public safety	1,217,347	1,770,667	1,957,514	2,089,142	2,053,556	2,123,736	2,153,198	2,164,212	2,107,193	2,174,095
Public works	645,961	419,351	427,030	699,887	807,155	695,554	801,422	847,105	688,699	687,029
Health & Welfare	58,861	33,905	58,585	73,744	74,408	310,137	368,531	95,917	95,010	96,785
Economic Development	-	48,877	3,092	14,389	11,561	86,964	36,121	18,905	70,334	65,143
Parks and Open Space	-	112,763	202,246	346,286	261,401	13,844	82,178	366,645	317,802	408,546
Capital Outlay	10,251,597	3,386,376	4,199,591	3,934,894	1,904,188	1,484,456	3,496,310	291,454	671,586	657,101
Debt service										
Interest	37,851	33,601	85,029	113,598	120,130	267,399	375,959	392,391	78,720	419,743
Principal	113,169	142,672	161,931	126,148	242,369	337,526	111,070	85,083	500,245	69,827
Total expenditures	13,103,249	6,742,767	7,964,978	8,343,583	6,585,206	6,456,551	8,855,281	5,437,980	5,589,473	5,877,735
Excess of revenues										
over (under) expenditures	(639,750)	(384,109)	(728,680)	1,280,918	125,452	(766,648)	(2,091,080)	488,837	375,098	273,264
Other financing sources (uses)										
Proceeds from capital lease	33,945	177,781	1,985,000	216,806	289,470	-	73,788	43,176	-	251,889
Proceeds from sale of capital assets	-	89,562	7,500	8,000	435,172	-	13,174	18,992	-	-
Bond proceeds	-	-	-	-	-	-	-	-	-	-
Operating transfers in	1,177,057	1,145,795	2,057,151	568,055	2,429,081	686,541	2,595,513	505,906	969,108	599,577
Operating transfers out	(1,177,057)	(1,145,795)	(2,057,151)	(568,055)	(2,502,771)	(879,499)	(3,031,253)	(683,357)	(1,092,469)	(628,448)
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Donation of Infrastructure	-	-	-	-	-	-	-	-	-	-
Rebates of Property Taxes	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	33,945	267,343	1,992,500	224,806	650,952	(192,958)	(348,778)	(115,283)	(123,361)	223,018
Net changes in fund balance	\$ (605,805)	\$ (116,766)	\$ 1,263,820	\$ 1,505,724	\$ 776,404	\$ (959,606)	\$ (2,439,858)	\$ 373,554	\$ 251,737	\$ 496,282
Debt service as a percentage of										
noncapital expenditures	5.30%	5.25%	6.56%	5.44%	7.74%	12.17%	9.09%	9.28%	11.77%	9.38%

Source: Town of Firestone Finance Department

See accompanying Independent Auditor's Report.

Town of Firestone
 General Governmental Tax Revenues By Source
 Last Ten Years

Year	Property Tax	Franchise Tax	Specific Ownership Tax	Sales & Use Tax	Severance Tax	Cigarette Tax	Other	Total
2003	\$ 293,125	\$ 149,415	\$ 33,366	\$ 1,243,334	\$ 2,425	\$ 3,586	\$ -	\$ 1,725,251
2004	406,692	170,323	49,846	3,147,801	8,993	4,333	22,119	3,810,107
2005	499,380	233,291	55,509	3,813,731	9,916	5,381	19,975	4,637,183
2006	587,209	286,774	59,995	3,435,669	6,887	6,627	6,936	4,390,097
2007	669,800	298,464	66,843	2,092,729	4,666	9,863	22,600	3,164,965
2008	778,804	327,495	72,898	2,308,510	27,484	14,116	35,374	3,564,681
2009	802,141	339,903	64,239	2,097,477	100,311	15,512	297,052	3,716,635
2010	886,060	343,974	55,890	2,301,440	30,009	17,135	407,823	4,042,331
2011	810,956	338,780	57,189	2,518,329	119,510	16,866	331,032	4,192,662
2012	918,897	380,273	71,475	2,683,817	163,361	15,683	290,911	4,524,417

Source: Town of Firestone Finance Department

See accompanying Independent Auditor's Report.

Town of Firestone
Sales Tax Trends
Last Ten Years

Sales Tax Trends by Category (based on month distributed to the Town)												
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Ten Year Change	
Motor Vehicle Taxes	\$ 323,972	\$ 314,081	\$ 344,524	\$ 334,852	\$ 406,068	\$ 386,064	\$ 321,078	\$ 357,742	\$ 387,137	\$ 465,971	\$ 141,999	
Hotel/Motels	10,608	13,625	13,934	15,671	18,712	17,136	21,026	21,148	43,089	58,818	48,210	
Restaurants	55,724	93,580	132,577	167,167	219,181	231,424	234,598	224,575	300,907	314,609	258,885	
Retail - Grocery	95,119	109,286	156,896	167,114	184,639	194,180	193,522	218,648	228,005	242,623	147,504	
Retail - Other	34,042	64,459	139,632	227,121	444,138	419,858	422,475	471,706	496,001	485,988	451,946	
Bars/Liquor Stores	33,193	36,095	54,967	62,758	59,547	57,872	60,413	48,599	46,043	72,168	38,975	
Other	-	43,906	36,903	39,607	43,458	27,086	29,591	50,620	33,044	38,958	38,958	
Services	-	14,129	23,163	15,646	16,030	41,039	3,788	35,431	52,892	57,375	57,375	
Banking & Financial	18,494	4,090	2,805	3,691	2,442	3,641	287,696	3,857	3,623	5,162	(13,332)	
Utilities & Communications	-	140,640	171,528	230,405	237,002	296,026	23,131	282,124	317,038	321,785	321,785	
Developer Reimbursement												
Obligation ⁽¹⁾						410,064	245,330	364,449	442,804	459,034	459,034	
TOTAL	\$ 571,152	\$ 833,892	\$ 1,076,929	\$ 1,264,032	\$ 1,631,217	\$ 2,084,390	\$ 1,842,649	\$ 2,078,898	\$ 2,350,581	\$ 2,522,491	\$ 1,951,341	

⁽¹⁾Pledged revenues from sales tax for PIRA and RIFA agreements starting in 2008.

See accompanying Independent Auditor's Report.

Town of Firestone
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Firestone

Year ⁽¹⁾	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Oil & Gas Property	Vacant Land	Other
2003	31,235,200	6,635,780	3,743,540	272,920	2,738,220	9,530,550	1,306,350
2004	36,664,850	6,496,130	3,885,450	253,080	12,744,790	8,873,400	1,309,770
2005	41,714,690	11,942,700	3,936,440	238,130	16,829,700	8,091,710	1,598,550
2006	47,042,840	14,696,740	3,838,940	135,220	23,456,920	6,667,570	2,320,560
2007	52,972,210	25,039,490	3,683,470	487,530	21,287,630	10,128,730	2,394,650
2008	56,691,790	28,328,410	3,279,170	473,220	18,614,800	10,141,940	2,567,110
2009	51,011,620	34,465,300	3,161,300	240,660	32,362,330	9,686,070	1,715,250
2010	52,952,710	33,976,600	3,048,150	298,360	16,447,950	8,879,080	1,257,870
2011	55,888,650	32,207,030	2,881,190	363,320	32,865,700	6,997,120	1,103,910
2012	57,283,090	34,718,800	3,627,570	466,950	39,194,150	6,309,850	1,206,760

Year ⁽¹⁾	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Grand Total Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value ⁽²⁾
2003	773,590	54,688,970	7.419	469,834,400	11.80%
2004	810,600	69,416,870	7.209	548,252,146	12.81%
2005	1,064,260	83,287,660	7.049	633,596,606	13.31%
2006	1,545,820	96,612,970	6.929	714,755,270	13.73%
2007	1,661,280	114,332,430	6.805	835,545,237	13.88%
2008	1,888,420	118,208,020	6.805	858,575,320	13.99%
2009	2,402,890	132,642,530	6.805	857,705,156	15.74%
2010	4,646,970	116,860,720	6.805	865,276,097	14.04%
2011	4,578,130	132,306,920	6.805	908,144,710	15.07%
2012	11,135,130	142,807,170	6.805	967,639,313	15.91%

Sources: Weld County Assessor's Office

⁽¹⁾Taxes for the year assessed are collected in the following year. For example: 2005 assessed will be collected in 2006 calendar year.

⁽²⁾Includes tax-exempt property

⁽³⁾Information not available

See accompanying Independent Auditor's Report.

