TOWN OF COLUMBINE VALLEY
Arapahoe County, Colorado

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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YEAR ENDED DECEMBER 31, 2016

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Town of Columbine Valley
Arapahoe County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Town of Columbine Valley (the Town), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Town of Columbine Valley as of December 31, 2016, and the respective changes in financial position and, the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, schedule of the Town's proportionate share of the net pension asset, and schedule of the Town contributions on pages 3 – 8 and 34 – 35 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Columbine Valley's basic financial statements. The schedule of expenditures – budget and actual – general fund; the five-year summary of assessed valuation, mill levy, and property taxes collected; and the local highway finance report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures – budget and actual – general fund; the five-year summary of assessed valuation, mill levy, and property taxes collected; and the local highway finance report are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
May 2, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Town of Columbine Valley's (the Town) financial performance provides an overview of the Town's financial activities for the year ended December 31, 2016. Management's Discussion and Analysis (MD&A) should be read in conjunction with the Town's financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements.

The financial section of this report includes three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements – The government-wide financial statements give readers a broad overview of the Town's financial position and changes in financial position, similar to consolidated financial statements in a private sector business. These statements include the statement of net position and the statement of activities.

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

The s*tatement of activities* shows how the Town's net position changed as a result of its operations during the most recent fiscal year. To understand the basis of how these numbers are determined, it is important to note that changes in net position are reported whenever an event occurs that requires a revenue or expense to be recognized, regardless of when the related cash is received or disbursed (the accrual basis of accounting).

The government-wide financial statements include functions of the Town that are principally supported by taxes and intergovernmental revenues (g*overnmental activities*). The governmental activities of the Town include administration, public safety, public works, sanitation, planning and zoning, parks and open space, and judicial.

The government-wide financial statements can be found on pages 10 - 11 of this report.

Fund Financial Statements – Funds are a self-balancing grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses governmental funds to account for its activity.

Governmental Funds – All of the Town's basic services are included in governmental funds, which focus on 1) how cash and other financial assets can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. The governmental funds statements provide a detailed short-term view of cash, the governmental fund operations, and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The Town maintains one individual governmental fund, which has been reported as a major fund.

The Town adopts an annual appropriated budget for its fund. Budgetary comparison statements have been provided for the fund to demonstrate compliance with this requirement.

The basic governmental fund financial statements can be found on pages 12 - 16 of this report.

Notes to Financial Statements – The notes provide additional information that is essential to have a complete understanding of the information contained in the government-wide and fund financial statements. Notes to financial statements begin on page 17 of this report.

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. The required supplementary information can be found on pages 34 - 35 of this report.

Supplementary Information – In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. The supplementary information can be found on pages 37 - 39 of this report.

Government-Wide Financial Analysis

Presented are condensed summary balances of the Town's assets, liabilities, deferred outflows and inflows of resources, and net position at December 31, 2016, with comparative balances at December 31, 2015. Total net position increased by $455,432 during 2016. The increase in net position is related to revenues exceeding expenses by $455,432, which includes revenue of $398,525 from contributed capital of roads added to the Town's assets after being constructed by developers.

A substantial portion of the Town's net position (59% at December 31, 2016 and 56% at December 31, 2015) consists of its investment in capital assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The following is a condensed summary of the Town's net position at December 31, 2016 and 2015:

	2016	2015
ASSETS		
ASSETS		
Current and Other Assets	$ 1,936,360	$ 2,050,997
Capital Assets	2,380,366	1,996,859
Net Pension Asset	1,197	84,710
Total Assets	4,317,923	4,132,566
DEFERRED OUTFLOWS OF RESOURCES	125,641	37,217
LIABILITIES		
Current liabilities	108,675	305,835
Total Liabilities	108,675	305,835
DEFERRED INFLOWS OF RESOURCES	330,097	314,588
NET POSITION		
Investment in Capital Assets	2,380,366	1,996,859
Restricted:		
Emergency Reserves	56,857	47,917
Conservation Trust	23,051	20,354
Open Space	324,700	289,345
Unrestricted	1,219,818	1,194,885
Total Net Position	$ 4,004,792	$ 3,549,360

An additional portion of the Town's net position ($404,608) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position ($1,219,818) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of 2016, the Town was able to report positive balances in all three categories of net position.

The Town's net position increased by $455,432 during 2016 to $4,004,792.

The following is a condensed summary of the Town's revenues and expenses for the year ended December 31, 2016, with comparative figures for the year ended December 31, 2015:

	2016	2015
REVENUES		
Program Revenues:		
Charges for Services	$ 689,698	$ 537,701
Capital Grants and Contributions	440,910	34,596
General Revenues:		
Taxes	1,121,977	973,006
Intergovernmental	62,520	67,975
Net Investment Income	6,657	2,093
Miscellaneous	14,389	16,454
Total Revenues	2,336,151	1,631,825
EXPENSES		
Administration	582,712	418,716
Public Safety	693,575	634,044
Public Works	350,977	346,077
Planning and Zoning	51,106	72,239
Sanitation	71,010	67,355
Parks and Open Space	6,000	6,000
Economic Incentive Payment	104,930	-
Unallocated Depreciation on Town Hall	20,409	19,221
Total Expenses	1,880,719	1,563,652
CHANGE IN NET POSITION	455,432	68,173
Net Position - Beginning	3,549,360	3,481,187
NET POSITION - ENDING	$ 4,004,792	$ 3,549,360

Effective January 1, 2005, the Town entered into an intergovernmental agreement with the Town of Bow Mar, Colorado, to provide public safety and municipal court services for the Town of Bow Mar. Effective November 1, 2016, the Town entered into an additional intergovernmental agreement with the Town of Bow Mar to provide other administrative services. The Town received $260,910 in fees in 2016 to provide these services in accordance with the intergovernmental agreement, and reports a receivable of $6,685 relating to services provided. This represented an increase of $11,800 from the fees received in 2015. The remaining increase in Charges for Services related to increased permit and license fees for new homes and remodels. Tax revenue increased $162,726 relating primarily to additional sales and use tax collected on additional construction occurring in 2016. Administration expenses increased $163,996 primarily due to additional inspection fees and plan review costs related to inspection and review of construction activity as well as expenses relating to remodeling a portion of the Town Hall. Public Safety expenses increased $59,531 primarily relating to an increase in salaries and benefits paid to employees. In 2016, the Board of Trustees approved a one-time payment to the Columbine Country Club for $104,930 as an economic incentive payment, which effectively reduced the amount of use tax paid on renovations to the Clubhouse by 50%.

General Fund Budgetary Highlights

The difference between the budgeted revenues of $1,836,000 and the actual revenues of $1,937,626 was $101,626. The increase was mainly caused by the increase of $30,552 in unanticipated sales and use tax revenue as well as an increase of $49,835 in unanticipated permits and fees related to increased construction activity.

The difference between the budgeted expenditures of $2,021,500 and the actual expenditures of $1,875,885 was $145,615. Inspection expenditures were $28,576 greater than budgeted due to increased inspections for new and remodeled homes. Office Supplies and Miscellaneous was $67,329 greater than budget related to uncapitalized remodel expenditures, which resulted in capital outlay under the budgeted amount by $70,507. Public works expenditures were $115,450 under budgeted amounts due to reduced street repair and ground maintenance expenditures. The remainder of expenditures in 2016 were generally in line with budgeted amounts.

Capital Assets

The Town's investment in capital assets at December 31, 2016 amounts to $2,380,366 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, automotive equipment, and office and other equipment.

Capital assets increased during the year relating to $62,947 in capitalized Town Hall renovations and $16,546 for the purchase of a utility vehicle. The increase in infrastructure was from contributed capital which accounted for an increase of $398,525. Capital assets net of depreciation increased in total due to capital additions exceeding depreciation expense.

Capital assets are classified as follows (net of accumulated depreciation):

	2016	2015
Land	$ 300,000	$ 300,000
Automotive Equipment	103,659	114,418
Drainage Infrastructure	1,363,901	1,005,035
Perimeter Wall/Fence	40,825	44,699
Office and Other Equipment	5,686	8,950
Building - Town Hall	566,295	523,757
Total Capital Assets	$ 2,380,366	$ 1,996,859

Additional information on the Town's capital assets can be found in Note 4 of this report.

Economic Factors and Next Year's Budgets and Rates

The Town has budgeted for 2017 property tax revenue of $328,683 (based on a total assessed valuation for the Town of $40,220,632 and a mill levy of 8.172 mills for operations). Total revenues budgeted for 2017 from all sources equal $1,561,000 including $268,216 from the Town of Bow Mar for providing public safety and municipal court services to that town in 2017. The Town also has budgeted $40,000 in revenue for providing administrative services for the Town of Bow Mar related to the intergovernmental agreement entered into in November 2016. Additional information on this arrangement can be found in Note 6 of this report. Total expenditures budgeted for 2017 equal $1,753,500. This represents a budgeted decrease in expenditures of approximately $181,385 from 2016. The change in budgeted expenditures relates primarily to the economic incentive payment being a one time payment and decreased costs in Administration and Public Safety in the Town.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town Administrator, Town of Columbine Valley, 2 Middlefield Road, Columbine Valley, Colorado 80123.

BASIC FINANCIAL STATEMENTS

TOWN OF COLUMBINE VALLEY
STATEMENT OF NET POSITION
DECEMBER 31, 2016

ASSETS	
Cash and Investments	$ 1,474,091
Receivables:	
Other	133,586
Property Taxes	328,683
Capital Assets, Not Being Depreciated	300,000
Capital Assets, Being Depreciated, Net of Accumulated Depreciation	2,080,366
Net Pension Asset	1,197
Total Assets	4,317,923
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Outflows	125,641
Total Deferred Outflows of Resources	125,641
LIABILITIES	
Accounts Payable	57,756
Accrued Salaries and Benefits Payable	33,307
Long-Term Liabilities:	
Due Within One Year	
Compensated Absences	17,612
Total Liabilities	108,675
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenues	328,683
Deferred Pension Inflows	1,414
Total Deferred Inflows of Resources	330,097
NET POSITION	
Investment in Capital Assets	2,380,366
Restricted for:	
Emergency Reserves	56,857
Conservation Trust	23,051
Open Space	324,700
Unrestricted	1,219,818
Total Net Position	$ 4,004,792

See accompanying Notes to Financial Statements.

TOWN OF COLUMBINE VALLEY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

		Program Revenues		
	Expenses	Charges for Services	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
Administration	$ 582,712	$ 359,835	$ -	$ (222,877)
Public Safety	693,575	329,863	-	(363,712)
Public Works	350,977	-	398,525	47,548
Planning and Zoning	51,106	-	-	(51,106)
Sanitation	71,010	-	-	(71,010)
Parks and Open Space	6,000	-	42,385	36,385
Economic Incentive Payment	104,930	-	-	(104,930)
Unallocated Depreciation	20,409	-	-	(20,409)
	$ 1,880,719	$ 689,698	$ 440,910	(750,111)

GENERAL REVENUES	
Taxes:	
Property Taxes	312,222
Specific Ownership Taxes	23,983
Sales and Use Tax	710,552
Utility Franchise Fees	44,652
Cable Television Franchise Fees	30,568
Intergovernmental:	
State Highway User's Tax	44,051
County Highway Tax Revenue	11,668
Motor Vehicle Registration Fees	6,046
State Cigarette Tax Apportionment	755
Interest Income	6,657
Miscellaneous	14,389
Total General Revenues	1,205,543
Change in Net Position	455,432
Net Position - Beginning	3,549,360
Net Position - Ending	$ 4,004,792

TOWN OF COLUMBINE VALLEY
BALANCE SHEET – GOVERNMENTAL FUND
DECEMBER 31, 2016

	General Fund
ASSETS	
Cash and Investments	$ 1,474,091
Receivables:	
Other	133,586
Property Taxes	328,683
Total Assets	$ 1,936,360
LIABILITIES	
Accounts Payable	$ 57,756
Accrued Salaries Payable	33,307
Total Liabilities	91,063
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	328,683
Total Deferred Inflows of Resources	328,683
FUND BALANCE	
Restricted for:	
Emergency Reserves	56,857
Conservation Trust	23,051
Open Space	324,700
Assigned	192,500
Unassigned	919,506
Total Fund Balance	1,516,614
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 1,936,360

See accompanying Notes to Financial Statements.

TOWN OF COLUMBINE VALLEY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

Amounts reported for governmental activities in the statement of net position are different because:	
Total Governmental Fund Balance	$ 1,516,614
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund balance sheet.	
Capital Assets, Net	2,380,366
Net pension asset is not due and received in the current period and, therefore, is not reported in the governmental fund.	1,197
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	125,641
Some liabilities, compensated absences, were not due and payable in the current period and, therefore, were not reported in the fund balance sheet:	
Compensated Absences	(17,612)
Deferred inflows of resources used in governmental activities are not due and payable in the current year and, therefore, are not reported in the governmental fund.	(1,414)
Net Position of Governmental Activities	$ 4,004,792

See accompanying Notes to Financial Statements.

TOWN OF COLUMBINE VALLEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2016

	General Fund
REVENUES	
Taxes:	
Property Taxes	$ 312,222
Specific Ownership Taxes	23,983
Sales and Use Tax	710,552
Utility Franchise Fees	44,652
Cable Television Franchise Fees	30,568
Permits and Fines:	
Permits, Fees, and Services	359,835
Fines	62,268
Intergovernmental:	
Town of Bow Mar	267,595
State Highway User's Tax	44,051
County Highway Tax	11,668
Motor Vehicle Registration Fees	6,046
State Cigarette Tax Apportionment	755
Conservation Trust Fund Entitlement	8,648
Open Space Tax	33,737
Interest Income	6,657
Miscellaneous	14,389
Total Revenues	1,937,626
EXPENDITURES	
Current:	
Public Safety	675,931
Sanitation	71,010
Administration	580,365
Planning and Zoning	51,106
Public Works	307,050
Economic Incentive Payment	104,930
Capital Outlay	79,493
Conservation Trust Fund Expenditures	6,000
Total Expenditures	1,875,885
NET CHANGE IN FUND BALANCE	61,741
Fund Balance - Beginning of Year	1,454,873
FUND BALANCE - END OF YEAR	$ 1,516,614

See accompanying Notes to Financial Statements.

TOWN OF COLUMBINE VALLEY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

A reconciliation reflecting the differences between the governmental fund net change in fund balance and change in net position reported for governmental activities in the statement of activities is as follows:

Net Change in Fund Balances - Governmental Fund	$	61,741
Governmental funds report capital outlays as expenditures and do not report contributed capital. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense and revenue is recorded for the contributed capital		
Capital Outlay		79,493
Contributed Infrastructure		398,525
Less:		
Current Year Depreciation		(94,511)
		383,507
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Compensated Absences		4,942
		4,942
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The (increases) decreases in these activities consist of:		
Change in Contributions Subsequent to Measurement Date		(1,191)
Pension Expense		6,433
		5,242
Change in Net Position - Governmental Activities	$	455,432

See accompanying Notes to Financial Statements.

TOWN OF COLUMBINE VALLEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes:				
Property Taxes	$ 312,843	$ 312,843	$ 312,222	$ (621)
Specific Ownership Taxes	20,097	20,097	23,983	3,886
Sales and Use Tax	631,000	680,000	710,552	30,552
Utility Franchise Fees	48,000	48,000	44,652	(3,348)
Cable Television Franchise Fees	25,000	25,000	30,568	5,568
Permits and Fines:				
Permits, Fees, and Services	149,000	310,000	359,835	49,835
Fines	80,000	70,000	62,268	(7,732)
Intergovernmental:				
Town of Bow Mar	260,910	260,910	267,595	6,685
State Highway User's Tax	43,000	43,000	44,051	1,051
County Highway Tax Revenue	12,000	12,000	11,668	(332)
Motor Vehicle Registration Fees	6,000	6,000	6,046	46
State Cigarette Tax Apportionment	650	650	755	105
Conservation Trust Fund Entitlement	6,000	6,000	8,648	2,648
Open Space Tax	30,000	30,000	33,737	3,737
Investment Income	2,500	2,500	6,657	4,157
Miscellaneous	9,000	9,000	14,389	5,389
Total Revenues	1,636,000	1,836,000	1,937,626	101,626
EXPENDITURES				
Current:				
Public Safety	668,000	723,000	675,931	47,069
Sanitation	72,000	72,000	71,010	990
Administration	435,500	476,000	580,365	(104,365)
Planning and Zoning	67,000	67,000	51,106	15,894
Public Works	422,500	422,500	307,050	115,450
Economic Incentive Payment	-	105,000	104,930	70
Capital Outlay	130,000	150,000	79,493	70,507
Conservation Trust Fund Expenditures	6,000	6,000	6,000	-
Total Expenditures	1,801,000	2,021,500	1,875,885	145,615
NET CHANGE IN FUND BALANCE	(165,000)	(185,500)	61,741	247,241
FUND BALANCE - BEGINNING	1,211,456	1,211,456	1,454,873	243,417
FUND BALANCE - ENDING	$ 1,046,456	$ 1,025,956	$ 1,516,614	$ 490,658

See accompanying Notes to Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

The Town of Columbine Valley, Colorado (the Town) was incorporated pursuant to Section 31-1-203, Colorado Revised Statutes. The Town provides the following services: public safety (including the activity related to the proceeds from the seizure of contraband, if any), public works, municipal court, planning and zoning, sanitation, parks and open space, and general administrative services.

The Town follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Town is not financially accountable for any other entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the Town are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the Town. The difference between the assets, liabilities, and deferred outflows and inflows of resources of the Town is reported as net position.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and leases are recorded as a reduction in liabilities.

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

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 Town 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 property taxes and sales and use taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental fund:

> The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government.

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

Budgets

In accordance with the state budget law, the Town's board of trustees holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The Town's board of trustees can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

For the year ended December 31, 2016, the Town adopted the provisions of GASB Statement No. 72, Fair Value Measurement and Application, which is effective for financial statement periods beginning after June 15, 2015. GASB Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The Town's investment in an external investment pool is measured at amortized cost and is not subject to the fair value hierarchy. The Town's investments in a money market mutual fund and negotiable certificates of deposit are also reported at amortized cost and are not subject to the fair value hierarchy.

Property Taxes

Property taxes are levied by the Town's board of trustees. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the county commissioners to put the tax lien on the individual properties as of January 1 of the following year. The county treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally, sales of the tax liens on delinquent properties are held in November or December. The county treasurer remits the taxes collected monthly to the Town.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include land, infrastructure, perimeter fences, automotive equipment, buildings, and office and other equipment, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Infrastructure	40 Years
Buildings	39 Years
Perimeter Fences	15 Years
Automotive Equipment	7 Years
Office and Other Equipment	7 Years

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

The Town's governmental activities report a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The Town reports a deferred outflow of resources relating to pensions. See Note 8 for additional information.

Compensated Absences

The Town has a policy that allows employees to accumulate unused vacation benefits up to certain maximum hours. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The Town's General Fund is used to liquidate compensated absences of the governmental activities.

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, 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 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.

Deferred Inflows of Resources

The Town's governmental activities report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period The Town reports a deferred inflow of resources relating to pensions. See Note 8 for additional information. Another item is for property tax revenue, which is considered a deferred inflow of resources in the year the taxes are levied and measurable and are recognized as an inflow of resources in the period they are collected.

Fund Equity

Fund balances in the General Fund are reported in classifications based on the extent to which the Town is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. In accordance with GASB Statement No. 54, fund balances are classified in one of five categories: 1) nonspendable, 2) restricted, 3) committed, 4) assigned, and 5) unassigned.

Nonspendable – Nonspendable fund balance represents amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Town did not have any nonspendable resources as of December 31, 2016.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

Restricted – Restricted fund balances reflect amounts for which constraints have been placed on the use of the resources because of state or federal laws or externally imposed conditions by grantors or creditors. Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 12). A portion of the General Fund fund balance in the amount of $56,857 has been restricted in compliance with this requirement. In addition, amounts held for the Conservation Trust Fund of $23,051, as well as amounts held for the Open Space Entitlement of $324,700 are classified as restricted fund balance at December 31, 2016 due to their restricted use for those purposes (see Note 6).

Committed – Committed fund balance is the amounts that can be used only for specific purposes determined by a formal action of the board of trustees. These amounts cannot be used for any other purpose unless the board of trustees removes or changes the specific use by taking formal board action. The Town did not have any committed resources as of December 31, 2016.

Assigned – Assigned fund balance includes amounts that are constrained by the Board of Trustee's intended use of these resources for a specific purpose but are neither restricted nor committed. The board approved the 2017 budget for the Town with budgeted expenditures exceeding budgeted revenues by $192,500 which is shown as an assigned fund balance.

Unassigned – Unassigned fund balance represents the net resources in excess of the other spendable classifications.

Order of Expenditure of Funds

When multiple categories of fund balance are available for expenditure, the Town will first expend the restricted funds and then the unrestricted funds. Within the unrestricted funds category, the Town would first reduce the committed fund balance, next would be the assigned fund balance and finally the unassigned fund balance.

Net Position

The Town has a net position consisting of three components – investment in capital assets, restricted, and unrestricted.

Investment in capital assets consists of capital assets net of accumulated depreciations. As of December 31, 2016, The Town had an investment in capital assets of $2,380,366.

Net position is reported as restricted when constraints have been placed on the use of the resources because of laws or externally imposed conditions by grantors or creditors.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2016 consist of the following:

Deposits with Financial Institutions	$	17,757
Investments		1,456,334
Total Cash and Investments	$	1,474,091

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The State Commissioners 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, the Town’s cash deposits had a carrying balance of $17,757.

Investments

The Town’s investment policy follows state statutes regarding investments.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2016, the Town had the following investments, which are recorded at amortized cost:

Investment Type	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Less Than One Year	$ 949,786
Negotiable Certificates of Deposit	Less Than One Year	500,000
Money Market Mutual Fund	Less Than One Year	6,548
		$ 1,456,334

Interest Rate Risk

Colorado Revised Statutes generally limit investment maturities to five years or less unless formally approved by the board of trustees. Corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

Credit Risk

The local government investment pool, Colorado Surplus Asset Fund Trust (CSAFE), is rated AAAm by Standard and Poor's.

At December 31, 2016, the Town's money market mutual fund is rated AAAm by Standard and Poor's. The certificates of deposit held by the Town are not rated.

Concentrations of Credit Risk

The Town does not have a policy that addresses limitations of the amount that can be invested in any one issuer.

CSAFE

At December 31, 2016, the Town had $949,786 invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an external investment pool established by state statute for local government entities to pool surplus assets. The state securities commissioner administers and enforces all state statutes governing the trust. Purchases and redemptions are available daily at a net asset value (NAV) of $1.00. Investments in the external investment pool are shown at amortized cost for financial reporting purposes. Investments consist of U.S. Treasury and U.S. agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. agency securities. A designated custodial bank provides safekeeping and despository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2016 follows:

	Balance at January 1, 2016	Increases	Decreases	Balance at December 31, 2016
Capital Assets Not Being Depreciated:				
Land	$ 300,000	$ -	$ -	$ 300,000
Total Capital Assets Not Being Depreciated	300,000	-	-	300,000
Capital Assets Being Depreciated:				
Automotive Equipment	234,202	16,546	-	250,748
Infrastructure	1,187,845	398,525	-	1,586,370
Perimeter Wall/Fence	58,112	-	-	58,112
Office and Other Equipment	55,033	-	-	55,033
Buildings - Town Hall	749,603	62,947	-	812,550
Total Capital Assets Being Depreciated	2,284,795	478,018	-	2,762,813
Less Accumulated Depreciation for:				
Automotive Equipment	119,784	27,305	-	147,089
Infrastructure	182,810	39,659	-	222,469
Perimeter Wall/Fence	13,413	3,874	-	17,287
Office and Other Equipment	46,083	3,264	-	49,347
Buildings - Town Hall	225,846	20,409	-	246,255
Total Accumulated Depreciation	587,936	94,511	-	682,447
Total Capital Assets Being Depreciated, Net	1,696,859	383,507	-	2,080,366
Capital Assets, Net	$ 1,996,859	$ 383,507	$ -	$ 2,380,366

Depreciation expense was charged to functions/programs of the Town as follows:

Unallocated - Town Hall	$ 20,409
Public Works	43,927
Public Safety	28,508
Administration	1,667
Total Depreciation Expense - Governmental Activities	$ 94,511

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the Town's long-term obligations for the year ended December 31, 2016:

	Balance at January 1, 2016	Additions	Reductions	Balance at December 31, 2016	Due Within One Year
Compensated Absences	22,554	18,244	23,186	17,612	17,612
	$ 22,554	$ 18,244	$ 23,186	$ 17,612	$ 17,612

NOTE 6 INTERGOVERNMENTAL AGREEMENTS

Conservation Trust Fund Entitlement

As a result of the State of Colorado lottery, the Town was entitled to and received $8,648 of funds during 2016 based upon a formula considering population within the Town. The funds are restricted under the State Conservation Trust Fund statutes to acquisition, development, and maintenance of parks and recreation facilities.

The Town has $23,051 of remaining restricted funds which is planned to be spent in 2017 and future years in accordance with the guidelines established for lottery proceeds.

Open Space Tax Entitlement

On November 4, 2003, the voters in Arapahoe County approved a countywide sales and use tax of 0.25%, otherwise known as the Open Space Tax, which became effective on January 1, 2004. In November 2011, voters in Arapahoe County approved extending the tax through December 31, 2023. The Open Space Tax is to be used exclusively to purchase, develop, improve, and maintain park and recreation facilities.

On June 22, 2004, the Town entered into an intergovernmental agreement with Arapahoe County to impose the Open Space Tax on building and construction materials purchased within the Town, and to participate in the shareback funds available through Arapahoe County.

The amount of shareback funds is based upon a formula considering the population within the Town. During the year ended December 31, 2016, the Town was entitled to and received $33,737 in open space tax shareback funds. The Town has restricted $324,700 to be spent in future years in accordance with the guidelines established for Open Space Tax funds.

NOTE 6 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Town of Bow Mar

On December 6, 2004, the Town entered into an intergovernmental agreement (IGA) with the Town of Bow Mar (Bow Mar) for the Town to provide police and municipal court services to Bow Mar. The IGA may be renewed on an annual basis. The IGA has been extended through December 31, 2018.

For the year ended December 31, 2016, Bow Mar paid $260,910 in four equal quarterly installments of $65,227 to the the Town.

The Town provides for the compensation, including salaries, wages, and benefits of the police officers. The Town prepares its budget based on projected paid officer hours. In the event that the total paid officer hours including vacation, holiday, and sick hours are less than the amount budgeted, then the Town will rebate to Bow Mar an amount equal to the budgeted hours less the actual number of hours paid times one-half of the current standard hourly rate. No rebate was due to Bow Mar for 2016.

On October 6, 2016, the Town entered into an additional intergovernmental agreement with the Town of Bow Mar for the Town to provide administrative services to Bow Mar. The IGA was effective beginning November 1, 2016. The IGA is effective through December 31, 2018 and can be renewed on an annual basis after that date. For the year ended December 31, 2016, the Town reports a receivable of $6,685 from Bow Mar for administrative services.

NOTE 7 DEFINED CONTRIBUTION PLAN

The administrative employees of the Town participate in the Colorado County Officials and Employees Retirement Association Plan which is a defined contribution plan established by the Town and is maintained and administered by Colorado County Officials and Employees Retirement Association (CCOERA). At December 31, 2016, there were four plan members. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become Plan members immediately upon employment. Under this Plan, 5% of the Plan members' compensation is withheld and remitted to the Plan Administrator along with a matching payment of 5% from the Town. The Town's contributions, plus earnings, become vested at a rate of 33.3% for each year of participation in the plan. the Town contributions for plan members who leave employment before they are fully vested are used to reduce the Town's current period contribution requirement. There is no liability for benefits under the plan beyond the Town's matching payments. Plan provisions and contribution requirements are established and may be amended by the Town's board of trustees.

NOTE 7 DEFINED CONTRIBUTION PLAN (CONTINUED)

Contributions actually made by plan members and the Town for the year ended December 31, 2016 are as follows:

Plan Members	$ 8,856
Town	$ 8,856

NOTE 8 DEFINED BENEFIT PENSION PLAN

Plan Description

The Town provides retirement and disability insurance for its full-time police officers through the Colorado Fire and Police Pension Association (FPPA). The Town contributes to the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension plan administered FPPA. The SWDB provides retirement benefits for members and beneficiaries. Death and disability coverage is provided through the Statewide Death and Disability Plan, which is also administered by FPPA. All full-time, paid police officers of the Town are members of the SWDB and the Statewide Death and Disability Plan. Colorado Statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at http://www.fppaco.org.

Description of Benefits

A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2% 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% 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% 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% 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% of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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. Members of the SWDB plan and their employers, contributed at the rate of 8.5% and 8%, respectively, of base salary for a total contribution rate of 16.5% in 2015. 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% annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8%, resulting in a combined contribution rate of 20% in 2022. Contributions to the pension plan from the Town were $26,495 for the year ended December 31, 2016.

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 $1,197 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Town's proportion of the net pension asset was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2015, the Town's proportion was 0.067921040%, which was a decrease of 0.007131160% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Town recognized pension expense of ($5,242). At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 9,684	$ 1,414
Changes of Assumptions	18,807	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	60,413	-
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	10,242	-
Town Contributions Subsequent to the Measurement Date	26,495	-
Total	$ 125,641	$ 1,414

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

$26,495 reported as deferred outflows of resources related to pension resulting from the Town contributions subsequent to 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 Ending December 31,	Amount
2017	$ 19,500
2018	19,500
2019	19,499
2020	18,164
2021	4,062
Thereafter	17,007

Actuarial Assumptions

The total pension asset in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Total Pension Liability	Actuarially Determined
Actuarial Valuation Date	January 1, 2016	January 1, 2015
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Payroll, Open	Level % of Payroll, Open
Amortization Period	30 Years	30 Years
Long-Term Investment Rate of Return*	7.5%	7.5%
Projected Salary Increases*	4.0% - 14.0%	4.0% - 14.0%
Cost of Living Adjustments (COLA)	0.0%	0.0%
* Includes Inflation at	2.5%	3.0%

The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB, 55% 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 postretirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used. For postretirement members ages 55 through 64, a blend of the previous tables is used.

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

For determining the actuarially determined contributions, the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40% 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-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, is used in the projection of postretirement benefits.

Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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	Long-Term Expected
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0% *
Total	100.0%	

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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 FPPA 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.

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the Town's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.50%, as well as what the district's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Town's Proportionate Share of the Net Pension Liability (Asset)	$ 167,731	$ (1,197)	$ (141,317)

Pension Plan Fiduciary Net Position

Detailed information about the SWDB's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained at http://www.fppaco.org.

NOTE 9 DEFERRED COMPENSATION PLAN

The Town has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is also administered by FPPA. Participation in the plan is optional for all police officers. The plan allows the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement or death, or unforeseen emergencies.

NOTE 10 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The Town maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions, which is generally equivalent to total revenues. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On November 30, 1998, a majority of the Town’s electors approved the following:

- Authorized the Town to collect, retain and spend all excess revenue collected in 1998 and thereafter without regard to any limitations under TABOR or any other law provided that no local tax rate or mill levy shall be increased without further voter approval.

The Town’s management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

NOTE 12 ECONOMIC INCENTIVE PAYMENT

On April 11, 2016, the board of trustees approved an economic incentive payment to the Columbine Country Club for $104,930, which was approximately 50% of the use tax charged to Columbine Country Club for renovations to the clubhouse. No other commitments were made by the Town or by Columbine Country Club as part of the economic incentive payment.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF COLUMBINE VALLEY
SCHEDULES OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION ASSET
DECEMBER 31, 2016

	2015	2014	2013
Town's Proportion of the Net Pension Liability (Asset)	0.067921040%	0.075059369%	0.078535455%
Town's Proportionate Share of the Net Pension Liability (Asset)	$ (1,197)	$ (84,710)	$ (70,268)
Town's Covered-Employee Payroll	$ 342,855	$ 336,767	$ 328,589
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	(0.3%)	(25.2%)	(21.4%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.1 %	106.8 %	105.8 %

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2013 was not available.

TOWN OF COLUMBINE VALLEY
SCHEDULES OF THE TOWN CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2016

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually Required Contribution	$ 26,495	$ 27,686	$ 27,009	$ 26,287	$ 26,261	$ 24,880	$ 25,171	$ 26,472	$ 23,656	$ 22,363
Contributions in Relation to the Contractually Required Contribution	26,495	27,686	27,009	26,287	26,261	24,880	25,171	26,472	23,656	22,363
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered-Employee Payroll	$ 331,188	$ 342,855	$ 336,767	$ 328,589	$ 328,260	$ 310,564	$ 314,375	$ 331,498	$ 295,424	$ 280,875
Contributions as a Percentage of Covered Employee Payroll	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%

*The amounts presented for each fiscal year were determined as of December 31.

SUPPLEMENTARY INFORMATION

TOWN OF COLUMBINE VALLEY
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES				
Public Safety:				
Automotive Expenses	$ 41,500	$ 41,500	$ 29,100	$ 12,400
Salaries and Benefits	521,620	576,620	540,929	35,691
Municipal Court	43,000	43,000	35,911	7,089
Other	61,880	61,880	69,991	(8,111)
Total Public Safety	668,000	723,000	675,931	47,069
Sanitation	72,000	72,000	71,010	990
Administration:				
Legal	40,000	40,000	36,378	3,622
Accounting and Audit	21,000	21,000	22,085	(1,085)
Inspection	74,500	115,000	143,576	(28,576)
Town Administration	188,020	188,020	191,723	(3,703)
Insurance and Bonds	27,155	27,155	34,452	(7,297)
Office Supplies and Miscellaneous	81,697	81,697	149,026	(67,329)
County Treasurer's collection Fees	3,128	3,128	3,125	3
Total Administration	435,500	476,000	580,365	(104,365)
Planning and Zoning:				
Planning and Engineering	67,000	67,000	51,106	15,894
Public Works:				
Street Repairs and Maintenance	318,600	318,600	258,731	59,869
Street Lighting	15,000	15,000	13,585	1,415
Ground Maintenance	66,000	66,000	10,976	55,024
Other	22,900	22,900	23,758	(858)
Total Public Works	422,500	422,500	307,050	115,450
Economic Incentive Payment	-	105,000	104,930	70
Capital Outlay	130,000	150,000	79,493	70,507
Conservation Trust Fund Expenditures	6,000	6,000	6,000	-
TOTAL EXPENDITURES	$ 1,801,000	$ 2,021,500	$ 1,875,885	$ 145,615

TOWN OF COLUMBINE VALLEY
FIVE-YEAR SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2016

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		Operating	Debt Service	Levied	Collected	
2012	$ 31,998,740	9.352	-	$ 299,252	$ 300,086	100.28 %
2013	32,318,330	9.336	-	301,724	307,260	101.83
2014	32,359,930	9.316	-	301,465	301,396	99.98
2015	32,957,780	9.316	-	307,035	306,177	99.72
2016	39,645,583	7.891	-	312,843	312,222	99.80
Estimated for Year Ending December 31,						
2017	$ 40,220,632	8.172	-	$ 328,683		

NOTE:
Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

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

Form Approved
OMB No. 2125-0032

LOCAL HIGHWAY FINANCE REPORT		City or County: Arapahoe
		YEAR ENDING : December 2016
This Information From The Records Of Town of Columbine Valley	Prepared By: Phone:	Dana Struthers (303) 795-1434

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	662,568
3. Other local imposts (from page 2)	23,983
4. Miscellaneous local receipts (from page 2)	0
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	686,550
B. Private Contributions	
C. Receipts from State government (from page 2)	50,098
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	736,648

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	232,260
3. Road and street services:	
a. Traffic control operations	6,047
b. Snow and ice removal	9,484
c. Other	
d. Total (a. through c.)	15,531
4. General administration & miscellaneous	159,509
5. Highway law enforcement and safety	329,348
6. Total (1 through 5)	736,648
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
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)	736,648

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
450,900	736,648	736,648		450,900

Notes and Comments:

FORM FHWA-536 (Rev.06/2000) PREVIOUS EDITIONS OBSOLETE (Next Page)

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		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalities	
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	23,983	g. Other Misc. Receipts	
6. Total (1. through 5.)	23,983	h. Other	
c. Total (a. + b.)	23,983	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	44,051	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	6,047	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.)	6,047	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	50,098	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:

FORM FHWA-536 (Rev.1-05) PREVIOUS EDITIONS OBSOLETE