

**TOWN OF ALMA
ALMA, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2016**



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TOWN OF ALMA

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INTRODUCTORY SECTION

TOWN OF ALMA
ROSTER OF TOWN OFFICIALS

December 31, 2016

Board Of Trustees

Gary Goettelman	- Mayor
Saam Golgoon	- Mayor Pro-tem
Minette Doss	- Trustee
Bob Ensign	- Trustee
Mel Kassel	- Trustee
Pete King	- Trustee
Andrew Zimmerman	- Trustee

Staff

Nancy Comer	- Town Administrator
Tim Zingler	- Public Works Director
Steve Holland	- Chief of Police

FINANCIAL SECTION

TOWN OF ALMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

The discussion and analysis of the Town of Alma's (the Town) financial performance provides an overall review of the Town's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the Town's financial performance.

Financial Highlights

The Town of Alma remains in strong financial condition overall.

- The assets of the Town exceeded its liabilities at the close of fiscal year 2016 by \$2,898,766 (*net position*). Of this amount, \$305,993 (*unrestricted net position*) may be used to meet the Town's ongoing obligations or unforeseen expenses.

- As of the close of fiscal year 2016, the Town of Alma's governmental funds reported a combined ending fund balance of \$466,480, an increase of \$256,830 compared to fiscal year 2015.

- At the end of fiscal year 2016, unassigned fund balance for the general fund was \$366,946 or 66 percent of the total 2016 general fund expenditures. This balance will be monitored to insure that balances are adequate to allow for contingencies.

- General Fund 2016 revenues increased by \$74,175 from 2015 levels, while expenses increased \$37,717.

Using the Basic Financial Statements

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

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

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

TOWN OF ALMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

The Town of Alma has the following governmental funds:

- General Fund
- Conservation Trust Fund
- Debt Service Fund

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

- Water Fund
- Sewer Fund

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

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

Financial Analysis of the Town as a Whole

The Town's total assets were \$4,034,562 as of December 31, 2016. Of this amount, \$1,870,968 or 46 percent is attributable to the Town's proprietary funds.

Government-Wide Financial Statements

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

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

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

**TOWN OF ALMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016**

Net Position

Net Position might serve over time as a useful indicator of a government's financial position. In the case of the Town of Alma, assets exceeded liabilities by \$2,898,766 at the close of 2016. Combined Net Positions of the Town at December 31, 2016 were:

	CONDENSED STATEMENT OF NET POSITION					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current and Other Assets	\$ 597,729	\$ 342,833	\$ 223,164	\$ 105,802	\$ 820,893	\$ 448,635
Capital Assets	<u>1,565,865</u>	<u>1,544,621</u>	<u>1,647,804</u>	<u>1,709,146</u>	<u>3,213,669</u>	<u>3,253,767</u>
Total Assets	<u>2,163,594</u>	<u>1,887,454</u>	<u>1,870,968</u>	<u>1,814,948</u>	<u>4,034,562</u>	<u>3,702,402</u>
DEFERRED OUTFLOWS	<u>91,688</u>	<u>44,208</u>	<u>19,916</u>	<u>11,027</u>	<u>111,604</u>	<u>55,235</u>
LIABILITIES						
Current Liabilities	18,175	25,049	7,709	34,088	25,884	59,137
Noncurrent Liabilities	<u>477,093</u>	<u>228,106</u>	<u>608,149</u>	<u>611,750</u>	<u>1,085,242</u>	<u>839,856</u>
Total Liabilities	<u>495,268</u>	<u>253,155</u>	<u>615,858</u>	<u>645,838</u>	<u>1,111,126</u>	<u>898,993</u>
DEFERRED INFOWS	<u>123,648</u>	<u>116,622</u>	<u>12,626</u>	<u>5,977</u>	<u>136,274</u>	<u>122,599</u>
NET POSITION						
Net Investment in Capital Assets	1,145,291	1,476,135	1,114,031	1,148,223	2,259,322	2,624,358
Restricted	292,613	101,513	40,838	41,667	333,451	143,180
Unrestricted	<u>198,462</u>	<u>(15,763)</u>	<u>107,531</u>	<u>(15,730)</u>	<u>305,993</u>	<u>(31,493)</u>
Total Net Position	<u>\$ 1,636,366</u>	<u>\$ 1,561,885</u>	<u>\$ 1,262,400</u>	<u>\$ 1,174,160</u>	<u>\$ 2,898,766</u>	<u>\$ 2,736,045</u>

The statement of net position reflects a cash position totaling \$301,880, or 7.5 percent of total assets. The bulk of the Town's resources, \$3,213,669 or 80 percent of total assets, are invested in capital assets. These assets consist of land, buildings, infrastructure, and water & sewer systems.

The Town of Alma uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Alma's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources because, in general, 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.

**TOWN OF ALMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016**

Changes in Net Positions

Governmental activities increased the Town of Alma's net position by \$74,481. This is primarily due to the loan proceeds for the construction of a new maintenance building.

Business activities increased the Town's net position by 88,240.

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
PROGRAM REVENUES						
Charges for Services	\$ 131,944	\$ 152,287	\$ 217,317	\$ 194,741	\$ 349,261	\$ 347,028
Operating Grants	20,036	34,804	-	-	20,036	34,804
Capital Grants	93,953	188,264	45,000	-	138,953	188,264
Total Program Revenues	<u>245,933</u>	<u>375,355</u>	<u>262,317</u>	<u>194,741</u>	<u>508,250</u>	<u>570,096</u>
GENERAL REVENUES						
Property Taxes	111,944	105,028	-	-	111,944	105,028
Specific Ownership Taxes	14,161	-	-	-	14,161	-
Sales Taxes	164,843	136,517	-	-	164,843	136,517
Franchise & Other Taxes	26,489	31,121	-	-	26,489	31,121
Interest Income	1,349	687	811	198	2,160	885
Other Revenues	8,852	724	-	-	8,852	724
Total General Revenues	<u>327,638</u>	<u>274,077</u>	<u>811</u>	<u>198</u>	<u>328,449</u>	<u>274,275</u>
Total Revenues	<u>573,571</u>	<u>649,432</u>	<u>263,128</u>	<u>194,939</u>	<u>836,699</u>	<u>844,371</u>
PROGRAM EXPENSES						
General Government	252,620	179,646	-	-	252,620	179,646
Public Safety	103,372	165,566	-	-	103,372	165,566
Public Works	135,859	181,680	-	-	135,859	181,680
Culture and Recreation	7,239	1,404	-	-	7,239	1,404
Water Operations	-	-	103,917	123,492	103,917	123,492
Sewer Operations	-	-	70,971	62,886	70,971	62,886
Interest	-	2,328	-	-	-	2,328
Total Program Expenses	<u>499,090</u>	<u>530,624</u>	<u>174,888</u>	<u>186,378</u>	<u>673,978</u>	<u>717,002</u>
CHANGE IN NET POSITION	<u>74,481</u>	<u>118,808</u>	<u>88,240</u>	<u>8,561</u>	<u>162,721</u>	<u>127,369</u>
Net Position, Beginning	1,561,885	1,562,930	1,174,160	1,238,525	2,736,045	2,801,455
Prior Period Restatement	-	(119,853)	-	(72,926)	-	(192,779)
Net Position, Beginning (as Restated)	<u>1,561,885</u>	<u>1,443,077</u>	<u>1,174,160</u>	<u>1,165,599</u>	<u>2,736,045</u>	<u>2,608,676</u>
NET POSITION, ENDING	<u>\$ 1,636,366</u>	<u>\$ 1,561,885</u>	<u>\$ 1,262,400</u>	<u>\$ 1,174,160</u>	<u>\$ 2,898,766</u>	<u>\$ 2,736,045</u>

TOWN OF ALMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

Reporting the Town's Most Significant Funds

The analysis of the Town's major funds begins immediately following the government wide financial statements. Fund financial statements provide more detailed information about the Town's major funds.

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

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

Capital Assets

The following is a summary of the Town's capital asset activity for the year. Additional capital asset information can be found in the footnotes to the financial statements.

	<u>Balance</u> <u>1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/16</u>
Governmental activities:				
Capital Assets not being depreciated:				
Land & Improvements	\$ 379,878	\$ 93,953	\$ -	\$ 473,831
Construction in Progress	-	2,992	-	2,992
Non-Depreciable Collection	<u>59,000</u>	<u>-</u>	<u>-</u>	<u>59,000</u>
Total capital assets not being depreciated	<u>438,878</u>	<u>96,945</u>	<u>-</u>	<u>535,823</u>
Capital assets being depreciated:				
Buildings & Improvements	389,233	-	-	389,233
Equipment & Vehicles	535,801	33,320	36,720	532,401
Streets	<u>873,693</u>	<u>-</u>	<u>-</u>	<u>873,693</u>
Total capital assets being depreciated:	<u>1,798,727</u>	<u>33,320</u>	<u>36,720</u>	<u>1,795,327</u>
Accumulated depreciation:				
Buildings & Improvements	(179,896)	(12,521)	-	(192,417)
Equipment and vehicles	(237,555)	(44,446)	(36,720)	(245,281)
Streets	<u>(292,952)</u>	<u>(34,947)</u>	<u>-</u>	<u>(327,899)</u>
Total accumulated depreciation	<u>(710,403)</u>	<u>(91,914)</u>	<u>(36,720)</u>	<u>(765,597)</u>
Total governmental activities capital assets, net of depreciation:	<u>\$ 1,527,202</u>	<u>\$ 38,351</u>	<u>\$ -</u>	<u>\$ 1,565,553</u>

TOWN OF ALMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

	<u>Balance</u> <u>1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/16</u>
Business-type activities:				
Capital Assets not being depreciated:				
Land & Improvements				
Water rights	\$ 60,090	\$ -	\$ -	\$ 60,090
Total Capital Assets not being depreciated	<u>60,090</u>	<u>-</u>	<u>-</u>	<u>60,090</u>
Capital Assets being depreciated:				
Water plant and lines	2,215,079	-	-	2,215,079
Sewer plant & lines	684,288	-	-	684,288
Water equipment	24,965	-	-	24,965
Sewer equipment	37,136	-	-	37,136
Total capital assets being depreciated:	<u>2,961,468</u>	<u>-</u>	<u>-</u>	<u>2,961,468</u>
Accumulated depreciation:				
Water plant and lines	(813,272)	(47,282)	-	(860,554)
Sewer plant & lines	(438,778)	(13,479)	-	(452,257)
Water equipment	(23,226)	(580)	-	(23,806)
Sewer equipment	(37,136)	-	-	(37,136)
Total accumulated depreciation	<u>(1,312,412)</u>	<u>(61,341)</u>	<u>-</u>	<u>(1,373,753)</u>
Total business-type activities capital assets, net of depreciation	<u>\$ 1,709,146</u>	<u>\$ (61,341)</u>	<u>\$ -</u>	<u>\$ 1,647,805</u>

Debt Administration

The following is a summary of the Town's long-term debt activity. Additional debt information can be found in the footnotes to the financial statements.

	<u>Balance</u> <u>01/01/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/16</u>	<u>Current</u> <u>Portion</u>	<u>Interest</u> <u>Expense</u>
Governmental Activities						
2001 General Obligation Bonds	\$ 43,889	\$ -	\$ 6,772	\$ 37,117	\$ 6,981	\$ 1,141
PERA Net Pension Liability	185,132	74,016	-	259,148	-	-
2016 TBK Bank Lease	-	200,000	25,028	174,972	15,626	-
Total Governmental Activities Debt	<u>\$ 229,021</u>	<u>\$ 274,016</u>	<u>\$ 31,800</u>	<u>\$ 471,237</u>	<u>\$ 22,607</u>	<u>\$ 1,141</u>
Business-type Activities						
1992 Water & Sewer Revenue Bonds	\$ 225,000	\$ -	\$ 8,700	216,300	\$ 8,938	\$ 10,970
2011 CWRPDA Water Loan	335,921	-	18,686	317,235	19,062	6,563
PERA Net Pension Liability	78,215	1,786	5,625	74,376	-	78,215
Total Business-type Activities Debt	<u>\$ 639,136</u>	<u>\$ 1,786</u>	<u>\$ 33,011</u>	<u>\$ 607,911</u>	<u>\$ 28,000</u>	<u>\$ 95,748</u>

**TOWN OF ALMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016**

General Fund Budget

The Town's General Fund revenues were \$248,663 less than the amounts budgeted primarily due to not receiving grant funds for building the maintenance building. Expenditures were \$283,236 under budget for not building the maintenance building this year.

Conservation Trust Fund Budget

The Town's Conservation Trust Fund had minimal expenditures. The Riverwalk project slated for 2016-2017 did not receive funding as hoped so is not slated for 2018-2019. Most of that funding will be through the Alma Foundation. CTF monies will supplement where needed.

The Future of the Town

Due to the high cost of equipment and vehicle maintenance, the Town of Alma is working on the construction of a maintenance building sufficient to house the majority of the Town's rolling stock. Also, a vehicle replacement schedule is in the works to help alleviate some of the unplanned repairs. Monies were budgeted in 2016 for those projects but will be continued to 2017-2018.

Requests for Information

The financial report is designed to provide information for regulatory reporting to federal and state agencies and those with an interest in the Town's finances. Questions concerning this or any additional information should be addressed to Nancy Comer, Town Administrator, Town of Alma, P.O. Box 1050, Alma, Colorado 80420.

Holscher, Mayberry & Company, LLC

Certified Public Accountants

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

Board of Trustees
Town of Alma
Alma, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Alma, Colorado, as of and for the year ended December 31, 2016, and the related notes to the financial statements which collectively comprise the basic financial statements of the Town, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of 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, each major fund, and the aggregate remaining fund information of the Town of Alma, Colorado, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Town of Alma's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 8, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M7 and pension schedules on pages 43-46 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.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 47-49 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. In addition, the combining and individual fund schedules on pages 50-55 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 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 financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Local Highway Finance Report page 56-57 is presented for purposes of legal compliance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements as a whole.



Englewood, Colorado
September 14, 2017

Basic Financial Statements

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TOWN OF ALMA

STATEMENT OF NET POSITION
DECEMBER 31, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Cash	\$ 169,991	\$ 131,889	\$ 301,880
Restricted Cash and Investments	273,195	40,838	314,033
Receivables			
Property Tax Receivable	115,391	-	115,391
Utility Receivable	-	44,940	44,940
Cash with Fiscal Agent	1,188	-	1,188
Accounts Receivable	30,731	-	30,731
Prepaid Expenses	7,233	5,497	12,730
Total Current Assets	<u>597,729</u>	<u>223,164</u>	<u>820,893</u>
Noncurrent Assets			
Capital Assets not being Depreciated	535,823	60,090	595,913
Capital Assets being Depreciated	1,795,327	2,961,467	4,756,794
Accumulated Depreciation	(765,597)	(1,373,753)	(2,139,350)
Net Pension Asset	312	-	312
Total Noncurrent Assets	<u>1,565,865</u>	<u>1,647,804</u>	<u>3,213,669</u>
TOTAL ASSETS	<u>2,163,594</u>	<u>1,870,968</u>	<u>4,034,562</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES			
Pension Contribution Timing	17,391	3,780	21,171
Pension Investment Earnings Timing	65,624	14,317	79,941
Pension Benefits Timing	4,469	558	5,027
Pension Change in Assumptions	-	1,206	1,206
Pens External Change in %	4,204	55	4,259
TOTAL DEFERRED OUTFLOWS	<u>91,688</u>	<u>19,916</u>	<u>111,604</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 2,255,282</u>	<u>\$ 1,890,884</u>	<u>\$ 4,146,166</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 7,399	\$ 1,289	\$ 8,688
Accrued Liabilities	8,459	-	8,459
Accrued Interest Payable	2,317	6,420	8,737
Total Current Liabilities	<u>18,175</u>	<u>7,709</u>	<u>25,884</u>
Noncurrent Liabilities			
Due within one year	23,995	29,116	53,111
Due in more than one year	453,098	579,033	1,032,131
Total Noncurrent Liabilities	<u>477,093</u>	<u>608,149</u>	<u>1,085,242</u>
TOTAL LIABILITIES	<u>495,268</u>	<u>615,858</u>	<u>1,111,126</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Deferred Property Taxes	115,391	-	115,391
Pension Benefits Timing	328	3	331
Pension Change in Assumptions	4,747	568	5,315
Pens External Change in %	3,182	-	3,182
Pens Internal Change in %	-	12,055	12,055
TOTAL DEFERRED INFLOWS	<u>123,648</u>	<u>12,626</u>	<u>136,274</u>
NET POSITION			
Net Investment in Capital Assets	1,145,291	1,114,031	2,259,322
Restricted Net Position	292,613	40,838	333,451
Unrestricted Net Position	198,462	107,531	305,993
TOTAL NET POSITION	<u>1,636,366</u>	<u>1,262,400</u>	<u>2,898,766</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 2,255,282</u>	<u>\$ 1,890,884</u>	<u>\$ 4,146,166</u>

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

TOWN OF ALMA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
FUNCTIONS/PROGRAMS				
Government Activities				
Current:				
General Government	\$ 252,620	\$ 34,403	\$ 3,235	\$ -
Public Safety	103,372	55,707	-	-
Public Works	135,859	41,834	15,274	-
Culture and Recreation	7,239	-	1,527	93,953
TOTAL GOVERNMENT ACTIVITIES	<u>499,090</u>	<u>131,944</u>	<u>20,036</u>	<u>93,953</u>
Business-type Activities				
Current:				
Water	103,917	133,581	-	22,500
Sewer	70,971	83,736	-	22,500
TOTAL BUSINESS-TYPE ACTIVITIES	<u>174,888</u>	<u>217,317</u>	<u>-</u>	<u>45,000</u>
TOTAL GOVERNMENT	<u>\$ 673,978</u>	<u>\$ 349,261</u>	<u>\$ 20,036</u>	<u>\$ 138,953</u>
GENERAL REVENUES				
Property Taxes				
Specific Ownership Taxes				
Sales Taxes				
Franchise Taxes				
Interest Income				
Other Revenues				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION - Beginning				
NET POSITION - Ending				

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL
\$ (214,982)	\$ -	\$ (214,982)
(47,665)	-	(47,665)
(78,751)	-	(78,751)
88,241	-	88,241
<u>(253,157)</u>	<u>-</u>	<u>(253,157)</u>
-	52,164	52,164
-	35,265	35,265
-	87,429	87,429
<u>(253,157)</u>	<u>87,429</u>	<u>(165,728)</u>
111,944	-	111,944
14,161	-	14,161
164,843	-	164,843
26,489	-	26,489
1,349	811	2,160
8,852	-	8,852
<u>327,638</u>	<u>811</u>	<u>328,449</u>
74,481	88,240	162,721
1,561,885	1,174,160	2,736,045
<u>\$ 1,636,366</u>	<u>\$ 1,262,400</u>	<u>\$ 2,898,766</u>

TOWN OF ALMA

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2016

With Comparative Totals for December 31, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Other</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Cash	\$ 169,991	\$ -	\$ -
Restricted Cash and Investments	200,000	60,715	12,480
Receivables			
Property Tax Receivable	104,278	11,113	-
Cash with Fiscal Agent	1,082	106	-
Accounts Receivable	30,731	-	-
Internal Balances	-	-	-
Prepaid Expenses	7,233	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 513,315</u>	<u>\$ 71,934</u>	<u>\$ 12,480</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 7,399	\$ -	\$ -
Accrued Liabilities	8,459	-	-
TOTAL LIABILITIES	<u>15,858</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Deferred Property Taxes	<u>104,278</u>	<u>11,113</u>	<u>-</u>
FUND BALANCE			
Nonspendable Fund Balance	7,233	-	-
Restricted Fund Balance	219,000	60,821	12,480
Unassigned Fund Balance	166,946	-	-
TOTAL FUND BALANCE	<u>393,179</u>	<u>60,821</u>	<u>12,480</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 513,315</u>	<u>\$ 71,934</u>	<u>\$ 12,480</u>

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

Total

<u>2016</u>	<u>2015</u>
\$ 169,991	\$ 144,532
273,195	-
115,391	116,227
1,188	1,113
30,731	25,997
-	46,197
7,233	8,767
<u>\$ 597,729</u>	<u>\$ 342,833</u>

\$ 7,399	\$ 6,505
8,459	10,451
<u>15,858</u>	<u>16,956</u>
<u>115,391</u>	<u>116,227</u>
7,233	8,767
292,301	69,094
<u>166,946</u>	<u>131,789</u>
466,480	209,650
<u>\$ 597,729</u>	<u>\$ 342,833</u>

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TOWN OF ALMA

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
DECEMBER 31, 2016**

Fund Balance - Governmental Funds		\$ 466,480
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	\$ 535,823	
Capital assets, being depreciated	1,795,327	
Accumulated depreciation	<u>(765,597)</u>	1,565,553
Deferred charges related to the issuance of debt that are amortized over the life of the issue, but are not reported in the funds		
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds		
Net pension asset	312	
Net pension liability	(259,148)	
Contributions subsequent to measurement date	17,391	
Difference between projected and actual investment returns on the pension plan	86,031	
Amortization of the investment return difference	(20,407)	
Difference between projected and actual pension plan experience	6,311	
Amortization of the experience difference	(1,842)	
Change in proportionate share of the net pension liability	13,784	
Amortization of the change in proportion	(9,580)	
Difference between projected and actual pension plan experience	(471)	
Amortization of the experience difference	143	
Change in pension plan assumptions	(8,575)	
Amortization of the change in assumptions	3,828	
Change in proportionate share of the net pension liability	(3,620)	
Amortization of the change in proportion	<u>438</u>	(175,405)
Internal Service operations primarily benefit Governmental Activities		
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Bonds payable	(37,116)	
Notes payable	(174,972)	
Capital leases payable	(5,857)	
Accrued interest payable	<u>(2,317)</u>	(220,262)
Total Net Position - Governmental Activities		<u>\$ 1,636,366</u>

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

TOWN OF ALMA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	General Fund	Debt Service Fund	Other Funds
REVENUES			
Taxes	\$ 305,182	\$ 12,255	\$ -
Intergovernmental Revenues	18,509	-	1,528
Licenses and Permits	26,972	-	-
Fines and Forfeits	55,707	-	-
Charges for Services	49,265	-	-
Investment Earnings	1,234	75	40
Other Revenues	102,804	-	-
TOTAL REVENUES	559,673	12,330	1,568
EXPENDITURES			
Current:			
General Government	196,452	220	-
Public Safety	92,438	-	-
Public Works	50,752	-	-
Parks, Recreation and Other	6,863	-	-
Capital Outlay	133,867	-	-
Debt Service	26,678	9,471	-
TOTAL EXPENDITURES	507,050	9,691	-
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	52,623	2,639	1,568
OTHER FINANCING SOURCES (USES)			
Debt Proceeds	200,000	-	-
NET CHANGE IN FUND BALANCE	252,623	2,639	1,568
FUND BALANCE, BEGINNING	140,556	58,182	10,912
FUND BALANCE, ENDING	\$ 393,179	\$ 60,821	\$ 12,480

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

TOTAL	
2016	2015
\$ 317,437	\$ 272,889
20,037	62,804
26,972	8,639
55,707	102,858
49,265	40,790
1,349	687
<u>102,804</u>	<u>10,626</u>
<u>573,571</u>	<u>499,293</u>
196,672	160,838
92,438	133,757
50,752	111,536
6,863	2,714
133,867	58,140
<u>36,149</u>	<u>18,347</u>
<u>516,741</u>	<u>485,332</u>
56,830	13,961
<u>200,000</u>	<u>7,604</u>
256,830	21,565
<u>209,650</u>	<u>188,085</u>
<u>\$ 466,480</u>	<u>\$ 209,650</u>

TOWN OF ALMA

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016**

Change in Fund Balance - Governmental Funds	\$	256,830
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level		
Capitalized Asset Purchases	130,265	
Depreciation Expense	<u>(91,914)</u>	38,351
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.		
Change in contributions subsequent to the measurement date	(6,532)	
Current year projected to actual investment return difference	71,764	
Current year amortization of overall investment return differences	(17,554)	
Change in net pension asset/liability	(91,123)	
Current year projected to actual pension plan experience difference	6,302	
Current year amortization of overall experience differences	(1,766)	
Change in the changes of assumptions	(4,747)	
Current year change in proportionate share of cost-sharing plan asset/liability	(6,253)	
Current year amortization of overall proportionate share differences	<u>(1,596)</u>	(51,505)
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level		
Proceeds from debt issuances	(200,000)	
Principal payments on bonds payable	6,773	
Principal payments on notes payable	25,028	
Principal payments on capital leases	1,321	
Change in accrued interest payable	<u>(2,317)</u>	<u>(169,195)</u>
Change in Net Position - Governmental Activities	\$	<u>74,481</u>

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

TOWN OF ALMA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2016

With Comparative Totals for December 31, 2015

	<u>Business-type Activities</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
	<u>Fund</u>	<u>Fund</u>	<u>2016</u>	<u>2015</u>
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments				
Cash	\$ (47,391)	\$ 179,280	\$ 131,889	\$ 72,676
Restricted Cash and Investments	31,547	9,291	40,838	41,667
Receivables				
Utility Receivable	29,262	15,678	44,940	30,886
Internal Balances	-	-	-	(46,196)
Prepaid Expenses	3,238	2,259	5,497	6,770
Total Current Assets	<u>16,656</u>	<u>206,508</u>	<u>223,164</u>	<u>105,803</u>
Noncurrent Assets				
Capital Assets not being depreciated	60,090	-	60,090	60,090
Capital Assets being depreciated	2,240,044	721,423	2,961,467	2,961,467
Accumulated Depreciation	(884,360)	(489,393)	(1,373,753)	(1,312,412)
Total Noncurrent Assets	<u>1,415,774</u>	<u>232,030</u>	<u>1,647,804</u>	<u>1,709,145</u>
TOTAL ASSETS	<u>1,432,430</u>	<u>438,538</u>	<u>1,870,968</u>	<u>1,814,948</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES				
Pension Contribution Timing	1,890	1,890	3,780	4,840
Pension Investment Earnings Timing	8,346	5,971	14,317	4,242
Pension Benefits Timing	326	232	558	-
Pens External Change in %	703	503	1,206	1,686
Pens Internal Change in %	-	55	55	259
TOTAL DEFERRED OUTFLOWS	<u>11,265</u>	<u>8,651</u>	<u>19,916</u>	<u>11,027</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,443,695</u>	<u>\$ 447,189</u>	<u>\$ 1,890,884</u>	<u>\$ 1,825,975</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 601	\$ 688	\$ 1,289	\$ -
Accrued Interest Payable	4,250	2,170	6,420	6,701
Total Current Liabilities	<u>4,851</u>	<u>2,858</u>	<u>7,709</u>	<u>6,701</u>
Noncurrent Liabilities				
Due within one year	25,434	3,682	29,116	27,387
Due in more than one year	464,182	114,851	579,033	611,750
Total Noncurrent Liabilities	<u>489,616</u>	<u>118,533</u>	<u>608,149</u>	<u>639,137</u>
TOTAL LIABILITIES	<u>494,467</u>	<u>121,391</u>	<u>615,858</u>	<u>645,838</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
Pension Benefits Timing	2	1	3	16
Pension Assumption Change	-	568	568	-
Pens Internal Change in %	9,431	2,624	12,055	5,961
TOTAL DEFERRED INFLOWS	<u>9,433</u>	<u>3,193</u>	<u>12,626</u>	<u>5,977</u>
NET POSITION				
Net Investment in Capital Assets	969,516	144,515	1,114,031	1,148,223
Restricted Net Position	31,547	9,291	40,838	41,667
Unrestricted Net Position	(61,268)	168,799	107,531	(15,730)
TOTAL NET POSITION	<u>939,795</u>	<u>322,605</u>	<u>1,262,400</u>	<u>1,174,160</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 1,443,695</u>	<u>\$ 447,189</u>	<u>\$ 1,890,884</u>	<u>\$ 1,825,975</u>

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

TOWN OF ALMA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	<u>Business-type Activities</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
	<u>Fund</u>	<u>Fund</u>	<u>2016</u>	<u>2015</u>
Operating Revenues				
Utility Charges	\$ 130,622	\$ 83,700	\$ 214,322	\$ 193,988
Other Charges for Services	2,959	36	2,995	753
Total Revenues	<u>133,581</u>	<u>83,736</u>	<u>217,317</u>	<u>194,741</u>
Operating Expenses				
Personnel Services	12,472	20,157	32,629	55,015
Administrative/Office Expenses	458	321	779	1,007
Insurance	4,730	4,032	8,762	10,364
Operating Supplies	-	137	137	719
Professional Fees	3,376	5,517	8,893	7,340
Repairs and Maintenance	12,033	12,151	24,184	14,002
Travel and Training	695	-	695	1,054
Treatment	1,334	2,772	4,106	2,494
Telephone and Utilities	6,768	7,453	14,221	12,478
Other Operating Expenses	455	356	811	934
Depreciation Expense	47,862	13,479	61,341	61,446
Other Capital Outlay	428	176	604	720
Total Expenditures	<u>90,611</u>	<u>66,551</u>	<u>157,162</u>	<u>167,573</u>
Operating Income (Loss)	<u>42,970</u>	<u>17,185</u>	<u>60,155</u>	<u>27,168</u>
Other Income (Expense)				
Investment Earnings	357	454	811	198
Interest Expense	(13,306)	(4,420)	(17,726)	(18,806)
Total Other Income (Expense)	<u>(12,949)</u>	<u>(3,966)</u>	<u>(16,915)</u>	<u>(18,608)</u>
Net Income (Loss)	30,021	13,219	43,240	8,560
Contributed Capital				
Plant Investment Fees	<u>22,500</u>	<u>22,500</u>	<u>45,000</u>	<u>-</u>
Change in Net Position	52,521	35,719	88,240	8,560
Net Position, Beginning	<u>887,274</u>	<u>286,886</u>	<u>1,174,160</u>	<u>1,165,600</u>
Net Position, Ending	<u>\$ 939,795</u>	<u>\$ 322,605</u>	<u>\$ 1,262,400</u>	<u>\$ 1,174,160</u>

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

TOWN OF ALMA

**STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016
 With Comparative Totals for the Year Ended December 31, 2015**

	<u>Business-type Activities</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
	<u>Fund</u>	<u>Fund</u>	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 125,123	\$ 78,138	\$ 203,261	\$ 190,906
Cash Paid to Suppliers	(26,868)	(36,026)	(62,894)	(68,736)
Cash Paid to Employees	(22,014)	(14,429)	(36,443)	(38,800)
Net Cash Provided by Operating Activities	<u>76,241</u>	<u>27,683</u>	<u>103,924</u>	<u>83,370</u>
Cash Flows From Capital and Related Financing Activities:				
Tap Fees Received	22,500	22,500	45,000	-
Debt Principal Payments	(23,629)	(3,520)	(27,149)	(26,134)
Interest Payments	(13,498)	(4,508)	(18,006)	(19,073)
Cash Flows Used by Capital and Related Financing Activities	<u>(14,627)</u>	<u>14,472</u>	<u>(155)</u>	<u>(45,207)</u>
Cash Flows (Uses) From Noncapital Financing Activities:				
Cash from Other Funds	<u>(138,403)</u>	<u>92,207</u>	<u>(46,196)</u>	<u>(38,164)</u>
Cash Flows (Uses) From Investing Activities:				
Interest Received	<u>357</u>	<u>454</u>	<u>811</u>	<u>198</u>
Net Increase (Decrease) in Cash	(76,432)	134,816	58,384	197
Cash - Beginning	<u>60,588</u>	<u>53,755</u>	<u>114,343</u>	<u>114,146</u>
Cash - Ending	<u>\$ (15,844)</u>	<u>\$ 188,571</u>	<u>\$ 172,727</u>	<u>\$ 114,343</u>
Cash				
Restricted Cash and Investments	<u>31,547</u>	<u>9,291</u>	<u>40,838</u>	<u>41,667</u>
Total	<u>\$ (15,844)</u>	<u>\$ 188,571</u>	<u>\$ 172,727</u>	<u>\$ 114,343</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	<u>\$ 42,970</u>	<u>\$ 17,185</u>	<u>\$ 60,155</u>	<u>\$ 27,168</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	47,862	13,479	61,341	61,446
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Utility Receivable	(8,458)	(5,598)	(14,056)	(3,835)
Prepaid Expenses	147	1,126	1,273	(1,242)
Pension Deferred Outflows	(4,719)	(4,170)	(8,889)	(4,964)
(Increase) Decrease in:				
Accounts Payable	602	688	1,290	(406)
Net Pension Liability	(5,625)	1,786	(3,839)	(774)
Pension Deferred Inflows	<u>3,462</u>	<u>3,187</u>	<u>6,649</u>	<u>5,977</u>
Total Adjustments	<u>33,271</u>	<u>10,498</u>	<u>43,769</u>	<u>56,202</u>
Net Cash Used for Operating Activities	<u>\$ 76,241</u>	<u>\$ 27,683</u>	<u>\$ 103,924</u>	<u>\$ 83,370</u>

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

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Alma (the Town) conform to generally accepted accounting principles as applicable to governmental entities. Following is a summary of the more significant policies.

A. Reporting Entity

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

Based upon the application of these criteria, no governmental organizations are includable within the Town's reporting entity.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Grant and entitlement revenues are recognized to the extent of the related expenditures or when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts; a deferred revenue account is established when receipts exceed the related expenditures.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, 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. The major sources of revenue susceptible to accrual are grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Governmental Fund Types The fund types are described below.

General Fund: This fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Town's special revenue fund, Conservation Trust, is not considered to be a major fund.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental Fund Types (Continued)

Debt Service Fund: This fund was established to account for the repayment of general obligation bonds related to the Town's curb and gutter project. In November 1998, the Town's citizens passed a ballot measure allowing the issuance of up to \$120,000 in bonds for the completion of the project. This fund is shown as a major governmental fund.

Proprietary Fund Types These funds account for operations that are organized to be self-supporting through user charges. The funds included in this category are the Enterprise Funds.

Enterprise Funds (Water and Sewer Funds): These funds were established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges.

C. Budgets and Budgetary Accounting

Budgets are adopted on a modified accrual basis (except for the Enterprise Funds, which budget on a cash basis). Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at the end of the fiscal year.

The Town adheres to the following procedures in establishing the budgetary data reflected in the financial statements listed below.

- Budgets are required by state law for all funds. By October 15, the Town Clerk submits to the Board of Trustees a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year's end.
- Public hearings are conducted by the Board of Trustees to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- Budgeted amounts reported in the accompanying financial statements are as adopted or amended by the Board of Trustees.
- The Town does not use encumbrance accounting.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Cash The Town pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest-bearing accounts comprised of certificates of deposit, savings accounts, and money market accounts, which are legally authorized. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

Cash and Cash Equivalents For the purpose of the statement of cash flows, cash consists of demand deposits and certificates of deposit held by the bank.

Receivables All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be collectable. Based on a review of outstanding balances at year end, the Town does not believe an allowance for doubtful accounts is necessary.

Property, Plant, and Equipment Capital assets used in governmental activities operations are accounted for in the government-wide financial statements. Public domain (infrastructure) capital assets consisting of certain improvements other than buildings, such as sidewalks, and parking lots, are capitalized. Property, plant, and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditure and capitalized at cost. Depreciation has been provided over the estimated useful lives of the governmental activities capital assets of the Town, using the straight-line method of depreciation.

The Town's policy is to capitalize and inventory annually all capital assets with a unit value of greater than \$5,000 and an estimated useful life of greater than one year.

Property, plant, and equipment acquired for proprietary funds are capitalized in the respective fund to which they apply. Property, plant, and equipment are stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Donated are recorded at their fair market value at the date of transfer.

Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary funds' balance sheets. Depreciation has been provided over the estimated useful lives of five to forty years using the straight-line method of depreciation.

Property Taxes Property taxes for the Town are levied by the Town Board of Trustees and certified for collection to Park County by December 15 of each year. These taxes become due January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection. Property taxes levied in the current year for collection in the subsequent year by the General Fund are included in receivables and deferred inflows at year end. These taxes are classified as deferred inflows since they were levied for and are not available to the Town until the subsequent year.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance (Continued)

Deferred Outflows and inflows of Resources In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has pension related items that qualify for reporting in this category.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred property taxes, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced. In addition, the Town also has pension related deferred inflows that are reported at the activity level.

Net Position/Fund Balance Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The board of trustees may authorize the Town Administrator to assign fund balance.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance (Continued)

The board of trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

Net Position/Fund Balance Flow Assumptions Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

E. Revenues and Expenditures/Expenses

Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Revenues and expenses of proprietary funds are recognized in essentially the same manner as in business accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

F. Comparative Data

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

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2: CASH AND INVESTMENTS

The Town is governed by the deposit and investment limitations of state law. The deposits and investments held at December 31, 2016, and reported at fair value, are shown below.

Cash	\$ 338,251
Investments	<u>277,662</u>
Total Cash and Investments	<u>\$ 615,913</u>

These balances are allocated in the financial statements as follows:

Governmental Activities - Unrestricted	\$ 169,991
Governmental Activities - Restricted	273,195
Business-type Activities - Unrestricted	131,889
Business-type Activities - Restricted	<u>40,838</u>
Total Cash and Investments	<u>\$ 615,913</u>

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Town's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2016, all of the Town's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

Deposits at December 31, 2016 were as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized	<u>92,232</u>	<u>88,251</u>
Total Deposits	<u>\$ 342,232</u>	<u>\$ 338,251</u>

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2016 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	<u>Level 2</u>	<u>Weighted Avg Mat.</u>	<u>Rating</u>
Local Investment Pools	\$ 277,662	-	AAAm

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- Investment Pools: Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.

The Town recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2016, there were no changes in the methods or assumptions utilized to derive the fair value of the Town's assets and liabilities.

Credit Risk

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

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

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

During the year ended December 31, 2016, the Town invested funds in the Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAm by the Standard and Poor's Corporation.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Concentration of Credit Risk

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

Interest Rate Risk

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

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2016, the Town's investments consisted of the investment pool.

The Town has restricted cash as follows:

<u>Restricted Cash</u>	
General Fund - Lease Proceeds	\$ 200,000
Debt Service Fund	60,715
Conservation Trust Fund	12,480
Total Governmental Activity	<u>273,195</u>
Water Fund	
1992 Water & Sewer Revenue Bonds	13,673
2011 CWRPDA Loan	17,874
Total Water Fund	<u>31,547</u>
Sewer Fund	
1992 Water & Sewer Revenue Bonds	9,291
Total Business Type Activities	<u>40,838</u>
Total Restricted Cash	<u>\$ 314,033</u>

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3: CAPITAL ASSETS

The following is a summary of the changes in governmental capital assets during the year:

	Balance 1/1/16	Additions	Deletions	Balance 12/31/16
Governmental activities:				
Capital Assets not being depreciated:				
Land & Improvements	\$ 379,878	\$ 93,953	\$ -	\$ 473,831
Construction in Progress	-	2,992	-	2,992
Non-Depreciable Collection	59,000	-	-	59,000
Total capital assets not being depreciated	<u>438,878</u>	<u>96,945</u>	<u>-</u>	<u>535,823</u>
Capital assets being depreciated:				
Buildings & Improvements	389,233	-	-	389,233
Equipment & Vehicles	535,801	33,320	36,720	532,401
Streets	873,693	-	-	873,693
Total capital assets being depreciated:	<u>1,798,727</u>	<u>33,320</u>	<u>36,720</u>	<u>1,795,327</u>
Accumulated depreciation:				
Buildings & Improvements	(179,896)	(12,521)	-	(192,417)
Equipment and vehicles	(237,555)	(44,446)	(36,720)	(245,281)
Streets	(292,952)	(34,947)	-	(327,899)
Total accumulated depreciation	<u>(710,403)</u>	<u>(91,914)</u>	<u>(36,720)</u>	<u>(765,597)</u>
Total governmental activities capital assets, net of depreciation:	<u>\$ 1,527,202</u>	<u>\$ 38,351</u>	<u>\$ -</u>	<u>\$ 1,565,553</u>

Depreciation has been allocated to the various operating departments as follows:

General Government	\$ 15,502
Public Safety	5,100
Public Works	70,936
Parks and Recreation	376
Total Depreciation	<u>\$ 91,914</u>

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3: CAPITAL ASSETS (Continued)

The following is a summary of the changes in business-type activity capital assets during the year:

	<u>Balance 1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/16</u>
Business-type activities:				
Capital Assets not being depreciated:				
Land & Improvements				
Water rights	\$ 60,090	\$ -	\$ -	\$ 60,090
Total Capital Assets not being depreciated	<u>60,090</u>	<u>-</u>	<u>-</u>	<u>60,090</u>
Capital Assets being depreciated:				
Water plant and lines	2,215,079	-	-	2,215,079
Sewer plant & lines	684,288	-	-	684,288
Water equipment	24,965	-	-	24,965
Sewer equipment	37,136	-	-	37,136
Total capital assets being depreciated:	<u>2,961,468</u>	<u>-</u>	<u>-</u>	<u>2,961,468</u>
Accumulated depreciation:				
Water plant and lines	(813,272)	(47,282)	-	(860,554)
Sewer plant & lines	(438,778)	(13,479)	-	(452,257)
Water equipment	(23,226)	(580)	-	(23,806)
Sewer equipment	(37,136)	-	-	(37,136)
Total accumulated depreciation	<u>(1,312,412)</u>	<u>(61,341)</u>	<u>-</u>	<u>(1,373,753)</u>
Total business-type activities capital assets, net of depreciation	<u>\$ 1,709,146</u>	<u>\$ (61,341)</u>	<u>\$ -</u>	<u>\$ 1,647,805</u>

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: LONG-TERM DEBT

The following is a summary changes in long-term debt during the year:

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>	<u>Interest</u>
	<u>01/01/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/16</u>	<u>Portion</u>	<u>Expense</u>
Governmental Activities						
2001 General Obligation Bonds	\$ 43,889	\$ -	\$ 6,772	\$ 37,117	\$ 6,981	\$ 1,141
PERA Net Pension Liability	185,132	74,016	-	259,148	-	-
2016 TBK Bank Lease	-	200,000	25,028	174,972	15,626	-
Total Governmental Activities Debt	\$ 229,021	\$ 274,016	\$ 31,800	\$ 471,237	\$ 22,607	\$ 1,141
Business-type Activities						
1992 Water & Sewer Revenue Bonds	\$ 225,000	\$ -	\$ 8,700	216,300	\$ 8,938	\$ 10,970
2011 CWRPDA Water Loan	335,921	-	18,686	317,235	19,062	6,563
PERA Net Pension Liability	78,215	1,786	5,625	74,376	-	78,215
Total Business-type Activities Debt	\$ 639,136	\$ 1,786	\$ 33,011	\$ 607,911	\$ 28,000	\$ 95,748

Governmental Activities

During 2001, the Town issued \$120,000 of Series 2001 General Obligation Bonds. The proceeds from these bonds will be used in the construction of curb, gutter, and sidewalks in the Town. The bonds require semiannual interest payments on January 5th and July 5th of each year beginning in January of 2002. Principal payments are due annually on July 5th of each year. Final payment on the bonds will be in July, 2021. The bonds bear interest at 6.150 percent. These bonds are repaid through the Debt Service Fund. Payments to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 6,772	\$ 2,699	\$ 9,471
2017	6,981	2,283	9,264
2018	7,195	1,853	9,048
2019	7,416	1,411	8,827
2020	7,645	955	8,600
2021	7,880	486	8,366
Totals	\$ 43,889	\$ 9,687	\$ 53,576

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

During 2015, the Town entered into a lease agreement for the acquisition of a copier. The lease qualifies as a capital lease as the lease term exceeds 75% of the useful life of the underlying asset. The lease requires monthly payments of \$137 for a period of sixty three months beginning in September, 2015. The Town has imputed a 5% interest rate on the lease payment. The Town has capitalized assets with a cost of \$7,604 and a remaining value of \$7,332 as part of this lease. Remaining lease payment requirements are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 1,650
2018	1,650
2019	1,650
2020	<u>1,512</u>
Future Minimum Payments	6,462
Interest at 5% (Imputed)	<u>(605)</u>
Present Value of Future Payment:	<u>\$ 5,857</u>

During 2016, the Town entered into a \$200,000 lease agreement for the construction of a maintenance shop. The lease requires ten annual lease payments of \$25,028 commencing October 2016 and bears interest at 5.37%. The lease was set up as a one year lease with nine annual renewals subject to annual appropriation. The lease proceeds are being held in escrow at year end. Remaining lease payment requirements are as follows:

<u>Year</u>	<u>Payment</u>
2017	\$ 25,028
2018	25,028
2019	25,028
2020	25,028
2021	25,028
2022-2025	<u>100,111</u>
Total Payments	225,251
Interest at 5.37%	<u>(50,279)</u>
Present Value of Payments	<u>\$ 174,972</u>

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: LONG-TERM DEBT (Continued)

Business-type Activities

The \$341,100 Water and Sewer Revenue Bonds (FmHA) were dated September 10, 1992. This issue bears interest at five (5) percent. Original principal was allocated at \$203,100 to the Water Fund and \$138,000 to the Sewer Fund. Principal and interest are payable January 1 and July 1 of each year. The bonds also require the maintenance of a reserve fund in the amount of \$22,964. This has been jointly funded by the Water and Sewer Funds proportional to the outstanding balance of the bonds and is shown as restricted cash in the financial statements as outlined in Note 2. Payments are allocated between the Water and Sewer Funds. Payments to maturity are as follows:

Year	Water Fund		Sewer Fund		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total Pmt
2016	\$ 5,180	\$ 6,634	\$ 3,520	\$ 4,508	\$ 8,700	\$ 11,142	\$ 19,842
2017	5,418	6,372	3,682	4,330	9,100	10,702	19,802
2018	5,656	6,098	3,844	4,144	9,500	10,242	19,742
2019	6,014	5,811	4,086	3,949	10,100	9,760	19,860
2020	6,252	5,507	4,248	3,743	10,500	9,250	19,750
2021-2025	32,449	20,611	22,051	14,006	54,500	34,617	89,117
2026-2030	45,608	13,353	30,992	9,074	76,600	22,427	99,027
2031-2032	27,388	2,090	18,612	1,420	46,000	3,510	49,510
Totals	<u>\$ 133,965</u>	<u>\$ 66,476</u>	<u>\$ 91,035</u>	<u>\$ 45,174</u>	<u>\$ 225,000</u>	<u>\$ 111,650</u>	<u>\$ 336,650</u>

In April 2011, the Town entered into a loan agreement with the Colorado Water Resource and Power Development Authority in the amount of \$616,385. The proceeds are to be used to complete upgrades to the water system. The loan requires semi-annual principal and interest payments on May 1 and November 1 of each year through 2031. The loan bears interest at 2.0% per annum. Pursuant to the loan agreement, the Town was required to establish a 3 month operations and maintenance reserve based on the subsequent years budgeted expenditures, or \$17,874. The Town has funded this reserve through the restriction of its cash balances in the Water Fund. The Town believes it is in compliance with all required covenants and obligations called for by the loan agreement.

