

TOWN OF OAK CREEK, COLORADO

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2011

Draft

**TOWN OF OAK CREEK, COLORADO
BOARD OF TRUSTEES
December 31, 2011**

Board of Trustees

Nikki Knoebel, Mayor

Bernie Gagne, Trustee
Wendy Gustafson, Trustee
Johrene Meyers-Story, Trustee
Dawn Smith, Trustee
Chuck Wisecup, Trustee
Wes Woodford, Trustee

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Board of Trustees

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

Draft

The discussion and analysis of the Town of Oak Creek's financial performance provides an overall review of the Town's financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the Town's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

The Town of Oak Creek's governmental net assets increased by \$4,692 and business-type net assets increased by \$1,192,737 for the year.

- The assets of the Town exceeded its liabilities at the close of fiscal year 2011 by \$8,615,045 (*net assets*). Of this amount, \$1,752,171 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations or unforeseen expenses.
- As of the close of fiscal year 2011, the Town's General Fund reported an ending fund balance of \$490,521 compared to the fiscal year 2010 balance of \$485,538.
- At the end of 2011 unrestricted net assets for the proprietary funds (business-type activities) was \$1,275,302 or 100.5% of total 2011 operating expenses.
- General Fund 2011 revenues decreased by \$32,158 to \$417,405.
- General Fund expenditures also decreased in 2011 by \$24,194 to \$382,422.

Using the Basic Financial Statements

The Basic Financial Statements consists of the Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Town of Oak Creek as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Assets and the Statement of Activities. Both provide long and short-term information about the Town's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the Town's operations in more detail. The governmental fund statements tell how general Town services were financed in the short term as well as what remains for future spending. The Town has one governmental fund, the General Fund.

Proprietary fund statements offer short and long-term financial information about the activities that the Town operates as a business. The Town operates four proprietary funds as follows:

- Electric Fund
- Water Fund
- Sewer Fund
- Trash Fund

Fiduciary fund statements provide information about financial relationships where the Town acts solely as a trustee or agent for the benefit of others to whom the resources in question belong. The Town does not have any fiduciary funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis of the Town as a Whole

The Town's total net assets were \$8,615,045 as of December 31, 2011 and \$7,417,615 as of December 31, 2010. This represents an increase of \$1,197,430 or 16%.

Government-Wide Financial Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private businesses. The statements of net assets include all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net assets and how they have changed. The change in net assets is important because it tells the reader that for the Town as a whole, the financial position of the Town has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions, and state or federal government required programs.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the Town include: general government, public safety (police), public works and parks and recreation. The Business-type Activities of the Town of Oak Creek consists of electric, water, sewer, and trash services.

Net Assets

Net assets might serve over time as a useful indicator of a government's financial position. In the case of the Town of Oak Creek, assets exceeded liabilities by approximately \$8.6 million at the close of 2011.

Net assets of the Town at December 31, were as follows:

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
ASSETS						
Current Assets	\$ 606,007	\$ 655,780	\$ 1,536,049	\$ 1,235,353	\$ 2,142,056	\$ 1,891,133
Capital Assets	1,201,895	1,237,605	7,682,212	7,013,819	8,884,107	8,251,424
Total Assets	1,807,902	1,893,385	9,218,261	8,249,172	11,026,163	10,142,557
LIABILITIES						
Current Liabilities	152,099	205,125	252,663	400,714	404,762	605,839
Noncurrent Liabilities	48,754	85,904	1,957,602	2,033,199	2,006,356	2,119,103
Total Liabilities	200,853	291,029	2,210,265	2,433,913	2,411,118	2,724,942
NET ASSETS						
Invested in Capital Assets net of Related Debt	1,116,528	1,116,818	5,649,124	4,908,408	6,765,652	6,025,226
Restricted	13,652	13,000	83,570	3,733	97,222	16,733
Unrestricted	476,869	472,538	1,275,302	903,118	1,752,171	1,375,656
Total Net Assets	\$ 1,607,049	\$ 1,602,356	\$ 7,007,996	\$ 5,815,259	\$ 8,615,045	\$ 7,417,615

The statement of net assets reflects a cash position totaling \$1,821,524 or 16.5% of total assets. The bulk of the Town's resources, \$8.88 million or 80.5% of total assets, are invested in capital assets. These assets consist of land and improvements, buildings, equipment, and utility system assets. The remaining 3% of total assets are receivables or prepaid expenses.

The Town of Oak Creek uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Oak Creek's investment in its capital assets is reported net of related debt, it should be noted that the funds needed to repay this debt must be provided from other sources since; in general, the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net assets may be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Assets

Governmental activities increased the Town of Oak Creek's net assets by \$4,692.

Business activities increased the Town's net assets by \$1,192,737. In the Sewer Fund, the wastewater treatment plant was completed. The Water Fund began construction on a new water tank.

A summary of the changes in net assets is as follows:

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
PROGRAM REVENUES						
Charges for Services	\$ 9,765	\$ 12,874	\$ 1,502,208	\$ 1,457,758	\$ 1,511,973	1,470,632
Operating Grants & Contributions	134,118	112,446	-	-	134,118	112,446
Capital Grants & Contributions	-	25,131	1,030,001	1,204,897	1,030,001	1,230,028
Total Program Revenues	<u>143,883</u>	<u>150,451</u>	<u>2,532,209</u>	<u>2,662,655</u>	<u>2,676,092</u>	<u>2,813,106</u>
GENERAL REVENUES						
Property Taxes	141,918	144,026	-	-	141,918	144,026
Sales Taxes	111,597	129,033	-	-	111,597	129,033
Other Taxes	8,087	9,442	-	-	8,087	9,442
Interest Income	9,721	12,739	15	-	9,736	12,739
Other Revenues	2,199	2,264	5,904	3,719	8,103	5,983
Total General Revenues	<u>273,522</u>	<u>297,504</u>	<u>5,919</u>	<u>3,719</u>	<u>279,441</u>	<u>301,223</u>
Total Revenues & Transfers	<u>387,405</u>	<u>447,955</u>	<u>2,568,128</u>	<u>2,666,374</u>	<u>2,955,533</u>	<u>3,114,329</u>
PROGRAM EXPENSES						
General Government	89,544	70,581	-	-	89,544	70,581
Public Safety	117,302	136,694	-	-	117,302	136,694
Public Works	106,418	163,922	-	-	106,418	163,922
Parks and Recreation	69,448	44,841	-	-	69,448	44,841
Electric Operations	-	-	564,578	699,680	564,578	699,680
Water Operations	-	-	354,084	334,992	354,084	334,992
Sewer Operations	-	-	351,872	241,882	351,872	241,882
Trash Operations	-	-	104,857	101,841	104,857	101,841
Noncapitalized Capital Outlay	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Depreciation - unallocated	-	5,984	-	-	-	5,984
Total Program Expenses	<u>382,712</u>	<u>422,022</u>	<u>1,375,391</u>	<u>1,378,395</u>	<u>1,758,103</u>	<u>1,800,417</u>
Change in Net Assets	4,693	25,933	1,192,737	1,287,979	1,197,430	1,313,912
Net Assets, Beginning	<u>1,602,356</u>	<u>1,576,423</u>	<u>5,815,259</u>	<u>4,527,280</u>	<u>7,417,615</u>	<u>6,103,703</u>
Net Assets, Ending	\$ 1,607,049	\$ 1,602,356	\$ 7,007,996	\$ 5,815,259	\$ 8,615,045	\$ 7,417,615

Financial Analysis of the Town's Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

General Fund – The General Fund went from a balance of \$485,538 to \$490,521. This increase is principally the result of governmental activity revenue sources exceeding operating costs. Total revenues decreased by \$32,158. Expenditures also decreased by \$24,194.

Two Parks and Recreation grants were received. The old settling ponds were filled and a pump track park was constructed thanks to a GoCo Grant. A LiveWell Colorado grant allowed the Town to purchase a snow groomer in order to groom cross country ski trails in Town.

Proprietary Funds - Proprietary funds have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the business-type activities of the Town as a whole. The proprietary fund statements, however, will provide a greater level of detail than the information found in the government-wide statements.

Electric Fund – Electric Fund net assets increased by \$198,181, following an increase of \$980 in 2010. Expenditures decreased \$134,507. In 2010, over \$100,000 was spent on capital outlay; in 2011 no money was spent on capital outlay.

Water Fund – Water Fund net assets increased by \$600,843 after a 2010 increase of \$14,099. This is due to CDBG grant revenues of more than \$600,000, used to engineer and begin construction on a new water tank.

Sewer Fund – Sewer Fund net assets increased by \$394,898 compared to an increase of \$1,272,544 in 2010. This large variation is due to the wastewater treatment plant and government grants related to this project.

Trash Fund – Trash Fund net assets decreased by \$1,185 for the current year, down from a 2010 increase of \$356. This resulted from a clean-up day expenditure to benefit the citizens of Oak Creek.

Capital Assets

Approximately 13% of the Town's capital assets support governmental activities. The majority of the value is invested in land, buildings and improvements.

	Balance 12/31/10	Additions	Deletions	Balance 12/31/11
Business-Type Activities:				
Capital Assets:				
Electrical System	\$ 1,760,227	\$ -	\$ -	\$ 1,760,227
Water System	3,182,686	608,586	-	3,791,272
Sewer System	5,595,556	261,856	-	5,857,412
Total Capital Assets	<u>10,538,469</u>	<u>870,442</u>	<u>-</u>	<u>11,408,911</u>
Less Accumulated Depreciation:				
Electrical System	(1,462,699)	(23,636)	-	(1,486,335)
Water System	(1,295,176)	(80,334)	-	(1,375,510)
Sewer System	(766,775)	(98,079)	-	(864,854)
Total Accumulated Depreciation	<u>(3,524,650)</u>	<u>(202,049)</u>	<u>-</u>	<u>(3,726,699)</u>
Net Capital Assets	<u>\$ 7,013,819</u>	<u>\$ 668,393</u>	<u>\$ -</u>	<u>\$ 7,682,212</u>

The Town's business-type activities capital assets consist of its investments in its utility systems and related equipment.

	Balance 12/31/10	Additions	Deletions	Balance 12/31/11
Governmental Activities:				
Capital Assets:				
Buildings & Improvements	\$ 1,413,912	\$ -	\$ -	\$ 1,413,912
Vehicles & Equipment	548,002	42,612	-	590,614
Total Capital Assets	<u>1,961,914</u>	<u>42,612</u>	<u>-</u>	<u>2,004,526</u>
Less Accumulated Depreciation:				
Buildings & Improvements	(426,489)	(48,073)	-	(474,562)
Vehicles & Equipment	(297,820)	(30,249)	-	(328,069)
Total Accumulated Depreciation	<u>(724,309)</u>	<u>(78,322)</u>	<u>-</u>	<u>(802,631)</u>
Net Capital Assets	<u>\$ 1,237,605</u>	<u>\$ (35,710)</u>	<u>\$ -</u>	<u>\$ 1,201,895</u>

Long-Term Debt

The Town's governmental long-term debt consists of capital leases and accrued compensated absences payable. Governmental activities debt transactions for the year were as follows:

	Balance 12/31/10	Advances	Payments	Balance 12/31/11	Current Portion	Interest Paid
Accrued Compensated Absences	\$ 11,676	\$ -	\$ 537	\$ 11,139	\$ -	\$ -
Capital Lease - 124H Grader	109,111	-	34,883	74,228	36,613	4,563
Totals	\$ 120,787	\$ -	\$ 35,420	\$ 85,367	\$ 36,613	\$ 4,563

The Town's business-type activities long-term debt consists of various bonds and notes payable that were used for system improvements. Business-type activities debt transactions for the year were as follows:

	Balance 12/31/10	Advances	Payments	Balance 12/31/11	Current Portion	Interest Paid
2000 Electric Note Payable	\$ 239,255	\$ -	\$ 20,226	\$ 219,029	\$ 21,279	\$ 13,414
2003 CWRPDA Water Note	658,156	-	39,484	618,671	41,080	25,935
2010 Sewer Revenue Bonds	1,208,000	-	12,612	1,195,388	13,127	48,012
Totals	\$ 2,105,411	\$ -	\$ 72,322	\$ 2,033,088	\$ 75,486	\$ 117,585

General Fund Budget

The General Fund accounts for all of the general government services provided by the Town of Oak Creek including: public safety (police), public works, parks and recreation and general government services. The Town's General Fund revenues were more than budgeted by \$82,616. This was mostly due to conservative budgeting and an increase in intergovernmental taxes. Unbudgeted mineral and severance taxes of \$58,851 were received. The Town's expenditures were \$56,231 less than budgeted, due to the Judicial and Streets departments coming in under budget.

ECONOMIC FACTORS AND FUTURE BUDGETS AND RATES

- The Town of Oak Creek's main economic drivers are regional recreation and tourism, agriculture and energy. Both Stagecoach Reservoir and the Steamboat Ski Area provide area employment opportunities. Agricultural products such as hay, grain, sheep, horses and cattle from the region are local exports. Significant low-sulfur coal reserves adjacent to the Town provide both well-paying jobs and another high-value export.
- The estimated population for Oak Creek is 870, and has remained relatively stable over the last 10 years with the expectation that increases and decreases in the permanent population will be less than 1%.
- Oak Creek continues to experience decreasing property and sales tax revenues as a result of the economic downturn. General tax revenues are expected to be down by 22.5% in 2012 and are expected to continue to decline through 2015.

- Property tax revenues were down 0.05% in 2011, with the expectation that they would be down 31% in 2012 as the economic downturn has affected property values significantly. It is not anticipated that real estate prices or new construction activities, and subsequently property tax revenues, will stabilize until 2015.
- Sales tax revenues dropped 13.5% in 2011 from 2010.
- Energy activity remains high in the region with 2011 severance tax and mineral lease tax receipts of over \$58,000, an increase of 14.5% over 2010.
- The Town was awarded a Community Development Block Grant (CDBG) in 2011 to build a new 240,000 gallon concrete water tank and rehabilitate the existing water tank. The new tank was completed in 2011, while all rehabilitation work on the existing tank will be completed in 2012.
- The Town has been awarded two \$10,000 State Revolving Fund grants to complete Preliminary Engineering Reports addressing water quality and bar screening at the sewer plant that will be completed in 2012.
- Additional grant funding to further the Town's parks and recreation development efforts is expected in 2012.

During the 2012 budgeting process, all of these factors were considered.

Request for Information

The financial statements are designed to provide information for regulatory reporting to federal and state agencies and those with an interest in the Town's finances. Questions concerning this or any additional information should be addressed to Town Clerk, Town of Oak Creek, P O Box 128, Oak Creek, CO 80467.

FINANCIAL SECTION

Draft

Board of Trustees
Town of Oak Creek
Oak Creek, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Oak Creek, Colorado, as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements of the Town, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Oak Creek, Colorado, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison of the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2012, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Oak Creek, Colorado's basic financial statements. The other supplementary information as presented in the table of contents and the accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and legal compliance and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Englewood, CO
June 7, 2012

BASIC FINANCIAL STATEMENTS

Draft

TOWN OF OAK CREEK, COLORADO

STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Governmental Activities	Business - Type Activities	Total 2011
ASSETS			
Current Assets			
Cash and Investments	\$ 468,870	\$ 1,268,432	\$ 1,737,302
Restricted Cash and Investments	652	83,570	84,222
Accounts Receivable	1,308	184,047	185,355
Due from Other Governments	22,436	-	22,436
Property Taxes Receivable	99,163	-	99,163
Prepaid Expenses	13,578	-	13,578
Total Current Assets	<u>606,007</u>	<u>1,536,049</u>	<u>2,142,056</u>
Noncurrent Assets			
Capital Assets, net	<u>1,201,895</u>	<u>7,682,212</u>	<u>8,884,107</u>
TOTAL ASSETS	<u>1,807,902</u>	<u>9,218,261</u>	<u>11,026,163</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	7,522	124,338	131,860
Accrued Wages and Benefits	8,253	-	8,253
Customer Deposits	-	35,023	35,023
Deferred Revenue	99,711	-	99,711
Accrued Interest Payable	-	17,816	17,816
Current Portion of Long-Term Debt	36,613	75,486	112,099
Total Current Liabilities	<u>152,099</u>	<u>252,663</u>	<u>404,762</u>
Noncurrent Liabilities			
Accrued Compensated Absences	11,139	-	11,139
Notes Payable	-	1,957,602	1,957,602
Capital Leases Payable	37,615	-	37,615
Total Noncurrent Liabilities	<u>48,754</u>	<u>1,957,602</u>	<u>2,006,356</u>
TOTAL LIABILITIES	<u>200,853</u>	<u>2,210,265</u>	<u>2,411,118</u>
NET ASSETS			
Invested in Capital Assets net of Related Debt	1,116,528	5,649,124	6,765,652
Restricted Net Assets	13,652	83,570	97,222
Unrestricted Net Assets	<u>476,869</u>	<u>1,275,302</u>	<u>1,752,171</u>
TOTAL NET ASSETS	<u>\$ 1,607,049</u>	<u>\$ 7,007,996</u>	<u>\$ 8,615,045</u>

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

TOWN OF OAK CREEK, COLORADO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	PROGRAM REVENUES			
	OPERATING			
EXPENSES	CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS	
FUNCTIONS/PROGRAMS				
Governmental Activities				
Current:				
General Government	\$ 89,544	\$ 4,590	\$ 88,390	\$ -
Public Safety	117,302	5,175	-	-
Public Works	106,418	-	37,195	-
Parks and Recreation	69,448	-	8,533	-
TOTAL GOVERNMENT ACTIVITIES	382,712	9,765	134,118	-
Business-type Activities				
Current:				
Electric Operations	564,578	732,759	-	-
Water Operations	354,084	335,701	-	616,586
Sewer Operations	351,872	330,306	-	413,415
Trash Operations	104,857	103,442	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	1,375,391	1,502,208	-	1,030,001
TOTAL GOVERNMENT	\$ 1,758,103	\$ 1,511,973	\$ 134,118	\$ 1,030,001
GENERAL REVENUES				
Property Taxes				
Sales Taxes				
Other Taxes				
Interest Income				
Other Revenues				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET ASSETS				
NET ASSETS - Beginning				
NET ASSETS - Ending				

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
\$ 3,436	\$ -	\$ 3,436
(112,127)	-	(112,127)
(69,223)	-	(69,223)
(60,915)	-	(60,915)
<u>(238,829)</u>	<u>-</u>	<u>(238,829)</u>
-	168,181	168,181
-	598,203	598,203
-	391,849	391,849
-	(1,415)	(1,415)
-	<u>1,156,818</u>	<u>1,156,818</u>
<u>(238,829)</u>	<u>1,156,818</u>	<u>917,989</u>
141,918	-	141,918
111,597	-	111,597
8,087	-	8,087
9,721	15	9,736
2,199	5,904	8,103
(30,000)	30,000	-
<u>243,522</u>	<u>35,919</u>	<u>279,441</u>
4,693	1,192,737	1,197,430
<u>1,602,356</u>	<u>5,815,259</u>	<u>7,417,615</u>
<u>\$ 1,607,049</u>	<u>\$ 7,007,996</u>	<u>\$ 8,615,045</u>

Draft

TOWN OF OAK CREEK, COLORADO

BALANCE SHEET -
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

With Comparative Totals for December 31, 2010

	GOVERNMENTAL		
	FUND TYPES	GENERAL FUND	
	GENERAL	2011	2010
ASSETS			
Cash and Investments	\$ 468,870	\$ 468,870	\$ 482,312
Restricted Cash and Investments	652	652	3,133
Accounts Receivable	1,308	1,308	971
Due from Other Governments	22,436	22,436	25,929
Property Taxes Receivable	99,163	99,163	143,434
Prepaid Expenses	13,578	13,578	-
TOTAL ASSETS	<u>\$ 606,007</u>	<u>\$ 606,007</u>	<u>\$ 655,779</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ 7,522	\$ 7,522	\$ 8,969
Accrued Wages and Benefits	8,253	8,253	15,811
Customer Deposits	-	-	1,479
Deferred Revenue	99,711	99,711	143,982
TOTAL LIABILITIES	<u>115,486</u>	<u>115,486</u>	<u>170,241</u>
FUND EQUITY			
Nonspendable	13,578	13,578	-
Restricted for:	-		
Parks and Recreation	652	652	3,133
Emergencies	13,000	13,000	15,000
Assigned for:			
Subsequent Years' Expenditures	17,071	17,071	-
Property Tax Overage	18,000	18,000	-
Unassigned	428,220	428,220	467,405
TOTAL FUND EQUITY	<u>490,521</u>	<u>490,521</u>	<u>485,538</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 606,007</u>	<u>\$ 606,007</u>	<u>\$ 655,779</u>
TOTAL FUND EQUITY - GOVERNMENTAL FUNDS		\$ 490,521	
Capital assets used in governmental activities are not resources and are not reported in the funds:			
Capital Assets		2,004,526	
Accumulated Depreciation		(802,631)	
Long-term liabilities are not due and payable in the current period			
Capital Leases Payable		(74,228)	
Accrued Compensated Absences		(11,139)	
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES		<u>\$ 1,607,049</u>	

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

TOWN OF OAK CREEK, COLORADO

**STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2011

With Comparative Totals for the Year Ended December 31, 2010

	<u>GENERAL FUND</u>	
	<u>2011</u>	<u>2010</u>
REVENUES		
Taxes	\$ 261,602	\$ 282,501
Licenses and Permits	4,590	9,740
Intergovernmental	134,117	112,445
Fines and Forfeits	5,175	3,134
Miscellaneous	<u>11,921</u>	<u>41,743</u>
TOTAL REVENUES	<u>417,405</u>	<u>449,563</u>
EXPENDITURES		
General Government	74,817	60,574
Public Safety	113,904	131,158
Public Works	112,103	159,162
Parks and Recreation	2,812	11,313
Capital Outlay	<u>78,786</u>	<u>44,409</u>
TOTAL EXPENDITURES	<u>382,422</u>	<u>406,616</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	34,983	42,947
OTHER FINANCING SOURCES (USES)		
Transfers (Out)	<u>(30,000)</u>	<u>-</u>
CHANGE IN FUND BALANCE	4,983	42,947
FUND BALANCES, Beginning	<u>485,538</u>	<u>442,591</u>
FUND BALANCES, Ending	<u>\$ 490,521</u>	<u>\$ 485,538</u>
NET CHANGE IN FUND BALANCES - ALL GOVERNMENTAL FUNDS	\$ 4,983	
Principal payments on debt are reported as expenditures and debt proceeds are reported as revenues in the funds:		
Principal Payments on Capital Leases Payable	34,883	
Accrued Compensated Absences are expensed when paid in the funds:		
Change in Accrued Leave	537	
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:		
Capitalized Assets	42,612	
Depreciation Expense	<u>(78,322)</u>	
CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES	<u>\$ 4,693</u>	

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

TOWN OF OAK CREEK, COLORADO

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

FOR THE YEAR ENDED DECEMBER 31, 2011

With Comparative Totals for the Year Ended December 31, 2010

	2011			VARIANCE- FAVORABLE (UNFAVORABLE)	2010 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes:					
Property Taxes	\$ 143,434	\$ 143,434	\$ 141,918	\$ (1,516)	\$ 144,026
Sales Taxes	117,000	117,000	111,597	(5,403)	129,033
Specific Ownership Taxes	7,000	7,000	7,166	166	8,391
Other Taxes	300	300	921	621	1,051
Total Taxes	<u>267,734</u>	<u>267,734</u>	<u>261,602</u>	<u>(6,132)</u>	<u>282,501</u>
Licenses and Permits:					
Liquor Licenses	1,300	1,300	2,466	1,166	1,390
Pet Licenses	350	350	159	(191)	296
Business Licenses	1,050	1,050	600	(450)	6,750
Building and Annexation Fees	300	300	1,365	1,065	1,304
Total Licenses and Permits	<u>3,000</u>	<u>3,000</u>	<u>4,590</u>	<u>1,590</u>	<u>9,740</u>
Intergovernmental:					
Cigarette Taxes	800	800	697	(103)	757
Road and Bridge	3,000	3,000	4,192	1,192	3,784
Mineral Lease	-	-	16,248	16,248	27,203
Motor Vehicle Registrations	3,400	3,400	3,891	491	4,055
Highway Users	30,988	30,988	29,112	(1,876)	30,247
Conservation Trust Fund	8,100	8,100	8,533	433	8,515
Severance Taxes	-	-	42,603	42,603	23,151
Grant Revenue	-	6,341	28,841	22,500	14,733
Total Intergovernmental	<u>46,288</u>	<u>52,629</u>	<u>134,117</u>	<u>81,488</u>	<u>112,445</u>
Fines and Forfeits	<u>3,225</u>	<u>3,225</u>	<u>5,175</u>	<u>1,950</u>	<u>3,134</u>
Miscellaneous:					
Interest Income	6,700	6,700	9,721	3,021	12,739
Donation Revenue	-	-	-	-	25,131
Other Revenue	1,500	1,500	2,200	700	3,873
Total Miscellaneous	<u>8,200</u>	<u>8,200</u>	<u>11,921</u>	<u>3,721</u>	<u>41,743</u>
TOTAL REVENUES	<u>328,447</u>	<u>334,788</u>	<u>417,405</u>	<u>82,617</u>	<u>449,563</u>

(Continued)

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

TOWN OF OAK CREEK, COLORADO

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

FOR THE YEAR ENDED DECEMBER 31, 2011

With Comparative Totals for the Year Ended December 31, 2010

	2011			VARIANCE- FAVORABLE (UNFAVORABLE)	2010 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXPENDITURES					
General Government	56,857	58,619	74,817	(16,198)	60,574
Public Safety	121,835	124,554	113,904	10,650	131,158
Public Works	145,541	157,209	112,103	45,106	159,162
Parks and Recreation	4,200	4,200	2,812	1,388	11,313
Capital Outlay	58,500	94,071	78,786	15,285	44,409
TOTAL EXPENDITURES	<u>386,933</u>	<u>438,653</u>	<u>382,422</u>	<u>56,231</u>	<u>406,616</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(58,486)</u>	<u>(103,865)</u>	<u>34,983</u>	<u>138,848</u>	<u>42,947</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	(88,486)	(133,865)	4,983	138,848	42,947
FUND BALANCE - Beginning of Year	<u>485,538</u>	<u>485,538</u>	<u>485,538</u>	<u>-</u>	<u>442,591</u>
FUND BALANCE - End of Year	<u>\$ 397,052</u>	<u>\$ 351,673</u>	<u>\$ 490,521</u>	<u>\$ 138,848</u>	<u>\$ 485,538</u>

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

TOWN OF OAK CREEK, COLORADO

**STATEMENT OF NET ASSETS -
PROPRIETARY FUNDS**

DECEMBER 31, 2011

With Comparative Totals for December 31, 2010

	ENTERPRISE FUNDS			
	ELECTRIC FUND	WATER FUND	SEWER FUND	TRASH FUND
ASSETS				
Current Assets				
Cash and Investments	\$ 612,669	\$ 170,601	\$ 481,456	\$ 3,706
Accounts Receivable	98,445	37,709	37,158	10,735
Prepaid Expenses	-	-	-	-
Restricted Cash and Investments	-	69,650	13,920	-
Total Current Assets	<u>711,114</u>	<u>277,960</u>	<u>532,534</u>	<u>14,441</u>
Property, Plant & Equipment - net	<u>273,892</u>	<u>2,415,762</u>	<u>4,992,558</u>	<u>-</u>
TOTAL ASSETS	<u>985,006</u>	<u>2,693,722</u>	<u>5,525,092</u>	<u>14,441</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	38,531	9,211	76,596	-
Customer Deposits	35,023	-	-	-
Accrued Interest Payable	-	-	17,816	-
Current Portion of Long-Term Debt	<u>21,279</u>	<u>41,080</u>	<u>13,127</u>	<u>-</u>
Total Current Liabilities	<u>94,833</u>	<u>50,291</u>	<u>107,539</u>	<u>-</u>
Noncurrent Liabilities				
Notes Payable	<u>197,750</u>	<u>577,591</u>	<u>1,182,261</u>	<u>-</u>
TOTAL LIABILITIES	<u>292,583</u>	<u>627,882</u>	<u>1,289,800</u>	<u>-</u>
NET ASSETS				
Invested in Capital Assets net of Related Debt	54,863	1,797,091	3,797,170	-
Restricted	-	69,650	13,920	-
Unrestricted	<u>637,560</u>	<u>199,099</u>	<u>424,202</u>	<u>14,441</u>
TOTAL NET ASSETS	<u>\$ 692,423</u>	<u>\$ 2,065,840</u>	<u>\$ 4,235,292</u>	<u>\$ 14,441</u>

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

TOTALS

<u>2011</u>	<u>2010</u>
\$ 1,268,432	\$ 1,035,050
184,047	192,720
-	3,850
83,570	3,733
<u>1,536,049</u>	<u>1,235,353</u>
<u>7,682,212</u>	<u>7,013,819</u>
<u>9,218,261</u>	<u>8,249,172</u>
124,338	273,995
35,023	36,503
17,816	18,004
75,486	72,212
<u>252,663</u>	<u>400,714</u>
<u>1,957,602</u>	<u>2,033,199</u>
<u>2,210,265</u>	<u>2,433,913</u>
5,649,124	4,908,408
83,570	3,733
<u>1,275,302</u>	<u>903,118</u>
<u>\$ 7,007,996</u>	<u>\$ 5,815,259</u>

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TOWN OF OAK CREEK, COLORADO

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2011

With Comparative Totals for the Year Ended December 31, 2010

	ENTERPRISE FUNDS			
	ELECTRIC FUND	WATER FUND	SEWER FUND	TRASH FUND
OPERATING REVENUES				
Charges for Sales and Services	\$ 732,759	\$ 335,701	\$ 330,306	\$ 103,442
OPERATING EXPENSES				
Personal Services	90,649	130,769	79,693	4,783
Commodity Purchases	335,646	-	-	-
Operating and Maintenance	75,097	67,351	76,724	98,126
Overhead Management Fees	19,563	19,563	19,563	1,948
Depreciation	23,635	80,334	98,079	-
Capital Outlay	-	23,557	23,227	-
TOTAL OPERATING EXPENSES	544,590	321,574	297,286	104,857
OPERATING INCOME (LOSS)	188,169	14,127	33,020	(1,415)
NON-OPERATING REVENUE (EXPENSE)				
Grant Revenue	-	616,586	413,415	-
Interest Income	-	-	15	-
Other Revenue	-	2,640	3,034	230
Tap Fees	-	-	-	-
Interest Expense	(19,988)	(32,510)	(54,586)	-
TOTAL NON-OPERATING REVENUE (EXPENSE)	(19,988)	586,716	361,878	230
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	168,181	600,843	394,898	(1,185)
CONTRIBUTIONS AND TRANSFERS				
Transfers In	30,000	-	-	-
CHANGE IN NET ASSETS	198,181	600,843	394,898	(1,185)
NET ASSETS, Beginning	494,242	1,464,997	3,840,394	15,626
NET ASSETS, Ending	\$ 692,423	\$ 2,065,840	\$ 4,235,292	\$ 14,441

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

TOTALS	
2011	2010
<u>\$ 1,502,208</u>	<u>\$ 1,457,758</u>
305,894	262,745
335,646	330,583
317,298	285,490
60,637	84,017
202,048	222,411
46,784	111,441
<u>1,268,307</u>	<u>1,296,687</u>
<u>233,901</u>	<u>161,071</u>
1,030,001	1,187,897
15	-
5,904	3,719
-	17,000
<u>(107,084)</u>	<u>(81,708)</u>
<u>928,836</u>	<u>1,126,908</u>
1,162,737	1,287,979
<u>30,000</u>	<u>-</u>
1,192,737	1,287,979
<u>5,815,259</u>	<u>4,527,280</u>
<u>\$ 7,007,996</u>	<u>\$ 5,815,259</u>

TOWN OF OAK CREEK, COLORADO

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2011

With Comparative Totals for the Year Ended December 31, 2010

	ELECTRIC FUND	WATER FUND	SEWER FUND	TRASH FUND
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 739,775	\$ 336,578	\$ 329,798	\$ 103,249
Cash Paid to Suppliers and Employees	(520,948)	(236,139)	(350,119)	(104,857)
Net Cash Provided by Operating Activities	<u>218,827</u>	<u>100,439</u>	<u>(20,321)</u>	<u>(1,608)</u>
Cash Flows From Capital and Related Financing Activities:				
Tap/Contributed Installation Fees Received	-	-	-	-
Loan Proceeds	-	-	-	-
Debt Principal Payments	(20,226)	(39,484)	(12,612)	-
Grant Proceeds	-	616,586	413,415	-
Interest Payments	(19,988)	(32,510)	(54,774)	-
Acquisition of Capital Assets	-	(608,587)	(261,857)	-
Cash Flows Used by Capital and Related Financing Activities	<u>(40,214)</u>	<u>(63,995)</u>	<u>84,172</u>	<u>-</u>
Cash Flows (Uses) From Noncapital Financing Activities:				
Other Revenues	-	2,640	3,034	230
Transfers In	30,000	-	-	-
Net Cash Used by Noncapital Financing Activities	<u>30,000</u>	<u>2,640</u>	<u>3,034</u>	<u>230</u>
Cash Flows (Uses) From Investing Activities:				
Interest Received	-	-	15	-
Net Increase (Decrease) in Cash	208,613	39,084	66,900	(1,378)
Cash - Beginning	404,056	201,167	428,476	5,084
Cash - Ending	<u>\$ 612,669</u>	<u>\$ 240,251</u>	<u>\$ 495,376</u>	<u>\$ 3,706</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss) Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	\$ 188,169	\$ 14,127	\$ 33,020	\$ (1,415)
Depreciation Expense	23,635	80,334	98,079	-
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Accounts Receivable	8,496	877	(508)	(193)
Prepaid Expenses	3,850	-	-	-
Increase (Decrease) in:				
Accounts Payable	(3,843)	5,101	(150,912)	-
Customer Deposits	(1,480)	-	-	-
Total Adjustments	<u>30,658</u>	<u>86,312</u>	<u>(53,341)</u>	<u>(193)</u>
Net Cash Used for Operating Activities	<u>\$ 218,827</u>	<u>\$ 100,439</u>	<u>\$ (20,321)</u>	<u>\$ (1,608)</u>

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

TOTALS	
2011	2010
\$ 1,509,400	\$ 1,441,221
<u>(1,212,063)</u>	<u>(1,280,327)</u>
297,337	160,894
-	17,000
-	1,963,269
(72,322)	(1,309,867)
1,030,001	1,187,897
(107,272)	(63,704)
<u>(870,444)</u>	<u>(1,822,310)</u>
<u>(20,037)</u>	<u>(27,715)</u>
5,904	3,719
30,000	-
<u>35,904</u>	<u>3,719</u>
15	-
313,219	136,898
<u>1,038,783</u>	<u>901,885</u>
<u>\$ 1,352,002</u>	<u>1,038,783</u>
\$ 233,901	\$ 161,071
202,048	222,411
8,672	(18,087)
3,850	(3,850)
(149,654)	(202,201)
(1,480)	1,550
<u>63,436</u>	<u>(177)</u>
<u>\$ 297,337</u>	<u>\$ 160,894</u>

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TOWN OF OAK CREEK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

HISTORY AND FUNCTION OF ORGANIZATION

The Town of Oak Creek, Colorado is a political subdivision of the State of Colorado governed by a seven member board of trustees. The Town was incorporated in 1907 in Routt County, Colorado. The Town is a full service entity providing public safety, public works, and parks and recreation services as well as providing electric, water, sewer and trash services.

REPORTING ENTITY

In evaluating how to define the government, for financial reporting purposes, the Town's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, "The Financial Reporting Entity."

Based upon the application of these criteria, no additional organizations were included within the Town's reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

TOWN OF OAK CREEK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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 the fund's principal ongoing operations. Operating expenses 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.

TOWN OF OAK CREEK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

General Fund

The general fund uses the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Certain service fees and non-tax revenues are recognized when received or billed. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal sources of revenues are property and sales taxes. Principal expenditures are for police protection, public works, parks and recreations and Town administration.

The Town also reports the following major proprietary funds:

Electric, Water, Sewer and Trash Funds – These funds account for the activities related to the offering of the respective services to the Town's residents.

PROPERTY TAXES

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

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

ACCUMULATED UNPAID LEAVE (COMPENSATED ABSENCES)

The Town permits an employee to carry over unused vacation pay to the next calendar year upon special approval by the board. The Town assumes that the employee will use all carryover vacation as well as any current vacation earned in the same year. Sick leave accumulates up to 60 days maximum. An employee will be paid upon termination for up to one day per year of employment up to a maximum of 10 days. The Town has accrued \$11,139 in the governmental activities presentation for accrued compensated absences at December 31, 2011.

TOWN OF OAK CREEK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETS AND BUDGETARY ACCOUNTING

Budgets were adopted for all funds. Budgets are prepared on the same basis of accounting as that used for accounting purposes. In the budget versus actual statements, the actual results of operations are presented on the budgetary basis of accounting for proper comparison to the budget.

Budgets are adopted based on the requirements of state statutes. The following timetable is used:

- 1) Submission of the proposed budget to the Board of Trustees by October 15 of each year.
- 2) Certification of mill levies to the County Commissioners by December 15 of each year.
- 3) Final adoption of the budget and appropriations by December 31 of each year.

The Town does not utilize encumbrance accounting and all appropriations lapse at year end. The budgets presented are as originally adopted or supplemented during the year.

COMPARATIVE DATA

Comparative total data for the prior year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

ACCOUNTS RECEIVABLE

Based upon a review of the existing accounts receivable and the fact that any uncollectible water and sewer receivables can be certified to the County Treasurer as such and attached to the tax rolls, no allowance for doubtful accounts is provided.

DEFERRED REVENUE

Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets 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.

TOWN OF OAK CREEK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS (Continued)

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

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

Buildings	20 - 40 years
Vehicles and Equipment	10 - 20 years
Utility Systems	5 - 50 years

The Town has elected to not retroactively report infrastructure and had no additions to its infrastructure for the year.

NET ASSETS/FUND BALANCES

In the government-wide financial statements and for the proprietary fund statements, net assets are either shown as invested in capital assets net of related debt, with these assets essentially being nonexpendable; restricted when constraints placed on the net assets are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance should be reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Trustees, should be reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

For the classification of fund and net asset balances, the Town considers an expenditure to be made from the most restrictive classification first, when more than one classification is available.

TOWN OF OAK CREEK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2: CASH AND INVESTMENTS

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Town's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2011, all of the Town's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	Bank Balance	Carrying Amount
FDIC Insured	\$ 500,000	\$ 500,000
Collateralized Under PDPA	968,262	960,878
Total	\$ 1,468,262	\$ 1,460,878

Investments

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

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

TOWN OF OAK CREEK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

The Town does not have an investment policy that would further limit its investment choices.

During the year ended December 31, 2011, the Town invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAM by the Standard and Poor's Corporation. The balance of this investment at December 31, 2011 was \$360,088.

Concentration of Credit Risk

The Town places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in the statutes.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2011, the Town did not hold any securities that required safekeeping.

The Town's cash and investment balances as of December 31, 2011 are comprised of and allocated in the financial statements as follows:

Petty Cash	\$	452
Other Cash on Hand		106
Cash Deposits		1,460,878
Investments		360,088
Total Cash and Investments		<u>\$ 1,821,524</u>
Cash and Investments	\$	1,737,302
Restricted Cash and Investments		84,222
Total Cash and Investments		<u>\$ 1,821,524</u>

TOWN OF OAK CREEK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2: CASH AND INVESTMENTS (Continued)

Restricted Cash

Restricted cash represents those amounts collected for a particular purpose but unspent as of the end of the fiscal year.

The Town's restricted cash balances at December 31, 2011 are comprised of the following:

<u>General Fund</u>	
Around the Town Trail	\$ 552
Conservation Trust Funds	100
Emergencies	13,000
Total General Fund	13,652
<u>Water Fund</u>	
Water 3 Month O&M Reserve	69,650
<u>Sewer Fund</u>	
Sewer Debt Service Reserve	8,625
Sewer O&M and Short-Lived Asset Reserve	5,295
Total Sewer Fund	13,920
Total Restricted Cash	\$ 97,222

NOTE 3: CAPITAL ASSETS

Changes in governmental capital assets for the year were as follows:

	Balance 12/31/10	Additions	Deletions	Balance 12/31/11
Governmental Activities:				
Capital Assets:				
Buildings & Improvements	\$ 1,413,912	\$ -	\$ -	\$ 1,413,912
Vehicles & Equipment	548,002	42,612	-	590,614
Total Capital Assets	1,961,914	42,612	-	2,004,526
Less Accumulated Depreciation:				
Buildings & Improvements	(426,489)	(48,073)	-	(474,562)
Vehicles & Equipment	(297,820)	(30,249)	-	(328,069)
Total Accumulated Depreciation	(724,309)	(78,322)	-	(802,631)
Net Capital Assets	\$ 1,237,605	\$ (35,710)	\$ -	\$ 1,201,895
Depreciation by Function:				
General Government		\$ 6,582		
Public Safety		3,398		
Public Works		29,198		
Parks and Recreation		39,144		
Total Depreciation		\$ 78,322		

TOWN OF OAK CREEK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 3: CAPITAL ASSETS (Continued)

A summary of changes in business-type activity capital assets at December 31, 2011 is as follows:

	<u>Balance 12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/11</u>
Business-Type Activities:				
Capital Assets:				
Electrical System	\$ 1,760,227	\$ -	\$ -	\$ 1,760,227
Water System	3,182,686	608,586	-	3,791,272
Sewer System	5,595,556	261,856	-	5,857,412
Total Capital Assets	<u>10,538,469</u>	<u>870,442</u>	<u>-</u>	<u>11,408,911</u>
Less Accumulated Depreciation:				
Electrical System	(1,462,699)	(23,636)	-	(1,486,335)
Water System	(1,295,176)	(80,334)	-	(1,375,510)
Sewer System	(766,775)	(98,079)	-	(864,854)
Total Accumulated Depreciation	<u>(3,524,650)</u>	<u>(202,049)</u>	<u>-</u>	<u>(3,726,699)</u>
Net Capital Assets	<u>\$7,013,819</u>	<u>\$ 668,393</u>	<u>\$ -</u>	<u>\$ 7,682,212</u>

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TOWN OF OAK CREEK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 4: LONG TERM DEBT – GOVERNMENTAL ACTIVITIES

At December 31, 2011, the Town had the following governmental long term debt obligations:

During 2007, the Town entered into a lease agreement for the purchase of equipment. This lease agreement is a capital lease due to the fact that title transfers at the end of the lease. The equipment has been recorded at the total value of the minimum lease payments at the inception of the lease, \$202,527. This lease requires monthly payments of \$3,287 for a period of six years with the first payment made in December 2007.

The following is a schedule of the future minimum lease payments under the capital lease and the present value of the remaining payments at December 31, 2011:

Year	Minimum Payment
2012	\$ 39,446
2013	35,689
Total Future Minimum	
Lease Payments	75,135
Less: Interest at 4.85%	(907)
Present Value of Payments	\$ 74,228

Changes in long-term debt for the year ended December 31, 2011 are as follows:

	Balance 12/31/10	Advances	Payments	Balance 12/31/11	Current Portion	Interest Paid
Accrued Compensated Absences	\$ 11,676	\$ -	\$ 537	\$ 11,139	\$ -	\$ -
Capital Lease - 124H Grader	109,111	-	34,883	74,228	36,613	4,500
Totals	\$ 120,787	\$ -	\$ 35,420	\$ 85,367	\$ 36,613	\$ 4,500

TOWN OF OAK CREEK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5: LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES

Details of the Town’s outstanding business-type activity debt are as follows:

ELECTRIC FUND

The Town issued Electrical Enterprise Revenue Note, Series 2000 (the Electrical Note) on February 29, 2000 in the amount of \$400,000 to finance improvements to the Town’s existing electrical power system. The Electrical Note is secured by a lien on the revenue of the electric fund and is payable monthly over a 20-year period. The Electrical Note bears interest at 5.75% annually until February 15, 2003, and will be adjusted every 5 years thereafter at a per annum interest rate equal to 96.28% of the then current 5-year U.S. Treasury note.

WATER FUND

In November 2003, the Town entered into a loan agreement with the Colorado Water Resource and Power Development Authority (“CWRPDA”) for the purpose of constructing water system improvements. CWRPDA has committed funding up to \$981,198. The loan will have a 20 year term and will bear interest at 4% per annum. Payments of \$35,868 principal and interest will be due semiannually on May 1 and November 1 of each year through November 1, 2023. The first payment was due May 1, 2004. The loan requires a three month operations and maintenance reserve computed to be \$69,650 as of December 31, 2011.

SEWER FUND

Series 1985, \$97,000 Sewer Revenue Bonds (the Bonds), interest and principal are payable in varying amounts, semi-annually at January 1 and July 1, at an interest rate of 8.625%. The Bonds are subject to early redemption on any interest payment date in inverse numerical order.

In 2010, the Town issued Sewer Revenue Bonds in the amount of \$1,208,000 through the USDA Department of Rural Development. The bonds bear interest at 4% with semi-annual payments of \$30,406 due on February 1st and August 1st beginning February 1, 2011. There are debt service and operations and maintenance reserve requirements related to this loan, with \$13,920 of restricted cash to meet the requirements as of December 31, 2011.

Changes in long-term debt are as follows:

	<u>Balance</u> <u>12/31/10</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/11</u>	<u>Current</u> <u>Portion</u>	<u>Interest</u> <u>Paid</u>
2000 Electric Note Payable	\$ 239,255	\$ -	\$ 20,226	\$ 219,029	\$ 21,279	\$ 13,4
2003 CWRPDA Water Note	658,156	-	39,484	618,671	41,080	25,9
2010 Sewer Revenue Bonds	1,208,000	-	12,612	1,195,388	13,127	48,0
Totals	\$ 2,105,411	\$ -	\$ 72,322	\$ 2,033,088	\$ 75,486	\$ 117,5

**TOWN OF OAK CREEK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

NOTE 5: LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (Continued)

Future payments on long-term debt are scheduled as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 72,213	\$ 87,719	\$ 159,932
2012	75,485	84,446	159,931
2013	78,986	80,946	159,932
2014	82,617	77,315	159,932
2015	86,441	73,491	159,932
2016-2020	473,206	304,171	777,377
2021-2025	284,828	215,491	500,319
2026-2030	120,906	180,177	301,083
2031-2035	151,012	153,048	304,060
2036-2040	184,083	119,977	304,060
2041-2045	224,396	79,664	304,060
2046-2050	271,238	32,822	304,060
Totals	\$ 2,105,411	\$ 1,489,267	\$ 3,594,678

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TOWN OF OAK CREEK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 6: DEFINED CONTRIBUTION PENSION PLAN/DEFERRED COMPENSATION PLAN

Defined Contribution Pension Plan

The Town contributes to the Statewide Defined Benefit Plan (the Benefit Plan), a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Benefit Plan provides retirement benefits for eligible police department employees and beneficiaries. Death and disability coverage is provided for members through the Statewide Death and Disability Plan (the Disability Plan) which is also administered by the Colorado FPPA. All full-time, paid police officers of the Town are members of the Benefit Plan and the 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. Colorado FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Benefit Plan and the Disability Plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111 or by calling Colorado FPPA at 770-3772 in the Denver Metro area, or 1-800-332-FPPA (3772) from outside the metro area.

Members of the Benefit Plan are required to contribute at a rate set by statute. The contribution requirements of plan members and the Town are established under Title 31, Article 30, Part 10 of the CRS, as amended. The contribution rate for members is 8% of covered salary and for the Town is 8% of covered salary of \$58,601. The Town's contributions to the Benefit Plan for the year ending December 31, 2011, 2010 and 2009 were \$4,688, \$4,748, and \$47, respectively, equal to their required contributions. Wage and contribution amounts are presented on the cash basis.

Deferred Compensation Plan

The Town offers its employees a Deferred Compensation Plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to these amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries. The Town has no ownership interest in the Plan nor is the Town liable for any losses under the Plan.

**TOWN OF OAK CREEK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

NOTE 7: COMMITMENTS AND CONTINGENCIES

The Town receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of the Town, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Town at December 31, 2011.

NOTE 8: FUND BALANCE/RETAINED EARNINGS APPROPRIATIONS AND RESTRICTIONS

Tax Spending and Debt Limitations

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado, all local governments, and special districts.

The Town's financial activity for the year ended December 31, 2011 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 1992, revenue in excess of the Town's "spending limit" must be refunded unless voters approve the retaining of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases and new debt.

In November 1998, the electors of the Town authorized the Town to collect, retain and expend the full amount of the revenues from all sources during 1998, as well as the full amount of all revenues generated by all sources for each subsequent year without limitation under Article X, Section 20 of the Colorado Constitution.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. The Town's management believes it is in compliance with the TABOR amendment.

The Article requires an emergency reserve be set aside for 2011 in the amount of 3% or more of its fiscal year spending. At December 31, 2011, the Town has reserved the following for emergencies:

General Fund	<u>\$ 13,000</u>
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TOWN OF OAK CREEK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 9: RISK MANAGEMENT

The Town of Oak Creek, Colorado carries commercial insurance coverage for all foreseeable risks of loss. These include, but are not necessarily limited to, worker's compensation, property and liability, bond, and errors and omissions. The Town's risk of loss transfers to those carriers.

The Town has not materially changed its coverage from previous years. Based on the lack of previous loss occurrences, the Town has not recorded any liability for unpaid claims at December 31, 2011.

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OTHER SUPPLEMENTARY INFORMATION

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TOWN OF OAK CREEK, COLORADO

ELECTRIC FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2011

With Comparative Totals for the Year Ended December 31, 2010

	2011		VARIANCE- FAVORABLE (UNFAVORABLE)	2010 ACTUAL
	FINAL BUDGET	ACTUAL		
OPERATING REVENUES				
Charges for Sales and Services	\$ 723,349	\$ 732,759	\$ 9,410	\$ 699,660
OPERATING EXPENSES				
Personal Services	95,534	90,649	4,885	86,867
Commodity Purchases	394,000	335,646	58,354	330,583
Operating and Maintenance	89,500	75,097	14,403	58,950
Overhead Management Fees	24,342	19,563	4,779	26,995
Capital Outlay	-	-	-	103,499
TOTAL OPERATING EXPENSES	603,376	520,955	82,421	606,894
OPERATING INCOME	119,973	211,804	91,831	92,766
NON-OPERATING REVENUE (EXPENSE)				
Tap Fees	-	-	-	1,000
Debt Service	(40,274)	(40,214)	60	(39,667)
TOTAL NON-OPERATING REVENUE (EXPENSE)	(40,274)	(40,214)	60	(38,667)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	79,699	171,590	91,891	54,099
CONTRIBUTIONS AND TRANSFERS				
Transfers In	30,000	30,000	-	-
NET INCOME (LOSS) - BUDGET BASIS	\$ 109,699	201,590	\$ 91,891	54,099
GAAP BASIS ADJUSTMENTS				
Debt Service Principal		20,226		19,084
Depreciation		(23,635)		(72,203)
TOTAL GAAP BASIS ADJUSTMENTS		(3,409)		(53,119)
NET INCOME - GAAP BASIS		198,181		980
NET ASSETS, Beginning		494,242		493,262
NET ASSETS, Ending		\$ 692,423		\$ 494,242

See the accompanying Independent Auditors' Report.

TOWN OF OAK CREEK, COLORADO

WATER FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2011

With Comparative Totals for the Year Ended December 31, 2010

	2011		VARIANCE- FAVORABLE (UNFAVORABLE)	2010 ACTUAL
	FINAL BUDGET	ACTUAL		
OPERATING REVENUES				
Charges for Sales and Services	\$ 340,954	\$ 335,701	\$ (5,253)	\$ 334,107
OPERATING EXPENSES				
Personal Services	106,327	130,769	(24,442)	87,868
Operating and Maintenance	720,600	67,351	653,249	106,711
Overhead Management Fees	24,342	19,563	4,779	28,603
Capital Outlay	75,000	632,144	(557,144)	43,559
TOTAL OPERATING EXPENSES	926,269	849,827	76,442	266,741
OPERATING INCOME	(585,315)	(514,126)	71,189	67,366
NON-OPERATING REVENUE (EXPENSE)				
Grant Revenue	538,000	616,586	78,586	3,684
Other Revenue	-	2,640	2,640	300
Tap Fees	-	-	-	11,000
Debt Service	(32,510)	(71,994)	(39,484)	(71,446)
TOTAL NON-OPERATING REVENUE (EXPENSE)	505,490	547,232	41,742	(56,462)
NET INCOME (LOSS) - BUDGET BASIS	\$ (79,825)	33,106	\$ 112,931	10,904
GAAP BASIS ADJUSTMENTS				
Capital Outlay		608,587		39,072
Debt Service Principal		39,484		37,951
Depreciation		(80,334)		(73,828)
TOTAL GAAP BASIS ADJUSTMENTS		567,737		3,195
NET INCOME - GAAP BASIS		600,843		14,099
NET ASSETS, Beginning		1,464,997		1,450,898
NET ASSETS, Ending		\$ 2,065,840		\$ 1,464,997

See the accompanying Independent Auditors' Report.

TOWN OF OAK CREEK, COLORADO

SEWER FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2011

With Comparative Totals for the Year Ended December 31, 2010

	2011		VARIANCE- FAVORABLE (UNFAVORABLE)	2010 ACTUAL
	FINAL BUDGET	ACTUAL		
OPERATING REVENUES				
Charges for Sales and Services	\$ 337,589	\$ 330,306	\$ (7,283)	\$ 321,794
OPERATING EXPENSES				
Personal Services	92,205	79,693	12,512	83,703
Operating and Maintenance	129,120	76,724	52,396	25,327
Overhead Management Fees	24,342	19,563	4,779	25,387
Capital Outlay	532,633	285,084	247,549	1,786,693
TOTAL OPERATING EXPENSES	778,300	461,064	317,236	1,921,110
OPERATING INCOME	(440,711)	(130,758)	309,953	(1,599,316)
NON-OPERATING REVENUE (EXPENSE)				
Grant Revenue	495,438	413,415	(82,023)	1,184,213
Interest Income	-	15	15	-
Loan Proceeds	-	-	-	1,963,269
Other Revenue	-	3,034	3,034	3,419
Tap Fees	5,000	-	(5,000)	5,000
Debt Service	(67,386)	(67,198)	188	(1,280,462)
TOTAL NON-OPERATING REVENUE (EXPENSE)	433,052	349,266	(83,786)	1,875,439
NET INCOME (LOSS) - BUDGET BASIS	\$ (7,659)	218,508	\$ 226,167	276,123
GAAP BASIS ADJUSTMENTS				
Capital Outlay		261,857		1,783,238
Loan Proceeds		-		(1,963,269)
Debt Service Principal		12,612		1,252,832
Depreciation		(98,079)		(76,380)
TOTAL GAAP BASIS ADJUSTMENTS		176,390		996,421
NET INCOME - GAAP BASIS		394,898		1,272,544
NET ASSETS, Beginning		3,840,394		2,567,850
NET ASSETS, Ending		\$ 4,235,292		\$ 3,840,394

See the accompanying Independent Auditors' Report.

TOWN OF OAK CREEK, COLORADO

TRASH FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2011

With Comparative Totals for the Year Ended December 31, 2010

	2011		VARIANCE- FAVORABLE (UNFAVORABLE)	2010 ACTUAL
	FINAL BUDGET	ACTUAL		
OPERATING REVENUES				
Charges for Sales and Services	\$ 107,500	\$ 103,442	\$ (4,058)	\$ 102,197
OPERATING EXPENSES				
Personal Services	4,108	4,783	(675)	4,307
Operating and Maintenance	98,500	98,126	374	94,502
Overhead Management Fees	4,341	1,948	2,393	3,032
TOTAL OPERATING EXPENSES	106,949	104,857	2,092	101,841
OPERATING INCOME	551	(1,415)	(1,966)	356
NON-OPERATING REVENUE (EXPENSE)				
Other Revenue	-	230	230	-
NET INCOME (LOSS) - BUDGET BASIS	\$ 551	(1,185)	\$ (1,736)	356
NET ASSETS, Beginning		15,626		15,270
NET ASSETS, Ending		\$ 14,441		\$ 15,626

See the accompanying Independent Auditors' Report.

STATE REQUIRED REPORT SECTION

Draft

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

LOCAL HIGHWAY FINANCE REPORT		City or County:	Town of Oak Creek
		YEAR ENDING :	December 2011
This Information From The Records Of (example - City of _ or County of Town of Oak Creek)		Prepared By:	Sandra Jacobs
		Phone:	970-736-2422

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	41,331
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	34,409	b. Snow and ice removal	41,331
3. Other local imposts (from page 2)	45,516	c. Other	
4. Miscellaneous local receipts (from page 2)	1,333	d. Total (a. through c.)	41,331
5. Transfers from toll facilities		4. General administration & miscellaneous	12,040
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	94,702
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)	81,258	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government		2. Notes:	
(from page 2)	33,167	a. Interest	2,188
D. Receipts from Federal Government		b. Redemption	17,535
(from page 2)	0	c. Total (a. + b.)	19,723
E. Total receipts (A.7 + B + C + D)	114,425	3. Total (1.c + 2.c)	19,723
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			114,425

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)	53,613		17,535	36,078

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	114,425	114,425		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2011

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	1,333
1. Sales Taxes	37,125	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	8,391	g. Other Misc. Receipts	
6. Total (1. through 5.)	45,516	h. Other	
c. Total (a. + b.)	45,516	i. Total (a. through h.)	1,333
	(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	29,112	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	4,055	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	4,055	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	33,167	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments:

SINGLE AUDIT

Draft

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Trustees
Town of Oak Creek
Oak Creek, Colorado

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Oak Creek, Colorado (the "Town") as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management, Board of Trustees, others within the entity, and the U.S. Departments of Housing and Urban Development and the U.S. Department of Agriculture and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Holscher, Mayberry + Company, LLC

Englewood, Colorado
June 7, 2012

Draft

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Town Council
Town of Englewood
Englewood, Colorado

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the Town of Englewood, Colorado's, (the "Town") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2011. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use of management, Town Council, others within the entity, and the U.S. Departments of Justice and Health and Human Services and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Holscher, Mayberry + Company, LLC

Englewood, Colorado
June 7, 2012

Draft

TOWN OF OAK CREEK, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2011

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x no

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x no

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes x no

Identification of major programs:

- 14.228 Community Development Block Grant – State Administered
- 10.770 Water and Waste Disposal Loans and Grants

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

Auditee qualified as low-risk auditee? _____ yes x no

TOWN OF OAK CREEK, COLORADO

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2011**

II - Findings relating to the financial statement audit as required to be reported in accordance with generally accepted government auditing standards

A. Material Weaknesses in Internal Control

The audit of the financial statements of the Town of Oak Creek, Colorado, as of and for the year ended December 31, 2011, did not disclose any material weaknesses or significant deficiencies in internal controls.

B. Compliance Findings

The audit of the financial statements of the Town of Oak Creek, Colorado, as of and for the year ended December 31, 2011, did not disclose any instances of noncompliance with requirements with certain provisions of laws, regulations, and grants that were material to those financial statements.

III - Findings and Questioned Costs for Federal Awards

A. Material Weaknesses in Internal Control

The audit of the federal awards of the Town of Oak Creek, Colorado, as of and for the year ended December 31, 2011, did not disclose any material weaknesses or significant deficiencies in internal controls over the accounting for federal awards.

B. Compliance Findings

The audit of the federal awards of the Town of Oak Creek, Colorado, as of and for the year ended December 31, 2011, did not disclose any instances of noncompliance with requirements with certain provisions of laws, regulations, and grants that were material to those federal awards