Town of Firestone
Property Tax Levy from Direct and Overlapping Governments
Last Ten Years

Year	Town of Firestone	Weld County	RE1J School District	Weld County ⁽²⁾						
				Frederick Firestone District	Mountain View Fire Protection District	N. Colo. Water Conservation District	Hills Metro #1 District	Hills Metro #2 District	Hills Metro #3 District	The Greens Metro District
Rates (In mills)										
2003	7.419	21.474	40.374	9.560	8.117	1.000	-	-	-	-
2004	7.209	19.957	40.089	9.560	8.107	1.000	-	-	-	-
2005	7.049	17.900	39.982	9.560	8.037	1.000	40.000	40.000	40.000	40.190
2006	6.929	16.804	38.035	13.360	7.977	1.000	40.000	40.000	40.000	40.190
2007	6.805	16.804	37.798	12.770	7.817	1.000	40.000	40.000	40.000	40.190
2008	6.805	16.804	46.285	12.526	11.747	1.000	-	-	-	40.190
2009	6.805	16.804	46.268	12.401	11.747	1.000	-	-	-	-
2010	6.805	16.804	46.268	12.401	11.747	1.000	-	-	-	-
2011	6.805	16.804	47.614	12.264	11.747	1.000	-	-	-	-
2012	6.805	16.804	53.500	12.197	11.747	1.000	-	-	-	45.000
Levy										
2003	405,737	53,414,937	14,614,834	1,066,571	2,085,244	2,052,881	-	-	-	-
2004	500,426	59,739,651	16,656,447	1,234,942	2,435,015	2,399,590	-	-	-	-
2005	587,095	64,714,321	19,653,853	1,564,289	82,889	2,771,826	10,940	758	6	15,144
2006	669,431	70,643,162	21,713,602	3,092,694	82,889	3,190,486	43,137	24,148	6,440	21,660
2007	778,032	75,088,043	24,691,076	3,403,049	3,148,362	3,434,059	50,232	19,772	4,430	61,260
2008	804,406	76,724,097	31,603,051	3,650,649	5,047,144	3,499,354	-	-	-	31,935
2009	902,632	96,972,420	36,441,473	4,025,507	6,115,352	4,203,631	-	-	-	-
2010	794,109	78,999,116	35,375,547	3,905,196	5,838,491	3,503,408	-	-	-	-
2011	900,349	91,108,983	40,102,826	4,247,291	6,544,045	3,908,165	-	-	-	-
2012	971,803	109,452,573	49,869,514	4,585,839	7,402,993	4,450,703	-	-	-	10,998

See accompanying Independent Auditor's Report.

**Town of Firestone
Property Tax Levy from Direct and Overlapping Governments
Last Ten Years**

Weld County ⁽²⁾										
Year	The Springs Metro District	Cottonwood Hollow Res Metro Dist	Cottonwood Hollow Com Metro Dist	Stoneridge Metro District	Neighbor's Point Metro Dist	Tri-Area Sanitation (3) District	St. Vrain Sanitation District	Tri-Area Ambulance Special District (3)	Carbon Valley Recreation District	High Plains Library District ⁽⁵⁾
Rates (In mills)										
2003	-	-	-	-	-	0.115	4.925	6.543	6.657	3.249
2004	-	-	-	-	-	0.118	4.401	6.543	6.657	3.249
2005	-	5.000	-	40.000	-	0.117	3.918	3.250	6.657	3.281
2006	42.000	40.000	40.000	40.000	-	-	3.210	-	6.657	3.261
2007	42.000	40.000	40.000	50.000	45.000	-	2.686	-	6.657	3.253
2008	42.000	40.000	40.000	50.000	45.000	-	0.806	-	6.657	3.260
2009	42.000	40.000	40.000	50.000	45.000	-	0.737	-	6.657	3.255
2010	42.000	40.000	40.000	50.000	45.000	-	0.737	-	6.657	3.255
2011	42.000	50.000	50.000	50.000	45.000	-	0.720	-	6.657	3.271
2012	42.000	50.000	50.000	50.000	45.000	-	0.682	-	6.657	3.261
Levy										
2003	-	-	-	-	-	4,613	643,906	608,149	1,051,704	7,111,739
2004	-	-	-	-	-	5,094	652,837	1,074,342	1,176,502	8,618,092
2005	-	78	-	770	-	5,562	682,260	611,522	1,356,335	10,591,984
2006	564	9,678	3,987	49,218	-	-	698,882	-	1,561,222	12,141,237
2007	561	9,866	3,476	210,028	28,044	-	739,139	-	1,771,833	12,738,340
2008	5,770	16,168	1,575	332,159	27,933	-	312,351	-	1,801,510	13,028,371
2009	52,188	20,123	2,326	334,662	20,849	-	322,948	-	1,994,957	16,628,403
2010	64,476	10,723	1,594	317,757	38,992	-	324,544	-	2,017,502	13,310,811
2011	48,718	16,046	1,764	344,959	37,829	-	346,249	-	2,489,088	15,748,036
2012	42,752	15,826	1,404	353,401	37,813	-	370,878	-	2,757,648	19,077,319