The 2011 CWRPDA loan matures as follows:

Year	Principal	Interest	Total
2016	\$ 18,687	\$ 6,625	\$ 25,312
2017	19,062	6,250	25,312
2018	19,445	5,867	25,312
2019	19,836	5,476	25,312
2020	20,235	5,077	25,312
2021-2025	96,210	17,694	113,904
2026-2030	117,508	9,053	126,561
2031	24,939	375	25,314
Totals	<u>\$ 335,922</u>	<u>\$ 56,417</u>	<u>\$ 392,339</u>

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: PENSION OBLIGATIONS

A. Police

DEFINED CONTRIBUTION (ICMA)

The Town offers its uniformed employees a retirement plan created in accordance with Internal Revenue Code Section 401(a). Employees are eligible to participate in the plan on the first day of employment. This plan is a defined-contribution plan administered by a third party trustee. Under the terms of the plan, the Town is the only non-employee contributor and contributes seven (7) percent of each participant's salary, each participant is required to contribute seven (7) percent of salary, although they can contribute more. Contribution requirements of the Town and the participants are established and may be amended by the Town Council. An employee is immediately 100 percent vested in any employer contribution. Since the assets are held in trust by a third party trustee, they are not reflected on the Town's financial statements. For the years ended December 31, 2016, 2015, and 2014, the Town contributed \$0, \$691, and \$916, respectively, equal to their required contributions. For the year ended December 31, 2016, there was no covered payroll requiring contributions, although employees made elective contributions.

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

Summary of Significant Accounting Policies

Pensions. The Town participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire & Police Pension Association of Colorado ("FPPA"). The net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the accrual basis of accounting as required by the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the Town are provided with pensions through the Statewide Defined Benefit Plan (SWDB) - a cost-sharing multiple-employer defined benefit pension plan administered by FPPA. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), rules and regulations codified by the Fire and Police Pension Association, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. FPPA issues a publicly available comprehensive annual financial report, the most recent of which is for the fiscal year ended December 31, 2015, that can be obtained at:

http://fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20FPPA%20CAFR.pdf.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: PENSION OBLIGATIONS (Continued)

A. Police (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

General Information about the Pension Plan

Benefits provided. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions. The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: PENSION OBLIGATIONS (Continued)

A. Police (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

General Information about the Pension Plan (Contributed)

Members of the SWDB plan and their employers are contributing at the rate of 8 percent of base salary for a total contribution rate of 16 percent through 2014. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20 percent of base salary through 2014. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 4 percent of base salary for a total contribution rate of 8 percent through 2014. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the Town were \$6,867 for the plan year ended December 31, 2015 and \$3,667 for the fiscal year ended December 31, 2016. The current year contributions will be expensed in 2017 for FPPA purposes and are a timing difference at year end.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: PENSION OBLIGATIONS (Continued)

A. Police (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the Town reported an asset of \$312 for its proportionate share of the SWDB's net pension asset. The net pension asset or liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2016. The Town's proportion of the net pension asset was based on Town's contributions to the SWDB for the calendar year 2015 relative to the total contributions of participating employers to the SWDB.

At December 31, 2015, the Town's proportion was .017707%, which was an increase of .003289% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Town recognized pension expense of \$919. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 2,525	\$ (320)
Net difference between projected and actual earnings on pension plan	\$ 15,736	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ -	\$ (3,182)
Contributions subsequent to the measurement date	\$ 3,667	\$ -
Total	\$ 21,928	\$ (3,502)

\$3,667 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an adjustment of the net pension asset in the year ended December 31, 2017.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: PENSION OBLIGATIONS (Continued)

A. Police (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Amortization Total
2017	\$ (3,903)
2018	(3,903)
2019	(3,905)
2020	(3,561)
2021	116
Thereafter	397

Actuarial assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Long-term investment Rate of Return *	7.50%
Salary increase, including wage inflation	4.00-14.00%
Cost of Living Adjustments (COLA)	0.00%
* Includes inflation at	3.00%

Mortality rates were based on the RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB is used in the projection of post-retirement benefits for members under age 55. For post-retirement members aged 65 and older, the RP-2014 Mortality Table for Blue Collar Healthy Annuitants, projected with Scale BB are used. For post-retirement members ages 55 through 64, a blend of the previous tables was used..

The actuarial assumptions used in the January 1, 2016 valuation were based on recommended changes to the actuarial assumptions adopted by FPPA’s Board in July, 2015. The assumption changes were effective for actuarial valuations beginning January 1, 2016. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: PENSION OBLIGATIONS (Continued)

A. Police (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	37.00%	6.50%
Equity Long/Short	10.00%	4.70%
Illiquid Alternatives	20.00%	8.00%
Fixed Income	16.00%	1.50%
Absolute Return	11.00%	4.10%
Managed Futures	4.00%	3.00%
Cash *	2.00%	0.00%
Total	100.00%	

* While the expected inflation rate exceeds the expected rate of return for cash, a 0.0% real rate of return is utilized

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: PENSION OBLIGATIONS (Continued)

A. Police (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Sensitivity of the proportionate share of the net pension asset (liability) to changes in the discount rate. The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension asset (liability)	\$ (43,727)	\$ 312	\$ 36,841

B. General Employees

DEFINED BENEFIT - PERA

Summary of Significant Accounting Policies

Pensions. The Town participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees (Continued)

DEFINED BENEFIT – PERA (Continued)

General Information about the Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee’s member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees (Continued)

DEFINED BENEFIT – PERA (Continued)

General Information about the Pension Plan (Continued)

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions. Eligible employees and the Town are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	-1.02%
Amount Apportioned to the LGDTF ¹	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	1.50%
Total Employer Contribution Rate to the LGDTF ¹	12.68%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees (Continued)

DEFINED BENEFIT – PERA (Continued)

General Information about the Pension Plan (Continued)

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Town were \$21,803 for the year ended December 31, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the Town reported a liability of \$333,524 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Town proportion of the net pension liability was based on the Town contributions to the LGDTF for the calendar year 2015 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2015, the Town proportion was .03028%, which was an increase of .00213% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Town recognized pension expense of \$37,544. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees (Continued)

DEFINED BENEFIT – PERA (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 2,502	\$ (11)
Changes of assumptions or other inputs	\$ -	\$ (6,109)
Net difference between projected and actual earnings on pension plan	\$ 64,205	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 5,410	\$ -
Contributions subsequent to the measurement date	\$ 17,504	\$ -
Total	\$ 89,621	\$ (6,120)

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees (Continued)

DEFINED BENEFIT – PERA (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$17,504 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Total Amortization
2017	\$ (18,648)
2018	(17,086)
2019	(16,972)
2020	(13,291)
Total	\$ (65,997)

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age
Long-term investment Rate of Return *	7.50%
Real wage growth	1.10%
Salary increase, including wage inflation	3.90-10.85%
Cost of Living Adjustments (COLA)	0.00%
* Includes inflation at	2.80%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees (Continued)

DEFINED BENEFIT – PERA (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA’s Board on November 13, 2012, and an economic assumption study, adopted by PERA’s Board on November 15, 2013 and January 17, 2014.

The LGDTF’s long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of
U.S. Equity - Large Cap	26.76%	5.00%
U.S. Equity - Small Cap	4.40%	5.19%
Non U.S. Equity - Developed	22.06%	5.29%
Non U.S. Equity - Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Govt/Credit	0.53%	1.57%
Emerging Bond Markets	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees (Continued)

DEFINED BENEFIT – PERA (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the LGDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of Town’s proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension asset (liability)	\$ (511,327)	\$ (333,524)	\$ (186,055)

Pension plan fiduciary net position. Detailed information about the LGDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees (Continued)

DEFINED BENEFIT – PERA (Continued)

Internal Allocations

The Town’s internal allocation of the PERA net pension liability and related deferred outflows and inflows of resources is determined by the underlying payroll amounts. The allocation of the payroll for the years ended December 31, 2015 and 2014 were as follows:

	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
12/31/14 Allocation	70.30%	18.60%	11.10%
12/31/15 Allocation	77.70%	13.00%	9.30%

Accordingly, the Town is required to allocate the net pension liability based on those amounts which creates a change in internal proportion that is reflected as either a deferred outflow or inflow in the respective activity and fund. The change in proportion is amortized and will be reflected as an adjustment to the activity or funds pension expense as follows:

	<u>Govt Activities</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Change in Internal Proportion	\$ 12,000	\$ (9,431)	\$ (2,569)
2017	(9,913)	7,851	2,062
2018	(2,087)	1,580	507
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees (Continued)

Defined Contribution Pension Plans

Voluntary Investment Program

Plan Description - Employees of the District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees have the option of contributing pre or post-tax dollars.

NOTE 6: POSTEMPLOYMENT HEALTHCARE BENEFITS

Health Care Trust Fund

Plan Description – The Town contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Town is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2016 and the preceding two fiscal years, the District contributions to the HCTF were \$1,408, \$1,754, and \$1,642, respectively, equal to their required contributions for each year.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 7: RISK MANAGEMENT

The Town is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town carries commercial insurance. The amounts of settlements have not exceeded insurance coverage the past three years, nor were there any significant changes in insurance coverage.

NOTE 8: CONTINGENCIES, COMMITMENTS AND COMPLIANCE

A. Grants

The Town receives revenues from various federal and state grant programs, which are subject to final review and approval as to allowability by the respective grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

B. Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. The Town is subject to the Tabor Amendment. Fiscal year 1993 provides the basis for limits in future years to assessed valuation. Revenue received in excess of the limitations may be required to be refunded unless the Town's electorate vote to retain the revenue. The Tabor Amendment is subject to many interpretations, but the Town feels it is in substantial compliance with the Amendment. On April 5, 1994, the Town passed the following exemption to the Tabor Amendment:

Shall the Town of Alma, Colorado, be authorized to collect and expend the full revenues generated, including without limitation any reduction in debt service, beginning May 1, 1994 and for each subsequent year thereafter without any increase in such tax rates, and to spend such revenues for debt service, municipal operations, capital projects and any other lawful municipal purpose? Nothing in this question can be construed to remove the remaining restrictions of Article X, Section 20 of the Colorado Constitution with is commonly known as Amendment One and/or the TABOR Amendment.

The Town has reserved \$19,000 in the General Fund to meet the three (3) percent emergency reserve required by the Tabor Amendment.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 9: DEFICIT NET POSITION

The Water Fund has an unrestricted net position deficit of \$(61,268), primarily due to adding the PERA net pension liability of \$43,358, as further described in Note 10, and outstanding loan obligations in the Water Fund. The Town expects these deficit net positions to continue for the foreseeable future, especially those related to outstanding pension obligations.

**Required Supplementary Information
(Pension Schedules Unaudited)**

TOWN OF ALMA

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Town's proportion of the net pension asset (liability)	0.030277%	0.029381%	0.028148%
Town's proportionate share of the net pension asset (liability)	\$(333,524)	\$(263,347)	\$(231,638)
Town's covered-employee payroll	\$ 171,949	\$ 160,996	\$ 150,174
Town's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	-193.97%	-163.57%	-154.25%
Plan fiduciary net position as a percentage of the total pension liability	76.87%	80.72%	81.00%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

TOWN OF ALMA

SCHEDULE OF TOWN CONTRIBUTIONS

PERA Pension Plan

Last 10 Fiscal Years⁽¹⁾

	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Contractually required contributions	\$ 21,803	\$ 20,414	\$ 19,042
Actual contributions	<u>(21,803)</u>	<u>(20,414)</u>	<u>(19,042)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 171,949	\$ 160,996	\$ 150,174
Contributions as a percentage of covered-employee payroll	12.68%	12.68%	12.68%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

TOWN OF ALMA

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
FPPA Statewide Defined Benefit Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Town's proportion of the net pension asset (liability)	0.017707%	0.015435%	0.014417%
Town's proportionate share of the net pension asset (liability)	\$ 312	\$ 17,419	\$ 12,892
Town's covered-employee payroll	\$ 85,838	\$ 69,409	\$ 62,621
Town's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	0.36%	25.10%	20.59%
Plan fiduciary net position as a percentage of the total pension liability	100.10%	106.83%	105.83%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

TOWN OF ALMA

**SCHEDULE OF TOWN CONTRIBUTIONS
FPPA Statewide Defined Benefit Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Contractually required contributions	\$ 6,867	\$ 5,553	\$ 5,010
Actual contributions	<u>(6,867)</u>	<u>(5,553)</u>	<u>(5,010)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 85,838	\$ 69,409	\$ 62,621
Contributions as a percentage of covered-employee payroll	8.00%	8.00%	8.00%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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Required Supplementary Information

TOWN OF ALMA

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016				2015 Actual
	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Taxes					
Property Taxes	\$ 102,924	\$ 102,924	\$ 101,035	\$ (1,889)	\$ 94,156
Specific Ownership Taxes	10,809	10,809	12,815	2,006	11,534
Sales Taxes	140,000	140,000	164,843	24,843	136,517
Franchise Taxes	23,000	23,000	26,489	3,489	18,256
Total Tax Revenue	<u>276,733</u>	<u>276,733</u>	<u>305,182</u>	<u>28,449</u>	<u>260,463</u>
Intergovernmental Revenues					
Cigarette Taxes	650	650	1,262	612	908
Highway Users	12,803	12,803	13,112	309	13,100
Road and Bridge	3,000	3,000	2,162	(838)	2,426
Clerk/Motor Vehicle Fees	1,300	1,300	1,322	22	1,171
Mineral Lease	4,000	4,000	130	(3,870)	417
Severance Tax	400	400	521	121	15,478
State Grants	350,000	350,000	-	(350,000)	28,000
Total Intergovernmental Revenue	<u>372,153</u>	<u>372,153</u>	<u>18,509</u>	<u>(353,644)</u>	<u>61,500</u>
Licenses and Permits					
Building Permits	4,500	4,500	6,089	1,589	-
Other Licenses and Permits	4,000	4,000	20,883	16,883	8,639
Total Licenses and Permits	<u>8,500</u>	<u>8,500</u>	<u>26,972</u>	<u>18,472</u>	<u>8,639</u>
Fines and Forfeits					
	<u>99,250</u>	<u>99,250</u>	<u>55,707</u>	<u>(43,543)</u>	<u>102,858</u>
Charges for Services					
Utility Charges	32,000	32,000	35,745	3,745	32,645
Rents	9,750	9,750	13,020	3,270	7,145
Other Charges for Services	1,500	1,500	500	(1,000)	1,000
Total Charges for Services	<u>43,250</u>	<u>43,250</u>	<u>49,265</u>	<u>6,015</u>	<u>40,790</u>
Investment Earnings					
	<u>500</u>	<u>500</u>	<u>1,234</u>	<u>734</u>	<u>621</u>
Other Revenues					
Donations	-	-	93,953	93,953	9,903
Other Miscellaneous Revenue	7,950	7,950	8,851	901	724
Total Other Revenue	<u>7,950</u>	<u>7,950</u>	<u>102,804</u>	<u>94,854</u>	<u>10,627</u>
TOTAL REVENUES	<u>808,336</u>	<u>808,336</u>	<u>559,673</u>	<u>(248,663)</u>	<u>485,498</u>

See accompanying Independent Auditors' Report.

(Continued)

TOWN OF ALMA

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016				2015
	Original Budget	Final Budget	Actual	Variance With Final Budget	
(Continued)					
EXPENDITURES					
General Government					
Personnel Services	109,176	109,176	107,026	(2,150)	88,215
Fuel and Automotive	3,000	3,000	1,133	1,867	705
Insurance	9,000	9,000	7,255	1,745	7,733
Professional Fees	25,000	25,000	21,386	3,614	21,075
Repairs and Maintenance	3,000	3,000	689	2,311	1,325
Supplies	9,100	9,100	8,346	754	12,691
Telephone and Utilities	25,100	25,100	22,205	2,895	22,238
Travel and Training	1,200	1,200	475	725	1,317
Other Expenses	13,305	13,305	27,937	(14,632)	5,317
Total General Government	<u>197,881</u>	<u>197,881</u>	<u>196,452</u>	<u>(2,871)</u>	<u>160,616</u>
Public Safety					
Personnel Services	120,732	120,732	74,686	46,046	122,041
Fuel and Automotive	6,000	6,000	5,376	624	5,657
Insurance	3,300	3,300	2,515	785	2,739
Professional Fees	4,200	4,200	4,200	-	-
Supplies	4,800	4,800	980	3,820	2,055
Telephone and Utilities	850	850	573	277	737
Travel and Training	2,950	2,950	350	2,600	208
Other Expenses	1,500	1,500	3,758	(2,258)	320
Total Public Safety	<u>144,332</u>	<u>144,332</u>	<u>92,438</u>	<u>51,894</u>	<u>133,757</u>
Public Works					
Personnel Services	29,923	29,923	25,384	4,539	86,278
Fuel and Automotive	20,000	20,000	6,238	13,762	8,208
Repairs and Maintenance	10,000	10,000	8,306	1,694	9,551
Supplies	850	850	5,380	(4,530)	437
Telephone and Utilities	3,500	3,500	4,307	(807)	2,062
Other Expenses	-	-	1,137	(1,137)	5,000
Total Public Works/Comm Devel	<u>64,273</u>	<u>64,273</u>	<u>50,752</u>	<u>13,521</u>	<u>111,536</u>
Parks, Recreation and Other					
Repairs and Maintenance	2,000	2,000	4,606	(2,606)	34
Telephone and Utilities	500	500	2,257	(1,757)	680
Other Expenses	-	-	-	-	2,000
Total Parks, Recreation & Other	<u>2,500</u>	<u>2,500</u>	<u>6,863</u>	<u>(4,363)</u>	<u>2,714</u>

See accompanying Independent Auditors' Report.

TOWN OF ALMA

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016				2015
	Original Budget	Final Budget	Actual	Variance With Final Budget	
(Continued)					
Capital Outlay					
General Government Capital Outlay	600	600	1,298	(698)	9,869
Public Works Capital Outlay	350,000	350,000	96,945	253,055	-
Parks, Recreation and Other Capital Outlay	1,000	1,000	35,624	(34,624)	40,616
Total Capital Outlay	<u>351,600</u>	<u>351,600</u>	<u>133,867</u>	<u>217,733</u>	<u>50,485</u>
Debt Service					
Principal	34,000	34,000	26,678	7,322	10,225
TOTAL EXPENDITURES	<u>794,586</u>	<u>794,586</u>	<u>507,050</u>	<u>283,236</u>	<u>469,333</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ 13,750</u>	<u>\$ 13,750</u>	52,623	<u>\$ 34,573</u>	16,165
Budget to GAAP Basis Reconciliation					
Debt Proceeds			200,000		7,604
Capital Outlay			-		(7,604)
NET CHANGE IN FUND BALANCE - GAAP BASIS			<u>252,623</u>		<u>16,165</u>
FUND BALANCE, BEGINNING			<u>140,556</u>		<u>124,391</u>
FUND BALANCE, ENDING			<u>\$ 393,179</u>		<u>\$ 140,556</u>

See accompanying Independent Auditors' Report.

Other Supplementary Information

TOWN OF ALMA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016

With Comparative Totals for December 31, 2015

	SPECIAL REVENUE FUNDS		
	Conservation Trust Fund	Total	
		2016	2015
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Restricted Cash and Investments	\$ 12,480	\$ 12,480	\$ -
Internal Balances	-	-	10,912
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 12,480</u>	<u>\$ 12,480</u>	<u>\$ 10,912</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
FUND BALANCE			
Restricted Fund Balance	<u>\$ 12,480</u>	<u>\$ 12,480</u>	<u>\$ 10,912</u>

See accompanying Independent Auditors' Report.

TOWN OF ALMA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	SPECIAL REVENUE FUNDS		
	Conservation Trust Fund	Total	
		2016	2015
REVENUES			
Intergovernmental Revenues	\$ 1,528	\$ 1,528	\$ 1,304
Investment Earnings	40	40	-
TOTAL REVENUES	1,568	1,568	1,304
EXPENDITURES			
Capital Outlay	-	-	51
OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCE - GAAP BASIS	1,568	1,568	1,253
FUND BALANCE, BEGINNING	10,912	10,912	9,659
FUND BALANCE, ENDING	\$ 12,480	\$ 12,480	\$ 10,912

See accompanying Independent Auditors' Report.

TOWN OF ALMA

BUDGETARY COMPARISON SCHEDULE

Conservation Trust Fund

FOR THE YEAR ENDED DECEMBER 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016		Variance With Final Budget	2015 Actual
	Original & Final Budget	Actual		
REVENUES				
Intergovernmental Revenues				
Cons Trust Fund Revenue	\$ 1,100	\$ 1,528	\$ 428	\$ 1,304
Investment Earnings	-	40	40	-
TOTAL REVENUES	1,100	1,568	468	1,304
See accompanying Independent Auditors' Report.				
EXPENDITURES				
Capital Outlay				
Parks, Recreation and Other Capital Outlay	1,100	-	1,100	51
OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE - BUDGET BASIS	\$ -	1,568	\$ 1,568	1,253
FUND BALANCE, BEGINNING		10,912		9,659
FUND BALANCE, ENDING		\$ 12,480		\$ 10,912

See accompanying Independent Auditors' Report.

TOWN OF ALMA

BUDGETARY COMPARISON SCHEDULE

Debt Service Fund

FOR THE YEAR ENDED DECEMBER 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016			2015 Actual
	Original & Final Budget	Actual	Variance With Final Budget	
REVENUES				
Taxes				
Property Taxes	\$ 11,108	\$ 10,910	\$ (198)	\$ 11,095
Specific Ownership Taxes	-	1,346	1,346	1,331
Total Tax Revenue	11,108	12,256	1,148	12,426
Investment Earnings	-	75	75	66
TOTAL REVENUES	11,108	12,331	1,223	12,492
EXPENDITURES				
General Government				
Other Expenses	-	220	(220)	223
Debt Service				
Principal	11,108	9,472	1,636	8,122
TOTAL EXPENDITURES	11,108	9,692	1,416	8,345
NET CHANGE IN FUND BALANCE - BUDGET BASIS	\$ -	2,639	\$ 2,639	4,147
FUND BALANCE, BEGINNING		58,182		54,035
FUND BALANCE, ENDING		\$ 60,821		\$ 58,182

See accompanying Independent Auditors' Report.

TOWN OF ALMA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL**

Water Fund

FOR THE YEAR ENDED DECEMBER 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016		Variance with Final Budget	2015
	Final Budget	Actual		Actual
Operating Revenues				
Utility Charges	\$ 115,540	\$ 130,622	\$ 15,082	\$ 120,048
Other Charges for Services	1,300	2,959	1,659	753
Total Revenues	<u>116,840</u>	<u>133,581</u>	<u>16,741</u>	<u>120,801</u>
Operating Expenses				
Personnel Services	22,118	12,472	9,646	32,186
Administrative/Office Expenses	1,200	458	742	615
Insurance	6,000	4,730	1,270	5,626
Professional Fees	3,800	3,376	424	2,197
Repairs and Maintenance	16,000	12,033	3,967	11,988
Travel and Training	750	695	55	887
Treatment	2,500	1,334	1,166	572
Telephone and Utilities	6,650	6,768	(118)	6,080
Other Operating Expenses	15,793	455	15,338	443
Other Capital Outlay	-	428	(428)	720
Contingency Reserve	4,953	-	4,953	-
Total Expenditures	<u>79,764</u>	<u>42,749</u>	<u>37,015</u>	<u>61,314</u>
Operating Income (Loss)	<u>37,076</u>	<u>90,832</u>	<u>53,756</u>	<u>59,487</u>
Other Income (Expense)				
Investment Earnings	50	357	307	105
Debt Service	(37,126)	(36,935)	191	(36,987)
Total Other Income (Expense)	<u>(37,076)</u>	<u>(36,578)</u>	<u>498</u>	<u>(36,882)</u>
Net Income (Loss) before Transfers	-	54,254	54,254	22,605
Contributed Capital				
Plant Investment Fees	7,500	22,500	15,000	-
Change in Net Position (Budget Basis)	<u>\$ 7,500</u>	<u>76,754</u>	<u>\$ 69,254</u>	<u>22,605</u>
Budget to GAAP Reconciliation				
Principal Paid		23,629		22,775
Depreciation Expense		(47,862)		(47,967)
Change in Net Position - GAAP Basis		52,521		(2,587)
Net Position, Beginning		<u>887,274</u>		<u>889,861</u>
Net Position, Ending		<u>\$ 939,795</u>		<u>\$ 887,274</u>

See accompanying Independent Auditors' Report.

TOWN OF ALMA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

BUDGET AND ACTUAL

Sewer Fund

FOR THE YEAR ENDED DECEMBER 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016		Variance with Final Budget	2015
	Final Budget	Actual		Actual
Operating Revenues				
Utility Charges	\$ 71,280	\$ 83,700	\$ 12,420	\$ 73,940
Other Charges for Services	-	36	36	-
Total Revenues	<u>71,280</u>	<u>83,736</u>	<u>12,456</u>	<u>73,940</u>
Operating Expenses				
Personnel Services	20,477	20,157	320	22,829
Administrative/Office Expenses	440	321	119	392
Insurance	4,400	4,032	368	4,738
Operating Supplies	850	137	713	719
Professional Fees	4,750	5,517	(767)	5,143
Repairs and Maintenance	7,750	12,151	(4,401)	2,014
Travel and Training	750	-	750	167
Treatment	2,200	2,772	(572)	1,922
Telephone and Utilities	7,750	7,453	297	6,398
Other Operating Expenses	2,783	356	2,427	491
Other Capital Outlay	11,094	176	10,918	-
Total Expenditures	<u>63,244</u>	<u>53,072</u>	<u>10,172</u>	<u>44,813</u>
Operating Income (Loss)	<u>8,036</u>	<u>30,664</u>	<u>22,628</u>	<u>29,127</u>
Other Income (Expense)				
Investment Earnings	-	454	454	93
Debt Service	(8,036)	(7,940)	96	(7,952)
Total Other Income (Expense)	<u>(8,036)</u>	<u>(7,486)</u>	<u>550</u>	<u>(7,859)</u>
Net Income (Loss) before Transfers	-	23,178	23,178	21,268
Contributed Capital				
Plant Investment Fees	-	22,500	22,500	-
Change in Net Position (Budget Basis)	<u>\$ -</u>	<u>45,678</u>	<u>\$ 45,678</u>	<u>21,268</u>
Budget to GAAP Reconciliation				
Principal Paid		3,520		3,358
Depreciation Expense		(13,479)		(13,479)
Change in Net Position - GAAP Basis		35,719		11,147
Net Position, Beginning		<u>286,886</u>		<u>275,739</u>
Net Position, Ending		<u>\$ 322,605</u>		<u>\$ 286,886</u>

See accompanying Independent Auditors' Report.

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COMPLIANCE SECTION

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State Compliance

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

LOCAL HIGHWAY FINANCE REPORT		City or County: ALMA
		YEAR ENDING : December 2016
This Information From The Records Of (example - City of _ or County of _ TOWN OF ALMA		Prepared By: NANCY COMER Phone: 719 836-2712

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	19,800
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	9,361
2. General fund appropriations		b. Snow and ice removal	14,613
3. Other local imposts (from page 2)	35,656	c. Other	6,361
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	30,336
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	50,136
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	35,656	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	14,480	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	50,136	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			50,136

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	50,136	50,136	0	(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2016

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	33,494	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	2,162	g. Other Misc. Receipts	
6. Total (1. through 5.)	2,162	h. Other	
c. Total (a. + b.)	35,656	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	13,148	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	1,332	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,332	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	14,480	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: