



TOWN BOARD WORK SESSION

June 17, 2013 – 6:00 P.M.

301 Walnut Street, Town Board Chambers, Windsor, CO 80550

The Town of Windsor will make reasonable accommodations for access to Town services, programs, and activities and will make special communication arrangements for persons with disabilities. Please call (970) 674-2400 by noon on the Thursday prior to the meeting to make arrangements.

GOAL of this Work Session is to have the Town Board receive information on topics of Town business from the Town Manager, Town Attorney and Town staff in order to exchange ideas and opinions regarding these topics.

Members of the public in attendance who have a question related to an agenda item are requested to allow the Town Board to discuss the topic and then be recognized by the Mayor prior to asking their question.

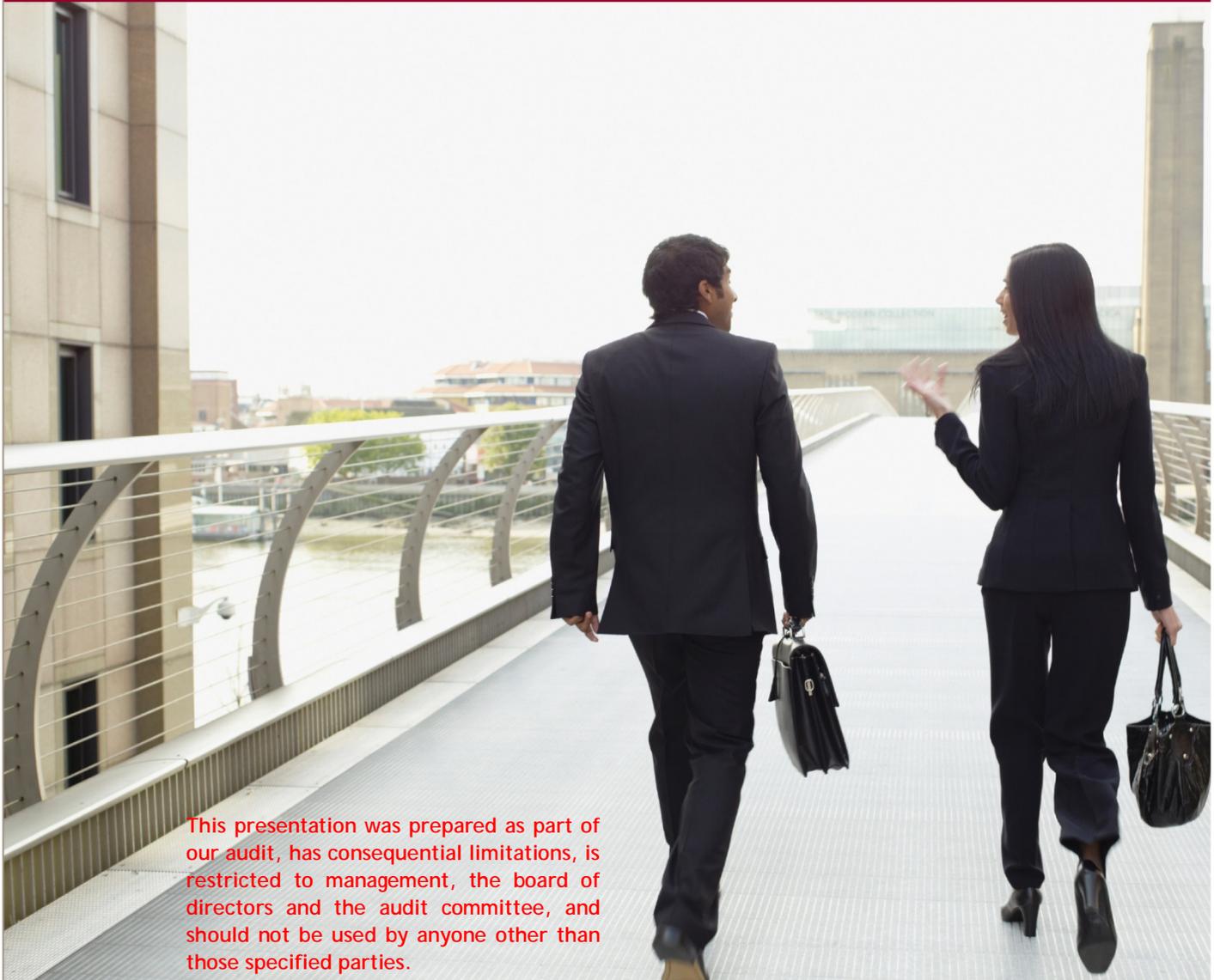
AGENDA

1. 2012 Audit Report Presentation – D. Moyer
2. Economic Development Update – S. Johnson
No documents included in packet
3. Future Meetings Agenda

Town of Windsor, Colorado

Audit Wrap Up

June 17, 2013



This presentation was prepared as part of our audit, has consequential limitations, is restricted to management, the board of directors and the audit committee, and should not be used by anyone other than those specified parties.

Attendees: Town Board
Randy Watkins, Partner

 **ACM**
Anton Collins Mitchell LLP

DISCUSSION OUTLINE

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STATUS OF OUR AUDIT

AUDIT OF FINANCIAL STATEMENTS

- We have substantially completed our audit of the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Windsor (the "Town"), for the year ended December 31, 2012. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America.
- We expect to issue unqualified opinions on the respective financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town.
- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements. The scope of the work performed was substantially the same as that described in our earlier Audit Planning Report to you.
- ACM will read all information included in the Town's annual financial report, including Management's Discussion and Analysis ("MD&A"), for consistency with the audited financial statements.
- All records and information requested by ACM were freely available for our inspection.
- Management and other personnel provided full cooperation.

INTERNAL CONTROL OVER FINANCIAL REPORTING

- In planning and performing our audit of the financial statements of the Town for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting ("internal control") 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. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.
- Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

RESULTS OF OUR AUDIT

We have reviewed the accounting practices, which include policies, estimates and financial statement disclosures, management has identified to be the most critical and concur with management's assessment. These include:

Primary Areas of Focus and Considerations and Findings

Revenue Recognition

The Town receives revenues from numerous sources, the more significant of which are property taxes, sales taxes, intergovernmental grants and contributions, other grants and contributions, and charges for services. We have evaluated the accounting and financial reporting for these transactions to ensure proper recognition and measurement.

Accounts Receivable and Allowances

Accounts receivable are required to be evaluated for collectability in order to determine that they are properly valued in the Town's financial statements. We have evaluated management's estimate of the collectability of balances due from other governments, and customers, and found them to be reasonable and appropriate for the circumstances.

Capital Assets and Depreciation

Capital assets of the Town, and the related capital outlay expenditures, continue to be a significant area of the Town's financial statements. Accordingly, as part of the audit, we pay particular attention to costs incurred on the construction of new assets, repairs and maintenance expenditures on existing capital assets, and recoverability of capital assets currently in service. No indicators of impairment were noted as a result of our procedures.

Bonds and Loans Payable

The Town currently has outstanding bonds and loans payable totaling approximately \$6.3 million in the governmental activities and approximately \$6.8 in the business-type activities. In addition, the Town advance refunded all of the balance due on the 2002 sales and use tax revenue bonds totaling approximately \$3.6 million. Accordingly, we have applied certain procedures over balances, future maturities, accrued interest, amortized premiums and deferred charges and costs associated with the applicable bond, along with compliance with individual agreements. It appears that the Town is properly accounting for these obligations.

Single Audit Procedures

Because the Town expended in excess of \$500,000 of federal grant funds, the Town was subject to a single audit pursuant to OMB Circular A-133. Accordingly, ACM performed testwork on internal controls, and certain compliance requirements associated with the Town's major grants.

Evaluation of Going Concern

No going concerns were noted during our audit.

Evaluation of Estimates

Estimates were determined to be reasonable, and free of bias.

REQUIRED COMMUNICATIONS - INTERNAL CONTROL OVER FINANCIAL REPORTING

We are required to communicate, in writing, to the Town’s Board, all material weaknesses and significant deficiencies that have been identified in the Town’s internal controls over financial reporting. The definitions of material weaknesses, significant deficiencies and control deficiencies follow:

Category	Definition
Material Weakness	A deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Town’s annual or interim financial statements will not be prevented or detected on a timely basis.
Significant Deficiency	A deficiency or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the Town’s financial reporting.
Control Deficiency	A deficiency in internal control over financial reporting 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 misstatements on a timely basis.

In conjunction with our audit of the financial statements, we did not identify any deficiencies in the Town’s internal controls over financial reporting that were considered to be material weaknesses.

We would like to commend management on their efforts and progress in addressing our recommendations from the 2011 audit.

In connection with the 2012 audit, the following significant deficiencies were identified:

Long-Term Debt Journal Entries

During the audit, we noted a number of misstated account balances relating to the long-term debt of the Town. This included the revenue bond refunding transactions and the recording of the new debt for the headworks loan with CWR&PDA. Complete and accurate account balances and transactions are necessary for accurate financial statements. We recommend that entries to record long-term debt transactions be reviewed to ensure that long-term debt is accurately reflected in the accounting system.

Purchase Card Policies

We selected purchase card transactions during the year to test the Town’s policies surrounding the use of purchase cards. For two purchase card holders selected, we noted that there was no purchase card agreement in place. In addition, we noted several items that did not contain a receipt to support the transactions. Finally, we noted that purchase card transactions were not always approved in accordance with Town policy. We recommend that the Town improve its policies over

purchase cards by requiring purchase card agreements for all employees with purchase cards, purchase card transactions be reviewed and approved in accordance with established policy, and that purchase card transactions be supported by receipts.

REQUIRED COMMUNICATIONS

MATTERS REQUIRED TO BE REPORTED TO THOSE CHARGED WITH GOVERNANCE

Professional standards require independent auditors to communicate with those charged with governance certain matters in relation to an audit. Following is a summary of those required items along with specific discussion points as they pertain to the Town:

Requirement	Discussion Points
Auditor's judgment about the quality of the Town's accounting policies, estimates and financial statement disclosures	In accordance with applicable auditing standards, a discussion was held regarding the quality of financial reporting, which included the Town's significant accounting practices, estimates and financial statement disclosures.
Critical accounting policies and practices	Critical accounting policies and practices used by the Town are referred to above in the Primary Areas of Focus section.
Adoption of a change in accounting principle	The Town adopted a change in accounting policy to meet the requirements of the Governmental Accounting Standards Board ("GASB") issuing GASB Statement No. 63 <i>Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position</i> and GASB Statement No. 65 <i>Items Previously Reported as Assets and Liabilities</i> . GASB 63 provides a new statement of net position format and GASB 65 established accounting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain item that were previously reported as assets and liabilities. The implementation of GASB 63 had no impact on the Town financial statements other than the formatting of the Statement of Net Position. GASB 65 resulted in a prior period adjustment of \$132,433 to the Town's Net Position, resulting from the "write-off" of previously capitalized debt issuance costs. Additionally, the deferred loss on refunding is no longer presented as a reduction of debt, but rather as a deferred outflow of resources, and unearned property taxes are now reflected as deferred inflows of resources, rather than as a liability.

Requirement	Discussion Points
Material, corrected misstatements brought to the attention of management by the auditor	See the attached adjusting journal entries.
Uncorrected misstatements, other than those the auditor believes to be trivial	There were no passed adjusting journal entries.
Other information in documents containing the Town's audited financial statements	Our responsibility for other information in documents containing the Town's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the Town and considered whether such information, or the manner of its presentation, is materially consistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
Disagreements with management	There were no disagreements with management on financial accounting and/or reporting matters and auditing procedures that, if not satisfactorily resolved, would cause a modification of our auditors' reports.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Major issues discussed with management prior to retention	Prior to our being retained as auditor for the current fiscal year, there were no major accounting or other issues of concern discussed with management.

Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Representations requested from management	Please refer to the management representation letter.
Other issues arising from the audit the auditor considers significant and relevant to those charged with governance	There were no other issues arising from the audit that we consider significant and relevant to those charged with governance.
Material alternative accounting treatments discussed with management	There was no discussion with management concerning alternative accounting treatments.

INDEPENDENCE COMMUNICATION

Our engagement letter dated December 3, 2012 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Town with respect to independence as agreed to by the Town. Please refer to that letter for further information.

AC'SENSE PROGRAM

Ac'senseSM is a BDO program designed to assist those charged with governance (including audit committees, boards of directors and financial executives) of both public and private companies in keeping up-to-date on the latest corporate governance and financial reporting developments.

The program is multi-faceted and consists of complimentary CPE-worthy webinars and self-study courses covering both broad and specific topics of interest, publications, and links to various BDO and external resources. Visit <http://www.bdo.com/acsense/>.

AC'SENSE WEBINARS

Our webinar programs are presented by our firm technical experts and comprise both short-form and longer-form webinars on a variety of "hot" topics of interest, such as "Compensation Risk," "Fair Value Matters," "Business Combinations," "Applying New Revenue Recognition Rules," "Ethics and the Corporate Board," and many others. In addition, we host several series including our "Quarterly Technical Updates" and "International Financial Reporting Standards" on financial accounting and reporting matters as well as "Focus on Fraud."

Our webinars are complimentary and are generally applicable for audit committees, board members, management, finance and compliance professionals of both public companies and private companies. In addition, most webinars and archives are worthy of Continuing Professional Education (CPE) credit. Please visit our website <http://www.bdo.com/acsense/> for further information on upcoming and archived webinars.

EFFECTIVE AUDIT COMMITTEES IN THE EVER CHANGING MARKETPLACE

The focus of Ac'senseSM is to provide those charged with governance with essential, relevant information through clear and concise executive summary-type communications. In this spirit, we have created the [*Effective Audit Committees in the Ever Changing Marketplace*](#) publication as a practical guide to forming and running an effective audit committee. Within this publication, we provide answers to certain frequently asked questions (FAQs) centering on the WHYs, WHOs, WHATs, WHENs and HOWs of audit committees. More specifically, these FAQs summarize the common functions and responsibilities of audit committees and seek to provide insights and perspective as to how to optimize audit committee effectiveness. Our vision has been shaped by our own experiences with our clients and interpretations of the specific recommendations, guidelines, and rules of the SEC; the stock exchanges; the Public Company Accounting Oversight Board (PCAOB); the American Institute of Certified Public Accountants (AICPA); and the Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees, sponsored by the New York Stock Exchange and the National Association of Securities Dealers.

Throughout this publication, we focus on some of the more challenging aspects facing audit committees. To that end, in addition to our commentary, we have included links and references to other relevant BDO practice aids and tools as well as certain valuable external resources. The guide and practices aids are available at: <http://www.bdo.com/acsense/effective.aspx>.

ACM AND BDO RESOURCES

BDO is a national professional services firm providing assurance, tax, financial advisory and consulting services to a wide range of publicly traded and privately held companies. Guided by core values including competence, honesty and integrity, professionalism, dedication, responsibility and accountability for 100 years, we have provided quality service and leadership through the active involvement of our most experienced and committed professionals.

The firm serves clients through 39 offices and more than 400 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multinational clients through a global network of 1,138 offices in 115 countries. BDO USA, LLP, a New York limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Below is a summary of just some of the many resources BDO makes available at no additional charge to our clients.

CLIENT ADVISORIES

Our Client Advisories are concise documents that provide timely commentary, analysis and insights on events and trends of interest to managers and directors. To subscribe to future client advisories, please use our RSS (Really Simple Syndication) Feeds or send an e-mail to BDO's National Assurance practice at assurance@bdo.com.

BDO KNOWS FINANCIAL REPORTING LETTERS

Our BDO Knows financial reporting newsletters address significant financial reporting developments, relating to both public and private businesses that occur throughout the year.

TAX ALERTS AND NEWSLETTERS

BDO's National Tax Organization (NTO) provides a multitude of alerts and newsletters spanning considerations involving expatriate, federal, state and local jurisdictions and includes such areas as compensation and benefits, and credits and incentives. NTO further provides Tax Seminars/Webinars on a variety of topics, whose archives are readily available to clients and contacts.

INDUSTRY PUBLICATIONS

BDO's industry publications are numerous and span the sectors of high technology, retail and consumer products, not-for-profit and real estate.

For a complete listing of services, publications, archives of various webinars and events and other information regarding BDO, please visit: <http://www.bdo.com/> for further information.

Client: **G200137 - Windsor, Town of**
 Engagement: **G200137 - Windsor, Town of**
 Period Ending: **12/31/2012**
 Trial Balance: **6100 - Windsor Building Authority Fund 16**
 Workpaper: **6120.6 - Adjusting Journal Entries Report - Windsor Building Authority**

<u>Account</u>	<u>Description</u>	<u>W/P Ref</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 2		4260.2		
To write off debt issuance costs due to the implementation of GASB 65.				
16-000-3271-000	FUND BALANCE		132,433.00	
16-000-1157-000	DEBT ISSUANCE COSTS			132,433.00
Total			<u>132,433.00</u>	<u>132,433.00</u>

Client: **G200137 - Windsor, Town of**
 Engagement: **G200137 - Windsor, Town of**
 Period Ending: **12/31/2012**
 Trial Balance: **6100 - Sewer Fund 07**
 Workpaper: **6120.5 - Adjusting Journal Entries Report - Sewer Fund**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1			4260.2	
To properly record the loan with CWRPDA.				
07-000-1115-000	INTERGOVERNMENTAL RECEIVABLE		155,527.00	
07-000-4335-000	LOANS		2,955,016.00	
07-000-2000-000	CURRENT PORTION OF LONG TERM DEBT			178,425.00
07-000-2264-000	Loan Payable			2,753,693.00
07-482-7354-000	PRINCIPAL EXPENSE/REVOLVE LOAN			178,425.00
Total			<u>3,110,543.00</u>	<u>3,110,543.00</u>

Client: **G200137 - Windsor, Town of**
 Engagement: **G200137 - Windsor, Town of**
 Period Ending: **12/31/2012**
 Trial Balance: **6100 - Park Improvement Fund 02**
 Workpaper: **6120.4 - Adjusting Journal Entries Report - Park Improvement Fund**

<u>Account</u>	<u>Description</u>	<u>W/P Ref</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 2		4290		
To adjust fund balance to agree amount to prior year financial				
02-000-3271-000	FUND BALANCE		5,666.00	
02-000-4387-000	NEIGHBORHOOD PARK FEES			5,666.00
Total			5,666.00	5,666.00

Client: **G200137 - Windsor, Town of**
 Engagement: **G200137 - Windsor, Town of**
 Period Ending: **12/31/2012**
 Trial Balance: **6100 - Non-Potable Water Fund 14**
 Workpaper: **6120.3 - Adjusting Journal Entries Report - Nonpotable Water**

<u>Account</u>	<u>Description</u>	<u>W/P Ref</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 1		4260.2		
To properly reflect the payments on principal and ending balance for loan				
14-000-2264-000	LOANS PAYABLE - CWCB		106,949.00	
14-000-2000-000	CURRENT PORTION - LT DEBT			5,190.00
14-484-7350-000	PRINCIPAL EXPENSE			101,759.00
Total			<u>106,949.00</u>	<u>106,949.00</u>

Client: **G200137 - Windsor, Town of**
 Engagement: **G200137 - Windsor, Town of**
 Period Ending: **12/31/2012**
 Trial Balance: **6100 - General Fund 01**
 Workpaper: **6120.2 - Adjusting Journal Entries Report - General Fund**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
		4290		
	To adjust the fund balance to agree to the prior year audited financial			
01-410-6269-000	MISCELLANEOUS EXPENSE		17,264.00	
01-000-3271-000	FUND BALANCE			17,264.00
Total			17,264.00	17,264.00

Client: **G200137 - Windsor, Town of**
 Engagement: **G200137 - Windsor, Town of**
 Period Ending: **12/31/2012**
 Trial Balance: **6100 - Comm_Rec Center Fund 05 - Included in General Fund for reporting**
 Workpaper: **6120.1 - Adjusting Journal Entries Report - Community Rec Center Fund**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		4290		
To adjust fund balance to agree to the prior year audited financial				
05-000-3271-000	FUND BALANCE		257.00	
05-000-4368-000	MISCELLANEOUS REVENUE			257.00
Total			257.00	257.00
Adjusting Journal Entries JE # 2		4260.2		
To record the proceeds from the issuance of refunding bonds and the				
05-490-7362-ACM	Payments to Refunding Bond		3,787,760.00	
05-490-7363-ACM	Debt Issuance Costs		107,184.00	
05-490-7360-ACM	Refunding Bond Proceeds			3,705,000.00
05-490-7361-ACM	Premiums on Refunding Bonds			189,944.00
Total			3,894,944.00	3,894,944.00

TOWN OF Windsor, Colorado

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
December 31, 2012

TOWN OF WINDSOR



COLORADO

REPORT ISSUED BY:

DEPARTMENT OF FINANCE
DEAN MOYER, DIRECTOR



June 12, 2013

Citizens of Windsor, Colorado,
Honorable Mayor, Town Board Members, and Town Manager

The Comprehensive Annual Financial Report (“CAFR”) of the Town of Windsor, Colorado (the “Town”), for the fiscal year ended December 31, 2012, is hereby submitted. The report was prepared by the Town’s Finance Department.

Responsibility for the accuracy, completeness, and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and changes in financial position of the Town, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the Town’s financial activities have been included.

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

Profile of the Town

The Town of Windsor incorporated in 1890, and adopted its Home Rule Charter in 2003 providing for a Board-Manager form of government. Windsor is situated midway between the state capitals of Denver, Colorado and Cheyenne, Wyoming. Windsor is located along the northern Front Range of Colorado in western Weld County and eastern Larimer County. Windsor’s city limits extend west to Interstate 25, a major north-south regional highway corridor, and the major cities surrounding Windsor include Greeley, Loveland, and Fort Collins. The population of the Town is approximately 20,000.

The Town provides general government; police services, public records, cultural programs, museums, recreational programs, sports facilities, parks, trails and open space, forestry services, a brush recycling center and a cemetery. The Town’s development services include planning, building inspections, and code enforcement. Administrative services include management, human resources, finance and information technology. The Town supplies potable and non-potable water, sewer, and storm sewer services, but electricity, gas and trash service are provided by private companies.

The Town maintains budgetary controls; the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town Board. Activities of all funds are included in the annual appropriated budget. The appropriations for all funds lapse at year-end, including those funds for the Capital Improvement Fund. Projects included in the Town of Windsor Five-Year Capital Improvement Program (“CIP”) are reviewed annually with projects extending beyond the current budget year end being approved in concept only. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level.

The finance department maintains a financial management system, generating reports that assist with budgetary projections and control. By using these reports, necessary budget revisions and spending reductions can be anticipated. These reports help alert department heads when transactions exceed the appropriated budget so suitable action may be taken.

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Windsor operates.

Local economy. Nearly all of the Town’s sources of revenue are affected by population and have seen tremendous increases in the past 15 to 20 years. The growth pattern that Windsor experienced since the mid 1990’s slowed considerably from 2007 through 2011 with building permit activity bottoming out in 2009. Consequently, the Town has to provide and maintain the same level of service for a growing number of citizens using limited resources. Emphasis continues to be placed on water, sewer and road construction and maintenance to keep pace with the growing community and aging infrastructure. Parks and Recreation programs and facilities have also been important to the community, thus annual allocations are made to quality of life and recreational programs.

Sales and use tax is the primary source of general revenues (34.0%) followed by property tax (24.8%), totaling 58.8% of the general revenues for fiscal year 2012. Fortunately, Windsor sales tax base consists mostly of necessity-related vendors such as supermarkets, restaurants and utility companies (73%), providing revenue stability. It is anticipated that continued population growth will increase the sales and property tax revenues as well. As more people live in Windsor, and are providing more places to shop, the Town should continue to see an increase in sales tax and property tax collections.

Please refer to the Management’s Discussion and Analysis for additional background, analysis and information on the Town’s operations during 2012.

Long-term financial planning. The Town adopted the use of a five-year modeling plan which has been refined continually since its original adoption. This five-year model serves as a financial management plan which will ensure long-term financial stability, planning for future replacement and maintenance of capital assets, maintaining current levels of services provided to Windsor citizens and address increasing service levels for the organization.

Primary issues facing the Town of Windsor are issues related to downtown revitalization, economic sustainability, public outreach, aging infrastructure and public safety.

Report Format

The Comprehensive Annual Financial Report is presented in three sections.

- 1) The Introductory section includes the table of contents, this transmittal letter and the Town’s organizational chart.

- 2) The Financial section includes the Auditors' Opinion, Management's Discussion and Analysis, Basic Financial Statements, Combining Statements and Supplemental Information.
- 3) The Statistical section includes selected financial and general information presented on a multi-year comparative basis.

Independent Audit

Article 11, Section 12 (11.12) of the Town of Windsor Home Rule Charter requires an independent annual audit. Anton Collins Mitchell LLP, a firm of independent certified public accountants, audited the financial statements for the year ended December 31, 2012. The independent auditors' report is included in the financial section of this report.

Reporting Achievements

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Windsor for its comprehensive annual financial report for the fiscal year ended December 31, 2011. This was the fourth consecutive year that the government achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The Town also received the GFOA's Award for Distinguished Budget Presentation for its 2012 annual budget. To qualify for this award, the Town's budget document was judged to be proficient in several categories including as a policy document, a financial plan, an operations guide and a communications device. This is the seventh such award the Town has received. The 2013 annual budget was again submitted for this award.

Acknowledgements

The preparation of the comprehensive annual financial report on a timely basis was made possible by the cooperation and dedicated services of the staff of the Finance Department and of other Town departmental staff who contributed information in the report. Finally, we wish to thank the Mayor and Town Board for their continued support.

Respectfully submitted,



Dean Moyer
Director of Finance

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF WINDSOR



COLORADO



Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Board
Town of Windsor, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Windsor, Colorado (the "Town") as of December 31, 2012, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements.

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

Opinion

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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



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

As discussed in Note 2 to the basic financial statements, the Town has changed its method for accounting and reporting certain items previously reported as assets or liabilities during 2012 due to the adoption of Governmental Accounting Standards Board Statement No. 65, “Items Previously Reported as Assets and Liabilities.” The adoption of the standard required retrospective application resulting in a \$132,433 reduction of previously reported net position. Our opinion is not modified with respect to this matter.

Other Matters

In accordance with *Government Auditing Standards*, we have issued or report dated **June 24, 2013**, on our consideration of the Town’s internal control over financial reporting and 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.

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 5 through 16, and the budgetary comparison information on Pages 49 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town’s basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town’s basic financial statements. The introductory section, statistical section and the schedule of debt service requirements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Greeley, Colorado
June 24, 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF WINDSOR



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TOWN OF WINDSOR



COLORADO

As management of the Town of Windsor (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2012.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of 2012 by \$181,312,070.
Of this amount, \$26,438,001 may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$7,706,101.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,573,087 or 45.0% of total general fund expenditures excluding transfers out.
- The Town's total debt increased by \$1,401,098 during the current fiscal year. The increase was primarily due to developer reimbursement payments in 2012, along with the annual principal payments applied to the Sales and Use Tax Revenue Bonds, the USDA, CWCB, and CWR&PDA Loans.
- The Town refunded existing 2002 Sales Use Tax bonds in early 2012. The new issue bonds are due serially on December 1, with interest from 2.0%-3.0% payable semiannually. These bonds mature on December 31, 2023. The advance refunding resulted in an economic gain of approximately \$292,000.
- In November 2011 the Town entered into a loan agreement with the Colorado Water Resource and Power Development Authority for a total of \$3,110,543. The loan was used as a match to a grant from the EDA to construct a head works facility at the waste water treatment plant. The project is expected to be completed in 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

TOWN OF **WINDSOR**, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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, public works, cemetery operations, community development, culture, parks, and recreation. The business-type activities of the Town include potable and non-potable water, sewer and storm water operations.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund financial statements. A *fund* is a grouping of related accounts, used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Windsor, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending. The funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view to cash, the governmental fund operations, and the basic services it provides. These statements help you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations on pages 23 and 25.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

Proprietary funds. The Town maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water, sewer, non-potable water, and storm water operations. *Internal service funds* account for operations that provide services to other departments or agencies of the Town, or to other governments, on a cost-reimbursement basis. The Town has four internal service funds; the Fleet Management Fund, the Information Technology Fund, the Facility Services Fund, and the Windsor Building Authority.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water, sewer and storm water operations, all of which are considered to be major funds of the Town. The Non-potable Water Fund is a nonmajor enterprise fund, providing irrigation water services.

The basic proprietary fund financial statements can be found on pages 26-28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-46 of this report.

Other information. The budgetary comparison for the General Fund can be found on pages 49-50. The combining statements referred to earlier in connection with non-major governmental funds are presented as supplementary information. Combining statements can be found on pages 53-54 of this report. The budgetary comparison for the Capital Improvement Fund can be found on page 55. Also on pages 56-57 are the budgetary comparison schedules for the non-major governmental funds. The budgetary comparison

TOWN OF **WINDSOR**, COLORADO

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schedule for the enterprise funds can be found on pages 58-61 and the combining statements for internal service funds are on pages 62-64. The budgetary comparison schedule for the internal service funds is on pages 65-68.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$181,312,070.

By far, the largest portion of the Town's net position (81.7%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding and the associated accumulated depreciation. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors. Our analysis below focuses on the net position of the Town's governmental and business-type activities.

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Component Unit Downtown Development Authority*	
	2012	2011 (restated)	2012	2011	2012	2011 (restated)	2012	2011
Assets								
Current Assets	\$15,986,117	\$ 16,093,379	\$ 23,167,343	\$ 19,473,070	\$ 39,153,460	\$ 35,566,449	\$ 50,322	\$ -
Restricted Assets	145,488	145,448	-	-	145,488	145,448	-	-
Capital Assets, Net	77,775,752	77,737,623	83,548,154	78,840,181	161,323,906	156,577,804	-	-
Total Assets	93,907,357	93,976,450	106,715,497	98,313,251	200,622,854	192,289,701	50,322	-
Deferred Outflows of Resources								
Deferred Loss on refunding	133,715	-	-	-	133,715	-	-	-
Liabilities								
Current Liabilities	971,381	1,382,620	514,937	613,519	1,486,318	1,996,139	-	-
Noncurrent Liabilities	7,006,193	8,439,995	6,855,390	4,020,490	13,861,583	12,460,485	-	-
Total Liabilities	7,977,574	9,822,615	7,370,327	4,634,009	15,347,901	14,456,624	-	-
Deferred Inflows of Resources								
Deferred Revenue - Property Taxes	4,096,598	4,227,108	-	-	4,096,598	4,227,108	-	-
Net Position								
Net Investment in Capital Assets	71,372,079	69,741,468	76,752,836	74,875,222	148,124,915	144,616,690	-	-
Restricted	5,499,154	5,259,855	1,250,000	-	6,749,154	5,259,855	-	-
Unrestricted	5,095,667	4,925,404	21,342,334	18,804,020	26,438,001	23,729,424	50,322	-
Total Net Position	\$81,966,900	\$ 79,926,727	\$ 99,345,170	\$ 93,679,242	\$181,312,070	\$ 173,605,969	\$ 50,322	\$ -

*Downtown Development Authority was established by the Town Board in February 2011.

The *restricted portion of net position* (3.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$26,438,001) may be used to meet the Town's ongoing obligations to citizens and creditors. The main change in net position is the result of the work on the sewer waste water treatment plant headworks facility addition.

TOWN OF **WINDSOR**, COLORADO
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Table 2 shows our next analysis focusing on changes in net position of the Town's governmental and business-type activities. The Town presents comparative data from 2012 and 2011 as required by the Governmental Accounting Standards Board pronouncement 34 (GASB 34).

Table 2
Condensed Changes in Net Position from Operating Results

	Governmental		Business-Type		Total Primary Government		Component Unit Downtown Development Authority*	
	Activities		Activities				Authority*	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenues								
Program revenues								
Charges for services	\$ 3,526,919	\$ 2,390,052	\$ 6,736,381	\$ 5,571,298	\$ 10,263,300	\$ 7,961,350	\$ -	\$ -
Operating grants & contributions	11,250	18,691	-	-	11,250	18,691	-	-
Capital grants & contributions	818,017	2,828,024	4,940,832	4,090,958	5,758,849	6,918,982	-	-
General revenues								
Property taxes	4,059,462	4,332,996	-	-	4,059,462	4,332,996	-	-
Sales & use taxes	5,579,576	5,742,732	-	-	5,579,576	5,742,732	-	-
Other taxes	4,763,588	3,450,249	-	-	4,763,588	3,450,249	-	-
Intergovernmental	1,747,799	1,176,163	-	-	1,747,799	1,176,163	250,000	-
Earnings on investments	77,273	96,826	231,308	149,701	308,581	246,527	-	-
Gain on sale of capital assets	65,780	-	-	-	65,780	-	-	-
Other revenues	107,057	267,979	66,074	270,456	173,131	538,435	-	-
Total Revenues	20,756,721	20,303,712	11,974,595	10,082,413	32,731,316	30,386,125	250,000	-
Expenses								
General government	2,674,626	2,450,785	-	-	2,674,626	2,450,785	-	-
Public safety	2,826,313	2,664,155	-	-	2,826,313	2,664,155	-	-
Public works	5,662,954	5,457,935	-	-	5,662,954	5,457,935	-	-
Parks and recreation	4,497,909	4,616,024	-	-	4,497,909	4,616,024	-	-
Community development	1,819,818	1,589,562	-	-	1,819,818	1,589,562	-	-
Safety and loss control	2,778	6,764	-	-	2,778	6,764	-	-
Small equipment & maintenance	1,377,790	1,782,485	-	-	1,377,790	1,782,485	-	-
Debt Issuance costs	107,184	-	-	-	107,184	-	-	-
Interest on long-term debt	156,191	329,985	-	-	156,191	329,985	-	-
Water	-	-	3,287,679	2,711,740	3,287,679	2,711,740	-	-
Sewer	-	-	1,537,136	1,488,890	1,537,136	1,488,890	-	-
Storm drainage	-	-	672,899	608,734	672,899	608,734	-	-
Non-potable water	-	-	269,505	294,879	269,505	294,879	-	-
Total Expenses Primary Government	19,125,563	18,897,695	5,767,219	5,104,243	24,892,782	24,001,938	-	-
Component Unit								
Downtown Development Authority*	-	-	-	-	-	-	199,678	-
Excess in Net Position before transfers and special items	1,631,158	1,406,017	6,207,376	4,978,170	7,838,534	6,384,187	50,322	-
Transfers in (out)	541,448	1,791,518	(541,448)	(1,791,518)	-	-	-	-
Change in net position	2,172,606	3,197,535	5,665,928	3,186,652	7,838,534	6,384,187	50,322	-
Net position - beginning of year	79,926,727	76,729,192	93,679,242	90,492,590	173,605,969	167,221,782	-	-
Cumulative effect of change in accounting principle**	(132,433)	-	-	-	(132,433)	-	-	-
Net position - end of year	\$81,966,900	\$ 79,926,727	\$99,345,170	\$ 93,679,242	\$181,312,070	\$ 173,605,969	\$ 50,322	\$ -

*Downtown Development Authority was established by the Town Board February 2011

**Cumulative effect of change in accounting principle is explained in Note 1

Governmental Activities. There is a 2.2% increase in revenues from 2011 to 2012. Charges for services increased 47.6% in the amount of \$1,136,867, primarily from increased activity in the parks, recreation, and culture divisions, with \$13,154 increase from our new community events division, and also with a public works increase of \$4,060 being a new sale of recycle commodity from our new brush recycling

TOWN OF **WINDSOR**, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

facility. Property taxes did go down slightly from reappraisals but in general, most other revenues fared better for 2012. Even with the increase in charges for services there was an offsetting decrease in capital grants and contributions of 71.1% in the amount of \$2,010,007 due primarily to fewer grants received, and fewer developer contributed streets in 2012. The cost for these contributed streets was \$794,017 as compared to \$1,377,418 in 2011. While governmental revenues increased 2.2%, expenses increased only 1.2% or \$227,868.

Business-type Activities. Revenues increased 18.8% or about \$1.9 million, of which 61.6% of the gain is attributable to increased charges for services. This increase was due to water rate increases. Water, sewer and storm drainage expenses were all higher than 2011 rendering a 13.0% increase in expenses in 2012 amounting to \$662,976 again due to water supply increased costs.

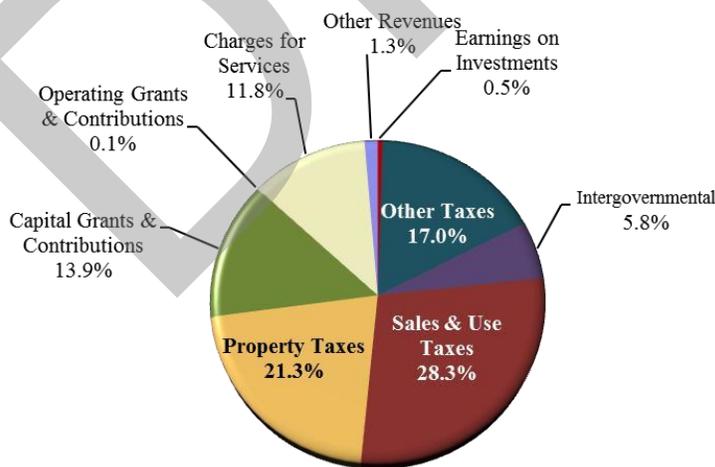
Overall, net position increased 4.4% or about \$7.7 million due to a 7.7% increase in revenues with only a 3.7 % increase in expenses. This is attributed to a 20.9% increase in charges for services described above.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$13,170,493. Approximately 42.3% of this total amount (\$5,573,087) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *restricted* for emergencies or capital improvements or *assigned* for special revenue funds to indicate that it is not available for new spending because it has already been committed. There is \$4,586,928 restricted for capital improvements, \$555,716 restricted for emergencies, \$356,510 restricted for parks and recreation, and \$2,098,252 assigned for special revenue fund projects. Governmental fund balances are up 4.7% or \$595,629 from 2011 maintaining a slightly higher reserve in all funds.

TABLE 3
Revenues by Source-Governmental Activities 2011



Although 2012 Property tax is down \$273,534 or 6.3% from 2011, the percent of the total revenue is up 2.2% in 2012. Other taxes and charges for services increased. It is expected with the new reappraisals, the property taxes will still be slightly lower going forward.

There were more developer street contributions in 2011 in the Grasslands and Great Western Industrial Park subdivisions.

TABLE 3
Revenues by Source-Governmental Activities 2012

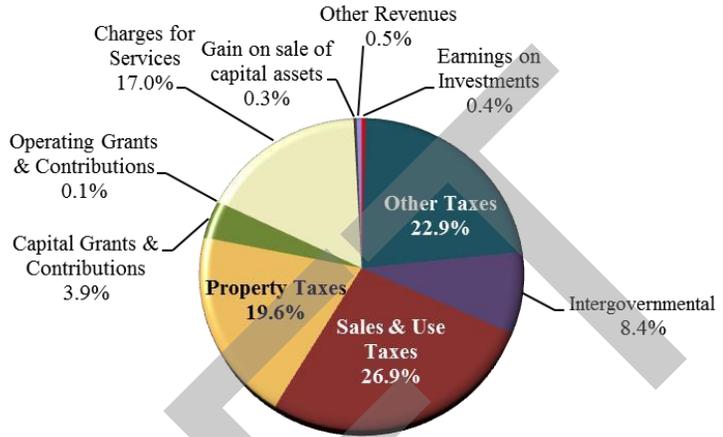


TABLE 4
2011 Expenditures by Category Governmental Activities

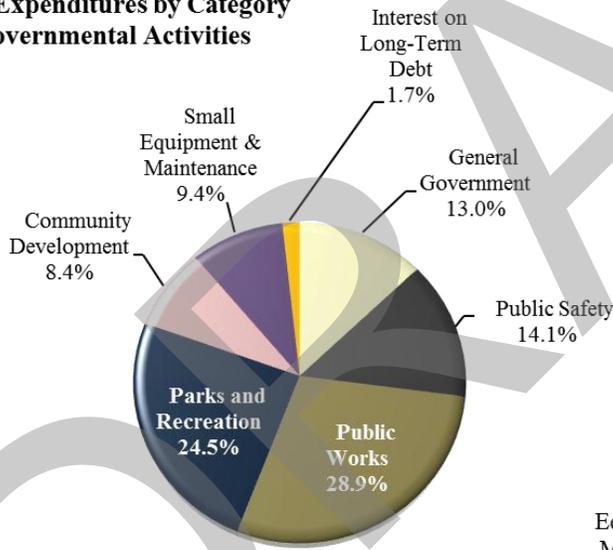
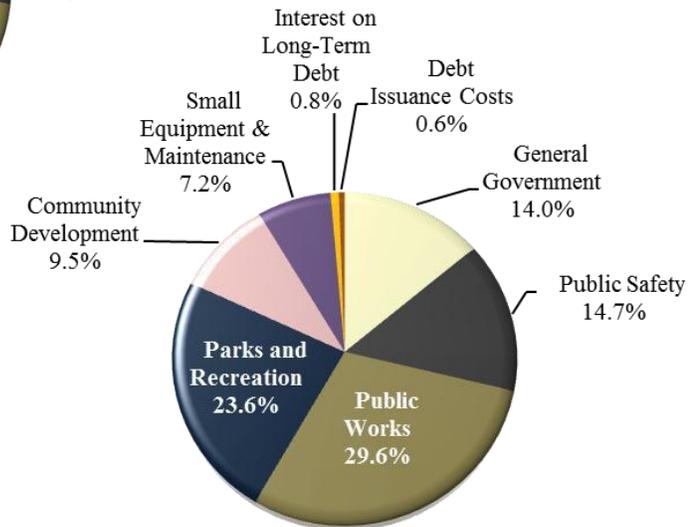


TABLE 4
2012 Expenditures by Category Governmental Activities



The distribution of expenses remains about the same for 2012. In 2012, the Town refinanced its CRC Revenue Bonds.

TOWN OF **WINDSOR**, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 5
Balance Sheet Comparison by Fund
Governmental Funds

	General		Capital Improvement		Other Governmental Funds		Total	Total
	2012	2011 (restated)	2012	2011	2012	2011	2012	2011 (restated)
ASSETS								
Cash & Cash Equivalents	\$ 746,730	\$ 1,564,993	\$ 1,648,372	\$ 1,148,464	\$ 140,243	\$ 130,567	\$ 2,535,345	\$ 2,844,024
Equity in pooled cash and cash equivalents	1,183,101	-	-	1,349,616	63,136	2,665,366	1,246,237	4,014,982
Investments	2,345,860	3,435,145	2,279,327	746,900	-	-	4,625,187	4,182,045
Receivables	4,913,107	5,107,559	308,059	588,553	200,000	-	5,421,166	5,696,112
Interfund Receivable	1,380,649	-	2,043,642	2,610,597	2,182,608	-	5,606,899	2,610,597
Total Assets	10,569,447	10,107,697	6,279,400	6,444,130	2,585,987	2,795,933	19,434,834	19,347,760
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
<u>Liabilities</u>								
Accounts and Retainage Payable	38,604	215,710	279,272	593,528	101,769	38,774	419,645	848,012
Accrued Liabilities	498,098	447,776	-	-	-	-	498,098	447,776
Interfund Payable	-	-	1,250,000	1,250,000	-	-	1,250,000	1,250,000
Total Liabilities	536,702	663,486	1,529,272	1,843,528	101,769	38,774	2,167,743	2,545,788
<u>Deferred Inflows of Resources</u>								
Deferred Revenue - Property Taxes	4,096,598	4,227,108	-	-	-	-	4,096,598	4,227,108
Fund Balances								
Restricted for Emergencies	363,060	367,017	163,200	120,089	29,456	29,456	555,716	516,562
Restricted for Capital Improvements	-	-	4,586,928	4,480,513	-	-	4,586,928	4,480,513
Restricted for Parks and Recreation	-	-	-	-	356,510	262,780	356,510	262,780
Assigned for Special Revenue Funds	-	-	-	-	2,098,252	2,464,923	2,098,252	2,464,923
Unassigned	5,573,087	4,850,086	-	-	-	-	5,573,087	4,850,086
Total Fund Balances	5,936,147	5,217,103	4,750,128	4,600,602	2,484,218	2,757,159	13,170,493	12,574,864
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$10,569,447	\$10,107,697	\$ 6,279,400	\$ 6,444,130	\$ 2,585,987	\$ 2,795,933	\$19,434,834	\$19,347,760

In all, the total governmental assets increased 0.5%, liabilities decreased 14.8%, deferred inflows of resources decreased 3.1%, and fund balances increased 4.7%. In the course of the year, revenues that are dedicated to these governmental funds, namely sales tax and construction use tax, both exceeded budget expectations. Retail sales tax collections set a new historical high. Construction use tax was driven by an unexpected increase in the number of single family home building permits issued in 2012. The unanticipated collections were used to pay off existing obligations and accelerate the construction of three parks that were originally planned for 2013 and beyond. The combination of these factors led to an increase in total fund balances.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water, sewer, storm drainage and non-potable water operations at the end of the year were \$14,160,452, \$5,783,751, \$1,846,029 and (\$622,120), respectively. Other factors concerning the finances of these four funds have already been addressed in the discussion of the Town's business-type activities.

TABLE 6
Revenues by Source-Business-Type Activities
2011

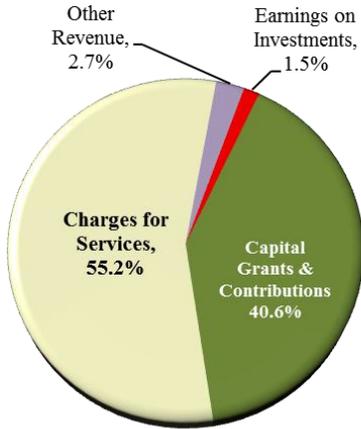
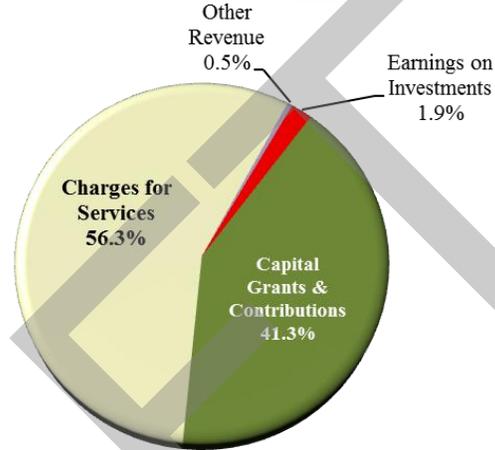


TABLE 6
Revenues by Source-Business-Type Activities
2012



Charges for services increased \$1,165,083 in 2012. Grants and contributions are \$894,874 higher in 2012 due primarily to increased developer contributions. Total revenues are thus up 18.8% (\$1,892,182) in 2012 reflecting the increase in water charges as mentioned before.

TABLE 7
Expenditures by Source-Business-Type
Activities 2011

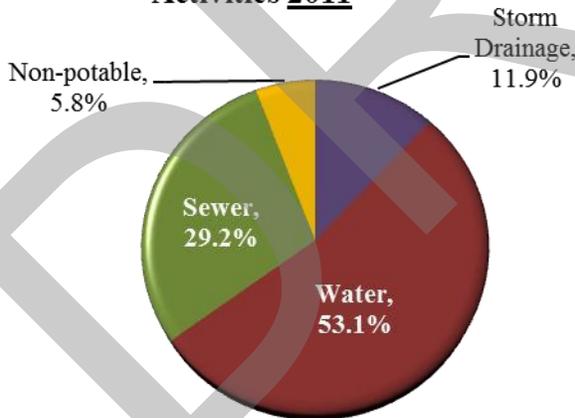
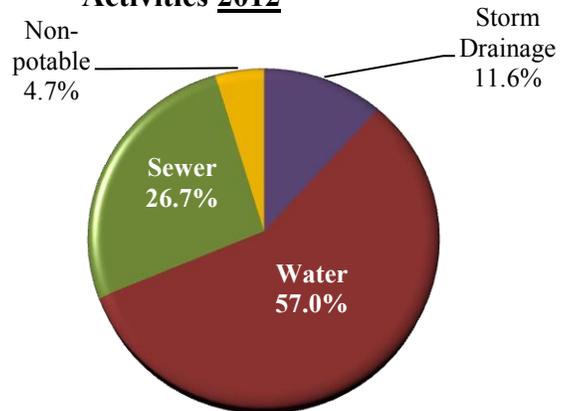


TABLE 7
Expenditures by Source-Business-Type
Activities 2012



Distributions of business-type expenditure activities for 2011 and 2012 are close to the same.

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Table 8
Statement of Net Positions Comparison by Fund
Proprietary Funds

	Water		Sewer		Storm Drainage		Non-Potable Water		Total	Total
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
ASSETS										
Total Current Assets	\$18,383,764	\$15,684,950	\$ 7,084,573	\$ 5,988,615	\$ 1,852,768	\$ 1,435,837	\$ -	\$ 114,571	\$ 27,321,105	\$23,223,973
Capital Assets, Net	37,724,287	37,065,754	26,945,253	22,842,519	13,638,945	13,805,564	5,239,669	5,126,344	83,548,154	78,840,181
Total Assets	56,108,051	52,750,704	34,029,826	28,831,134	15,491,713	15,241,401	5,239,669	5,240,915	110,869,259	102,064,154
LIABILITIES										
Total Current Liabilities	4,194,176	3,277,813	201,008	489,100	4,042	3,155	729,070	873,794	5,128,296	4,643,862
Total Noncurrent Liabilities	29,136	28,186	2,781,932	25,289	2,697	2,056	3,756,250	3,863,200	6,570,015	3,918,731
Total Liabilities	4,223,312	3,305,999	2,982,940	514,389	6,739	5,211	4,485,320	4,736,994	11,698,311	8,562,593
NET POSITION										
Net Investment in Capital Assets	37,724,287	37,065,754	24,013,135	22,842,519	13,638,945	13,805,564	1,376,469	1,161,385	76,752,836	74,875,222
Restricted	-	-	1,250,000	-	-	-	-	-	1,250,000	0
Unrestricted	14,160,452	12,378,951	7,033,751	5,474,226	1,846,029	1,430,626	(622,120)	(657,464)	22,418,112	18,626,339
Total Net Position	\$51,884,739	\$49,444,705	\$32,296,886	\$ 28,316,745	\$15,484,974	\$15,236,190	\$ 754,349	\$ 503,921	\$100,420,948	\$93,501,561

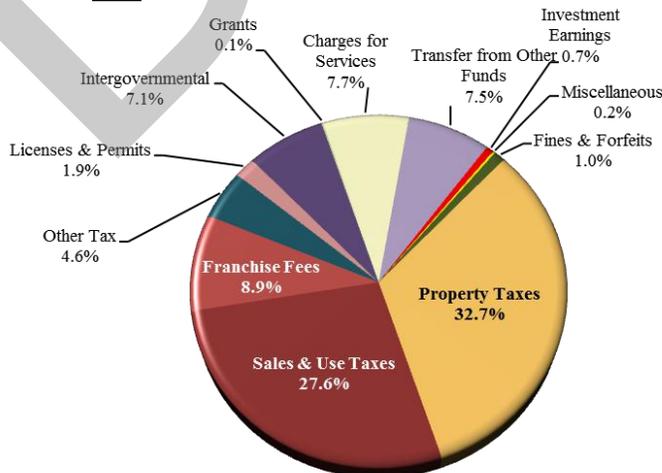
Amounts reported for business-type activities in the Statement of Net Position are different because Cumulative portion of internal service funds net operating income (loss) attributed to business-type activities

Total assets for the proprietary funds increased in 2012 to reflect a total increase of 8.6% (\$8,805,105), while liabilities increased 36.6% (\$3,135,718). Both increases are due primarily to the Sewer Fund's Headworks project accounting for over \$4.8 million in 2012. The overall net position increased 6.1% (\$5,669,387).

The unexpected increase in the number of building permits is also reflected in the business-type accounts. Plant investment fees collected on building permits at the time of issuance generated a large influx of cash that was retained for future projects.

General Fund Budgetary Highlights. The General Fund is the chief operating fund of the Town. The General Fund accounts for all the general services provided by the Town. At the end of 2012, the unassigned fund balance of the General Fund totaled \$5,573,087, while the total fund balance was \$5,936,147. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. For 2012, unassigned fund balance represents 45.0% of total fund expenditures while total fund balance represents 47.9% of that same amount.

TABLE 9
Revenues by Source
General Fund 2011



The distribution of revenue sources for 2011 and 2012 would be very similar as shown in the by the following 2012 charts. There was a refinancing of the revenue bonds for the Community Recreation Center that skews the chart for 2012 amounting to \$3,894,944 for proceeds and premium. There is only a 1.9% total loss in revenues from 2011 to 2012 due mainly to a loss of 6.3% (\$273,534) in property tax.

TOWN OF **WINDSOR**, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2012

TABLE 9
Revenues by Source
General Fund 2012

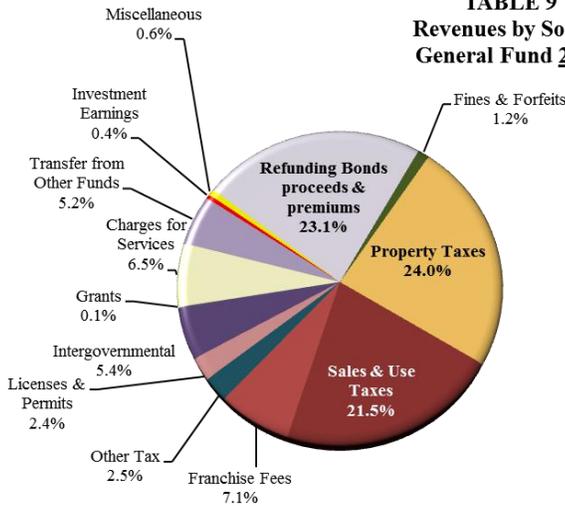
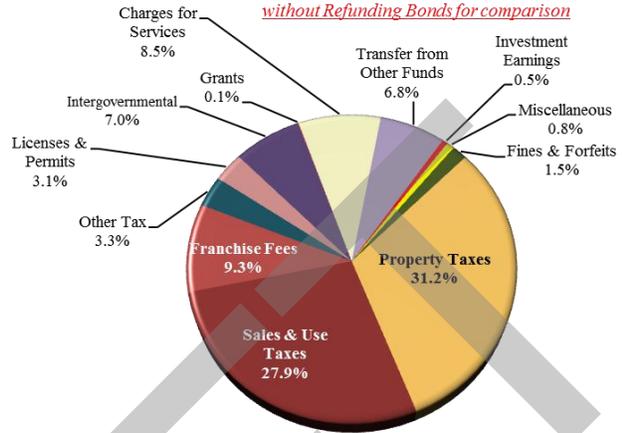


TABLE 9
Revenues by Source General Fund 2012
without Refunding Bonds for comparison



General government expenditures include all administrative functions of the Town (i.e., Town Board, Town Clerk, Municipal Court, Town Manager, Finance, Town Attorney, Economic Development and Human Resources). The 2011 General Fund chart included transfers of \$1,250,000 to the Capital Improvement Fund for half of the I-23/SH392 intersection project. The Water Fund provided a loan for the other half. Otherwise, 2012 expenditures are only 1.7% more than those of 2011.

TABLE 10
Expenditures by Type
General Fund 2011

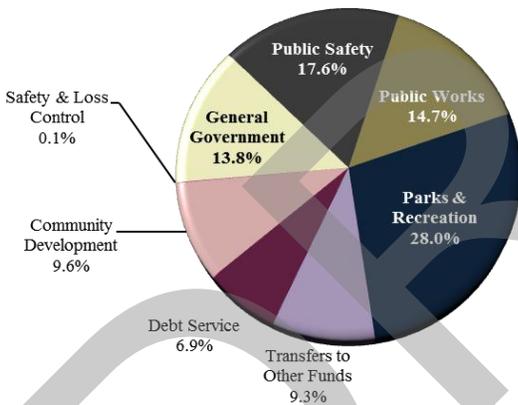
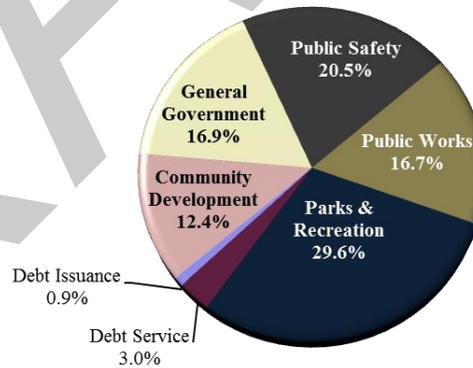


TABLE 10
Expenditures by Type
General Fund 2012
without Refunding Bonds for comparison



As of 2011, the General Fund incorporates the Community Recreation Center Fund (CRC) according to GASB 54 that states a fund must have its own source revenue and this fund is supplemented primarily by the General Fund by way of transfers. Therefore, the CRC debt service is included in the General Fund chart.

The 2012 chart for expenditures does not include the payment to the escrow agent for the Refunding Bonds, again for comparison purposes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2012, amounts to \$161,323,906 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the Town's investment in capital assets for the current fiscal year was 3.0% (a 0.01% increase for governmental activities and a 6.0% increase for business-type activities) due to the increase of the Sewer Waste Water Treatment Plant headworks facility.

TOWN OF **WINDSOR**, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

Table 11
Capital Assets, Net

	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Construction in progress	\$ 2,342,531	\$ 2,096,711	\$ 6,305,110	\$ 1,739,131	\$ 8,647,641	\$ 3,835,842
Land and water rights	2,294,920	2,294,920	17,533,958	16,948,158	19,828,878	19,243,078
Site improvements	7,792,717	6,412,294	-	-	7,792,717	6,412,294
Buildings and improvements	12,848,504	13,687,011	-	-	12,848,504	13,687,011
Streets and improvements	42,846,301	45,410,001	-	-	42,846,301	45,410,001
Parks and improvements	6,894,399	5,202,009	-	-	6,894,399	5,202,009
Machinery and equipment	2,662,015	2,538,942	-	-	2,662,015	2,538,942
Furniture and fixtures	94,365	95,735	-	-	94,365	95,735
Utility systems and equipment	-	-	59,709,086	60,152,892	59,709,086	60,152,892
Total	\$ 77,775,752	\$ 77,737,623	\$ 83,548,154	\$ 78,840,181	\$ 161,323,906	\$ 156,577,804

Additional information on the Town's capital assets can be found in Note 1 on page 33 and Note 5 on pages 39-41 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Windsor had total bonded debt outstanding of \$3,415,000. The Town's debt represents bonds secured solely by the specified revenue sources (i.e., refunding sales and use tax bonds), a USDA loan for the police facility, two combined loans related to the Kern Reservoir, a Sewer Waste Water Treatment Plant loan, and compensated absences.

Table 12
Town of Windsor's Outstanding Debt at Year End

	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Sales and Use Tax Revenue Bonds Payable	\$ -	\$ 3,630,000	\$ -	\$ -	\$ -	\$ 3,630,000
Refunding Sales & Use Tax Bonds	3,415,000	-	-	-	3,415,000	-
Bond Premium	189,944	-	-	-	189,944	-
Developer Reimbursement Agreements	-	1,399,301	-	-	-	1,399,301
USDA Community Facilities Loan (WBA)	2,932,444	2,966,854	-	-	2,932,444	2,966,854
CWCB Loan (Kern Reservoir)	-	-	3,863,200	3,964,959	3,863,200	3,964,959
CWRPDA Loan Sewer WWTP	-	-	2,932,118	-	2,932,118	-
Compensated Absences	468,805	443,840	60,072	55,531	528,877	499,371
Total	\$ 7,006,193	\$ 8,439,995	\$ 6,855,390	\$ 4,020,490	\$ 13,861,583	\$ 12,460,485

The Town's debt increased 11.2% (\$1,401,098) from 2011. Governmental activities debt reduced by 17.0% by satisfying developer obligations while business-type activities debt increased 70.5% with the addition of the sewer loan.

TOWN OF **WINDSOR**, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

The Town's debt policy imposes a legal debt margin 10% of assessed valuation. The debt limit at December 31, 2012 was \$34,444,326. The amount of debt applicable to the debt limit is \$13,332,760 leaving a legal debt margin of \$22,111,566.

Additional information on the Town's long-term debt can be found in Note 6 on pages 41-43 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The annual Budget assures the efficient, effective and economic uses of Town's resources, as well as establishing the highest priority objectives. Through the budget, the Town Board sets the direction for the Town, allocates its resources, and establishes its priorities.

The 2013 Budget was approved and adopted by the Town Board on November 26, 2012, appropriating \$32,104,148 for expenditures representing a 10.2% decrease over the original 2012 Budget. Debt expenditures decreased from 2012 with paying off over \$1.3 million developer reimbursement obligations in 2012. Also, there was \$2 million less in capital outlay for 2013, partially attributed to completion of the Waste Water Headworks Treatment Facility being financed principally in 2012. Fund balances should increase moderately as a result of capital project expenditures decreasing over those of 2012. Property tax will decrease slightly as a result of a decrease in the Town's assessed valuation. Retail sales tax and use tax are expected to remain about the same. Water rates are anticipated to increase in 2013, keeping pace with the increased cost of services provided by the Town. A rate study will be completed in 2013 to evaluate utility rates.

There is provision for modest wage increases in the 2013 budget, and three new positions have been added. One position moves from part-time to full-time in the fleet department, a new parks technician for maintenance of the four new parks, and full-time front desk person at the Community Recreation Center which will eliminate the need for seasonal workers, resulting in a savings. The net addition of these three positions is only 0.72 FTE.

Parks and Recreation programs and facilities have also been important to our growing community. A total of \$8,271,458 has been allocated to quality of life and recreational programs. Completion of the Northern Lights Park, along with some trail construction and upgrades will be the focus of parks and recreation expenditures in 2013.

Improving infrastructure is a primary concern in 2013 with several projects. A three-million gallon water tank is being construction in 2013. Funds are allocated to improve and maintain several streets and bridges and a railroad crossing. There is still some final signage and landscaping to be done for the intersection of I-25/SH392, a project which began in 2011.

Contacting the Town's Financial Management

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

Town of Windsor
Director of Finance
301 Walnut Street
Windsor, CO 80550

BASIC FINANCIAL STATEMENTS

TOWN OF WINDSOR

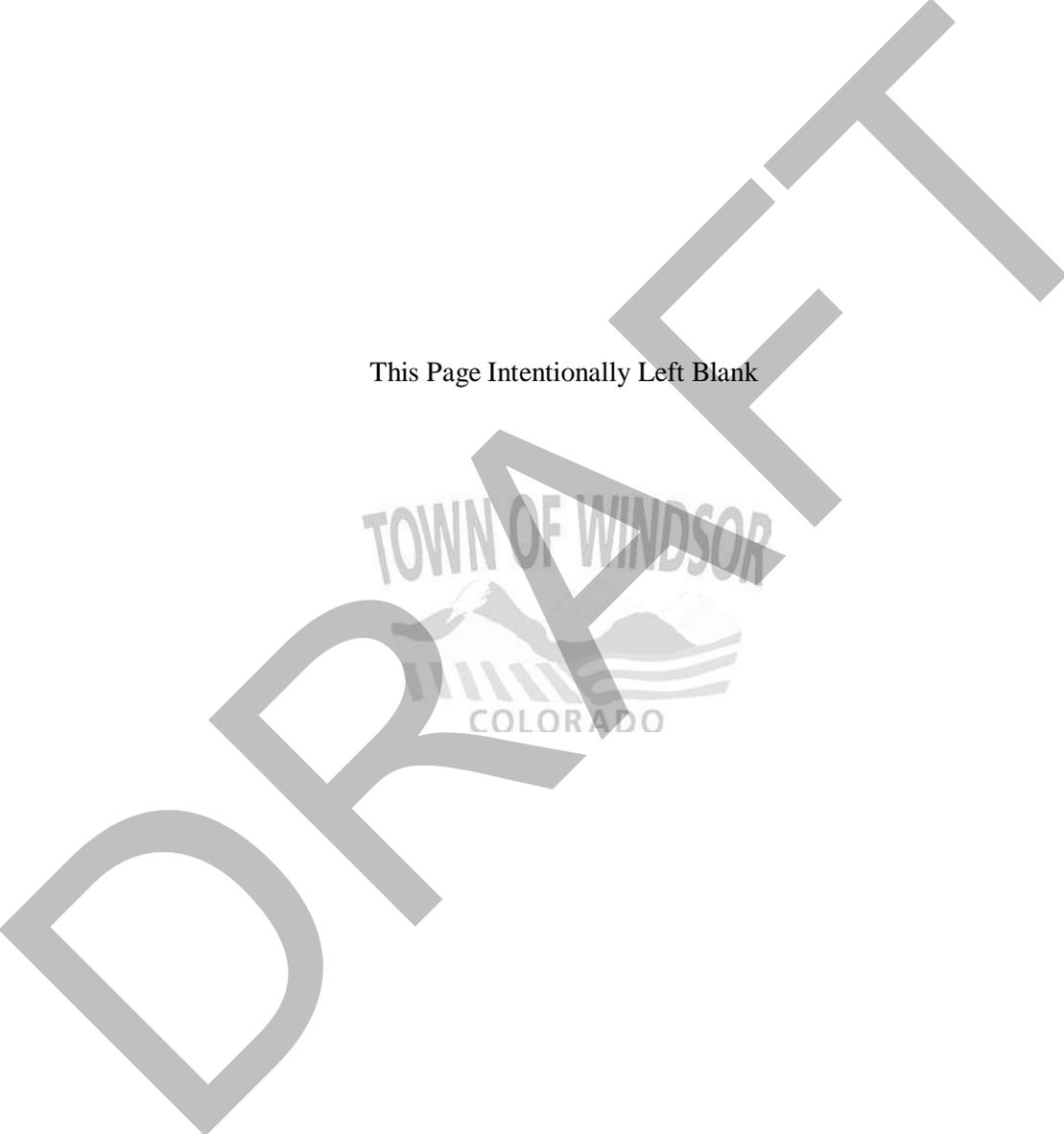


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TOWN OF **WINDSOR**, COLORADO
STATEMENT OF NET POSITION
December 31, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<u>Assets</u>				
Cash and cash equivalents	\$ 2,535,345	\$ 7,634,232	\$ 10,169,577	\$ 50,322
Equity in pooled cash and cash equivalents	1,599,851	797,659	2,397,510	-
Investments	4,625,187	12,488,238	17,113,425	-
Receivables	5,421,585	4,051,363	9,472,948	-
Internal balances	1,804,149	(1,804,149)	-	-
Restricted assets:				
Investments	145,488	-	145,488	-
Capital assets, not being depreciated	4,637,451	23,839,068	28,476,519	-
Capital assets, being depreciated, net	73,138,301	59,709,086	132,847,387	-
<u>Total assets</u>	<u>93,907,357</u>	<u>106,715,497</u>	<u>200,622,854</u>	<u>50,322</u>
<u>Deferred outflows of resources</u>				
Deferred loss on refunding	133,715	-	133,715	-
<u>Total deferred outflows of resources</u>	<u>133,715</u>	<u>-</u>	<u>133,715</u>	<u>-</u>
<u>Liabilities</u>				
Accounts payable and other liabilities	463,451	463,767	927,218	-
Accrued payroll	498,098	17,930	516,028	-
Accrued interest payable	9,832	33,240	43,072	-
Noncurrent liabilities:				
Accrued compensated absences	468,805	60,072	528,877	-
Due within one year	315,723	285,375	601,098	-
Due in more than one year	6,221,665	6,509,943	12,731,608	-
<u>Total liabilities</u>	<u>7,977,574</u>	<u>7,370,327</u>	<u>15,347,901</u>	<u>-</u>
<u>Deferred inflows of resources</u>				
Deferred revenue - property taxes	4,096,598	-	4,096,598	-
<u>Total deferred inflows of resources</u>	<u>4,096,598</u>	<u>-</u>	<u>4,096,598</u>	<u>-</u>
<u>Net position</u>				
Net investment in capital assets	71,372,079	76,752,836	148,124,915	-
Restricted for:				
Capital projects	4,810,218	-	4,810,218	-
TABOR emergency reserve	555,716	-	555,716	-
Parks and recreation	356,510	-	356,510	-
Operations and maintenance	-	1,250,000	1,250,000	-
Unrestricted	4,872,377	21,342,334	26,214,711	50,322
<u>Total net position</u>	<u>\$ 81,966,900</u>	<u>\$ 99,345,170</u>	<u>\$ 181,312,070</u>	<u>\$ 50,322</u>

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

TOWN OF **WINDSOR**, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

Functions/programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,674,626	\$ -	\$ 11,250	\$ -
Public safety	2,826,313	227,231	-	-
Public works	5,662,954	479,043	-	818,017
Parks and recreation	4,497,909	2,820,645	-	-
Community development	1,819,818	-	-	-
Safety and loss control	2,778	-	-	-
Small equipment and maintenance	1,377,790	-	-	-
Debt issuance costs	107,184	-	-	-
Interest on long-term debt	156,191	-	-	-
Total governmental activities	19,125,563	3,526,919	11,250	818,017
Business-type activities:				
Water	3,287,679	4,507,939	-	1,470,429
Sewer	1,537,136	1,697,989	-	2,682,790
Storm drainage	672,899	305,141	-	766,964
Non-potable water	269,505	225,312	-	20,649
Total business-type activities	5,767,219	6,736,381	-	4,940,832
Total primary government	\$ 24,892,782	\$ 10,263,300	\$ 11,250	\$ 5,758,849
Component unit				
Downtown Development Authority	199,678	\$ -	\$ -	\$ -

General revenues

Taxes:

Property taxes

Sales and use taxes

Franchise taxes

Other taxes

Intergovernmental

Earnings on investments

Gain on sale of capital assets

Other revenues

Subtotal general revenues

Transfers in (out)

Total general revenues and transfers

Changes in net position

Net position at beginning of year

Cumulative effect of change in accounting principle

Net position at end of year

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

TOWN OF **WINDSOR**, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

Net (Expense) Revenue and Changes in net position			Component Unit Downtown Development Authority
Primary Government			
Governmental Activities	Business-Type Activities	Total	
\$ (2,663,376)	\$ -	\$ (2,663,376)	\$ -
(2,599,082)	-	(2,599,082)	-
(4,365,894)	-	(4,365,894)	-
(1,677,264)	-	(1,677,264)	-
(1,819,818)	-	(1,819,818)	-
(2,778)	-	(2,778)	-
(1,377,790)	-	(1,377,790)	-
(107,184)	-	(107,184)	-
(156,191)	-	(156,191)	-
(14,769,377)	-	(14,769,377)	-
-	2,690,689	2,690,689	-
-	2,843,643	2,843,643	-
-	399,206	399,206	-
-	(23,544)	(23,544)	-
-	5,909,994	5,909,994	-
(14,769,377)	5,909,994	(8,859,383)	-
-	-	-	199,678
4,059,462	-	4,059,462	-
5,579,576	-	5,579,576	-
1,202,273	-	1,202,273	-
3,561,315	-	3,561,315	-
1,747,799	-	1,747,799	250,000
77,273	231,308	308,581	-
65,780	-	65,780	-
107,057	66,074	173,131	-
16,400,535	297,382	16,697,917	250,000
541,448	(541,448)	-	-
16,941,983	(244,066)	16,697,917	250,000
2,172,606	5,665,928	7,838,534	50,322
79,926,727	93,679,242	173,605,969	-
(132,433)	-	(132,433)	-
<u>\$ 81,966,900</u>	<u>\$ 99,345,170</u>	<u>\$ 181,312,070</u>	<u>\$ 50,322</u>

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

TOWN OF **WINDSOR**, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	523,440	1,871,662	\$ 140,243	\$ 2,535,345
Equity in pooled cash and cash equivalents	1,183,101	-	63,136	1,246,237
Investments	2,345,860	2,279,327	-	4,625,187
Receivables	4,913,107	308,059	200,000	5,421,166
Interfund receivable	1,380,649	2,043,642	2,182,608	5,606,899
<u>Total assets</u>	<u>\$ 10,346,157</u>	<u>\$ 6,502,690</u>	<u>\$ 2,585,987</u>	<u>\$ 19,434,834</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts and retainage payable	38,604	279,272	\$ 101,769	\$ 419,645
Accrued liabilities	498,098	-	-	498,098
Interfund payable	-	1,250,000	-	1,250,000
<u>Total liabilities</u>	<u>536,702</u>	<u>1,529,272</u>	<u>101,769</u>	<u>2,167,743</u>
<u>Deferred inflows of resources</u>				
Deferred revenue - property taxes	4,096,598	-	-	4,096,598
<u>Fund balances</u>				
Restricted for emergencies	363,060	163,200	29,456	555,716
Restricted for capital improvements	-	4,810,218	-	4,810,218
Restricted for parks and recreation	-	-	356,510	356,510
Assigned for special revenue funds	-	-	2,098,252	2,098,252
Unassigned	5,349,797	-	-	5,349,797
<u>Total fund balances</u>	<u>\$ 5,712,857</u>	<u>4,973,418</u>	<u>2,484,218</u>	<u>13,170,493</u>
<u>Total liabilities, deferred inflows of resources and fund balances</u>	<u>\$10,346,157</u>	<u>\$6,502,690</u>	<u>\$2,585,987</u>	<u>\$19,434,834</u>

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

TOWN OF **WINDSOR**, COLORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET WITH THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2012

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

Total fund balances - governmental funds \$ 13,170,493

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

The cost of capital assets, net of accumulated depreciation 71,382,391

Long-term liabilities, bond 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 consist of:

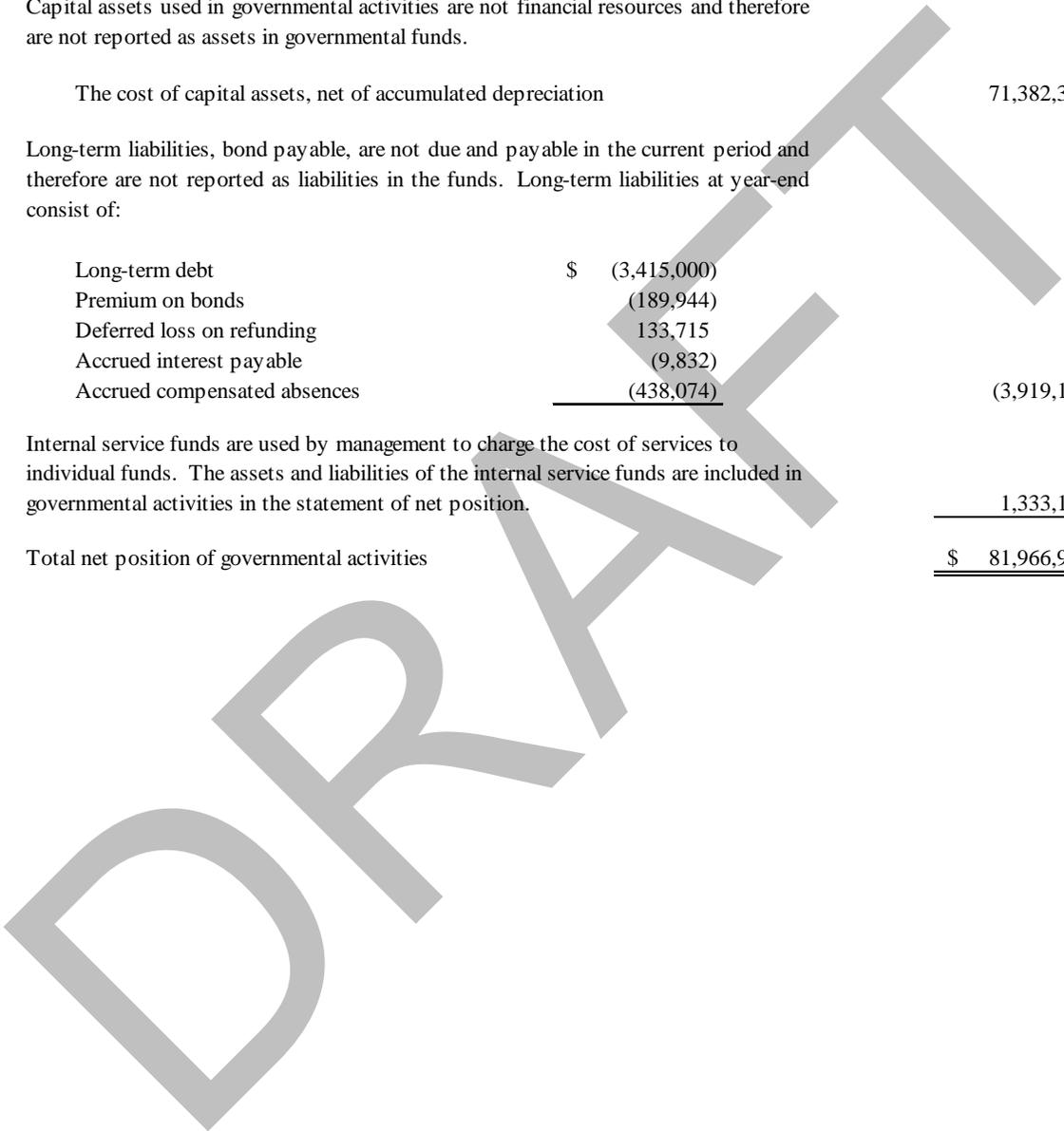
Long-term debt	\$ (3,415,000)	
Premium on bonds	(189,944)	
Deferred loss on refunding	133,715	
Accrued interest payable	(9,832)	
Accrued compensated absences	<u>(438,074)</u>	(3,919,135)

Internal service funds are used by management to charge the cost of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

1,333,151

Total net position of governmental activities

\$ 81,966,900



TOWN OF **WINDSOR**, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Taxes and assessments	\$ 9,313,462	\$ 5,089,164	\$ -	\$ 14,402,626
Licenses and permits	402,493	-	-	402,493
Intergovernmental	909,440	343,261	495,098	1,747,799
Grants and contributions	11,250	818,017	-	829,267
Charges for services	1,100,293	-	1,823,793	2,924,086
Fines and forfeitures	200,340	-	-	200,340
Earnings on investments	71,417	5,062	754	77,233
Miscellaneous	104,545	2,512	-	107,057
<u>Total revenues</u>	<u>12,113,240</u>	<u>6,258,016</u>	<u>2,319,645</u>	<u>20,690,901</u>
<u>Expenditures</u>				
Current:				
General government	2,090,915	-	-	2,090,915
Public safety	2,543,883	-	-	2,543,883
Public works	2,062,330	-	-	2,062,330
Parks and recreation	3,661,874	-	-	3,661,874
Community development	1,539,445	-	-	1,539,445
Safety and loss control	2,778	-	-	2,778
Small equipment and maintenance	-	1,468,585	9,500	1,478,085
Debt service	597,276	1,156,475	-	1,753,751
Debt issuance costs	107,184	-	-	107,184
Capital outlay	-	2,852,407	2,506,172	5,358,579
<u>Total expenditures</u>	<u>12,605,685</u>	<u>5,477,467</u>	<u>2,515,672</u>	<u>20,598,824</u>
<u>Revenues over (under) expenditures</u>	<u>(492,445)</u>	<u>780,549</u>	<u>(196,027)</u>	<u>92,077</u>
<u>Other financing sources (uses)</u>				
Refunding bond proceeds	3,705,000	-	-	3,705,000
Premiums on refunding bonds	189,944	-	-	189,944
Payments to refunding bonds escrow agent	(3,787,760)	-	-	(3,787,760)
Gain on sale of capital assets	-	-	-	-
Transfers in	881,015	-	-	881,015
Transfers out	-	(407,733)	(76,914)	(484,647)
<u>Total other financing sources (uses)</u>	<u>988,199</u>	<u>(407,733)</u>	<u>(76,914)</u>	<u>503,552</u>
<u>Net changes in fund balances</u>	<u>495,754</u>	<u>372,816</u>	<u>(272,941)</u>	<u>595,629</u>
<u>Fund balance at beginning of year</u>	<u>5,217,103</u>	<u>4,600,602</u>	<u>2,757,159</u>	<u>12,574,864</u>
<u>Fund balance at end of year</u>	<u>\$ 5,712,857</u>	<u>\$ 4,973,418</u>	<u>\$ 2,484,218</u>	<u>\$ 13,170,493</u>

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

TOWN OF **WINDSOR**, COLORADO
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**
For the Year Ended December 31, 2012

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

Total net change in fund balance - governmental funds. \$ 595,629

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which depreciation expense exceeded capital outlay during the period:

Capital outlay	\$ 5,458,874	
Depreciation expense	<u>(5,530,414)</u>	(71,540)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term debt liabilities in the Statement of Net Position. Proceeds from refunding bonds, including premiums, net of payments to refunding bonds escrow agent. (107,184)

The repayment of bonded principal and developer reimbursement obligations are an expenditure in the Statement of Revenues, Expenditures and Changes in Fund Balances. However, these are reflected as reductions of liabilities in the Statement of Net Position and do not affect the Statement of Activities. 1,689,301

Decrease in accrued interest payable reflected as an expense on the Statement of Activities and not reflected as an expense on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. 18,929

Increase in accrued compensated absences reflected as a reduction of expense on the Statement of Activities and not reflected in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. (25,155)

Internal service funds are used by management to charge the cost of services to individuals funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 72,626

Change in Net Position of Governmental Activities \$ 2,172,606

TOWN OF **WINDSOR**, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2012

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Storm Drainage	Non-potable Water (Nonmajor)	Total	Internal Service Funds
ASSETS						
Current assets						
Cash and cash equivalents	4,223,401	2,991,330	\$ 419,501	\$ -	\$ 7,634,232	\$ -
Equity in pooled cash and cash equivalents	-	-	797,659	-	797,659	353,614
Investments	12,488,238	-	-	-	12,488,238	-
Interfund receivable	1,250,000	510,733	588,880	-	2,349,613	-
Intergovernmental receivable	-	307,393	-	-	307,393	-
Accounts receivable	422,125	162,539	46,728	-	631,392	419
Accrued interest receivable	-	2,035	-	-	2,035	-
Total current assets	18,383,764	3,974,030	1,852,768	-	24,210,562	354,033
Noncurrent assets						
Restricted cash and investments	-	-	-	-	-	145,488
Loan proceeds receivable	-	3,110,543	-	-	3,110,543	-
Capital assets:						
Land	99,555	84,083	9,000	-	192,638	157,853
Water rights	17,341,320	-	-	-	17,341,320	-
Utility system	25,789,312	29,551,590	16,132,448	5,276,477	76,749,827	-
Buildings and improvements	163,319	887,725	-	-	1,051,044	4,994,533
Machinery and equipment	755,066	730,034	46,382	-	1,531,482	3,233,252
Construction in progress	809,609	5,332,775	162,726	-	6,305,110	-
Less: accumulated depreciation	(7,233,894)	(9,640,954)	(2,711,611)	(36,808)	(19,623,267)	(1,992,277)
Total capital assets, net	37,724,287	26,945,253	13,638,945	5,239,669	83,548,154	6,393,361
Total noncurrent assets	37,724,287	30,055,796	13,638,945	5,239,669	86,658,697	6,538,849
Total assets	56,108,051	34,029,826	15,491,713	5,239,669	110,869,259	6,892,882
LIABILITIES						
Current liabilities						
Interfund payable	3,739,104	-	-	588,880	4,327,984	2,378,528
Accounts payable	448,127	14,004	1,636	-	463,767	16,967
Accrued expenses	6,945	8,579	2,406	33,240	51,170	26,839
Loans payable - current	-	178,425	-	106,950	285,375	35,723
Total current liabilities	4,194,176	201,008	4,042	729,070	5,128,296	2,458,057
Noncurrent liabilities						
Accrued compensated absences	29,136	28,239	2,697	-	60,072	30,731
Loans payable	-	2,753,693	-	3,756,250	6,509,943	2,896,721
Total noncurrent liabilities	29,136	2,781,932	2,697	3,756,250	6,570,015	2,927,452
Total liabilities	4,223,312	2,982,940	6,739	4,485,320	11,698,311	5,385,509
NET POSITION						
Net investment in capital assets	37,724,287	24,013,135	13,638,945	1,376,469	76,752,836	3,460,917
Restricted for operations and maintenance	-	1,250,000	-	-	1,250,000	-
Unrestricted	14,160,452	5,783,751	1,846,029	(622,120)	21,168,112	(1,953,544)
Total net position	\$ 51,884,739	\$ 31,046,886	\$ 15,484,974	\$ 754,349	99,170,948	\$ 1,507,373

Amounts reported for business-type activities in the Statement of Net Assets are different because

Cumulative portion of internal service funds net operating income attributed to business-type activities	174,222
	<u>\$ 99,345,170</u>

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

TOWN OF **WINDSOR**, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
December 31, 2012

	Business-Type Activities - Enterprise Funds					Governmental
	Water	Sewer	Storm Drainage	Non-potable	Total	Internal Service Funds
				Water (Nonmajor)		
<u>Operating revenues</u>						
Charges for services	\$ 3,443,598	\$ 1,688,744	\$ 304,356	\$ 225,312	\$ 5,662,010	\$ 2,241,852
Gain on sale of capital assets	-	-	-	-	-	65,780
Miscellaneous	1,064,341	9,245	785	-	1,074,371	-
<u>Total operating revenues</u>	4,507,939	1,697,989	305,141	225,312	6,736,381	2,307,632
<u>Operating expenses</u>						
Wages and benefits	193,515	241,010	75,803	-	510,328	766,279
Operating costs	2,732,612	605,430	266,489	52,416	3,656,947	858,917
Depreciation	360,364	636,161	329,978	14,876	1,341,379	647,719
<u>Total operating expenses</u>	3,286,491	1,482,601	672,270	67,292	5,508,654	2,272,915
<u>Operating income (loss)</u>	1,221,448	215,388	(367,129)	158,020	1,227,727	34,717
<u>Nonoperating revenues (expenses)</u>						
Earnings on investments	223,572	6,801	935	-	231,308	40
Other income	-	66,074	-	-	66,074	-
Interest expense	-	(52,893)	-	(202,213)	(255,106)	(110,670)
<u>Total nonoperating revenues (expenses)</u>	223,572	19,982	935	(202,213)	42,276	(110,630)
<u>Income (loss) before contributions and transfers</u>	1,445,020	235,370	(366,194)	(44,193)	1,270,003	(75,913)
Capital contributions	1,457,777	1,260,900	766,964	-	3,485,641	-
Grants	12,652	1,421,890	-	20,649	1,455,191	-
Transfers in	62,653	-	-	303,972	366,625	151,080
Transfers out	(538,068)	(188,019)	(151,986)	(30,000)	(908,073)	(6,000)
<u>Change in net position</u>	2,440,034	2,730,141	248,784	250,428	5,669,387	69,167
<u>Net position at beginning of year</u>	49,444,705	28,316,745	15,236,190	503,921		1,570,639
<u>Cumulative change in accounting principle</u>	-	-	-	-		(132,433)
<u>Net position at end of year</u>	\$ 51,884,739	\$ 31,046,886	\$ 15,484,974	\$ 754,349		\$ 1,507,373

Amounts reported for business-type activities in the Statement of Activities are different because

Internal service funds increase to expenses for costs in excess of charges to the business-type activities (3,459)

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

TOWN OF **WINDSOR**, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2012

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Storm Drainage	Non-potable Water	Total	Internal Service Funds
				(Nonmajor)		
<u>Cash flows from operating activities</u>						
Cash received from customers	\$ 4,347,198	\$ 1,508,152	\$ 300,391	\$ 339,883	\$ 6,495,624	\$ 2,307,938
Cash payments to suppliers	(2,333,856)	(621,867)	(265,602)	(84,124)	(3,305,449)	(870,400)
Cash payments to employees	(192,565)	(238,060)	(75,162)	-	(505,787)	(769,251)
Net cash flows from operating activities	1,820,777	648,225	(40,373)	255,759	2,684,388	668,287
<u>Cash flows from non-capital financing activities</u>						
Other income	-	66,074	-	-	66,074	-
Net change in interfund balances due	517,607	2,210,622	386,280	(118,207)	2,996,302	-
Transfers from other funds	62,653	-	-	303,972	366,625	151,080
Transfers to other funds	(538,068)	(188,019)	(151,986)	(30,000)	(908,073)	(6,000)
Net cash flows from non-capital financing activities	42,192	2,088,677	234,294	155,765	2,520,928	145,080
<u>Cash flows from capital and related financing activities</u>						
Capital contributions	640,723	2,460,967	604,636	20,649	3,726,975	-
Principal paid on debt	-	(178,425)	-	(101,759)	(280,184)	(34,410)
Interest paid on debt	-	(52,893)	-	(202,213)	(255,106)	(110,670)
Acquisition of capital assets	(189,191)	(4,967,152)	(1,031)	(128,201)	(5,285,575)	(733,343)
Net cash flows from capital and related financing activities	451,532	(2,737,503)	603,605	(411,524)	(2,093,890)	(878,423)
<u>Cash flows from investing activities</u>						
Proceeds from sales of investments	2,510,135	-	-	-	2,510,135	-
Purchases of investments	(5,303,208)	-	-	-	(5,303,208)	-
Net change in restricted cash	-	-	-	-	-	(40)
Earnings on investments	249,531	6,801	935	-	257,267	40
Net cash flows from investing activities	(2,543,542)	6,801	935	-	(2,535,806)	-
Net change in cash and cash equivalents	(229,041)	6,200	798,461	-	575,620	(65,056)
Cash and cash equivalents at beginning of year	4,452,442	2,985,130	418,699	-	7,856,271	418,670
Cash and cash equivalents at end of year	\$ 4,223,401	\$ 2,991,330	\$ 1,217,160	\$ -	\$ 8,431,891	\$ 353,614
<u>Reconciliation of operating income (loss) to net cash flows from operating activities</u>						
Operating income (loss)	\$ 1,221,448	\$ 215,388	\$ (367,129)	\$ 158,020	\$ 1,227,727	\$ 34,717
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation expense	360,364	636,161	329,978	14,876	1,341,379	647,719
Changes in operating assets and liabilities:						
Accounts receivable	(160,741)	(189,837)	(4,750)	114,571	(240,757)	(4,412)
Accounts payable and accrued expenses	399,706	(13,487)	1,528	(31,708)	356,039	(9,737)
Net cash flows from operating activities	\$ 1,820,777	\$ 648,225	\$ (40,373)	\$ 255,759	\$ 2,684,388	\$ 668,287
<u>Non-cash investing, capital and financing activities</u>						
Contributed capital assets	\$ 829,706	\$ 221,823	\$ 162,328	\$ -	\$ 1,213,857	\$ -
Capital assets acquired with accounts payable	\$ -	\$ (450,880)	\$ -	\$ -	\$ -	\$ -

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

TOWN OF **WINDSOR**, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

The Town was incorporated in 1890 and adopted its Home Rule Charter during 2003 (the "Charter"). The Charter provides that the Mayor shall be the chief executive officer of the Town, the Town Board shall be the policy making authority, and a Town Manager, to be appointed by the Town Board, shall be the chief administrative official of the Town. The following services are authorized by its charter: general administrative services, public safety (police protection), public works, culture, parks and recreation, community development and water and sewer services.

Management has considered all potential component units in defining the Town for financial reporting purposes. As required by generally accepted accounting principles, these financial statements present the Town (the primary government) and its component unit. The component unit discussed below is included in the Town's reporting entity because of the significance of their operational or financial relationships with the Town.

Discretely Presented Component Unit

The Windsor Downtown Development Authority was formed in January 2011 by a vote of the downtown business and property owners, and officially approved and adopted as a DDA organization by the Town of Windsor Board on February 28, 2011. Comprised of a seven member board of directors plus a representative from the Town of Windsor Board, the DDA is dedicated to revitalizing downtown Windsor while preserving the history and heritage of this thriving community.

Blended Component Unit

The Windsor Building Authority (the "Authority") was created as a nonprofit corporation under Colorado law on February 21, 2009. The Authority was created for the purpose of assisting with projects that are beneficial to the Town, such as borrowing or lending funds to assist in the building of Town facilities. Members of the Board of Directors of the Authority are appointed by the Town Board and provide services entirely to the Town. The Town has the ability to modify or approve the Authority's annual operating budget. The Town also has the ability to appoint, hire, reassign, or dismiss those individuals responsible for the day-to-day operations of the Authority.

Basic Financial Statements

The basic financial statements include both government-wide financial statements (based on the Town as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or activity. 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 activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF **WINDSOR**, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenses or expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. 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 recognized when earned and expenses are recognized when a liability is incurred, regardless of the time 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. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Cost reimbursement grant revenues are considered to be available at the point the expenditure is incurred. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property, franchise, sales and hotel occupancy taxes and investment income (including unrealized gains and losses) are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the capital projects fund. The following are the Town's major and nonmajor governmental funds:

General Fund - The General Fund (a major fund) is the Town's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include local property, sales, and franchise taxes and other intergovernmental revenues. Expenditures include all costs associated with the daily operation of general government, public safety, public works, parks and recreation and community development.

Capital Improvement Fund - This major fund is a capital projects fund type which is established to account for financial resources segregated for the acquisition or construction of capital facilities other than those financed by enterprise operations.

The other governmental funds (nonmajor funds) are Special Revenue Funds (Park Improvement, and Conservation Trust) and are established to account for revenues derived from recreation fees and specific taxes or other earmarked revenue sources which finance specific activities as required by law or administrative action.

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

The Town's major enterprise funds are the Water, Sewer and Storm Drainage Funds. These funds account for the financial transactions related to the water, sewer and storm drainage service operations of the Town. The Town has one nonmajor enterprise fund, the Non-potable Water Fund, which provides non-potable irrigation water services to its customers.

TOWN OF **WINDSOR**, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Internal service funds account for operations that provide services to other departments or agencies of the Town, or to other governments, on a cost-reimbursement basis. The Town has four internal service funds; the Fleet Management Fund, Information Technology Fund, Facility Service Fund, and the Windsor Building Authority.

There are no fiduciary funds included in this report.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Sewer, Storm Drainage and Non-potable Water funds and the government's internal service funds are charges to customers for sales and services. 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 nonoperating revenues and expenses.

Budgets and Budgetary Accounting

An annual budget and appropriation ordinance is adopted by the Board of Trustees in accordance with Colorado state statutes. Budgets are adopted on a basis consistent with GAAP, except for the following: proceeds from long-term debt are budgeted as revenue in the proprietary funds; note, lease and bond principal payments are budgeted as expenses in the proprietary funds; and purchases of fixed assets are budgeted as capital outlay expenses in the proprietary funds.

On or about October 15, the Town staff submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Also, public hearings are conducted at a special meeting and at regular Town Board meetings to obtain taxpayer comments. Prior to December 15, the budget is legally adopted by the Town Board.

Colorado law requires that all funds have legally adopted budgets and total expenditures for each fund cannot exceed the amount appropriated. The fund level of classification is the level of classification at which expenditures may not legally exceed appropriations.

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

TOWN OF **WINDSOR**, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting (Continued)

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Town Board throughout the year. Following is a summary of the original budget, total revisions and revised budget for those funds with amended budgets for the year ended December 31, 2012:

	Original Budget	Total Revisions	Revised Budget
<u>Governmental funds:</u>			
General fund	\$ 13,242,843	\$ 223,290	\$ 13,466,133
<u>Special revenue funds:</u>			
Park improvement fund	2,501,831	-	2,501,831
Conservation trust fund	350,000	-	350,000
<u>Capital projects funds:</u>			
Capital improvements fund	4,905,182	1,079,260	5,984,442
<u>Business-type funds:</u>			
Water fund	3,865,966	1,199,756	5,065,722
Sewer fund	6,212,426	453,141	6,665,567
Storm drainage fund	975,048	202,328	1,177,376
Non-potable water fund	537,211	-	537,211
<u>Internal service funds:</u>			
Fleet management fund	1,334,931	-	1,334,931
Information technology fund	735,049	-	735,049
Windsor building authority	145,080	-	145,080
Facility service fund	550,596	-	550,596
Total funds	\$ 35,356,163	\$ 3,157,775	\$ 38,513,938

Cash, Cash Equivalents and Temporary Investments

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

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if any, are classified as internal balances on the government-wide statement of net assets and, classified as due from other funds or due to other funds on the balance sheet (see Note 4).

TOWN OF **WINDSOR**, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and furniture and fixtures, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Site Improvements	20 Years	N/A
Buildings and Improvements	20 Years	N/A
Streets and Improvements	20 Years	N/A
Parks and Improvements	20 Years	N/A
Machinery and Equipment	10 Years	5 Years
Furniture and Fixtures	10 Years	N/A
Utility Systems	N/A	5-50 Years

Interest costs incurred that relate to the acquisition or construction of property and equipment acquired with tax-exempt debt is capitalized. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested debt proceeds over the same period. Capitalized interest cost is prorated to completed projects based on the completion date of each project. The Town did not capitalize any interest during the year ended December 31, 2012.

Impairment of Capital Assets

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* ("GASB No 42"), establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The Town is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Management of the Town has determined that there are no indications of impairment of capital assets as of December 31, 2012.

Accrued Compensated Absences Payable

In accordance with the provisions of the GASB Statement No. 16, *Accounting for Compensated Absences*, vested or accumulated vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements. Compensated absences are reported in governmental funds only if they have matured.

TOWN OF **WINDSOR**, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Accrued Liabilities and Long-Term Obligations

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

In general, except for accrued compensated absences, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. In general, payment made within sixty days after year-end are considered to have been made with current available financial resources. Bonds payable, accrued compensated absences, and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until they become due.

Fund Balance

In the fund financial statements, fund balances of governmental funds are as follows:

Nonspendable – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Town Board (the “Board”). The Board is the highest level of decision making authority for the Town. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has authority to assign amounts for specific purposes.

Unassigned – all other spendable amounts.

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consist of capital assets, net of accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulation of other governments.

If applicable, the Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

TOWN OF **WINDSOR**, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Contribution of Capital

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

Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers (See Note 4).

Extraordinary and Special Items

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

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Pronouncements

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

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

During 2012, the Town early implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities." This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Due to the implementation of this statement, debt issuance costs were eliminated as they should be recognized as an expense in the period incurred. In addition, the deferred revenue for property taxes is now classified as a deferred inflow of resources instead of a liability. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of the standard was to decrease the net position at the beginning of the year by \$132,433, which is the amount of unamortized debt issuance costs at December 31, 2011.

TOWN OF **WINDSOR**, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 2 - Cash, Cash Equivalents and Investments

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

<u>Cash and Investments</u>	<u>Fair Value</u>	<u>Weighted Average Maturity Date (in days)</u>	<u>Concentration of Credit Risk</u>
Cash on hand	\$ 3,125	-	N/A
Cash held by County Treasurer	41,232	-	N/A
Cash in financial institution	3,819,942	-	N/A
Certificates of deposit	6,025,109	663	23.2%
U.S. Treasury Notes	123,000	815	0.5%
FHLMC	2,042,759	2,210	7.9%
FNMA	6,033,704	1,882	23.2%
Other U.S. instrumentalities	459,402	8,451	1.8%
Municipal bonds	1,944,451	878	7.5%
Corporate securities	630,488	2,464	2.4%
COLOTRUST	6,203,282	N/A	23.8%
CSAFE	2,549,828	N/A	9.8%
Total cash and investments	\$ 29,876,322		

<u>Cash and Investments</u>	<u>S&P Rating</u>	<u>Moody Rating</u>
FHLMC	AA+	Aaa
FNMA	AA+	Aaa
Other U.S. instrumentalities	AA+	NR
Municipal bonds	AA- to AA+	Aa1 to Aa3
Other municipal bonds	AA- to AA	Aa2
Corporate securities	AA+ to AAA	Aaa
Other corporate securities	NR	NR
COLOTRUST	AAAm	N/A
CSAFE	AAAm	N/A
US Treasury Notes	AA+	Aaa

Cash and investments per the government-wide Statement of Net Position are as follows:

Cash and cash equivalents	\$ 10,169,577
Equity in pooled cash and cash equivalents	2,397,510
Investments	17,113,425
Restricted cash and cash equivalents	145,488
Cash and cash equivalents - component unit	50,322
Total cash and investments	\$ 29,876,322

TOWN OF **WINDSOR**, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 2 - Cash, Cash Equivalents and Investments (Continued)

Custodial Credit Risk – Deposits

For deposits, custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's bank accounts and certificates of deposit as of December 31, 2012 were entirely covered by federal depository insurance or by collateral held by the Town's custodial banks under provisions of the Colorado Public Deposit Protection Act (the "PDPA"). The PDPA requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages, and deeds of trust.

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the Town would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a specific policy for custodial credit risk. As of December 31, 2012, the Town had no investments exposed to custodial credit risk outside of its investments in the Colorado Secure Assets Fund and COLOTRUST discussed below.

Credit Risk - Investments

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

Local Government Investment Pools

At December 31, 2012, the Town had invested \$8,753,110 in the Colorado Secure Assets Fund ("CSAFE") and COLOTRUST, local government investment pools established in Colorado to pool surplus funds for investment purposes. These funds operate similarly to a money market fund and each share is equal in value to \$1.00. The designated custodial bank of the pooled investments provides safekeeping and depository services in connection with the direct investment and withdrawal functions of the pooled investments. All securities owned by pooled investments are held by the Federal Reserve Bank in the account maintained for the custodial banks. Investments of pooled investments consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. The final maturity of any and all securities purchased by pooled investments may not exceed one year. Pooled investments are rated AAAM by Standard & Poor's. The investment policy of CSAFE and COLOTRUST does not include investing in derivatives.

Interest Rate Risk

Colorado Revised Statutes and the Town's investment policies limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates. The approximate weighted average yield to maturity for investments held at December 31, 2012 is 1.66% and the weighted average remaining term of investments is approximately 1,562 days.

TOWN OF **WINDSOR**, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 3 - Receivables

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

<u>Receivables</u>	General	Capital Projects	Other Governmental	Enterprise	Internal Service	Total
Taxes	\$ 4,096,598	\$ -	\$ -	\$ -	\$ -	\$ 4,096,598
Trade accounts	647,767	-	-	522,569	-	1,170,336
Intergovernmental	59,805	308,059	200,000	307,393	419	875,676
Loan proceeds receivable	-	-	-	3,110,543	-	3,110,543
Other	108,937	-	-	110,858	-	219,795
Total	\$ 4,913,107	\$ 308,059	\$ 200,000	\$ 4,051,363	\$ 419	\$ 9,472,948

Note 4 - Interfund Transfers and Balances Receivable/Payable

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

The following table summarizes interfund transfers for the year ended December 31, 2012:

	Transfers Out						Total
	Capital Improvement Fund	Water Fund	Sewer Fund	Storm Drainage	Non-potable Water	Nonmajor Governmental Funds	
Transfers in:							
Governmental funds:							
General	\$ 200,000	\$ 386,082	\$ 188,019	\$ -	\$ 30,000	76,914	\$ 881,015
Capital Improvement	-	-	-	-	-	-	-
Total governmental funds:	200,000	386,082	188,019	-	30,000	76,914	881,015
Proprietary funds:							
Enterprise funds:							
Water	62,653	-	-	-	-	-	62,653
Non-potable Water	-	151,986	-	151,986	-	-	303,972
Internal service funds	145,080	-	-	-	-	-	145,080
Total proprietary funds	207,733	151,986	-	151,986	-	-	511,705
Total transfers	<u>\$ 407,733</u>	<u>\$ 538,068</u>	<u>\$ 188,019</u>	<u>\$ 151,986</u>	<u>\$ 30,000</u>	<u>\$ 76,914</u>	<u>\$ 1,392,720</u>

TOWN OF **WINDSOR**, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 4 - Interfund Transfers and Balances Receivable/Payable (Continued)

The Town's interfund receivables and payables at December 31, 2012 (at the fund level) are shown below. These amounts represent short-term receivables and payables. The balances result from (1) the need to cover the temporary negative cash positions in individual funds and (2) to record a loan from the Water Fund to the Capital Improvement Fund for the interchange improvement project at I-25 and State Highway 392. The loan is to be repaid over 20 years at .467% interest.

Receivable fund	Payable fund	Amount
General Fund	Water Fund	\$ 1,380,649
Capital Improvement Fund	Internal Service Funds	2,043,642
Park Improvement Fund	Water Fund	1,847,422
Park Improvement Fund	Internal Service Funds	334,886
Water Fund	Capital Improvement	1,250,000
Sewer Fund	Water Fund	510,733
Storm Drainage Fund	Nonpotable	588,880
		\$ 6,575,563

Note 5 - Capital Assets

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

	Beginning Balance	Increases	(Decreases) Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and water rights	\$ 2,294,920	\$ -	\$ -	\$ 2,294,920
Construction in progress	2,096,711	1,433,222	(1,187,402)	2,342,531
Total capital assets, not being depreciated	4,391,631	1,433,222	(1,187,402)	4,637,451
Capital assets, being depreciated:				
Site improvements	8,687,226	1,906,088	-	10,593,314
Buildings and improvements	20,346,757	-	-	20,346,757
Streets and improvements	67,937,721	892,086	-	68,829,807
Parks and improvements	9,749,174	2,188,819	-	11,937,993
Machinery and equipment	7,640,132	954,032	(259,855)	8,334,309
Furniture and fixtures	452,165	29,417	-	481,582
Total capital assets, being depreciated	114,813,175	5,970,442	(259,855)	120,523,762

TOWN OF **WINDSOR**, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 5 - Capital Assets (Continued)

	Ending Balance	Increases	(Decreases) Transfers	Ending Balance
Less accumulated depreciation for:				
Site improvements	(2,274,932)	(525,665)	-	(2,800,597)
Buildings and improvements	(6,659,746)	(838,507)	-	(7,498,253)
Streets and improvements	(22,527,720)	(3,455,786)	-	(25,983,506)
Parks and improvements	(4,547,165)	(496,429)	-	(5,043,594)
Machinery and equipment	(5,101,190)	(830,959)	259,855	(5,672,294)
Furniture and fixtures	(356,430)	(30,787)	-	(387,217)
Total accumulated depreciation	(41,467,183)	(6,178,133)	259,855	(47,385,461)
Total capital assets, being depreciated, net	73,345,992	(207,691)	-	73,138,301
Governmental activities capital assets, net	\$ 77,737,623	\$ 1,225,531	\$ (1,187,402)	\$ 77,775,752

Depreciation expense was charged to function/programs of the Town's governmental activities as follows:

General government	\$ 553,041
Public safety	276,521
Public works	3,594,769
Parks and recreation	829,562
Community development	276,521
Capital assets held by internal service funds are charged to the various functions based on usage	647,719
Total depreciation expense - governmental activities	\$ 6,178,133

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

	Beginning Balance	Increases	(Decreases) Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,739,131	\$ 4,579,179	\$ (13,200)	\$ 6,305,110
Land and water rights	16,948,158	585,800	-	17,533,958
Total capital assets, not being depreciated	18,687,289	5,164,979	(13,200)	23,839,068
Capital assets, being depreciated:				
Utility systems and equipment	78,643,408	897,573	(208,628)	79,332,353
	78,643,408	897,573	(208,628)	79,332,353
Less accumulated depreciation for:				
Utility systems and equipment	(18,490,516)	(1,341,379)	208,628	(19,623,267)
Total accumulated depreciation	(18,490,516)	(1,341,379)	208,628	(19,623,267)
Total capital assets, being depreciated, net	60,405,971	(443,806)	-	59,709,086
Business - type activities capital assets, net	\$ 79,093,260	\$ 4,721,173	\$ (13,200)	\$ 83,548,154

TOWN OF **WINDSOR**, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2012

Note 5 - Capital Assets (Continued)

Depreciation expense was charged to function/programs of the Town's business-type activities as follows:

Water	\$	360,364
Sewer		636,161
Storm drainage		329,978
Non-potable water		14,876
<hr/>		
Total depreciation expense - business-type activities	\$	1,341,379

Note 6 - Long-Term Debt

Governmental Activities

Revenue Bonds

Sales and Use Tax Revenue Bonds, Series 2002, were due serially on December 1, with interest from 2.75% to 4.8% payable semiannually. These bonds were advance refunded in January 2012.

On January 24, 2012, the Town issued \$3,705,000 in sales and use tax refunding revenue bonds and defeased the 2002 revenue bonds by placing the proceeds of the new bonds totaling \$3,787,760 (after payment of \$107,184 in underwriting fees, insurance and other issuance costs, in an irrevocable trust to provide for all future debt of the old bonds. Accordingly, the trust assets and the liability for the defeased debt are not included in the Town's financial statements.

The deferred loss on refunding of \$133,175 is the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt. This difference, reported in the accompanying financial statements as a deferred outflow of resources, will be charged to operations through 2023 using the effective-interest method. The Town refunded the 2002 bonds to reduce its total debt service payments over the next 12 years. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments of the debt service payments on the old and new debt) of approximately \$292,000.

The 2012 sales and use tax refunding revenue bonds are due serially on December 1, with interest from 2.0% to 3.0% payable semiannually; these bonds mature on December 1, 2023.

USDA Community Facilities Fund

In 2010, the Authority entered into a Letter of Conditions with the United States Department of Agriculture ("USDA"), whereby the Construction Loan entered into in previous years was fully repaid and converted to a term note payable (the "Term Loan"). The Term Loan is payable in monthly principal and interest payments over a 40 year term, accruing interest at an interest rate of 3.75%. The Term Loan matures on December 17, 2050. The principal balance due as of December 31, 2011 is \$2,966,854.

Developer Reimbursement Obligations

The Town has executed a number of developer reimbursement agreements, whereby the Town has agreed to reimburse certain private and public developers for costs incurred on assets constructed by the developers, and subsequently conveyed to the Town. These costs will be reimbursed out of future road impact fees collected by the Town.

The Town follows guidance provided in GASB No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* ("GASB No. 48"), to account for the assets received, and payments made in connection with these agreements. Accordingly, the pledged revenues are treated as an obligation of the Town, until fully repaid. The assets have been capitalized and are depreciated over their useful lives in the government-wide financial statements. The entire balance is reflected as current (except where scheduled payment terms exist), as reimbursements are made as revenues are collected, and there is no stated maturity. As of December 31, 2012, all balances relating to these agreements were paid in full.

TOWN OF **WINDSOR**, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 6 - Long-Term Debt (Continued)

A summary of changes in governmental activities long-term debt obligations is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
USDA Community Facilities Loan	\$ 2,966,854	\$ -	\$ (34,410)	\$ 2,932,444	\$ 35,723
Sales and use tax revenue bonds payable	3,630,000	-	(3,630,000)	-	-
Refunding sales and use tax bonds	-	3,705,000	(290,000)	3,415,000	280,000
Bond premium	-	189,944	-	189,944	-
Developer reimbursement obligations	1,399,301	-	(1,399,301)	-	-
Compensated absences	443,840	497,007	(472,042)	468,805	-
Total long-term debt	\$ 8,439,995	\$ 4,391,951	\$ (5,825,753)	\$ 7,006,193	\$ 315,723

Compensated absences for governmental activities have typically been liquidated in the General Fund.

The annual requirements to amortize governmental activities debt outstanding as of December 31, 2012, are as follows:

Year Ending December 31	Principal	Interest	Total
2013	\$ 315,723	\$ 201,632	\$ 517,355
2014	317,086	194,669	511,755
2015	338,501	187,654	526,155
2016	339,970	177,185	517,155
2017	351,495	168,910	520,405
2018 - 2022	1,977,463	683,287	2,660,750
2023 - 2027	480,322	451,078	931,400
2028 - 2032	338,034	387,366	725,400
2033 - 2037	407,627	317,773	725,400
2038 - 2042	491,548	233,852	725,400
2043 - 2047	592,748	132,652	725,400
2048 - 2051	396,927	22,530	419,457
Total	\$ 6,347,444	\$ 3,158,588	\$ 9,506,032

Business-type Activities

Colorado Water Conservation Board ("CWCB") Loan

On January 16, 2009, Greenspire Metropolitan District Nos. 1-3, each a quasi-municipal corporation and political subdivision of the State of Colorado ("Greenspire"), contributed to the Town all remaining shares in the Kern Reservoir, totaling 14 shares, resulting in the Town's ownership of 100% of all outstanding shares of the Kern Reservoir. The estimated fair market value of the Kern Reservoir was \$4,500,000. In prior years, the Town had capitalized \$2,453,833 related to previously donated shares. In connection with the transfer of the shares, Greenspire also transferred two debt instruments related to the Kern Reservoir, with a combined principal balance due of \$4,241,556, payable to CWCB accruing interest at 5.1% payable in equal annual combined installments of \$303,972, with a maturity date of November 1, 2033.

TOWN OF **WINDSOR**, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 6 - Long-Term Debt (Continued)

Water Pollution Control Revolving Loan

In November 2011, the Town entered into a loan agreement (the "Agreement") with the Colorado Water Resource and Power Development Authority ("CWR&PDA") for a principal amount of \$2,615,000, plus a premium of \$495,543 for total proceeds of \$3,110,543. The loan accrues at interest at 1.94 percent and is payable in semi-annual principal and interest payments, beginning on February 1, 2012. The loan is secured by the net revenues of the ownership and operation of the sanitary sewer collection and treatment system, as defined within the Agreement. As of December 31, 2012, the Town has not drawn down any funds from this loan. The remaining amount available to be received is reflected as loan proceeds receivable in the accompanying statement of net position.

A summary of changes in business-type activities long-term debt obligations is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
CWCB loan	\$ 3,964,959	\$ -	\$ (101,759)	\$ 3,863,200	\$ 106,950
CWR&PDA Loan	-	3,110,543	(178,425)	2,932,118	178,425
Compensated absences	55,531	39,030	(34,489)	60,072	-
Total long term debt	\$ 4,020,490	\$ 3,149,573	\$ (314,673)	\$ 6,855,390	\$ 285,375

The annual requirements to amortize all business-type activities debt outstanding as of December 31, 2012, are as follows:

Year Ending December 31	Principal	Interest	Total
2013	\$ 285,375	\$ 251,726	\$ 537,101
2014	290,828	243,567	534,395
2015	302,509	233,859	536,368
2016	314,481	224,080	538,561
2017	320,813	214,343	535,156
2018 - 2022	1,734,736	933,024	2,667,760
2023 - 2027	2,008,628	651,401	2,660,029
2028 - 2032	1,248,725	271,135	1,519,860
2033	289,223	14,751	303,974
Total	\$ 6,795,318	\$ 3,037,886	\$ 9,833,204

Note 7 - Employees' Retirement Plans

Defined Contribution Plan - The Town contributes to a single-employer defined contribution money purchase pension plan (the "Employees' Retirement Plan") on behalf of its employees. The contribution requirements of Plan participants and the Town are established and may be amended by the Town Board. The Plan is administered by the ICMA Retirement Corporation ("ICMA-RC") and is a qualified Section 401(a) plan.

A defined contribution pension plan has terms that specify how contributions to an individual's account are to be determined rather than the amount of pension benefits the individual is to receive. In a defined contribution plan, the pension benefits a participant will receive depend only on the amount contributed to the plan plus earnings on investments of those contributions.

TOWN OF **WINDSOR**, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2012

Note 7 - Employees' Retirement Plans (Continued)

All full-time employees who have been employed at least one year are eligible to participate in the Employees' Retirement Plan. The Town contributes 3% of the employee's annual salary to the Plan. In addition, if the employee chooses to contribute 2% of their annual salary to the Town's 457 Deferred Compensation Retirement Plan (the "457 Plan"), the Town contributes an additional 2% to the Employees' account for a total Town contribution of 5%.

As of December 31, 2012, there were 85 plan members. The following table shows payroll and contribution related data for the years ending December, 31:

Year	Total Payroll	Total Covered Payroll	Town Contribution
2012	\$ 6,135,644	\$ 5,881,268	\$ 236,343
2011	6,003,281	5,644,106	232,220
2010	5,766,729	5,355,172	209,775

Defined Benefit Police Pension Plan - The Town contributes to the FPPA Social Security Supplemental Retirement Plan, a cost-sharing multiple-employer defined benefit plan administered by the Colorado Fire and Police Pension Association ("FPPA"). The Social Security Supplemental Retirement Plan provides retirement benefits for members and beneficiaries. All sworn police officers of the Town are members of the Social Security Supplemental Retirement Plan. Title 31, Article 30 of the Colorado Revised Statutes ("CRS"), as amended, assigns the authority to establish benefit provisions to the state legislature.

FPPA issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the FPPA Social Security Supplemental Retirement Plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado or by calling FPPA at (303) 770-3772 in the Denver Metro area, or (800) 332-3772 from outside the metro area.

Plan members and the Town are required to contribute at a rate set by State statute. The contribution rate for members is 4.0% of covered salary and for the Town is 4.0% of covered salary. There were 21 sworn officers participating as of December 31, 2012. The following table shows payroll and contribution related data for the years ending December, 31:

Year	Total Covered Payroll	Town Contribution	Contribution Percentage
2012	\$ 1,243,925	\$ 49,757	4.0%
2011	1,159,875	46,395	4.0%
2010	1,129,576	45,183	4.0%

The Town's only obligation to the aforementioned plans, is to contribute to the plans in the qualified employees' name. The Town has no control over the types of plan investments, etc. Plan provisions and contribution requirements are established and may be amended by the Town Board.

TOWN OF **WINDSOR**, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 8 - Contingency

The Town is self insured for property and liability insurance. In order to mitigate risk, the Town is a member of the Colorado Intergovernmental Risk Sharing Agency ("CIRSA") and Colorado Intergovernmental Risk Sharing Agency Workmen's Compensation ("CIRSA/WC"). CIRSA and CIRSA/WC have a legal obligation for claims against their members to the extent that funds are available in their annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA and CIRSA/WC have indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although they are not legally required to do so. Additionally, the Town may receive credit on future contributions in the event of a surplus.

The ultimate liability to the Town resulting from claims not covered by CIRSA and CIRSA/WC is not presently determinable. Management is of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the Town's financial statements.

Note 9 - Developer Receivable

In August 2008, the Town entered into an intergovernmental agreement with a local metropolitan district (the "District"), to provide for the delivery of non-potable water to the property owners within the boundaries of the District. Pursuant to this agreement, the District agreed to reimburse the Town, in the form of a capital contribution, for one-half of the estimated costs of required system development charges incurred by the Town, totaling approximately \$650,000. During 2008, the Town was paid approximately \$150,000 of the balance due.

This agreement was amended in March of 2010, to revise the payment terms pursuant to the original agreement. Under the amendment to this agreement, the Town was paid approximately \$45,000 representing interest incurred from August 1, 2008, through April 1, 2010, at Bank Prime, plus one-percent (6.0% at August 1, 2008). The Town will receive payments of \$50,000, principal and interest, on March 1, 2011 and 2012, with the remaining principal and interest payable on March 1, 2013. The remaining balance due at December 31, 2012 is approximately \$400,000. Due to the uncertainty surrounding the collection of this amount, the Town will recognize capital contributions, as principal payments are made.

Note 10 - Risk Management

CIRSA has entered into various excess insurance contracts to limit large losses and minimize exposure on large risks. Excess of loss contracts in effect during 2008 limit CIRSA's per occurrence exposure to \$1,000,000 for property coverage, \$1,000,000 for excess property coverage and provide coverage to specified upper limits. The excess of loss contract for workers' compensation coverage limits CIRSA's per occurrence exposure to \$500,000 for 2009 and provides coverage to statutory limits for the State of Colorado. The Town's 2012 contributions were \$160,300 and \$167,680 and share of surplus at December 31, 2012, amounted to approximately \$255,124 and \$75,830 for the property and casualty pool and the workers' compensation pool, respectively.

Note 11 - Taxes, Spending, and Debt Limitations

In November 1992, Colorado voters passed an amendment (the "Amendment" or "TABOR") to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserve (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the Town under specified voting requirements by the entire electorate.

TOWN OF **WINDSOR**, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 11 - Taxes, Spending, and Debt Limitations (Continued)

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increase. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The Town has reserved \$555,716 for this purpose.

On April 6, 2004, the voting citizens of the Town of Windsor authorized the Town “to retain and expend all revenues generated in 2003 and each year thereafter for the purposes of police protection; parks and recreation capital projects and maintenance thereof; construction, reconstruction and maintenance of streets; capital equipment purchases; capital improvements; and debt service payments, notwithstanding any restriction on fiscal year spending, including, without limitation, the restrictions of Article X, Section 20, of the Colorado Constitution, or other laws of the State of Colorado.” This effectively removed all revenue and spending limits imposed by TABOR.

Note 12 - Subsequent Events

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

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REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND BUDGETARY COMPARISON SCHEDULE

This financial statement presents budget and actual comparisons for the Town's General Fund.

TOWN OF WINDSOR



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TOWN OF **WINDSOR**, COLORADO
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 8,878,562	\$ 9,152,506	9,313,462	\$ 160,956
Licenses and permits	249,080	249,080	402,493	153,413
Intergovernmental	947,343	947,343	909,440	(37,903)
Grants and contributions	2,000	2,000	11,250	9,250
Charges for services	997,246	997,246	1,100,293	103,047
Fines and forfeitures	123,220	123,220	200,340	77,120
Earnings on investments	48,007	48,007	71,417	23,410
Miscellaneous	111,272	111,272	104,545	(6,727)
<u>Total revenues</u>	<u>11,356,730</u>	<u>11,630,674</u>	<u>12,113,240</u>	<u>482,566</u>
<u>Expenditures</u>				
General government				
Legislative	465,631	465,631	405,921	59,710
Judicial	19,664	19,664	18,746	918
Administrative and finance	2,273,818	2,273,818	1,117,443	1,156,375
Town clerk	544,564	544,564	548,805	(4,241)
Public safety	2,560,555	2,560,555	2,543,883	16,672
Public works				
Streets and alleys	963,992	963,992	977,107	(13,115)
Administration	398,028	398,028	383,808	14,220
Cemetery	116,653	116,653	107,912	8,741
Engineering	583,852	583,852	593,503	(9,651)
Parks and recreation	3,714,660	3,714,660	3,661,874	52,786
Community development	541,133	541,133	1,539,445	(998,312)
Safety and loss control	10,000	10,000	2,778	7,222
Debt service	425,293	425,293	597,276	(171,983)
Debt issuance costs	-	-	107,184	(107,184)
<u>Total expenditures</u>	<u>12,617,843</u>	<u>12,617,843</u>	<u>12,605,685</u>	<u>12,158</u>
<u>Revenues over (under) expenditures</u>	<u>(1,261,113)</u>	<u>(987,169)</u>	<u>(492,445)</u>	<u>494,724</u>
<u>Other financing sources (uses)</u>				
Refunding bond proceeds	-	-	3,705,000	(3,705,000)
Premiums on refunding bonds	-	-	189,944	(189,944)
Payments to refunding bonds escrow agent	-	-	(3,787,760)	3,787,760
Transfers in	881,015	881,015	881,015	-
Transfers out	(625,000)	(848,290)	-	848,290
<u>Total other financing sources (uses)</u>	<u>256,015</u>	<u>32,725</u>	<u>988,199</u>	<u>741,106</u>
<u>Net change in fund balances</u>	<u>\$ (1,005,098)</u>	<u>\$ (954,444)</u>	<u>495,754</u>	<u>\$ 1,235,830</u>
<u>Fund balance at beginning of year</u>			<u>5,217,103</u>	
<u>Fund balance at end of year</u>			<u>\$ 5,712,857</u>	

TOWN OF **WINDSOR**, COLORADO
GENERAL FUND
NOTE TO THE BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

Note 1 – Budgetary Information

Colorado law requires that all funds have legally adopted budgets and total expenditures for each fund cannot exceed the amount appropriated. The fund level of classification is the level of classification at which expenditures may not legally exceed appropriations. Footnote 1 to the financial statements describes the budget process.

Budgets for all fund types are adopted on a basis consistent with generally accepted accounting principles (“GAAP”). Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Town Board throughout the year.

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OTHER SUPPLEMENTARY INFORMATION
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

These financial statements present more detailed information, such as budget and actual comparisons for the major capital project fund and individual nonmajor funds in a format that segregates information by fund type.

TOWN OF WINDSOR



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TOWN OF **WINDSOR**, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2012

	Park Improvement	Conservation Trust	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 57,523	\$ 82,720	\$ 140,243
Equity in pooled cash and cash equivalents	-	63,136	63,136
Receivables	-	200,000	200,000
Interfund receivables	2,182,608	-	2,182,608
<u>Total assets</u>	\$ 2,240,131	\$ 345,856	\$ 2,585,987
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts and retainage payable	87,147	14,622	\$ 101,769
<u>Total liabilities</u>	87,147	14,622	101,769
Fund balances			
Restricted	54,732	331,234	385,966
Assigned	2,098,252	-	2,098,252
<u>Total fund balances</u>	2,152,984	331,234	2,484,218
<u>Total liabilities and fund balances</u>	\$ 2,240,131	\$ 345,856	\$ 2,585,987

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See accompanying independent auditor's report.

TOWN OF **WINDSOR**, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	Park Improvement	Conservation Trust	Total
<u>Revenues</u>			
Intergovernmental	\$ 106,929	\$ 388,169	\$ 495,098
Charges for services	1,823,793	-	1,823,793
Earnings on investments	603	151	754
<u>Total revenues</u>	<u>1,931,325</u>	<u>388,320</u>	<u>2,319,645</u>
<u>Expenditures</u>			
Small equipment and maintenance	500	9,000	9,500
Capital outlay	2,195,303	310,869	2,506,172
<u>Total expenditures</u>	<u>2,195,803</u>	<u>319,869</u>	<u>2,515,672</u>
<u>Revenues over expenditures</u>	<u>(264,478)</u>	<u>68,451</u>	<u>(196,027)</u>
<u>Other financing sources (uses)</u>			
Transfers out	(76,914)	-	(76,914)
<u>Total other financing sources (uses)</u>	<u>(76,914)</u>	<u>-</u>	<u>(76,914)</u>
<u>Net changes in fund balances</u>	<u>(341,392)</u>	<u>68,451</u>	<u>(272,941)</u>
<u>Fund balance at beginning of year</u>	<u>2,494,376</u>	<u>262,783</u>	<u>2,757,159</u>
<u>Fund balance at end of year</u>	<u>\$ 2,152,984</u>	<u>\$ 331,234</u>	<u>\$ 2,484,218</u>

See accompanying independent auditor's report.

TOWN OF **WINDSOR**, COLORADO
CAPITAL IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 3,318,540	\$ 5,065,108	5,089,164	\$ 24,056
Intergovernmental	170,232	170,232	343,261	173,029
Grants and contributions	48,000	842,017	818,017	(24,000)
Earnings on investments	7,423	7,423	5,062	(2,361)
Miscellaneous	-	-	2,512	2,512
<u>Total revenues</u>	<u>3,544,195</u>	<u>6,084,780</u>	<u>6,258,016</u>	<u>173,236</u>
<u>Expenditures</u>				
Small equipment and maintenance	1,426,178	1,468,551	1,468,585	(34)
Capital outlay	2,686,088	3,480,105	2,852,407	627,698
Debt service	530,263	773,133	1,156,475	(383,342)
<u>Total expenditures</u>	<u>4,642,529</u>	<u>5,721,789</u>	<u>5,477,467</u>	<u>244,322</u>
<u>Revenues under expenditures</u>	<u>(1,098,334)</u>	<u>362,991</u>	<u>780,549</u>	<u>417,558</u>
<u>Other financing sources (uses)</u>				
Transfers in	1,250,000	1,250,000	-	(1,250,000)
Transfers out	(262,653)	(262,653)	(407,733)	(145,080)
<u>Total other financing sources (uses)</u>	<u>987,347</u>	<u>987,347</u>	<u>(407,733)</u>	<u>(1,395,080)</u>
<u>Net change in fund balance</u>	<u>\$ (110,987)</u>	<u>\$ 1,350,338</u>	<u>372,816</u>	<u>\$ (977,522)</u>
<u>Fund balance at beginning of year</u>			<u>4,600,602</u>	
<u>Fund balance at end of year</u>			<u>\$ 4,973,418</u>	

See accompanying independent auditor's report.

TOWN OF **WINDSOR**, COLORADO
PARK IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Charges for services	\$ 641,880	\$ 1,818,127	1,823,793	\$ 5,666
Intergovernmental	56,672	56,672	106,929	50,257
Earnings on investments	998	998	603	(395)
<u>Total revenues</u>	<u>699,550</u>	<u>1,875,797</u>	<u>1,931,325</u>	<u>55,528</u>
<u>Expenditures</u>				
Parks and recreation	10,000	10,000	500	9,500
Capital outlay	2,414,917	2,414,917	2,195,303	219,614
<u>Total expenditures</u>	<u>2,424,917</u>	<u>2,424,917</u>	<u>2,195,803</u>	<u>229,114</u>
<u>Revenues over expenditures</u>	<u>(1,725,367)</u>	<u>(549,120)</u>	<u>(264,478)</u>	<u>284,642</u>
Transfers out	(76,914)	(76,914)	(76,914)	-
<u>Net change in fund balance</u>	<u>\$ (1,802,281)</u>	<u>\$ (626,034)</u>	<u>(341,392)</u>	<u>\$ 284,642</u>
<u>Fund balance at beginning of year</u>			<u>2,494,376</u>	
<u>Fund balance at end of year</u>			<u>\$ 2,152,984</u>	

See accompanying independent auditor's report.

TOWN OF **WINDSOR**, COLORADO
CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$ 351,370	\$ 351,370	388,169	\$ 36,799
Earnings on investments	122	122	151	29
<u>Total operating revenues</u>	<u>351,492</u>	<u>351,492</u>	<u>388,320</u>	<u>36,828</u>
<u>Expenditures</u>				
Small equipment and maintenance	10,000	10,000	9,000	1,000
Capital outlay	340,000	340,000	310,869	29,131
<u>Total operating expenditures</u>	<u>350,000</u>	<u>350,000</u>	<u>319,869</u>	<u>30,131</u>
<u>Net change in fund balance</u>	<u>\$ 1,492</u>	<u>\$ 1,492</u>	68,451	<u>\$ 66,959</u>
<u>Fund balance at beginning of year</u>			<u>262,783</u>	
<u>Fund balance at end of year</u>			<u>\$ 331,234</u>	

See accompanying independent auditor's report.

TOWN OF **WINDSOR**, COLORADO
WATER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Charges for services	\$ 3,179,774	\$ 3,179,774	\$ 3,443,598	\$ 263,824
Miscellaneous	188,385	188,385	1,064,341	875,956
<u>Total operating revenues</u>	<u>3,368,159</u>	<u>3,368,159</u>	<u>4,507,939</u>	<u>1,139,780</u>
<u>Budgetary expenditures</u>				
Wages and benefits	197,043	197,043	193,515	3,528
Operating costs	1,715,850	1,715,850	2,732,612	(1,016,762)
Capital outlay	790,005	1,989,761	189,181	1,800,580
<u>Total budgetary expenditures</u>	<u>2,702,898</u>	<u>3,902,654</u>	<u>3,115,308</u>	<u>787,346</u>
<u>Operating revenues over (under) budgetary expenditures</u>	<u>665,261</u>	<u>(534,495)</u>	<u>1,392,631</u>	<u>1,927,126</u>
<u>Nonoperating revenue</u>				
Earnings on investments	111,502	111,502	223,572	112,070
<u>Total nonoperating revenue</u>	<u>111,502</u>	<u>111,502</u>	<u>223,572</u>	<u>112,070</u>
<u>Income (loss) before contributions and transfers</u>	<u>776,763</u>	<u>(422,993)</u>	<u>1,616,203</u>	<u>2,039,196</u>
Transfers in	62,653	62,653	62,653	-
Transfers out	(1,163,068)	(1,163,068)	(538,068)	625,000
Grants and contributions	150,000	150,000	12,652	(137,348)
Contributed capital	684,642	1,514,348	1,457,777	(56,571)
<u>Income (loss) budgetary basis</u>	<u>\$ 510,990</u>	<u>\$ 140,940</u>	<u>2,611,217</u>	<u>\$ 2,470,277</u>
<u>Reconciliation to GAAP basis</u>				
Depreciation			(360,364)	
Capital outlay			189,181	
<u>Change in net position - GAAP basis</u>			<u>2,440,034</u>	
<u>Net position at beginning of year</u>			<u>49,444,705</u>	
<u>Net position at end of year</u>			<u>\$ 51,884,739</u>	

See accompanying independent auditor's report.

TOWN OF **WINDSOR**, COLORADO
SEWER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Charges for services	\$ 1,624,129	\$ 1,624,129	1,688,744	\$ 64,615
Miscellaneous	-	-	9,245	9,245
<u>Total operating revenues</u>	<u>1,624,129</u>	<u>1,624,129</u>	<u>1,697,989</u>	<u>73,860</u>
<u>Budgetary expenditures</u>				
Wages and benefits	244,835	244,835	241,010	3,825
Operating costs	537,472	537,472	605,430	(67,958)
Interest	-	52,893	52,893	-
Principal paid	-	178,425	178,425	-
Capital outlay	5,242,100	5,463,923	4,517,072	946,851
<u>Total budgetary expenditures</u>	<u>6,024,407</u>	<u>6,477,548</u>	<u>5,594,830</u>	<u>882,718</u>
<u>Operating revenues over (under) budgetary expenditures</u>	<u>(4,400,278)</u>	<u>(4,853,419)</u>	<u>(3,896,841)</u>	<u>956,578</u>
<u>Nonoperating revenues</u>				
Earnings on investments	2,716	2,716	6,801	4,085
Other income	30,509	30,509	66,074	35,565
<u>Total nonoperating revenues</u>	<u>33,225</u>	<u>33,225</u>	<u>72,875</u>	<u>39,650</u>
<u>Income (loss) before contributions and transfers</u>	<u>(4,367,053)</u>	<u>(4,820,194)</u>	<u>(3,823,966)</u>	<u>996,228</u>
Transfers out	(188,019)	(188,019)	(188,019)	-
Grants and contributions	-	-	1,421,890	1,421,890
Contributed capital	-	221,823	1,260,900	1,039,077
<u>Income budgetary basis</u>	<u>\$ (4,555,072)</u>	<u>\$ (4,786,390)</u>	<u>(1,329,195)</u>	<u>\$ 3,457,195</u>
<u>Reconciliation to GAAP basis</u>				
Depreciation			(636,161)	
Principal paid			178,425	
Capital outlay			4,517,072	
<u>Change in net position - GAAP basis</u>			<u>2,730,141</u>	
<u>Net position at beginning of year</u>			<u>28,316,745</u>	
<u>Net position at end of year</u>			<u>\$ 31,046,886</u>	

See accompanying independent auditor's report.

TOWN OF **WINDSOR**, COLORADO
STORM DRAINAGE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Charges for services	\$ 295,941	\$ 295,941	304,356	\$ 8,415
Miscellaneous	-	-	785	785
<u>Total operating revenues</u>	<u>295,941</u>	<u>295,941</u>	<u>305,141</u>	<u>9,200</u>
<u>Budgetary expenditures</u>				
Wages and benefits	90,905	90,905	75,803	15,102
Operating costs	239,857	279,857	266,489	13,368
Capital outlay	492,300	654,628	163,360	491,268
<u>Total budgetary expenditures</u>	<u>823,062</u>	<u>1,025,390</u>	<u>505,652</u>	<u>519,738</u>
<u>Operating revenues over (under) budgetary expenditures</u>	<u>(527,121)</u>	<u>(729,449)</u>	<u>(200,511)</u>	<u>528,938</u>
<u>Nonoperating revenue</u>				
Earnings on investments	802	802	935	133
<u>Total nonoperating revenue</u>	<u>802</u>	<u>802</u>	<u>935</u>	<u>133</u>
<u>Loss before transfers and contributions</u>	<u>(526,319)</u>	<u>(728,647)</u>	<u>(199,576)</u>	<u>529,071</u>
Transfers out	(151,986)	(151,986)	(151,986)	-
Contributed capital	703,663	865,991	766,964	(99,027)
<u>Income budgetary basis</u>	<u>\$ 25,358</u>	<u>\$ (14,642)</u>	<u>415,402</u>	<u>\$ 430,044</u>
<u>Reconciliation to GAAP basis</u>				
Depreciation			(329,978)	
Capital outlay			163,360	
<u>Change in net position - GAAP basis</u>			<u>248,784</u>	
<u>Net position at beginning of year</u>			<u>15,236,190</u>	
<u>Net position at end of year</u>			<u>\$ 15,484,974</u>	

See accompanying independent auditor's report.

TOWN OF **WINDSOR**, COLORADO
NON-POTABLE WATER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Charges for services	\$ 219,700	\$ 219,700	\$ 225,312	\$ 5,612
<u>Total operating revenues</u>	219,700	219,700	225,312	5,612
<u>Budgetary expenditures</u>				
Operating costs	62,751	62,751	52,416	10,335
Interest expense	202,213	202,213	202,213	-
Principal paid	101,579	101,579	101,759	-
Capital outlay	140,668	140,668	128,201	12,467
<u>Total budgetary expenditures</u>	507,211	507,211	484,589	22,802
<u>Operating revenues over (under) budgetary expenditures</u>	(287,511)	(287,511)	(259,277)	28,414
<u>Nonoperating revenue</u>				
Gas royalties	-	-	-	-
<u>Total nonoperating revenue</u>	-	-	-	-
<u>Income (loss) before contributions and transfers</u>	(287,511)	(287,511)	(259,277)	28,414
Transfers in	303,972	303,972	303,972	-
Transfers out	(30,000)	(30,000)	(30,000)	-
Grants and contributions	-	-	20,649	20,649
<u>Income (loss) budgetary basis</u>	<u>\$ (13,539)</u>	<u>\$ (13,539)</u>	35,344	<u>\$ 49,063</u>
<u>Reconciliation to GAAP basis</u>				
Depreciation expense			(14,876)	
Capital outlay			128,201	
Principal paid			101,759	
<u>Change in net position - GAAP basis</u>			250,428	
<u>Net position at beginning of year</u>			503,921	
<u>Net position at end of year</u>			<u>\$ 754,349</u>	

See accompanying independent auditor's report.

TOWN OF **WINDSOR**, COLORADO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2012

	Information Technology Fund	Fleet Services Fund	Windsor Building Authority	Facility Services Fund	Total
<u>ASSETS</u>					
<u>Current assets</u>					
Equity in pooled cash and cash equivalents	\$ 131,273	\$ 130,356	\$ 30	\$ 91,955	\$ 353,614
Accounts receivable	-	419	-	-	419
Total current assets	131,273	130,775	30	91,955	354,033
<u>Noncurrent assets</u>					
Restricted investments	-	-	145,488	-	145,488
Capital assets:					
Land	-	-	157,853	-	157,853
Buildings and improvements	6,924	-	4,987,609	-	4,994,533
Machinery and equipment	651,252	2,582,000	-	-	3,233,252
Less accumulated depreciation	(278,047)	(1,160,643)	(553,587)	-	(1,992,277)
Total capital assets, net	380,129	1,421,357	4,591,875	-	6,393,361
Total noncurrent assets	380,129	1,421,357	4,737,363	-	6,538,849
Total assets	511,402	1,552,132	4,737,393	91,955	6,892,882
<u>LIABILITIES</u>					
<u>Current liabilities</u>					
Interfund payable	-	-	2,378,528	-	2,378,528
Accounts payable	15,640	-	-	1,327	16,967
Accrued expenses	5,804	8,940	-	12,095	26,839
Loans payable - current	-	-	35,723	-	35,723
Total current liabilities	21,444	8,940	2,414,251	13,422	2,458,057
<u>Noncurrent liabilities</u>					
Accrued compensated absences	6,935	15,277	-	8,519	30,731
Loan payable	-	-	2,896,721	-	2,896,721
Total noncurrent liabilities	6,935	15,277	2,896,721	8,519	2,927,452
Total liabilities	28,379	24,217	5,310,972	21,941	5,385,509
<u>NET POSITION</u>					
Net investment in capital assets	380,129	1,421,357	1,659,431	-	3,460,917
Unrestricted	102,894	106,558	(2,233,010)	70,014	(1,953,544)
Total net position	\$ 483,023	\$ 1,527,915	\$ (573,579)	\$ 70,014	\$ 1,507,373

See accompanying independent auditor's report.

TOWN OF **WINDSOR**, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012

	Information Technology Fund	Fleet Services Fund	Windsor Building Authority	Facility Services Fund	Total
<u>Operating revenues</u>					
Charges for services	\$ 615,582	1,029,674	-	596,596	\$ 2,241,852
Gain on sale of capital assets	-	65,780	-	-	65,780
<u>Total operating revenues</u>	<u>615,582</u>	<u>1,095,454</u>	<u>-</u>	<u>596,596</u>	<u>2,307,632</u>
<u>Operating expenses</u>					
Wages and benefits	183,902	244,431	-	337,946	766,279
Operating costs	374,276	288,427	5	196,209	858,917
Depreciation	40,689	357,650	249,380	-	647,719
<u>Total operating expenses</u>	<u>598,867</u>	<u>890,508</u>	<u>249,385</u>	<u>534,155</u>	<u>2,272,915</u>
<u>Operating income (loss)</u>	<u>16,715</u>	<u>204,946</u>	<u>(249,385)</u>	<u>62,441</u>	<u>34,717</u>
<u>Nonoperating revenue (expense)</u>					
Interest Expense	-	-	(110,670)	-	(110,670)
Earnings on investments	-	-	40	-	40
<u>Total nonoperating revenue (expense)</u>	<u>-</u>	<u>-</u>	<u>(110,630)</u>	<u>-</u>	<u>(110,630)</u>
<u>Income (loss) before transfers</u>	<u>16,715</u>	<u>204,946</u>	<u>(360,015)</u>	<u>62,441</u>	<u>(75,913)</u>
Transfers in	-	6,000	145,080	-	151,080
Transfers out	-	-	-	(6,000)	(6,000)
<u>Change in net position</u>	<u>16,715</u>	<u>210,946</u>	<u>(214,935)</u>	<u>56,441</u>	<u>69,167</u>
<u>Net position at beginning of year</u>	<u>466,308</u>	<u>1,316,969</u>	<u>(226,211)</u>	<u>13,573</u>	<u>1,570,639</u>
<u>Cumulative effect of a change in accounting principle</u>	<u>-</u>	<u>-</u>	<u>(132,433)</u>	<u>-</u>	<u>(132,433)</u>
<u>Net position at end of year</u>	<u>\$ 483,023</u>	<u>\$ 1,527,915</u>	<u>\$ (573,579)</u>	<u>\$ 70,014</u>	<u>\$ 1,507,373</u>

See accompanying independent auditor's report.

TOWN OF **WINDSOR**, COLORADO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012

	Information Technology Fund	Fleet Services Fund	Windsor Building Authority	Facility Services Fund	Total
<u>Cash flows from operating activities</u>					
Cash received from customers	\$ 616,307	\$ 1,095,035	\$ -	\$ 596,596	\$ 2,307,938
Cash payments to suppliers	(367,627)	(306,251)	(5)	(196,517)	(870,400)
Cash payments to employees	(185,066)	(244,848)	-	(339,337)	(769,251)
<u>Net cash flows from operating activities</u>	63,614	543,936	(5)	60,742	668,287
<u>Cash flows from capital and related financing activities</u>					
Transfers from other funds	-	6,000	145,080	-	151,080
Transfer to other funds	-	-	-	(6,000)	(6,000)
Net change in interfund balances due	-	-	-	-	-
Principal paid on debt	-	-	(34,410)	-	(34,410)
Interest paid on debt	-	-	(110,670)	-	(110,670)
Acquisition of capital assets	(120,888)	(612,455)	-	-	(733,343)
<u>Net cash flows from capital and related financing activities</u>	(120,888)	(606,455)	-	(6,000)	(733,343)
<u>Cash flows from investing activities</u>					
Net change in restricted cash and investments	-	-	(40)	-	(40)
Earnings on investments	-	-	40	-	40
<u>Net cash flows from investing activities</u>	-	-	-	-	-
<u>Net change in cash and cash equivalents</u>	(57,274)	(62,519)	(5)	54,742	(65,056)
<u>Cash and cash equivalents at beginning of year</u>	188,547	192,875	35	37,213	418,670
<u>Cash and cash equivalents at end of year</u>	\$ 131,273	\$ 130,356	\$ 30	\$ 91,955	\$ 353,614
<u>Reconciliation of operating income (loss) to net cash flows from operating activities</u>					
Operating income (loss)	\$ 16,715	\$ 204,946	\$ (249,385)	\$ 62,441	\$ 34,717
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation expense	40,689	357,650	249,380	-	647,719
Changes in operating assets and liabilities:					
Accounts receivable	725	(419)	-	(4,718)	(4,412)
Accounts payable and accrued expenses	5,485	(18,241)	-	3,019	(9,737)
<u>Net cash flows from operating activities</u>	\$ 63,614	\$ 543,936	\$ (5)	\$ 60,742	\$ 668,287

See accompanying independent auditor's report.

TOWN OF **WINDSOR**, COLORADO
INFORMATION TECHNOLOGY FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Charges for services	\$ 615,582	\$ 615,582	615,582	\$ -
<u>Total operating revenues</u>	615,582	615,582	615,582	-
<u>Budgetary expenditures</u>				
Wages and benefits	248,507	248,507	183,902	64,605
Operating costs	393,892	393,892	374,276	19,616
Capital outlay	92,650	92,650	120,888	(28,238)
<u>Total budgetary expenditures</u>	735,049	735,049	679,066	55,983
<u>Income (loss) budgetary basis</u>	<u>\$ (119,467)</u>	<u>\$ (119,467)</u>	(63,484)	<u>\$ 55,983</u>
<u>Reconciliation to GAAP basis</u>				
Depreciation expense			(40,689)	
Capital outlay			120,888	
<u>Change in net position - GAAP basis</u>			16,715	
<u>Net position at beginning of year</u>			466,308	
<u>Net position at end of year</u>			<u>\$ 483,023</u>	

See accompanying independent auditor's report.

TOWN OF **WINDSOR**, COLORADO
FLEET MANAGEMENT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Charges for services	\$ 1,029,674	\$ 1,029,674	\$ 1,029,674	\$ -
Gain on sale of capital assets	101,000	101,000	65,780	(35,220)
<u>Total operating revenues</u>	<u>1,130,674</u>	<u>1,130,674</u>	<u>1,095,454</u>	<u>(35,220)</u>
<u>Budgetary expenditures</u>				
Wages and benefits	256,290	256,290	244,431	11,859
Operating costs	346,185	346,185	288,427	57,758
Capital outlay	732,456	732,456	612,455	120,001
<u>Total budgetary expenditures</u>	<u>1,334,931</u>	<u>1,334,931</u>	<u>1,145,313</u>	<u>189,618</u>
<u>Loss before transfers</u>	<u>(204,257)</u>	<u>(204,257)</u>	<u>(49,859)</u>	<u>154,398</u>
Transfers in	6,000	6,000	6,000	-
<u>Loss budgetary basis</u>	<u>\$ (198,257)</u>	<u>\$ (198,257)</u>	<u>(43,859)</u>	<u>\$ 154,398</u>
<u>Reconciliation to GAAP basis</u>				
Depreciation expense			(357,650)	
Capital outlay			612,455	
<u>Change in net position - GAAP basis</u>			<u>210,946</u>	
<u>Net position at beginning of year</u>			<u>1,316,969</u>	
<u>Net position at end of year</u>			<u>\$ 1,527,915</u>	

See accompanying independent auditor's report.

TOWN OF **WINDSOR**, COLORADO

WINDSOR BUILDING AUTHORITY FUND
BUDGETARY COMPARISON SCHEDULE
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Earnings on investments	\$ 23	\$ 23	\$ 40	\$ 86
<u>Total operating revenues</u>	23	23	40	86
<u>Budgetary expenditures</u>				
Operating costs	-	-	5	(5)
Interest expense	110,670	110,670	110,670	-
Principal paid	34,410	34,410	34,410	-
<u>Total budgetary expenditures</u>	145,080	145,080	145,085	(5)
<u>Income (loss) before contributions and transfers</u>	(145,057)	(145,057)	(145,045)	81
Transfers in	145,080	145,080	145,080	-
<u>Income (loss) budgetary basis</u>	<u>\$ 23</u>	<u>\$ 23</u>	35	<u>\$ 81</u>
<u>Reconciliation to GAAP basis</u>				
Depreciation expense			(249,380)	
Principal paid			34,410	
<u>Change in net position - GAAP basis</u>			(214,935)	
<u>Net position at beginning of year</u>			(226,211)	
<u>Cumulate effect of a change in accounting principle</u>			(132,433)	
<u>Net position at end of year</u>			<u>\$ (573,579)</u>	

See accompanying independent auditor's report.

TOWN OF **WINDSOR**, COLORADO
FACILITY SERVICES FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Charges for services	\$ 596,596	\$ 596,596	\$ 596,596	\$ -
<u>Total operating revenues</u>	596,596	596,596	596,596	-
<u>Budgetary expenditures</u>				
Wages and benefits	341,231	341,231	337,946	3,285
Operating costs	203,365	203,365	196,209	7,156
<u>Total budgetary expenditures</u>	544,596	544,596	534,155	10,441
<u>Income (loss) before contributions and transfers</u>	52,000	52,000	62,441	10,441
Transfers out	(6,000)	(6,000)	(6,000)	-
<u>Income (loss) budgetary basis</u>	<u>\$ 46,000</u>	<u>\$ 46,000</u>	56,441	<u>\$ 10,441</u>
<u>Change in net position - GAAP basis</u>			56,441	
<u>Net position at beginning of year</u>			13,573	
<u>Net position at end of year</u>			<u>\$ 70,014</u>	

See accompanying independent auditor's report.



FUTURE TOWN BOARD MEETINGS

Work Sessions & Regular Meetings will be held in the Board Chambers unless otherwise noted.

June 24, 2013 6:00 p.m.	Town Board Work Session Cul-de-sacs in future subdivisions
June 24, 2013 7:00 p.m.	Town Board Meeting
July 1, 2013 6:00 p.m.	Town Board Work Session
July 8, 2013 5:30 p.m. - First floor conference room	Board/Manager/Attorney Monthly Meeting
July 8, 2013 6:00 p.m.	Town Board Meeting Kern Board Meeting
July 15, 2013 6:00 p.m.	Town Board Work Session CIP tour Great Western Railroad meeting
July 22, 2013 6:00 p.m.	Town Board Work Session Joint work session with Planning Commission
July 22, 2013 7:00 p.m.	Town Board Meeting
July 29, 2013	Fifth Monday
August 5, 2013 6:00 p.m.	Town Board Work Session
August 12, 2013 5:30 p.m. - First floor conference room	Board/Manager/Attorney Monthly Meeting
August 12, 2013 7:00 p.m.	Town Board Meeting
August 19, 2013 6:00 p.m.	Town Board Work Session
August 26, 2013 6:00 p.m.	Town Board Work Session Joint work session with the Downtown Development Authority
August 26, 2013 7:00 p.m.	Town Board Meeting

Additional Events

June 18-21, 2013 CML Annual Conference

Future Work Session Topics

NCS Survey review – July
Discussion on progress of Recreation Center expansion meetings – July