⁽¹⁾One mill generates \$1 of property tax revenue per \$1,000 of assessed valuation

⁽²⁾Weld County Assessor's Office

⁽³⁾No longer collects on property within the Town's boundaries.

⁽⁴⁾Taxes for the year assessed are collected in the following year. The mills that are stated were collected in the following year. Collection year follows levy year.

⁽⁵⁾Formerly known as the Weld County Library District..

⁽⁶⁾ Reflects property taxes paid in the majority of areas within the Town of Firestone - excludes metro districts and Mountain View Fire.

See accompanying Independent Auditor's Report.

**Town of Firestone
Principal Taxpayers
December 31, 2012**

Taxpayer	Town of Firestone ⁽¹⁾			Town of Firestone ⁽¹⁾			Town of		
	Assessed Value	Rank	% of Total Assessed Value	Assessed Value	Rank	% of Total Assessed Value	Assessed Value	Rank	
	2012			2011			2010		
Principal Taxpayers									
Encana Oil & Gas (USA) Inc	\$ 11,251,750	2	1.16%	\$ 9,134,110	2	1.01%	\$ 7,550,890	2	
American Furniture Warehouse	7,139,730	3	0.74%	7,259,000	4	0.80%	8,206,440	1	
Kerr-McGee Oil & Gas Onshore LP	19,270,370	1	1.99%	13,634,890	1	1.50%	4,132,240	3	
Noble Energy	5,282,340	4	0.55%	7,957,760	3	0.88%	3,475,880	4	
Flatiron Constructors Inc.	3,109,300	5	0.32%						
Dillon Companies Inc	2,015,450	7	0.21%	2,015,450	6	0.22%	2,114,480	5	
Home Depot	2,069,680	6	0.21%	2,069,680	5	0.23%	2,041,380	6	
Advance Forming Technology	1,950,070	8	0.20%	1,843,930	7	0.20%	1,924,860	7	
High Plains Marketplace LLC	1,781,700	9	0.18%	1,781,700	8	0.20%	1,783,920	8	
Safeway Stores 45 Inc				1,319,240	10	0.15%	1,471,500	9	
Firestone Development LLC	1,512,230	10	0.16%	1,413,050	9	0.16%	1,313,120	10	
12300 Pecos Street LLC									
Art Investments LLC									
MLMT 2005-CIPI Weld County Rd 13 LLC									
Petroleum Development Corp.									
Public Service Company of Colorado									
Petro Canada Resources (USA)									
Rocky Mountain Energy Center									
Kerr McGee Gathering LLC									
Merit Energy									
DCP Midstream LP									
Owens Brockaway Glass Container									
HS Resources, Inc.									
Patina Oil & Gas									
Eastman Kodak Company									
US West Communications Inc									
Duke Energy Field Services									
North American Resources Company									
Hewlett Packard									
Prima Oil & Gas									
R.R. Donnelly & Sons									
	<u>\$ 55,382,620</u>		<u>5.72%</u>	<u>\$ 48,428,810</u>		<u>5.33%</u>	<u>\$ 34,014,710</u>		

Sources: Weld County Assessor's Office

⁽¹⁾Town of Firestone information not available from 2000 to 2007

⁽²⁾This is the latest information available for the County.

See accompanying Independent Auditor's Report.

Firestone(1)			Town of Firestone ⁽¹⁾			Weld County ⁽²⁾			
2009			2008			1999			
% of Total Assessed Value	Assessed Value	Rank	% of Total Assessed Value	Assessed Value	Rank	% of Total County Assessed Value	Assessed Value	Rank	% of Total County Assessed Value
0.87%	\$ 18,637,120	1	2.17%	\$ 146,511,560	3	3.21%			
0.95%	8,386,060	2	0.98%						
0.48%	6,312,800	3	0.74%	465,886,260	2	10.20%			
0.40%	5,389,210	4	0.63%	644,235,940	1	14.11%			
0.24%	2,114,480	5	0.25%						
0.24%									
0.22%	1,924,860	6	0.22%						
0.21%									
0.17%	1,471,500	8	0.17%						
0.15%									
	1,783,920	7	0.21%						
	1,160,000	9	0.14%						
	1,160,000	10	0.14%						
				114,541,120	4	2.51%			
				90,839,600	5	1.99%	\$ 67,361,300	2	4.12%
				89,325,500	6	1.96%			
				74,138,000	7	1.62%			
				53,956,900	8	1.18%			
				53,674,970	9	1.18%			
				50,982,630	10	1.12%			
							112,716,210	1	6.89%
							66,141,250	3	4.04%
							60,711,490	4	3.71%
							20,638,500	5	1.26%
							17,216,090	6	1.05%
							16,074,610	7	0.98%
							11,580,870	8	0.71%
							10,943,260	9	0.67%
							9,380,340	10	0.57%
<u>3.93%</u>	<u>\$ 48,339,950</u>		<u>5.64%</u>	<u>\$ 1,784,092,480</u>		<u>39.08%</u>	<u>\$ 392,763,920</u>		<u>24.00%</u>

Town of Firestone
Property Tax Levies and Collections
Last Ten Years

Levy Year	Collection Year	Total Tax Levy ⁽¹⁾⁽²⁾	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collection ⁽³⁾	Collections As a Percent of Tax Levy
2002	2003	293,275	293,125	99.95	⁽⁴⁾	293,125	99.95
2003	2004	405,738	406,693	100.24	⁽⁴⁾	406,693	100.24
2004	2005	495,838	499,380	100.71	⁽⁴⁾	499,380	100.71
2005	2006	583,960	587,200	100.55	283	587,483	100.60
2006	2007	669,431	667,785	99.75	125	667,910	99.77
2007	2008	797,602	775,686	97.25	676	776,362	97.34
2008	2009	804,405	801,808	99.68	18	801,826	99.68
2009	2010	902,633	885,585	98.11	512	886,097	98.17
2010	2011	794,109	794,415	100.04	1,105	795,520	100.18
2011	2012	898,148	897,551	99.93	334	897,885	99.97

⁽¹⁾ Collection year follows levy year

⁽²⁾ Weld County Assessor's Office

⁽³⁾ Audited Financial Statements

⁽⁴⁾ Information unavailable

See accompanying Independent Auditor's Report.

Town of Firestone
Ratios of Outstanding Debt by Type
Last Ten Years

Fiscal Year	Governmental Activities				Business - Type Activities				Weld County		
	General Obligation Bond	Certificates of Participation	Capital Leases	Developer Reimbursement Obligation	Water Loans	Capital Leases	Developer Reimbursement Obligation	Total Primary Government	Percentage of Personal Income	Per Capita	
2003	540,000	-	140,176	-	50,447	11,972	-	742,595	14.72%	\$ 148	
2004	500,000	-	295,818	-	32,479	16,293	-	844,590	15.72%	\$ 134	
2005	460,000	1,985,000	173,897	-	13,657	52,058	-	2,684,612	47.52%	\$ 340	
2006	415,000	1,985,000	309,558	-	-	38,881	-	2,748,439	47.06%	\$ 312	
2007	365,000	1,920,000	471,659	-	-	72,178	-	2,828,837	47.78%	\$ 318	
2008	315,000	1,850,000	324,260	-	-	36,041	-	2,525,301	37.25%	\$ 281	
2009	260,000	1,775,000	221,009	556,324	-	23,891	462,444	3,298,668	46.67%	\$ 362	
2010	200,000	1,700,000	147,022	417,050	-	27,892	297,266	2,789,230	40.27%	\$ 275	
2011	135,000	1,620,000	47,476	158,521	-	16,052	112,991	2,090,040	30.18%	\$ 188	
2012	70,000	1,535,000	190,966	-	-	34,740	-	1,830,706	23.61%	\$ 180	

Sources:

⁽¹⁾Information not available

See accompanying Independent Auditor's Report.

Town of Firestone
Ratio of General Bonded Debt Outstanding
Last Ten Years

Year	Population ⁽¹⁾	Estimated Actual Taxable Value ⁽²⁾	General Bonded Debt ⁽³⁾	General Bonded Debt to Actual Taxable Valuation	General Bonded Debt Per Capita
2003	5,034	469,834,400	540,000	11.49%	107
2004	6,300	548,252,146	500,000	9.12%	79
2005	7,899	633,596,606	460,000	7.26%	58
2006	8,800	714,755,270	415,000	5.81%	47
2007	8,900	835,545,237	365,000	4.37%	41
2008	9,000	858,575,320	315,000	3.67%	35
2009	9,100	857,705,156	260,000	3.03%	29
2010	10,147	865,276,097	200,000	2.31%	20
2011	11,096	908,144,710	135,000	1.49%	12
2012	10,147	967,639,313	70,000	0.72%	7

Sources:

⁽³⁾ General obligation bond debt equal to gross general obligation bond debt less obligations associated with proprietary funds. In this table the gross general obligation debt is equal to net general obligation bond debt.

See accompanying Independent Auditor's Report.

**Town of Firestone
Direct and Overlapping General Bonded Debt
December 31, 2011**

	Outstanding General Obligation Bonded Debt ⁽¹⁾ ⁽²⁾	Percentage Applicable to the Town	Share of Debt Applicable to the Town
Direct Debt			
Town of Firestone	\$ 70,000	100%	\$ 70,000
Overlapping General Obligation Debt			
Frederick-Firestone Fire Protection District	2,725,000	40%	1,095,178
Mountain View Fire Protection District	(3) -	24%	-
Northern Colorado Water Conservation District	(3) -	3%	-
St Vrain Sanitation District	-	27%	-
Carbon Valley Recreation District	6,410,000	39%	2,471,673
St Vrain Valley School District	438,795,000	5%	21,345,442
Stoneridge Metropolitan District (a portion of the Town)	3,905,000	5%	212,362
Total Direct and Overlapping General Bonded Debt	<u>\$ 451,905,000</u>		<u>\$ 25,194,655</u>

⁽¹⁾ Provided by each government entity

⁽²⁾ The following governments had no outstanding general obligation bonded debt as of December 31, 2008 Tri-Area Ambulance, Weld County and High Plains Library District.

⁽³⁾ The Mountain View Fire Protection District and the Northern Colorado Water Conservation District had no outstanding general obligation debt as of December 31, 2008. Both Districts may have active capital construction programs in the future that have at least a low probability of causing the need to issue general obligation debt which is why they are included in this exhibit.

See accompanying Independent Auditor's Report.

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Town of Firestone
Pledged Revenue - Developer Reimbursement Obligations
December 31, 2012

Fiscal Year	Sales Tax Collected		Assets Dedicated		Debt Service Payments	
	PIRA 1.25%	RIFA 0.25%	General Fund	Enterprise Fund	General Fund	Enterprise Fund
2006	35,718	-	149,224	512,825	8,051	27,667
2007	183,734	-	693,129	-	114,206	69,528
2008	190,613	-	-	235,831	94,850	95,763
2009	228,931	16,399	-	83,155	68,921	176,409
2010	303,707	60,742	-	59,997	139,274	225,175
2011	369,003	73,801	-	-	258,530	184,275
2012	382,529	76,506	-	-	158,521	112,991

See accompanying Independent Auditor's Report.

Town of Firestone
 Legal Debt Margin Information
 Last Ten Years

	2003	2004	2005	2006
Debt limit - 3% of Actual Valuation	\$ 14,095,032	\$ 16,447,564	\$ 19,007,898	\$ 21,442,658
Total net debt applicable to limit	540,000	500,000	460,000	415,000
Legal debt margin	<u>\$ 13,555,032</u>	<u>\$ 15,947,564</u>	<u>\$ 18,547,898</u>	<u>\$ 21,027,658</u>
Total net debt applicable to the limit as a percentage of debt limit	3.83%	3.04%	2.42%	1.94%

Source: Town of Firestone Finance Department

See accompanying Independent Auditor's Report.

2007	2008	2009	2010	2011	2012
\$ 25,066,357	\$ 25,757,260	\$ 25,731,155	\$ 25,958,283	\$ 27,244,341	\$ 29,029,179
365,000	315,000	260,000	200,000	135,000	70,000
<u>\$ 24,701,357</u>	<u>\$ 25,442,260</u>	<u>\$ 25,471,155</u>	<u>\$ 25,758,283</u>	<u>\$ 27,109,341</u>	<u>\$ 28,959,179</u>
1.46%	1.22%	1.01%	0.78%	.50%	.24%

See accompanying Independent Auditor's Report.

Town of Firestone
 Demographic and Economic Statistics
 Last Ten Years

Year	Town Population	Weld County ⁽¹⁾				
		Personal Income (amounts expressed in thousands)	Per Capita Income ⁽³⁾	Median Age	School Enrollment ⁽⁵⁾	Unemploy- ment Rate ⁽²⁾
2003	5,034	5,045,684	23,508	31.3	21,596	6.7
2004	6,300	5,374,013	24,246	31.4	22,180	5.4
2005	7,899	5,650,000 ⁽²⁾	24,846	30.9	23,260	5.1
2006	8,800	5,840,000	25,260	31.2	24,462	3.8
2007	8,900	5,920,000	25,495	31.2	24,582	4.1
2008	9,000	6,780,196 ⁽⁴⁾	27,238	31.1	24,750	6.3
2009	9,100	7,067,989 ⁽⁴⁾	25,516 ⁽⁴⁾	31.1	25,270	8.6
2010	10,147	6,926,000	27,186	31.1	26,724	10.0
2011	11,096	6,925,906	27,186	32.0	28,109	7.8
2012	10,147	7,755,562	29,986	33.6	28,109	9.3

Sources: U.S. Census Bureau
 Upstate Colorado
 Bureau of Economic Analysis
 Department of Local Affairs
 Colorado State of Labor
 St. Vrain Valley School District

⁽¹⁾ This information is for the entire county
⁽²⁾ Estimate from Upstate Colorado
⁽³⁾ Estimate from Colorado Labor & Employment
⁽⁴⁾ From Bureau of Economic Analysis
⁽⁵⁾ From St Vrain Valley School District

See accompanying Independent Auditor's Report.

**Town of Firestone
Principal Employers
Current Year and Ten Years Ago**

Employer	2012				2003 ⁽¹⁾		
	Employees	Rank	Type of Business	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
St. Vrain School District	166	1	Government	6.64%	-		
Flatiron	160	2	Construction	6.40%	-		
King Soopers Store - Firestone	134	3	Grocery	5.36%			
Advanced Forming Technologies	104	4	Manufacturing Home	4.16%	-		
Home Depot	99	5	Improvement	3.96%	-		
Safeway Store - Firestone	96	6	Grocery	3.84%	-		
American Furniture Warehouse	73	7	Retail	2.92%	-		
St. Vrain Sanitation District	47	8	Government	1.88%	8		
Town of Firestone	45	9	Government	1.80%	-		
Ehrlich I-25 KIA	41	10	Auto Dealership	1.64%	-		
Comfort Suites	30	11	Hospitality	1.20%	-		
Good Times	28	12	Fast Food	1.12%	-		
Saddleback Golf Club	26	13	Recreation	1.04%	-		
Domino's Pizza	24	14	Fast Food	0.96%	-		
Parrott's Sports Grille	21	15	Restaurant	0.84%	-		
Total	1,094			43.76%	8		0.00%
Total Town Employment (estimated)	2,500						

Source: Firestone Finance Department & Planning Department

⁽¹⁾Information not available

See accompanying Independent Auditor's Report.

**Town of Firestone
Property Value and Construction
Last Ten Years**

Year	Estimated Actual Property Value ⁽¹⁾			Commercial Construction ⁽²⁾		Residential Construction ⁽²⁾	
	Commercial	Residential	Total	Number of Units	Value	Number of Units	Value
2003	22,881,531	392,406,936	415,288,467	5	870,060	272	51,619,912
2004	22,400,604	460,620,540	483,021,144	30	11,593,427	244	46,217,458
2005	41,181,767	524,055,938	565,237,705	25	9,123,052	248	55,513,969
2006	50,678,496	590,991,630	641,670,126	7	16,854,860	198	47,651,559
2007	86,343,240	665,396,492	751,739,732	9	12,438,302	141	37,400,819
2008	97,684,172	712,208,417	809,892,589	4	6,342,700	72	18,949,677
2009	118,845,898	640,800,521	759,646,419	5	748,532	123	22,303,024
2010	117,160,690	665,235,050	782,395,740	2	1,088,501	87	19,037,912
2011	111,058,853	702,135,833	813,194,686	6	305,850	134	12,069,990
2012	119,719,877	719,652,488	839,372,365	2	869,400	71	12,922,858

Source:

⁽¹⁾Weld County Assessor's Office

⁽²⁾Town of Firestone Building Department (Safebuilt)

See accompanying Independent Auditor's Report.

Town of Firestone
Full-Time Equivalent Town Government Employees by Function
Last Ten Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function											
General Government	10.00	8.00	7.00	9.00	9.00	9.00	9.00	9.00	8.00	9.00	12.00
Public Safety											
Police	10.00	17.00	16.00	16.00	22.00	23.00	24.00	23.00	23.00	20.00	18.00
CSO	2.00	2.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00
Public Works	4.00	5.00	7.00	8.00	10.00	10.00	11.00	13.00	14.00	11.00	12.00
Water	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	27.00	33.00	34.00	37.00	45.00	46.00	48.00	48.00	48.00	43.00	45.00

Source: Town of Firestone Finance Department

See accompanying Independent Auditor's Report.

**Town of Firestone
Miscellaneous Statistics
Last Five Years**

	2008	2009	2010	2011	2012
Date of Incorporation	1908				
Form of Government	Trustees & Town Manager				
Number of Employees					
Non-Exempt (Hourly)	37	40	40	35	37
Exempt (Salary)	9	8	8	8	8
Planning area in square miles	20	20	26	47	47
Town of Firestone's facilities and services					
Miles of streets	74	74	74	74	74
Parks:					
Number of parks	18	18	18	18	18
Number of park, open space, and undeveloped acres maintained	998	998	998	998	998
Number of trail & sidewalk miles maintained	5	5	5	5	5
Police Protection:					
Number of stations	1	1	1	1	1
Number of police personnel and officers	26	25	23	22	23
Number of patrol units	12	15	15	16	16
Water System:					
Linear Feet of water lines maintained	124,768	124,768	124,768	308,051	307,824
Number of customer accounts	3,071	3,125	3,219	3,293	3,344
Services not included in the reporting entity:					
Fire Protection Districts - Frederick Firestone Fire Protection District	1	1	1	1	1
No municipal electricity services - (Xcel Energy or United Power)	-	-	-	-	-
No municipal gas services - (Source Gas)	-	-	-	-	-
No municipal sewer services - (St. Vrain Sanitation District)					
School Districts - St Vrain Valley School District & Weld County School District RE-1	2	2	2	2	2

Source: Town of Firestone Finance Department

See accompanying Independent Auditor's Report.

COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Firestone
	YEAR ENDING : December 2012
This Information From The Records Of (example - City of _ or County of _):	Prepared By: Susan J Watkins Phone: 303-833-3291 ext 256

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)	185,215
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	396,051
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	42,623
2. General fund appropriations		b. Snow and ice removal	18,728
3. Other local imposts (from page 2)	350,998	c. Other	80,476
4. Miscellaneous local receipts (from page 2)	158,154	d. Total (a. through c.)	141,827
5. Transfers from toll facilities		4. General administration & miscellaneous	47,833
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	770,926
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)	509,152	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	383,762	2. Notes:	
D. Receipts from Federal Government (from page 2)	2,307	a. Interest	1,182
E. Total receipts (A.7 + B + C + D)	895,221	b. Redemption	44,387
		c. Total (a. + b.)	45,569
		3. Total (1.c + 2.c)	45,569
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	816,495

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)		44,071	15,459	28,612

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	4,505,959	895,221	816,495		4,584,685

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2012

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	1,067
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	193,330	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	138,125
5. Specific Ownership &/or Other	157,668	g. Other Misc. Receipts	8,000
6. Total (1. through 5.)	350,998	h. Other - sale of easement	10,962
c. Total (a. + b.)	350,998	i. Total (a. through h.)	158,154
	(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	345,501	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	38,261	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	2,307
f. Total (a. through e.)	38,261	g. Total (a. through f.)	2,307
4. Total (1. + 2. + 3.f)	383,762	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		20,046	20,046
b. Engineering Costs		41,371	41,371
c. Construction:			
(1). New Facilities		102,631	102,631
(2). Capacity Improvements			0
(3). System Preservation		12,783	12,783
(4). System Enhancement & Operation		8,384	8,384
(5). Total Construction (1) + (2) + (3) + (4)	0	123,798	123,798
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	185,215	185,215
			(Carry forward to page 1)

Notes and Comments: