

*Michael C. Branch*  
*Certified Public Accountant*  
*P.O. Box 1333*  
*482 Lewis Street*  
*Pagosa Springs, CO 81147*  

---

*(970) 264-2135*

TOWN OF BAYFIELD, COLORADO

REPORT OF EXAMINATION AND  
FINANCIAL STATEMENTS

DECEMBER 31, 2009

TOWN OF BAYFIELD, COLORADO

REPORT OF EXAMINATION AND  
FINANCIAL STATEMENTS

DECEMBER 31, 2009

TOWN OF BAYFIELD, COLORADO  
Table of Contents  
December 31, 2009

	Page No.
Independent Auditor's Report	1
Management's Discussion and Analysis	2-5
Basic Financial Statements:	
Statement of Net Assets	6 -
Statement of Activities	7
Balance Sheet Government Funds	8
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund	12
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual Capital Improvement Fund	13
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Conservation Trust Fund	14
Proprietary Funds Statement of Net Assets	15 -
Proprietary Funds Statement of Revenue, Expenses and Changes in Nets Assets	16
Proprietary Funds Statement of Cash Flows	17
Proprietary Funds Combining Statement of Cash Flows	18
Notes to Financial Statements	19-32
Supplemental Information:	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds	33
Combining Balance Sheet – Other Governmental Funds	34
Schedule of Revenue, Expenditures and Changes in Fund Balance Budget and Actual Building Fund	35
Schedules of Revenue, Expenditures and Changes in Fund Balance- Budget and Actual Police Fund	36
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual Debt Service Fund	37 -

TOWN OF BAYFIELD, COLORADO  
Table of Contents  
December 31, 2009

Statement of Revenue, Expenses and Changes in Net Assets Budget and Actual (NON-GAAP) Water Enterprise Fund	38
Statement of Revenue, Expenses and Changes in Net Assets Budget and Actual (NON-GAAP) Garbage Enterprise Fund	39
Statement of Revenue, Expenses and Changes in Net Assets Budget and Actual (NON-GAAP) Sewer Enterprise Fund	40
Other Information	
Counties, Cities and Town Annual Statement of Receipts and Expenditures for Roads, Bridges and Streets	41-42

*Michael C. Branch*  
*Certified Public Accountant*  
*P.O. Box 1333*  
*482 Lewis Street*  
*Pagosa Springs, CO 8147*  

---

*(970) 264-2135*

INDEPENDENT AUDITORS' REPORT

The Mayor and Board of Trustees  
Town of Bayfield  
Bayfield, Colorado 81122

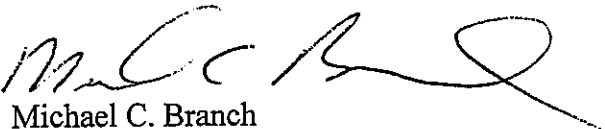
I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bayfield, Colorado as of and for the year ended December 31, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Bayfield, Colorado, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis beginning on page 2 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. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Local Highway Finance Report, the combining nonmajor fund financial statements, and the budgetary comparison schedules for the Building Fund, Conservation Trust Fund, Debt Service Fund, Water Fund, Garbage Fund, Sanitation fund and Capital Projects Fund are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
Michael C. Branch  
Certified Public Accountant  
May 5, 2010

Management's Discussion and Analysis

# TOWN OF BAYFIELD

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Town of Bayfield's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year, which ended December 31, 2009. Please read it in conjunction with the Town's financial statements, which follow this section.

### Financial Highlights

2009 was an active year despite the economic recession. The Town's general fund had estimated expenditures of approximately \$1.8 million, which is an increase of about \$100k from 2008. The increased expenditures were supported with an adjustment to the allocation of sales tax between the General Fund and Capital Fund. The Town increased the allocation of both City and County sales tax collections to the General Fund by 5%. The Town decreased the allocation of both City and County sales tax in the Capital Fund by 5%. The shift in sales tax allocation reflects diminishing capital project activity and increasing operations needs. The shift in sales tax allocation also augmented some of the reduction in overall sales tax collections due to economic recession. Staff levels remained very similar in 2009 compared to 2008.

The Town completed various capital projects including a \$7.6 million sewer plant that began in late 2008; an \$80k metal storage building for public works equipment, a \$60k recycling drop off center and nearly \$300k in park improvements. The Town also invested approximately \$90k in the purchase of a new backhoe and \$61k in a new plow truck.

Services offered to residents were similar in 2009 compared to 2008. However, the Town began operations of a Senior Center in January 2009. The Senior Center provides numerous services to seniors including a nutrition program twice per week, weekly exercise programs, weekly disease management programs and periodic field trips and special events. The Senior Center operations were supported in part by grants received from the Colorado Health Foundation. Other adjustments to regular services were made toward the end of 2009 when revenues began to decline rapidly as a result of economic recession. Examples of services that were reduced include street striping, turf fertilizing and watering and some facility cleaning.

Development was slow in 2009. The Town did not have any significant subdivision applications. The Town issued more building permits in 2009 compared to 2008 but the 2009 figures are still down compared to any year between 2004 and 2007.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts — *management's discussion and analysis* (this section), and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the Town's:

The first two statements are *government-wide financial statements* that provide both *long-term* 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 government, reporting the Town's operations in more detail than the government-wide statements.

*The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending. Governmental funds include the General and Conservation Trust Fund.

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

### Town-wide Statements

The Town-wide statements report information about the Town as a whole using accounting methods similar to those used by private companies. The statement of net assets includes all of the Town'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 Town-wide statements report the Town's net assets and how they have changed. Net assets, the difference between the Town's assets and liabilities are one way to measure the Town's financial health or *position*.

Over time, increases or decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the Town, one needs to consider additional non-financial factors such as changes in the Town's tax base, and the condition of the Town buildings along with major capital improvements.

The Town-wide financial statements of the Town include all of the *Governmental activities*. Most of the Town's basic services are included here. Sales taxes finance most of these activities.



## Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant *fund* — not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by State law and by bond covenants.

The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Town has the following funds:

*Governmental funds* — All of the Town's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

### FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Total net assets increased by \$2,633,593. Cash decreased \$3,856,329 because of the three major construction projects

The Town's total governmental revenues were \$2,939,399. Over 39% the Town's revenues came from sales taxes.

### Governmental Activities

Property tax revenues remained about the same as the previous year because assessed valuation remained the same.

### General Fund Budgetary Highlights

Actual expenditures (including reserves) were \$1,255,088 below budget amounts. Actual revenues received exceeded budgeted amounts.

### CAPITAL ASSETS

At the end of 2009, the Town had invested in a broad range of capital assets, including land, equipment and buildings.

(See table on following page)

### Town's Capital Assets

Land	\$ 850,366
Buildings	6,367,990
Infra structure	4,858,624
Equipment and Vehicles	557,266
Work in Progress	1,018,822
Water System	5,083,023
Sewer System	<u>10,438,530</u>
Total	29,174,681
Less Accumulated Depreciation	(3,448,279)
Net Capital Assets	\$25,726,402

### CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's 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 Town's Management.

## Basic Financial Statements

TOWN OF BAYFIELD  
Statement of Net Assets  
December 31, 2009

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Current Assets			
Cash	\$ 1,867,168	\$ 762,838	\$ 2,630,006
Cash held by treasurer	1,004		1,004
Receivables	535,609	194,998	730,607
Due from other funds	132,000		132,000
Total current assets	<u>2,535,781</u>	<u>957,836</u>	<u>3,493,617</u>
Capital Assets (net of depreciation)	<u>11,823,100</u>	<u>13,903,302</u>	<u>25,726,402</u>
Total Assets	\$ 14,358,881	\$ 14,861,138	\$ 29,220,019
<b>LIABILITIES</b>			
Accounts and other payables	\$ 146,657	\$ 68,912	\$ 215,569
Due other funds		132,000	132,000
Deferred revenue	249,009	44,842	293,851
Current portion of debt	275,241	220,423	495,664
Total Current Liabilities	<u>670,907</u>	<u>466,177</u>	<u>1,137,084</u>
Bond Premium		191,877	191,877
Long term debt	<u>2,644,397</u>	<u>4,883,358</u>	<u>7,527,755</u>
Total Liabilities	\$ 3,315,304	\$ 5,541,412	\$ 8,856,716
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	\$ 8,903,462	\$ 8,607,644	\$ 17,511,106
Restricted for emergencies	82,831		82,831
Reserved for debt service	38,662		38,662
Designated for capital projects	1,209,670		1,209,670
Unrestricted	<u>808,952</u>	<u>712,082</u>	<u>1,521,034</u>
Total Net Assets	\$ <u>11,043,577</u>	\$ <u>9,319,726</u>	\$ <u>20,363,303</u>

See accompanying notes

TOWN OF BAYFIELD  
Statement of Activities  
For the Year Ended December 31, 2009

Functions/Programs	Program Revenues		Net (Expense) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>					
General Government	\$ (695,609)	\$ 194,259	\$ (501,350)	\$	\$ (501,350)
Public safety	(505,225)		(505,225)		(505,225)
Public works	(494,466)		(494,466)		(494,466)
Parks and Recreation	(281,074)		(281,074)		(281,074)
<b>Total</b>	<u>(1,976,374)</u>	<u>194,259</u>	<u>(1,782,115)</u>		<u>(1,782,115)</u>
<b>Business-type Activities:</b>					
Enterprise funds	(1,102,154)	1,106,761		4,607	4,607
<b>Total</b>	<u>(1,102,154)</u>	<u>1,106,761</u>		<u>4,607</u>	<u>4,607</u>
<b>Governmental and Business-Type Activities Totals</b>	<u>\$ (3,078,528)</u>	<u>\$ 1,301,020</u>	<u>\$ (1,782,115)</u>	<u>\$ 4,607</u>	<u>\$ (1,777,508)</u>
<b>General revenues:</b>					
Taxes			1,579,910		1,579,910
Grants & Intergovernmental			944,277	1,589,873	2,534,150
Interest expense			(157,298)	(194,633)	(351,931)
Tap fees				412,206	412,206
Interest and Other			220,955	13,867	234,822
<b>Total General Revenues</b>			<u>2,587,844</u>	<u>1,821,313</u>	<u>4,409,157</u>
Changes in net assets			805,729	1,825,920	2,631,649
Net assets, Dec. 31, 2008			<u>10,237,848</u>	<u>7,493,806</u>	<u>17,731,654</u>
Net assets, Dec. 31, 2009			<u>\$ 11,043,577</u>	<u>\$ 9,319,726</u>	<u>\$ 20,363,303</u>

See accompanying notes

TOWN OF BAYFIELD, COLORADO  
Balance Sheet  
Governmental Funds  
December 31, 2009

ASSETS:	General	Capital Projects	Conservation Trust	Other	Totals
Cash deposits	\$ 909,580	\$ 1,035,016	\$ (119,015)	\$ 41,587	\$ 1,867,168
Cash with treasurer	1,004				1,004
Property taxes receivable	249,009				249,009
Receivables	115,710	71,260	99,630		286,600
Due from other funds		132,000			132,000
<b>TOTAL ASSETS</b>	<b>\$ 1,275,303</b>	<b>\$ 1,238,276</b>	<b>\$ (19,385)</b>	<b>\$ 41,587</b>	<b>\$ 2,535,781</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 94,909		\$ 5,580		\$ 100,489
Accrued expenses	42,527		3,641		46,168
Deferred revenue	249,009				249,009
<b>TOTAL LIABILITIES</b>	<b>386,445</b>		<b>9,221</b>		<b>395,666</b>
<b>FUND BALANCE:</b>					
Designated reserve for capital projects		1,238,276	(28,606)		1,209,670
Reserved for debt service				38,662	38,662
Reserved for emergencies	82,831				82,831
Undesignated for future expenditures	806,027			2,925	808,952
<b>TOTAL FUND EQUITY</b>	<b>888,858</b>	<b>1,238,276</b>	<b>(28,606)</b>	<b>41,587</b>	<b>2,140,115</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 1,275,303</b>	<b>\$ 1,238,276</b>	<b>\$ (19,385)</b>	<b>\$ 41,587</b>	<b>\$ 2,535,781</b>

See accompanying notes

TOWN OF BAYFIELD  
 Reconciliation of The Governmental Funds Balance Sheet to  
 The Statement of Net Assets  
 For the Year Ended December 31, 2009

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

Total fund balance - governmental funds	\$ 2,140,115
---	--------------

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

	12,775,424	
The cost of capital assets is	(952,324)	
Accumulated depreciation is	<u>          </u>	
		11,823,100

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consists of:

Long Term Liability	<u>(2,919,638)</u>
---------------------	--------------------

Total net assets - governmental activities	\$ <u>11,043,577</u>
--	----------------------

See accompanying notes

TOWN OF BAYFIELD, COLORADO  
Statement of Revenues, Expenditures and  
Change in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2009

	Governmental Funds				Total Governmental Funds
	General	Capital Projects	Conservation Trust	Other	
REVENUES:					
Taxes	\$ 987,639	\$ 439,684	\$	\$ 152,587	\$ 1,579,910
Licenses and Permits	84,992				84,992
Intergovernmental	212,185	509,357	222,735		944,277
Charges for Services or Rent	9,255	34,580	53,271		97,106
Fines and Forfeits	12,160				12,160
Miscellaneous and Interest	106,997	71,742	41,544	671	220,954
<b>TOTAL REVENUE</b>	<b>1,413,228</b>	<b>1,055,363</b>	<b>317,550</b>	<b>153,258</b>	<b>2,939,399</b>
EXPENDITURES:					
Current					
General Government	551,717			2,855	554,572
Public Safety	505,225				505,225
Public Works	216,269	76,591			292,860
Culture, Recreation and Conservation	31,105		281,074		312,179
Debt Service		278,717		165,325	444,042
Capital Outlay		532,333	285,138		817,471
<b>TOTAL EXPENDITURES</b>	<b>1,304,316</b>	<b>887,641</b>	<b>566,212</b>	<b>168,180</b>	<b>2,926,349</b>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	108,912	167,722	(248,662)	(14,922)	13,050
OTHER FINANCING SOURCES (USES):					
Transfers from Other Funds		20	175,000	1,550	176,570
Transfers to Other Funds	(51,550)	(125,000)		(20)	(176,570)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(51,550)</b>	<b>(124,980)</b>	<b>175,000</b>	<b>1,530</b>	<b>-</b>
EXCESS (DEFICIT) OF REVENUE AND OTHER SOURCES	57,362	42,742	(73,662)	(13,392)	13,050
FUND BALANCE, JANUARY 1	831,496	1,195,534	45,056	54,979	2,127,065
FUND BALANCE, DECEMBER 31	\$ 888,858	\$ 1,238,276	\$ (28,606)	\$ 41,587	\$ 2,140,115

See accompanying notes



TOWN OF BAYFIELD  
Reconciliation of the Statement of Revenues, Expenditures and Changes  
In Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2009

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

Net change in fund balances – total government funds \$ 13,050

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 505,935

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 286,744

Change in net assets of governmental activities \$ 807,670

TOWN OF BAYFIELD, COLORADO  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
For Year Ended December 31, 2009

REVENUES:	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Taxes	\$ 1,082,778	\$ 1,028,151	\$ 987,639	\$ (40,512)
Licenses and Permits	62,105	81,710	84,992	3,282
Intergovernmental	172,000	209,582	212,185	2,603
Charges for Services	8,900	4,700	9,255	4,555
Fines and Forfeits	15,000	10,000	12,160	2,160
Miscellaneous	126,400	429,760	106,997	(322,763)
<b>Total Revenues</b>	<b>1,467,183</b>	<b>1,763,903</b>	<b>1,413,228</b>	<b>(350,675)</b>
<b>EXPENDITURES:</b>				
Current				
General Government	717,911	694,474	551,717	142,757
Public Safety	521,620	522,672	505,225	17,447
Public Works	468,534	480,558	216,269	264,289
Culture, Recreation and Conservation	35,667	35,207	31,105	4,102
<b>Total Expenditures</b>	<b>1,743,732</b>	<b>1,732,911</b>	<b>1,304,316</b>	<b>428,595</b>
Excess of revenues over (under) expenditures	(276,549)	30,992	108,912	77,920
Other Financing Sources (Uses):				
Transfers to Other Funds	(90,000)	(91,550)	(51,550)	40,000
<b>Total Other Financing Sources (Uses)</b>	<b>(90,000)</b>	<b>(91,550)</b>	<b>(51,550)</b>	<b>40,000</b>
Excess (Deficit) of Revenue and Other Sources Over Expenditures and Other Uses	(366,549)	(60,558)	57,362	117,920
Fund Balance, January 1	831,496	831,496	831,496	
Fund Balance, December 31	\$ <u>464,947</u>	\$ <u>770,938</u>	\$ <u>888,858</u>	\$ <u>117,920</u>

See accompanying notes

TOWN OF BAYFIELD, COLORADO  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Capital Improvement Fund  
December 31, 2009

REVENUE	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Taxes	\$ 478,500	\$ 426,482	\$ 439,684	\$ 13,202
Grants	85,000	467,850	509,357	41,507
Miscellaneous	37,000	109,000	106,322	(2,678)
<b>Total Revenue</b>	<u>600,500</u>	<u>1,003,332</u>	<u>1,055,363</u>	<u>52,031</u>
<b>EXPENDITURES</b>				
Capital outlay	468,000	721,000	532,333	188,667
Administration			76,591	(76,591)
Debt Service		283,000	278,717	4,283
<b>Total Expenditures</b>	<u>468,000</u>	<u>1,004,000</u>	<u>887,641</u>	<u>116,359</u>
Excess of Revenues over (under) Expenditures	<u>132,500</u>	<u>(668)</u>	<u>167,722</u>	<u>168,390</u>
Other Financing Sources (Uses):				
Loan Proceeds	41,000	41,000		(41,000)
Transfers to Other Funds	(125,000)	(125,000)	(125,000)	
Transfers from Other Funds	313,634	313,634	20	(313,614)
<b>Total Other Financing Sources (Uses)</b>	<u>229,634</u>	<u>229,634</u>	<u>(124,980)</u>	<u>(354,614)</u>
Excess (Deficit) of Revenue and Other Sources Over Expenditures and Other Uses	<u>362,134</u>	<u>228,966</u>	<u>42,742</u>	<u>(186,224)</u>
Fund Balance, January 1	1,195,534	1,195,534	1,195,534	
Fund Balance December 31	<u>\$ 1,557,668</u>	<u>\$ 1,424,500</u>	<u>\$ 1,238,276</u>	<u>\$ (186,224)</u>

See accompanying notes

TOWN OF BAYFIELD, COLORADO  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Conservation Trust Fund  
December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Lottery	\$ 17,000	\$ 17,000	\$ 18,290	\$ 1,290
Charges for services	35,650	49,258	53,271	4,013
Grants	<u>386,400</u>	<u>310,422</u>	<u>245,989</u>	<u>(64,433)</u>
Total Revenue	<u>439,050</u>	<u>376,680</u>	<u>317,550</u>	<u>(59,130)</u>
Expenditures				
Capital outlay	375,000	315,000	285,138	29,862
Culture, Recreation and Conservation	<u>320,750</u>	<u>290,978</u>	<u>281,074</u>	<u>9,904</u>
Total Expenditures	<u>695,750</u>	<u>605,978</u>	<u>566,212</u>	<u>39,766</u>
Excess of Revenues over (under) Expenditures	<u>(256,700)</u>	<u>(229,298)</u>	<u>(248,662)</u>	<u>(19,364)</u>
Other Financing Sources (Uses):				
Transfers from Other Funds	<u>215,000</u>	<u>215,000</u>	<u>175,000</u>	<u>(40,000)</u>
Total Other Financing Sources (Uses)	<u>215,000</u>	<u>215,000</u>	<u>175,000</u>	<u>(40,000)</u>
Excess (Deficit) of Revenue and Other Sources Over Expenditures and Other Uses	<u>(41,700)</u>	<u>(14,298)</u>	<u>(73,662)</u>	<u>(59,364)</u>
Fund Balance, January 1	<u>45,056</u>	<u>45,056</u>	<u>45,056</u>	<u>-</u>
Fund Balance December 31	<u>\$ 3,356</u>	<u>\$ 30,758</u>	<u>\$ (28,606)</u>	<u>\$ (59,364)</u>

See accompanying notes

TOWN OF BAYFIELD, COLORADO  
 Proprietary Funds  
 Statement of Net Assets  
 December 31, 2009

	Business-Type Activities Enterprise Funds			Totals
	Water Fund	Sewer Fund	Garbage Fund	
<b>ASSETS:</b>				
Cash	\$ 610,087	\$ 106,200	\$ 46,551	\$ 762,838
Accounts and Grants Receivable	14,883	176,045	4,070	194,998
Property and Equipment (Net)	<u>4,079,965</u>	<u>9,823,337</u>		<u>13,903,302</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,704,935</u>	<u>\$ 10,105,582</u>	<u>\$ 50,621</u>	<u>\$ 14,861,138</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES:</b>				
Payables and Accrued Expenses	\$ 64,042	\$ 4,870		\$ 68,912
Due to Other Funds	132,000			132,000
Bonds Payable Current	30,423	190,000		220,423
Deferred Revenue		<u>44,842</u>		<u>44,842</u>
Current Liabilities	226,465	239,712		466,177
Bond Premium		191,877		191,877
Long Term Debt	<u>303,358</u>	<u>4,580,000</u>		<u>4,883,358</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 529,823</u>	<u>\$ 5,011,589</u>	<u>\$</u>	<u>\$ 5,541,412</u>
<b>NET ASSETS</b>				
Invested in Net Assets, Net of related debt	\$ 3,746,184	\$ 4,861,460		\$ 8,607,644
Unrestricted	<u>428,928</u>	<u>232,533</u>	<u>50,621</u>	<u>712,082</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 4,175,112</u>	<u>\$ 5,093,993</u>	<u>\$ 50,621</u>	<u>\$ 9,319,726</u>

See accompanying notes

TOWN OF BAYFIELD, COLORADO  
Proprietary Funds  
Statement of Revenue  
Expenses and Changes in Net Assets  
December 31, 2009

	Business-Type Activities Enterprise Fund			Totals
	Water Fund	Sewer Fund	Garbage Fund	
OPERATING REVENUE:				
Sales	\$ 479,143	\$ 511,307	\$ 107,773	\$ 1,098,223
Other	932	7,606		8,538
<b>TOTAL OPERATING REVENUE</b>	<b>480,075</b>	<b>518,913</b>	<b>107,773</b>	<b>1,106,761</b>
OPERATING EXPENSES:				
Water Production	170,105			170,105
Garbage			93,839	93,839
Sewer Treatment		123,349		123,349
Depreciation	144,937	169,623		314,560
Administrative and Wages	177,061	218,900	4,340	400,301
<b>TOTAL OPERATING EXPENSES</b>	<b>492,103</b>	<b>511,872</b>	<b>98,179</b>	<b>1,102,154</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(12,028)</b>	<b>7,041</b>	<b>9,594</b>	<b>4,607</b>
NON-OPERATING REVENUE (EXPENSES):				
Interest Income and Premium Amortization	1,851	12,016		13,867
Interest Expense	(16,919)	(177,714)		(194,633)
Tap Fees	152,406	259,800		412,206
Grants	137,150	1,452,723		1,589,873
<b>Total Non-Operating Revenue and Expenses</b>	<b>274,488</b>	<b>1,546,825</b>		<b>1,821,313</b>
<b>Change in Net Assets</b>	<b>262,460</b>	<b>1,553,866</b>	<b>9,594</b>	<b>1,825,920</b>
Net Assets - Beginning of Year	3,912,652	3,540,127	41,027	7,493,806
Net Assets - End of Year	<u>\$ 4,175,112</u>	<u>\$ 5,093,993</u>	<u>\$ 50,621</u>	<u>\$ 9,319,726</u>

See accompanying notes

TOWN OF BAYFIELD, COLORADO  
Proprietary Funds  
Statement of Cash Flows  
For the Year Ended December 31, 2009

	Business-type Activities Enterprise Fund			Totals
	Water Fund	Sewer Fund	Garbage Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 504,841	507,273	\$ 113,887	\$ 1,126,001
Cash Paid for Expenses	(347,166)	(297,407)	(98,179)	(742,752)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>157,675</b>	<b>209,866</b>	<b>15,708</b>	<b>383,249</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Payment of Interest on Revenue Bonds	(16,919)	(177,714)		(194,633)
Net Change in Loans	(49,053)	(5,000)		(54,053)
Tap Fees	152,406	259,800		412,206
Grants	137,150	1,294,762		1,431,912
Purchase of Fixed Assets	(86,800)	(4,945,201)		(5,032,001)
<b>CASH FLOWS FROM (USED) IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>136,784</b>	<b>(3,573,353)</b>		<b>(3,436,569)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Received on Cash Deposits	1,851	1,148		2,999
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>1,851</b>	<b>1,148</b>		<b>2,999</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>296,310</b>	<b>(3,362,339)</b>	<b>15,708</b>	<b>(3,050,321)</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of Year	313,777	3,468,539	30,843	3,813,159
End of Year	\$ 610,087	\$ 106,200	\$ 46,551	\$ 762,838

See accompanying notes

TOWN OF BAYFIELD, COLORADO  
 Proprietary Funds  
 Combining Statement of Cash Flows  
 For the Year Ended December 31, 2009

(continued)

RECONCILIATION OF OPERATING INCOME TO NET CASH  
 PROVIDED BY OPERATING ACTIVITIES

	Water	Sewer	Garbage	Totals
Operating Income (Loss)	\$ (12,028)	\$ 7,041	\$ 9,594	\$ 4,607
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	144,937	169,623		314,560
Increase in Deferred Revenue		44,842		44,842
(Increase) Decrease in Accounts Receivable	24,766	(11,640)	6,114	19,240
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 157,675	\$ 209,866	\$ 15,708	\$ 383,249

See accompanying notes



Notes to the Financial Statement

TOWN OF BAYFIELD, COLORADO  
Notes to Financial Statements  
December 31, 2009

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Bayfield, Colorado operates under the statutes governing municipalities of the State of Colorado. The Town operates under a Board form of government and provides the following services as authorized by State statutes: highway and streets, culture-recreation, public improvements, public safety (police), planning and zoning and general administrative services.

The accounting policies of the Town of Bayfield, Colorado conform to generally accepted accounting principles. The following is a summary of such significant policies:

Principles Determining Scope of Reporting Entity

The Town's combined financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board's (GASB) Codification of Government Accounting and Financial Reporting Standards, include whether:

the organization is legally separate; the Town holds the corporate powers of the organization; the Town appoints a voting majority of the organization's board; the Town is able to impose its will on the organization; the organization has the potential to impose a financial benefit/burden on the Town; there is fiscal dependency by the organization on the Town. Based on the aforementioned criteria, the Town of Bayfield has no component units.

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Town reports the following major governmental funds:

**General Fund-** The General Fund is the Town's primary operating fund. It accounts for all financial resources of the Town except those required legally or by sound financial management to be accounted for in another fund.

**Capital Projects Fund-**The Capital Projects Fund is used to account for acquisition or construction of major capital facilities (other than those belonging to enterprise funds).

**Conservation Trust Fund-**The Conservation Trust Fund accounts for activities in parks and recreation.

The Town reports the following major proprietary funds:

**Water Fund -**The Water Fund accounts for all financial activities associated with the Town's water system.

**Garbage Fund -**The Garbage Fund accounts for garbage collection.

**Sewer Fund-**The Sewer Fund accounts for financial activities in the sanitation department.

TOWN OF BAYFIELD, COLORADO  
Notes to Financial Statements  
December 31, 2009

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statements Presentations

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurements focus and the accrual basis of accounting, as are the proprietary fund statements.

Revenues are recorded when earned and expenses are recorded when a 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.

As a general rule the effect of Interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary 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's has elected not to follow subsequent private-sector guidance.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

All governmental fund types used the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Property and specific ownership taxes are reported as receivables and deferred revenue when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements are met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due. Certain sick and retirement pay which are accounted for as expenditures when expected to be liquidated with expendable financial resources.

The proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

TOWN OF BAYFIELD, COLORADO  
Notes to Financial Statements  
December 31, 2009

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentations  
(continued)

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

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

Budgets and Budgetary Accounting

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

- (1) In accordance with the State statutes, prior to September 1, the Town Clerk submits to the Town Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. The State statutes require more detailed line item budgets be submitted in summary form. In addition, more detailed line item budgets are included for administration control. The level of control for the detailed budgets is at the department head function level.
- (2) Public hearings are conducted to obtain taxpayer comment.
- (3) Prior to December 31, the budget is legally adopted through passage of a resolution.
- (4) The Town Clerk is required to present a monthly report to the Town Board explaining any variance from the approved budget.
- (5) Formal budgetary integration is employed as a management control device during the year for all funds of the Town of Bayfield.
- (6) Budgets for the General, Debt Service, Capital Projects, Special Revenue Funds and Fiduciary Funds are adopted on a cash basis.
- (7) Colorado state statutes require the adoption of a budget for proprietary funds. The budgets for Water Enterprise Fund, Sewer Fund and Garbage Enterprise Fund are prepared essentially on the modified accrual basis of accounting. This basis of accounting is at variance with generally accepted accounting principles for proprietary fund types.
- (8) Appropriations lapse at the end of each calendar year.
- (9) The Town Board may authorize supplemental appropriations during the year.

TOWN OF BAYFIELD, COLORADO  
Notes to Financial Statements  
December 31, 2009

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint Ventures

The Town of Bayfield participates in special purpose joint ventures, which are not part of the Town's reporting entity.

Colorado Intergovernmental Risk-Sharing Agency

The Town of Bayfield is one of 98 local governments, which are members of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is an organization created in 1982 by an intergovernmental agreement solely to provide property and casualty coverage to its members. Coverage is provided through pooling of self-insured losses and the purchase of stop-loss insurance coverage. In 1987, CIRSA/WC was formed as a separate pool by intergovernmental agreement to provide coverage to its members under the Colorado Workmen's Compensation Act. Both CIRSA and CIRSA/WC are governed by a seven-member board elected by and from its members. The governing board is autonomous as to budgeting and fiscal matters.

Restricted Assets

These assets consist of cash and short-term investments restricted for Sales Tax Revenue, Bond Debt Service, Water Plant Investment Reserves and the Tabor Reserve.

Reserves

The Town records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use.

The following is a list of all reserve accounts used by the Town and a description of each:

Reserved for Bond Debt Service - An account used to segregate a portion of fund balance for debt service resources legally restricted to the payment of long-term debt principal and interest amounts maturing in future years.

Reserved for Emergencies - In compliance with the Tabor Amendment to the Constitution of the State of Colorado, General Fund equity is reserved for future emergencies.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on January 1 and are due and payable February 28 and July 31. All unpaid taxes levied January become delinquent on August 1. Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year-end. Property taxes levied on January 1 are shown as receivable with an offsetting deferred revenue at December 31. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

Cash Deposits and Cash Equivalents

Cash deposits at December 31, 2009, consisted of certificates of deposit with banks and savings and loans and cash in demand deposit accounts. For purposes of the statements of cash flows, the Water and Garbage Funds consider all such highly liquid deposits with an original maturity of less than three months to be cash equivalents.

TOWN OF BAYFIELD, COLORADO  
Notes to Financial Statements  
December 31, 2009

NOTE (2) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between fund balances – total governmental funds and net assets – governmental activities as reported in government-wide statement of net assets. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis of accounting were eliminated from the governmental fund statements during the consolidation of governmental activities.

NOTE (3) CAPITAL ASSETS, DEPRECIATION AND AMORTIZATION

The Town's property, plant equipment and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Town maintains infrastructure asset records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund and combining component unit's financial statements. Donated assets are stated at fair value on the date donated. The Town generally capitalized assets with cost of one thousand or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets including those of component units are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives in years, for depreciable assets are as follows:

Buildings	40
Improvements, other than buildings	2 - 40
Mobile equipment	5 - 30
Furniture, machinery and equipment	5 - 30

Depreciation expense in 2009 was \$311,536 in the General Fund, \$144,937 in the Water Fund and \$169,623 in the Sewer Fund.

TOWN OF BAYFIELD, COLORADO

Notes to Financial Statements

December 31, 2009

NOTE (3) CAPITAL ASSETS, DEPRECIATION AND AMORTIZATION

Governmental Activities

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
<b>Non-depreciable Assets</b>				
Land	\$ 746,600	\$	\$	\$ 746,600
<b>Total Non-depreciable Assets</b>				
<b>Depreciable Assets</b>				
Buildings	5,962,659	171,438		6,134,097
Equipment and vehicles	390,070	122,786		512,856
Infrastructure	4,858,624			4,858,624
Work in Progress		523,247		523,247
<b>Total Depreciable Assets</b>	<u>11,211,353</u>	<u>817,471</u>		<u>12,028,824</u>
<b>Less Accumulated Depreciation</b>				
Buildings	(63,902)	(109,929)		(173,831)
Equipment and vehicles	(143,871)	(71,601)		(215,472)
Infrastructure	(433,015)	(130,006)		(563,021)
<b>Total Accumulated Depreciation</b>	<u>(640,788)</u>	<u>(311,536)</u>		<u>(952,324)</u>
<b>Total Net Assets</b>	<u>\$ 11,317,165</u>	<u>\$ 505,935</u>		<u>\$ 11,823,100</u>

Business-type Activities

A summary of changes in enterprise fund, capitals assets is as follows:

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
<b>Water Fund</b>				
Land	\$ 55,858	\$	\$	\$ 55,858
Work in Progress		86,800		86,800
Building	9,250			9,250
Water System	5,083,023			5,083,023
Vehicles and Equipment	44,410			44,410
<b>Total</b>	<u>5,192,541</u>	<u>86,800</u>		<u>5,279,341</u>
<b>Less Accumulated Depreciation</b>				
	<u>(1,054,439)</u>	<u>(144,937)</u>		<u>(1,199,376)</u>
	<u>\$ 4,138,102</u>	<u>\$ (58,137)</u>		<u>\$ 4,079,965</u>

TOWN OF BAYFIELD, COLORADO  
Notes to Financial Statements  
December 31, 2009

NOTE (3) Capital Assets, Depreciation and Amortization (continued)

Sewer Fund	Balance January 1, 2009	Additions	Payments	Balance December 31, 2009
Land	\$ 47,908	\$	\$	\$ 47,908
Work in Progress		408,835		408,835
Buildings	224,643			224,643
Sewer System	5,902,164	4,536,366		10,438,530
Total Assets	<u>6,174,715</u>	<u>4,945,201</u>		<u>11,119,916</u>
Accumulated Depreciation	<u>(1,126,956)</u>	<u>(169,623)</u>		<u>(1,296,579)</u>
Net Assets	\$ <u>5,047,759</u>	\$ <u>4,775,578</u>	\$	\$ <u>9,823,337</u>

NOTE (4) CHANGES IN LONG - TERM DEBT

Loans consisted of the following at December 31, 2009

Enterprise Fund Debt

Water Loans

Changes in Long Term Debt:

Beginning of Year	Additions	Payments	End of Year
\$ 177,629	\$	\$ 19,475	\$ 158,154
<u>185,070</u>		<u>9,443</u>	<u>175,627</u>
\$ 362,699	\$	\$ 28,918	\$ 333,781

On September 1, 1997, \$350,000 was borrowed from the Colorado Water Resources and Power Development Authority Drinking Water Revolving Fund. The note is payable over 20 years, \$6,819 quarterly, including interest at 4.5%. Balance at December 31, 2009 was \$158,019.

The annual requirements to amortize this debt as of December 31, 2009 is as follows:

	Principal	Interest	Remaining Balance
2010	\$ 20,508	\$ 6,767	\$ 137,511
2011	21,446	5,829	116,065
2012	22,428	4,847	93,637
2013	23,454	3,821	70,183
2014	24,528	2,748	45,655
2015-2016	<u>45,655</u>	<u>1,563</u>	
	\$ 158,019	\$ 25,575	



TOWN OF BAYFIELD, COLORADO  
Notes to Financial Statements  
December 31, 2009

NOTE (4) CHANGES IN LONG - TERM DEBT (continued)

The Water Fund owes the Capital Projects Fund \$132,000 payable up to \$21,000 annually with no interest.

On September 1, 2003, the town received an Energy Mineral Impact Assistance loan in the amount of \$233,000 payable at \$18,697 a year including interest at 5%.

The annual requirements to amortize this debt as of December 31, 2009 is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Remaining Balance</u>
2010	\$ 9,915	\$ 8,781	\$ 165,712
2011	10,411	8,285	155,301
2012	10,931	7,765	144,370
2013	11,478	7,218	132,892
2014	12,052	6,645	120,840
2015-2019	69,924	23,558	50,916
2020-2022	50,916	5,174	
	\$ 175,627	\$ 67,426	

**Loan from Colorado Water and Power Development Authority**

On May 1, 2007, the Sanitation District received a \$4,780,000 loan from the Colorado Water Resources and Power Development Authority for the construction of a new wastewater treatment system. The loan proceeds and obligations under the loan agreement were transferred to the Town of Bayfield on January 1, 2008 under the dissolution agreement of the Sanitation District. The following schedule summarizes the principal, administrative and interest portions of payments due. The final payment is due August 1, 2028.

	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
2010	\$ 190,000	\$ 139,372	\$ 38,240	\$ 367,612
2011	195,000	133,621	38,240	366,861
2012	200,000	127,718	38,240	365,958
2013	205,000	121,663	38,240	364,903
2014	210,000	115,458	38,240	363,698
2015-2019	1,160,000	477,239	191,200	1,828,439
2020-2024	1,345,000	290,763	191,200	1,826,963
2025-2028	1,265,000	80,722	109,940	1,455,662
	\$ 4,770,000	\$ 1,486,556	\$ 683,540	\$ 6,940,096

TOWN OF BAYFIELD, COLORADO  
Notes to Financial Statements  
December 31, 2009

NOTE (4) CHANGES IN LONG - TERM DEBT (continued)

The loan was issued at a premium, which is to be amortized over the life of the debt. The premium amortization results in a decrease in interest expense reported by the Town with each interest payment. The following schedule reflects the amortization schedule for the premium on the loan.

Year	Beginning Balance	Amortization	Ending Balance
2010	\$ 191,877	\$ 10,868	\$ 181,009
2011	181,009	10,868	170,141
2012	170,141	10,868	159,273
2013	159,273	10,868	148,405
2014	148,405	10,868	137,537
2015-2019	137,537	54,340	83,197
2020-2024	83,197	54,340	28,857
2025-2028	28,857	28,857	0

Amortization of the loan premium reduced interest capitalized by \$10,868 in 2009.

	Beginning of Year	Additions	Payments	End of Year
Sewer	\$ 4,775,000	\$	\$ \$ 5,000	\$ 4,770,000

**GENERAL FUND DEBT**

Changes in Long-term Debt:

	Beginning of Year	Additions	Payments	End of year
Special Reserve Bonds	\$ 1,185,000	\$	\$ \$ 100,000	\$ 1,085,000

On April 1, 2001, the Town of Bayfield issued \$1,700,000 in special revenue bonds payable solely from the assessments levied on the property within the Town. These bonds are at an interest rate of 5.5% and are payable as follows:

July 1	Principal	Interest	Remaining Balance
2010	\$ 80,000	\$ 59,675	\$ 1,005,000
2011	85,000	55,275	920,000
2012	90,000	50,600	830,000
2013	95,000	45,650	735,000
2014	100,000	40,425	635,000
2015-2019	590,000	113,300	45,000
2020	45,000	2,475	
	\$1,085,000	\$367,400	