

TOWN OF EADS, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2016



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Amanda L. Brown
Certified Public Accountant

1220 Maine Street, 2nd Floor
P.O. Box 405
Eads, CO 81036

719-438-5445
fax 877-225-7026
amanda@amandalbrown.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Town Council
Town of Eads
Eads, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Eads, 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 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, schedule of changes in net pension liability, schedule of contributions, and budgetary comparison information listed in the table of contents 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Eads, Colorado's basic financial statements. The other budgetary comparison schedules along with the Local Highway Finance Report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The other budgetary schedules and the Local Highway Finance Report are the responsibility of management and were derived from and relate 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Amanda L. Brown, CPA

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FINANCIAL STATEMENTS
DECEMBER 31, 2016

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TOWN OF EADS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

The discussion and analysis of the Town of Eads financial performance provides an overview and analysis of the Town's financial activities for the year ended on December 31, 2016. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The Town's total net position decreased by \$35,723 or 1% during the year.
- The Town's Business-type activities net position increased by \$12,949.
- The Town's Governmental activities net position decreased by \$48,672.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis, the basic financial statements, required supplementary information, and a section that presents combining statements for nonmajor governmental funds.

Basic financial statements - include two kinds of statements that present different views of the Town.

- **Government-wide financial statements** provide both long-term and short-term information about the Town's overall financial status. The required financial statements include statement of net position, and statement of activities. The measurement focus is on economic resources and accrual accounting is used. Assets and liabilities include both financial and capital and are reported as short and long term. Revenues and expenses are included regardless of when cash is received or paid.
- **Fund Financial Statements** focus on the individual parts of the Town reporting in more detail the Town's operations.
 1. **Government Funds** show how general government services like public safety, public works, recreation, and general government administration were financed in the short term and what remains for future spending. The required financial statements are a balance sheet and statement of revenues, expenditures and changes in fund balance. Only assets expected to be used and liabilities that come due during the year or soon thereafter are included. Capital assets are not included as assets. The measurement focus is on current financial resources and modified accrual accounting is used to report revenues and expenses that are received during the year or soon thereafter.
 2. **Proprietary Funds** include activities, such as the water system, are operated similar to private business with an economic resource focus and accrual accounting. The

TOWN OF EADS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

required financial statements include Statement of Net Position, Statement of Revenues, expenses, and changes in Net Position, and Statement of cash flows. All assets and liabilities, both financial and capital, long and short-term are provided and all revenues and expenses are included regardless of when cash is received or paid.

Notes to the basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information includes budgetary comparison schedules for the General Fund and major special revenue funds.

Other Supplementary Information includes combining statements for nonmajor governmental funds and budget comparison schedules for all nonmajor special revenue funds and proprietary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

- Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, additional nonfinancial factors need to be considered, such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town are divided into two categories:

Governmental Activities – Most of the Town's basic services are included here, such as police, streets, parks and recreation departments, and general administration. Sales taxes, property taxes, franchise fees, and charges for services finance most of these activities.

Business-type Activities – The Town charges fees to customers to recover most of the costs of certain activities. The Town's water and sewer systems are included here.

TOWN OF EADS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

FUND FINANCIAL STATEMENTS

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

- Some funds are required by State law and by bond covenants.
- The Town Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants, such as the Conservation Trust Fund.

The Town has two kinds of funds:

- **Governmental Funds** – Most of the Town's basic services are included in the governmental funds, which focus on the flow of cash in and out and how balances remaining at the end of the year are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine the change in financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on the subsequent page that explains the differences between them.
- **Proprietary Funds** – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The Town's Water Enterprise Fund and Sewer Utility Fund are proprietary funds accounting for its water and sewer system activities.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

The Town uses fund accounting to comply with finance-related legal requirements.

Governmental Funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the Town's financing requirements. For example, 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.

A summary of the Town's net position for the year is as follows:

**TOWN OF EADS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

	Governmental Activities		Business Activities		Total	
	2016	2015	2016	2015	2016	2015
Current assets	\$525,206	\$523,689	\$767,301	\$689,444	\$1,292,507	\$1,213,133
Other Non-current Assets	14,652	-	468,207	63,579	482,859	63,579
Capital assets-net	759,974	813,216	2,306,908	2,402,144	3,066,882	3,215,360
Total assets	<u>1,299,832</u>	<u>1,336,905</u>	<u>3,542,416</u>	<u>3,155,167</u>	<u>4,842,248</u>	<u>4,492,072</u>
Deferred Outflows	98,933	82,444	-	-	98,933	82,444
Current Liabilities	14,439	18,839	119,252	99,638	133,691	118,477
Non-current Liabilities	3,649	3,762	1,407,509	1,052,823	1,411,158	1,056,585
Total liabilities	<u>18,088</u>	<u>22,601</u>	<u>1,526,761</u>	<u>1,152,461</u>	<u>1,544,849</u>	<u>1,175,062</u>
Deferred Inflows	88,899	82,444	-	-	88,899	82,444
Net Position	<u>\$1,291,778</u>	<u>\$1,314,304</u>	<u>\$2,015,655</u>	<u>\$2,002,706</u>	<u>\$3,307,433</u>	<u>\$3,317,010</u>
Net Position consist of:						
Net Investment in Capital Assets	759,974	813,216	845,838	1,312,061	1,605,812	2,125,277
Restricted	53,968	51,625	467,860	63,360	521,828	114,985
Unrestricted	477,836	449,463	701,957	627,285	1,179,793	1,076,748
Net Position	<u>\$1,291,778</u>	<u>\$1,314,304</u>	<u>\$2,015,655</u>	<u>\$2,002,706</u>	<u>\$3,307,433</u>	<u>\$3,317,010</u>

The net position of the Town's governmental funds as of December 31, 2016 was \$1,291,778 of which \$477,836 was unrestricted and is available for spending at the government's discretion. The remainder is invested in capital assets in the amount of \$759,974, restricted for Emergency Reserve in the amount of \$28,012, and restricted for culture and recreation in the amount of \$25,956.

The General Fund is the main operating fund of the Town. As of December 31, 2016, the General Fund balance was \$484,811 of which \$329,152 was unassigned. Unassigned fund balance represents 90.4% of General Fund expenditures.

**TOWN OF EADS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

A summary of the Town's change in net position for the year is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program revenues:						
Operating Grants and Contributions	\$ 70,456	\$ 191,158	\$ 4,134	\$ 10,000	\$ 74,590	\$ 201,158
Capital Grants and Contributions	-	8,125	-	-	-	8,125
Charges for services	82,160	84,141	468,757	454,360	550,917	538,501
Total Program Revenue	<u>152,616</u>	<u>283,424</u>	<u>472,891</u>	<u>464,360</u>	<u>625,507</u>	<u>747,784</u>
General Revenues:						
Taxes	220,627	228,391			220,627	228,391
Investment earnings	1,276	1,178	1,113	1,017	2,389	2,195
Total General Revenue	<u>221,903</u>	<u>229,569</u>	<u>1,113</u>	<u>1,017</u>	<u>223,016</u>	<u>230,586</u>
Total Revenue	<u>374,519</u>	<u>512,993</u>	<u>474,004</u>	<u>465,377</u>	<u>848,523</u>	<u>978,370</u>
Expenses						
General government	142,030	130,331			142,030	130,331
Judicial	2,848	4,102			2,848	4,102
Public safety	86,281	83,253			86,281	83,253
Highways and Streets	114,759	116,506			114,759	116,506
Culture and recreation	54,803	51,958			54,803	51,958
Urban Redevelopment	22,470	110,712			22,470	110,712
Water			319,592	324,012	319,592	324,012
Sewer & Sanitation			141,463	117,796	141,463	117,796
Total expenses	<u>423,191</u>	<u>496,862</u>	<u>461,055</u>	<u>441,808</u>	<u>884,246</u>	<u>938,670</u>
Change in net position before transfers and special items	(48,672)	16,131	12,949	23,569	(35,723)	39,700
Sale of Fixed Assets	-				-	-
Transfers	-				-	-
Change in net position	<u>(48,672)</u>	<u>16,131</u>	<u>12,949</u>	<u>23,569</u>	<u>(35,723)</u>	<u>39,700</u>
Beginning net position, Restated	1,340,450	1,298,173	2,002,706	1,979,137	3,343,156	3,277,310
Ending net position	<u>\$1,291,778</u>	<u>\$1,314,304</u>	<u>\$2,015,655</u>	<u>\$2,002,706</u>	<u>\$3,307,433</u>	<u>\$3,317,010</u>

The change in net position for Governmental Activities was a decrease of \$48,672.

The change in net position for Business-Type Activities was an increase of \$12,949.

TOWN OF EADS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

BUDGETARY HIGHLIGHTS

General fund actual expenditures of \$364,261 were less than appropriations of \$855,379. Water fund actual expenditures of \$290,166 were less than appropriations of \$1,330,942. Both of these large variances were due to incompleteness of planned grant expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of December 31, 2016, Eads' investment in capital assets for its governmental and business type activities net of accumulated depreciation was \$3,066,882. Capital assets including buildings, water and sewer system and equipment are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land & Easements	\$ 5,627	\$ 5,627	\$ 7,500	\$ -	\$ 13,127	\$ 5,627
Infrastructure	704,739	704,739			704,739	704,739
Buildings & Improvements	187,514	187,514	4,017,507	4,017,507	4,205,021	4,205,021
Equipment	420,856	420,856	347,357	347,357	768,213	768,213
Total	<u>\$1,318,736</u>	<u>\$1,318,736</u>	<u>\$4,372,364</u>	<u>\$ 4,364,864</u>	<u>\$5,691,100</u>	<u>\$5,683,600</u>
Accumulated Depreciation	(558,762)	(505,520)	(2,065,456)	(1,962,720)	(2,624,218)	(2,468,240)
Capital Assets, Net	<u>\$ 759,974</u>	<u>\$ 813,216</u>	<u>\$ 2,306,908</u>	<u>\$ 2,402,144</u>	<u>\$3,066,882</u>	<u>\$3,215,360</u>

There were no major capital asset additions for the year 2016.

Long-term Debt – As of December 31, 2016 the Town's long-term debt consisted of the following: Capital Lease in the amount of \$28,426, Note Payable-State of Colorado in the amount of \$97,818, Note Payable-Rural Development in the amount of \$922,826, and Note Payable-Colorado Water Resources & Power Development Authority in the amount of \$404,500. Principal and interest payments in the amount of \$99,189 are due in 2017.

TOWN OF EADS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

ECONOMIC FACTORS AND 2017 BUDGETS AND RATES

- Growth was assumed to be flat
- Sales tax revenues were projected at the current year level
- Utility rates were projected with a 3% increase.

Governmental activities revenues are budgeted at \$821,214, which is a 119% increase from current year actual revenues. Expenditures for governmental activities are projected to be \$913,049, which is a 148% increase over current year actual expenditures of \$368,602.

The main business-type activities for the Town are water, sewer and sanitation. Water Enterprise Fund revenues were budgeted at \$1,278,782 compared with current year actual revenues of \$297,581. Water Enterprise Fund budgeted expenditures of \$1,303,672 represent an increase of \$1,013,506 from the current year actual expenditures. Sewer Utility Fund revenues were budgeted at \$192,769 compared with current year actual revenues of \$176,423. Sewer Utility Fund budgeted expenditures of \$197,950 compared to \$115,427 current year actual expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide the citizens, taxpayers, customers and investors and creditors of the Town of Eads, Colorado a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about this report or need additional financial information, contact the Town of Eads, Town Clerk, P. O. Box 8, Eads, Colorado 81036.

TOWN OF EADS, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2016

ASSETS	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Current Assets:			
Cash and Cash Equivalents	\$ 292,256	\$ 660,607	\$ 952,863
Cash with County Treasurer	1,023	-	1,023
Investments	229,535	10,273	239,808
Intergovernmental Receivable	26,208	-	26,208
Accounts Receivable	7,979	32,357	40,336
Allowance for Doubtful Accounts	-	(1,000)	(1,000)
Internal Balances	(40,177)	40,177	-
Prepaid Expenses	8,382	3,412	11,794
Inventory	-	21,475	21,475
Total Current Assets	<u>525,206</u>	<u>767,301</u>	<u>1,292,507</u>
Restricted Assets:			
Water Project Funds		404,500	404,500
Bond Reserve Funds	-	63,707	63,707
Non-Current Assets:			
Net Pension Asset	14,652		14,652
Capital Assets			
Land & Easements	5,627	7,500	13,127
Infrastructure	704,739	-	704,739
Buildings and water and sewer systems	187,514	4,017,507	4,205,021
Equipment	420,856	347,357	768,213
Accumulation Depreciation	(558,762)	(2,065,456)	(2,624,218)
Total Non-Current Assets	<u>774,626</u>	<u>2,306,908</u>	<u>3,081,534</u>
TOTAL ASSETS	<u>1,299,832</u>	<u>3,542,416</u>	<u>4,842,248</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	10,034		10,034
Property Taxes Receivable	88,899	-	88,899
Total Deferred Outflows of Resources	<u>98,933</u>	<u>-</u>	<u>98,933</u>
LIABILITIES			
Current Liabilities:			
Current Portion of Long-Term Debt	-	49,710	49,710
Accounts Payable	14,439	23,527	37,966
Accrued Liabilities	-	-	-
Accrued Interest Payable	-	23,612	23,612
Meter Deposits	-	22,403	22,403
Total Current Liabilities	<u>14,439</u>	<u>119,252</u>	<u>133,691</u>
Long-Term Liabilities:			
Long-Term Debt - Net of Current Portion	-	1,403,860	1,403,860
Compensated Absences	3,649	3,649	7,298
Total Long-Term Liabilities	<u>3,649</u>	<u>1,407,509</u>	<u>1,411,158</u>
TOTAL LIABILITIES	<u>18,088</u>	<u>1,526,761</u>	<u>1,544,849</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Taxes	88,899	-	88,899
NET POSITION			
Net Investment in Capital Assets	759,974	845,838	1,605,812
Restricted for:			
Emergency Reserve	28,012	-	28,012
Culture & Recreation	25,956	-	25,956
Water Project	-	404,500	404,500
Bond Reserve	-	63,360	63,360
Unrestricted	<u>477,836</u>	<u>701,957</u>	<u>1,179,793</u>
TOTAL NET POSITION	<u>\$ 1,291,778</u>	<u>\$ 2,015,655</u>	<u>\$ 3,307,433</u>

The notes to the financial statements are an integral part of this statement

**TOWN OF EADS, COLORADO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>FUNCTIONS / PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 142,030	\$ 66,015	\$ 10,265	\$ -
Judicial	2,848	-	-	-
Public safety	86,281	2,121	-	-
Highways and streets	114,759	1,441	36,849	-
Culture and recreation	54,803	12,583	16,081	-
Urban Redevelopment	22,470	-	7,261	-
Total Governmental Activities	423,191	82,160	70,456	-
Business-Type Activities:				
Water Enterprise Fund	319,592	292,969	4,134	-
Sewer Utility Fund	141,463	175,788	-	-
Total Business-Type Activities	461,055	468,757	4,134	-
Total Primary Government	\$ 884,246	\$ 550,917	\$ 74,590	\$ -
Taxes:				
Property Tax				
Sales Tax				
Interest Income				
Total general revenues				
Change in net position				
Net Position beginning, Restated				
Net Position ending				

The notes to the financial statements are an integral part of this statement

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

PRIMARY GOVERNMENT		
GOVERNMENTAL	BUSINESS-TYPE	
ACTIVITIES	ACTIVITIES	TOTAL
\$ (65,750)		\$ (65,750)
(2,848)		(2,848)
(84,160)		(84,160)
(76,469)		(76,469)
(26,139)		(26,139)
(15,209)		(15,209)
<u>(270,575)</u>	<u>-</u>	<u>(270,575)</u>
	\$ (22,489)	(22,489)
	34,325	34,325
<u>-</u>	<u>11,836</u>	<u>11,836</u>
<u>\$ (270,575)</u>	<u>\$ 11,836</u>	<u>\$ (258,739)</u>
\$ 95,566	\$ -	\$ 95,566
125,061	-	125,061
1,276	1,113	2,389
<u>221,903</u>	<u>1,113</u>	<u>223,016</u>
(48,672)	12,949	(35,723)
<u>1,340,450</u>	<u>2,002,706</u>	<u>3,343,156</u>
<u>\$ 1,291,778</u>	<u>\$ 2,015,655</u>	<u>\$ 3,307,433</u>

**TOWN OF EADS, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	NONMAJOR GOVERNMENTAL		TOTALS
ASSETS	GENERAL	FUND	TOTALS
Cash and Cash Equivalents	\$ 265,582	\$ 26,674	\$ 292,256
Cash with County Treasurer	1,023		1,023
Investments	229,535		229,535
Intergovernmental Receivable	26,208		26,208
Accounts Receivable	7,979		7,979
Due From Other Funds	2,073		2,073
Prepaid Expenses	8,382		8,382
TOTAL ASSETS	540,782	26,674	567,456
DEFERRED OUTFLOWS OF RESOURCES			
Property Taxes Receivable	88,899	-	88,899
TOTAL ASSETS & DEFERRED OUTFLOWS	\$ 629,681	\$ 26,674	\$ 656,355
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 14,333	\$ 106	\$ 14,439
Due To Other Funds	41,638	612	42,250
Accrued Liabilities	-	-	-
TOTAL LIABILITIES	55,971	718	56,689
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Taxes	88,899	-	88,899
FUND BALANCES			
Nonspendable:			
Prepaid Expenses	8,382		8,382
Restricted for:			
Emergencies (TABOR)	28,012		28,012
Culture & Recreation		25,956	25,956
Assigned to:			
General Government (Airport)	47,428		47,428
Subsequent Year's Expenses	71,837		71,837
Unassigned:			
General Fund	329,152		329,152
TOTAL FUND BALANCES	484,811	25,956	510,767
TOTAL LIABILITY, DEFERRED INFLOWS, AND FUND BALANCES	\$ 629,681	\$ 26,674	\$ 656,355

The notes to the financial statements are an integral part of this statement

TOWN OF EADS, COLORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2016

Total Fund Balances - Total Governmental Funds	\$ 510,767
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The following amounts reported for governmental activities are not current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.

Governmental Capital assets	1,318,736
Accumulated Depreciation	(558,762)

The following amounts reported for governmental activities are not due and payable in the current period. Therefore, they are not reported in the Governmental Funds Balance Sheet.

Compensated Absences	(3,649)
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The following amounts reported for governmental activities are not current. Therefore, they are not reported in the Governmental Funds Balance Sheet.

Net Pension Asset	14,652
Deferred Outflows - Pension Related	<u>10,034</u>

Net Position of Governmental Activities	<u><u>\$ 1,291,778</u></u>
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**TOWN OF EADS, COLORADO
GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	NONMAJOR GOVERNMENTAL		TOTALS
	GENERAL	FUND	
REVENUES:			
Taxes	\$ 220,627		\$ 220,627
Licenses and Permits	6,713		6,713
Intergovernmental Revenue	60,508	\$ 6,645	67,153
Charges for Services	62,815		62,815
Fines and Forfeits	1,797		1,797
Donation	12,069		12,069
Interest Income	1,237	39	1,276
Miscellaneous	2,069		2,069
TOTAL REVENUES	367,835	6,684	374,519
EXPENDITURES:			
Current			
General Government	135,952		135,952
Judicial	2,848		2,848
Public Safety	72,901		72,901
Highways and Streets	88,512		88,512
Culture and Recreation	41,578	4,341	45,919
Urban Redevelopment	22,470		22,470
Capital Outlay	-		-
TOTAL EXPENDITURES	364,261	4,341	368,602
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,574	2,343	5,917
OTHER FINANCIAL SOURCES (USES)			
Sale of Fixed Assets	-	-	-
Transfer In	-	-	-
NET CHANGE IN FUND BALANCE	3,574	2,343	5,917
FUND BALANCES, BEGINNING OF YEAR	481,237	23,613	504,850
FUND BALANCES, END OF YEAR	\$ 484,811	\$ 25,956	\$ 510,767

The notes to the financial statements are an integral part of this statement

TOWN OF EADS, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Net change in fund balances - total governmental funds \$ 5,917

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

Governmental funds report capital outlays as expenditures. However, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	-
Depreciation expense	(53,242)

Governmental funds report principal payments on leases and payment of compensated absences as expenditures. However, in the statements of activities, these payments reduce long-term liabilities.

Current-period change in the liability for compensated absences	113
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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 the Governmental funds.

Pension related amounts	\$ (1,460)
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	\$ (48,672)
Change in net position of governmental activities	

**TOWN OF EADS, COLORADO
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 DECEMBER 31, 2016**

	<u>SEWER UTILITY FUND</u>	<u>WATER ENTERPRISE FUND</u>	<u>TOTALS</u>
ASSETS			
Current Assets:			
Cash	\$ 423,314	\$ 237,293	\$ 660,607
Investments	-	10,273	10,273
Accounts Receivable	-	32,357	32,357
Allowances For Doubtful Accounts	-	(1,000)	(1,000)
Due From Other Funds	130,404	-	130,404
Inventories	-	21,475	21,475
Prepaid Expenses	781	2,631	3,412
Total Current Assets	<u>554,499</u>	<u>303,029</u>	<u>857,528</u>
Restricted Assets:			
Water Project Funds	-	404,500	404,500
Bond Reserve Funds	-	63,707	63,707
Non-Current Assets:			
Capital Assets			
Land & Easements	-	7,500	7,500
Buildings, Water and Sewer Systems	1,266,979	2,750,528	4,017,507
Equipment	237,587	109,770	347,357
Accumulated Depreciation	<u>(773,623)</u>	<u>(1,291,833)</u>	<u>(2,065,456)</u>
Total Non-Current Assets	<u>730,943</u>	<u>1,575,965</u>	<u>2,306,908</u>
TOTAL ASSETS	<u>1,285,442</u>	<u>2,347,201</u>	<u>3,632,643</u>
LIABILITIES			
Current Liabilities:			
Current Portion of Long-Term Debt	22,970	26,740	49,710
Accounts Payable	2,516	21,011	23,527
Accrued Interest Payable	1,635	21,977	23,612
Meter Deposits	-	22,403	22,403
Due to Other Funds	-	90,227	90,227
Total Current Liabilities	<u>27,121</u>	<u>182,358</u>	<u>209,479</u>
Long-Term Liabilities:			
Long-Term Debt - Net of Current Portion	103,274	1,300,586	1,403,860
Compensated Absences	<u>912</u>	<u>2,737</u>	<u>3,649</u>
Total Long-Term Liabilities	<u>104,186</u>	<u>1,303,323</u>	<u>1,407,509</u>
TOTAL LIABILITIES	<u>131,307</u>	<u>1,485,681</u>	<u>1,616,988</u>
NET POSITION			
Net Investment in Capital Assets	604,699	241,139	845,838
Restricted - Water Project	-	404,500	404,500
Restricted - Bond Reserve	-	63,360	63,360
Unrestricted	<u>549,436</u>	<u>152,521</u>	<u>701,957</u>
TOTAL NET POSITION	<u>\$ 1,154,135</u>	<u>\$ 861,520</u>	<u>\$ 2,015,655</u>

The notes to the financial statements are an integral part of this statement

TOWN OF EADS, COLORADO
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>SEWER UTILITY FUND</u>			<u>WATER</u>	<u>TOTAL</u>
	<u>SEWER</u>	<u>SANITATION</u>	<u>TOTAL</u>	<u>ENTERPRISE</u>	<u>PROPRIETARY</u>
				<u>FUND</u>	<u>FUNDS</u>
OPERATING REVENUES					
Charges for Services	\$ 82,966	\$ 92,281	\$ 175,247	\$ 288,966	\$ 464,213
Miscellaneous	-	541	541	4,003	4,544
Total Operating Revenues	<u>82,966</u>	<u>92,822</u>	<u>175,788</u>	<u>292,969</u>	<u>468,757</u>
OPERATING EXPENSES					
Operating					
Salaries	5,829	6,425	12,254	42,461	54,715
Chemicals and Supplies	3,730	6,695	10,425	14,684	25,109
Utilities	16,259	-	16,259	41,798	58,057
Outside Services	6,138	-	6,138	23,052	29,190
Depreciation	44,489	3,487	47,976	54,760	102,736
Recycling	-	1,157	1,157	-	1,157
Testing & Permits	1,841	-	1,841	2,534	4,375
Repairs & Maintenance	3,473	4,408	7,881	23,620	31,501
Fuel	-	2,426	2,426	1,588	4,014
Bad Debts	-	-	-	1,239	1,239
Miscellaneous	72	8	80	184	264
Administration					
Salaries	3,520	3,503	7,023	20,561	27,584
Employee Benefits	3,285	4,700	7,985	19,823	27,808
Payroll Taxes	651	760	1,411	4,685	6,096
Insurance	4,265	4,466	8,731	10,354	19,085
Professional Services	711	711	1,422	3,114	4,536
Office Supplies	-	-	-	4,500	4,500
Dues	-	-	-	2,996	2,996
Travel and Education	-	528	528	1,747	2,275
Fees	1,245	-	1,245	1,554	2,799
Miscellaneous	-	-	-	270	270
Total Operating Expenses	<u>95,508</u>	<u>39,274</u>	<u>134,782</u>	<u>275,524</u>	<u>410,306</u>
Income (Loss) From Operations	<u>(12,542)</u>	<u>53,548</u>	<u>41,006</u>	<u>17,445</u>	<u>58,451</u>
NON-OPERATING REVENUES (EXPENSES)					
Grant	-	-	-	4,134	4,134
Interest Income	-	635	635	478	1,113
Interest (Expense)	(5,347)	(1,334)	(6,681)	(44,068)	(50,749)
Income Before Operating Transfers	<u>(17,889)</u>	<u>52,849</u>	<u>34,960</u>	<u>(22,011)</u>	<u>12,949</u>
Operating Transfer Out	-	-	-	-	-
CHANGE IN NET POSITION	<u>\$ (17,889)</u>	<u>\$ 52,849</u>	<u>34,960</u>	<u>(22,011)</u>	<u>12,949</u>
NET POSITION, BEGINNING OF YEAR			<u>1,119,175</u>	<u>883,531</u>	<u>2,002,706</u>
NET POSITION, END OF YEAR			<u>\$ 1,154,135</u>	<u>\$ 861,520</u>	<u>\$ 2,015,655</u>

The notes to the financial statements are an integral part of this statement

**TOWN OF EADS, COLORADO
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2016**

	SEWER UTILITY FUND	WATER ENTERPRISE FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts From Customers	\$ 88,940	\$ 337,518	\$ 426,458
Payments to Suppliers for Goods and Services	(71,125)	(147,593)	(218,718)
Payments to Employees	(19,305)	(63,107)	(82,412)
Net Cash Provided By Operating Activities	(1,490)	126,818	125,328
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Grants	-	4,134	4,134
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:			
Acquisition of Capital Assets	-	(7,500)	(7,500)
Long Term Debt Proceeds	-	404,500	404,500
Long Term Debt Principal Payments	(21,940)	(19,073)	(41,013)
Interest Paid	(6,910)	(44,522)	(51,432)
Net Cash Provided (Used) By Capital and Financing Activities	(28,850)	333,405	304,555
CASH FLOWS FROM INVESTING ACTIVITIES:			
Redemption (Purchase) of Investments	-	(45)	(45)
Interest on Investments	635	478	1,113
Net Cash Provided (Used) By Investing Activities	635	433	1,068
Net Increase (Decrease) in Cash and Cash Equivalents	(29,705)	464,790	435,085
CASH AND CASH EQUIVALENTS			
Beginning of Year	453,019	240,710	693,729
End of Year	\$ 423,314	\$ 705,500	\$ 1,128,814
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) Operating Activities			
Net Operating Income (Loss)	\$ 41,006	\$ 17,445	\$ 58,451
Depreciation	47,976	54,760	102,736
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable, Net	-	2,426	2,426
(Increase) Decrease in Due From Other Funds	(86,848)	-	(86,848)
(Increase) Decrease in Inventory	-	(2,304)	(2,304)
(Increase) Decrease in Prepaid Expense	(463)	(698)	(1,161)
Increase (Decrease) in Accounts Payable	(1,354)	13,651	12,297
Increase (Decrease) in Compensated Absences	(28)	(85)	(113)
Increase (Decrease) in Customer Meter Deposits	-	(688)	(688)
Increase (Decrease) in Due to Other Funds	(1,779)	42,311	40,532
Net Cash Provided By Operating Activities	\$ (1,490)	\$ 126,818	\$ 125,328

The notes to the financial statements are an integral part of this statement

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

(1) Summary of Significant Accounting Policies

The financial statements of Town of Eads, Colorado have been prepared in conformity with generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Town of Eads operates under a council-mayor form of government. The Town has no component units using the criteria as set forth in generally accepted accounting principles.

There is a housing authority within the Town of Eads. The authority operates as an independent entity and does not meet the criteria to be a component unit.

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 as general revenues.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentations

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements.

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, revenues are considered to be available if collected within 60 days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales tax collected and held at year end on behalf of the Town is also recognized as revenue if collected within 60 days after year end. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

D. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Town reports the following major governmental funds:

General Fund - The general fund is the 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.

The Town also has the following non-major special revenue fund:

Conservation Trust Fund – This fund is used to account for lottery proceeds required to be expended solely on park and recreation improvements.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

Water Fund – The water fund accounts for all financial activities associated with the Town’s water service.

Utility Fund – The utility fund accounts for all financial activities associated with the Town’s sewer and sanitation services.

E. Short-term interfund receivables/payables

The Town from time to time authorizes advances between Town funds. Interfund receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due to/from other funds on the balance sheet.

F. Receivables

For all revenue the Town uses sixty days as receivable under the modified accrual basis of accounting.

G. Inventory

Inventory of materials and supplies within the enterprise fund are valued at lower of cost (first in, first out) or market.

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

H. Prepayments

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

I. Capital Assets

Capital assets, which include property, plant, vehicles, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are capitalized at actual or estimated costs. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of a government fund type are sold, the proceeds of the sale are recorded as revenues in the appropriate government fund. The Town reports gains and losses on the disposal of capital assets (carrying value less sale proceeds, if any) in the government-wide statement of activities and enterprise fund operating statement. Interest incurred during the construction phase of capital assets of business-type activities is included in the capitalized value of the assets constructed.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The Town's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets. Depreciation of all capital assets used in governmental activities and by proprietary funds is charged as an expense against their operations. Estimated useful lives are

Motor Vehicles	5 to 10	years
Equipment	5 to 25	years
Infrastructure, buildings, water and sewer systems	40 to 75	years

As a Phase 3 government, as defined in GASB 34, the Town has elected to not report major general infrastructure assets retroactively; therefore, the government-wide financial statements do not reflect infrastructure assets completed prior to January 1, 2004.

J. Property Taxes

Property taxes are levied, assessed, become due and attach as an enforceable lien on property as of January 1. Taxpayers have the option of paying their taxes in full on or before April 30, or in paying in two installments of one half due by February 28 with the remaining one half

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

due by June 15. Unpaid taxes become delinquent as of August 1 and are subject to collection procedures on or after October 1. The County bills and collects property taxes for the Town.

K. Compensated Absences

Vacation and sick pay is accrued in the appropriate fund accounts according to the Town's vacation and sick pay policy at the employee's prevailing wage as of the last day of the year. The liability for compensated absences does not exceed a normal year's accumulation.

L. Fund Equity

In the fund financial statements the following classifications describe the relative strength of spending constraints.

- *Non-spendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory and prepaid amounts) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* – The portion of fund balance constrained for specific purposes according to the limitations imposed by the Town's highest level of decision making authority, the Town Council, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Town Council.
- *Assigned fund balance* – The portion of fund balance set aside for planned or intended purposes but are neither restricted nor committed. The intended use may be expressed by the Town Council or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum intended to be used for the purpose of that particular fund.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the above criteria. The Town will only report a positive unassigned fund balance in the General Fund.

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

When both restricted and unrestricted fund balance are available for use, it is the Town's policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned, and unassigned.

(2) Budgetary Information

The town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to October 15, the town council begins preparing an operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures.
2. A public hearing is conducted at the town hall to obtain taxpayers comments.
3. Prior to January 1, the budget is legally enacted through passage of a resolution. Budgets may be amended by supplemental appropriation after notice and public hearing. Both the original and final budgets are reflected in the financial statements. All appropriations lapse at year end.
4. Budgets for the general, special revenue, and pension funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The enterprise funds are budgeted on a non-GAAP basis of accounting.

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level for all funds.

(3) Deposits and Investments

For the purposes of the statement of cash flows, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Deposits

The Town's deposits an cash on hand are shown below.

Cash on hand	\$ 250
Cash with County Treasurer	1,023
Cash in savings and checking accounts	1,420,820
Certificates of Deposit	<u>239,808</u>
Total	<u>\$1,661,901</u>

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Custodial Credit Risk. Deposits are exposed to custodial credit risk (the risk that, in the event of the failure of a depository financial institution, the government would not be able to recover deposits or would not be able to recover collateral securities that are in the possession of an outside party), if they are not covered by depository insurance and are collateralized with securities held by the pledging financial institution, except for deposits collateralized by certain types of collateral pools including a single financial institution collateral pool where the fair value of the pool is equal to or exceeds all uninsured public deposits held by the financial institution (e.g. deposits insured by The Public Deposit Protection Act (PDPA)). Accordingly, none of the Town's deposits as of December 31, 2016 are deemed to be exposed to custodial credit risk. The Town has no policy regarding custodial credit risk for deposits.

Investments

Colorado statutes specify in which instruments the local government may invest, which include:

1. Repurchase agreements in obligations of the United States;
2. Obligations of the United States or obligations unconditionally guaranteed by the United States;
3. General obligation or revenue bonds of any state, District of Columbia, U.S. territory or any of their subdivisions, with certain limitations;
4. Bankers acceptance issued by a state or national bank, with certain limitations;
5. Commercial paper, with certain limitations;
6. Any obligation, certificate of participation or lease/purchase of the investing public entity;
7. Money market fund, with certain limitations, which invest in the types of securities listed above;
8. Guaranteed investment contracts, with certain limitations;
9. Participation with other local governments in pooled investment funds (trusts). These trusts are supervised by participating governments, and must comply with the same restrictions on cash deposits and investments.

Interest Rate Risk. 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.

Credit Risk. The Town does not have a formal investment policy that would further limit its investment choices beyond those listed above which are approved by Colorado statutes.

A reconciliation of the Town's deposits and investments to the financial statements is as follows:

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Cash and Cash Equivalents	\$ 952,863
Cash with County Treasurer	1,023
Investments	239,808
Restricted Cash – Bond Reserve	63,707
Restricted Cash – Water Project	<u>404,500</u>
Total	<u>\$1,661,901</u>

(4) Capital Assets

Governmental Activities

A summary of changes in governmental activity capital assets is as follows:

	<u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Transfers Deletions</u>	<u>Dec. 31, 2016</u>
Non-depreciable assets:				
Land	\$ 5,627	\$ -	\$ -	\$ 5,627
Depreciable assets:				
Infrastructure	\$ 704,739		\$ -	\$ 704,739
Buildings & Improvements	187,514	-	-	187,514
Equipment	420,856	-	-	420,856
Total depreciable assets	<u>\$ 1,313,109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,313,109</u>
Total capital assets	<u>\$ 1,318,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,318,736</u>
Less accumulated depreciation for:				
Infrastructure	\$ (125,584)	\$ (17,379)	\$ -	\$ (142,963)
Buildings	(126,021)	(6,762)	-	(132,783)
Equipment	(253,915)	(29,101)	-	(283,016)
Total accumulated depreciation	<u>\$ (505,520)</u>	<u>\$ (53,242)</u>	<u>\$ -</u>	<u>\$ (558,762)</u>
Total capital assets, net	<u>\$ 813,216</u>	<u>\$ (53,242)</u>	<u>\$ -</u>	<u>\$ 759,974</u>

Depreciation Expense was charge to functions/programs of the Town as follows:

General Government	\$ 5,735
Pubic Safety	11,920
Highways and Streets	26,703
Culture and Recreation	<u>8,884</u>
Total depreciation expense – governmental activities	<u>\$ 53,242</u>

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Business-Type Activities

A summary of changes in Enterprise Funds capital assets is as follows:

	<u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Transfers Deletions</u>	<u>Dec. 31, 2016</u>
Non-depreciable assets:				
Land & Easements	\$ -	\$ 7,500	\$ -	\$ 7,500
Depreciable assets:				
Buildings, water & sewer systems	\$ 4,017,507	\$ -	\$ -	\$ 4,017,507
Equipment	347,357		-	347,357
Total depreciable assets	<u>\$ 4,364,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,364,864</u>
Total capital assets	<u>\$ 4,364,864</u>	<u>\$ 7,500</u>	<u>\$ -</u>	<u>\$ 4,372,364</u>
Less accumulated depreciation:	<u>\$ (1,962,720)</u>	<u>\$ (102,736)</u>	<u>\$ -</u>	<u>(2,065,456)</u>
Total capital assets, net	<u>\$ 2,402,144</u>	<u>\$ (95,236)</u>	<u>\$ -</u>	<u>\$ 2,306,908</u>

Depreciation Expense was charge to functions/programs of the Town as follows:

Water	\$ 54,760
Sewer	44,489
Sanitation	<u>3,487</u>
Total depreciation expense – business-type activities	<u>\$ 102,736</u>

(5) Interfund Transactions

The following is a summary of interfund borrowings for the year as presented in the fund financial statements.

	<u>Receivable</u>	<u>Payables</u>
Sewer Utility Fund	\$ 130,404	
General Fund	2,073	\$ 41,638
Conservation Trust Fund		612
Water Enterprise Fund		<u>90,227</u>
	<u>\$ 132,477</u>	<u>\$ 132,477</u>

All balances resulted from the time lag between the dates that interfund reimbursable expenditures occur, and payments between funds are made. All interfund receivables and payables at year end are planned to be eliminated in the subsequent year.

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

(6) Long Term Debt

Long-Term Notes Payable

During 2002 the Town negotiated a long-term note from the State of Colorado, Department of Local Affairs for the purpose of upgrading the Town's sewage treatment system in the amount of \$240,170 payable with interest at 5% according to the following schedule:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 14,381	\$ 4,891	\$ 19,272
2018	15,100	4,172	19,272
2019	15,855	3,417	19,272
2020	16,648	2,624	19,272
2021	17,480	1,792	19,272
2022	18,354	918	19,272
	<u>\$ 97,818</u>	<u>\$ 17,814</u>	<u>\$ 115,632</u>

During 2016 principal payments of \$13,696 were made on the above note with interest expense of \$5,347 which is included as a direct expense under Sewer Utility in the Statement of Activities.

During 2003 the Town negotiated a long-term note from the United States Department of Agriculture, Rural Development for the purpose of upgrading the Town's water system in the amount of \$1,134,000 payable with interest at 4.75% according to the following schedule.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 19,998	\$ 43,598	\$ 63,596
2018	20,959	42,637	63,596
2019	21,967	41,629	63,596
2020	23,023	40,573	63,596
2021	24,129	39,467	63,596
2022-2026	139,197	178,783	317,980
2027-2031	176,022	141,958	317,980
2032-2036	222,591	95,389	317,980
2037-2041	274,940	36,500	311,440
	<u>\$ 922,826</u>	<u>\$ 660,534</u>	<u>\$ 1,583,360</u>

During 2016 principal payments of \$19,073 were made on the above note with interest expense of \$44,068 which is included as a direct expense under Water Enterprise in the Statement of Activities.

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

During 2016 the Town negotiated a long-term note from the Colorado Water Resources & Power Development Authority for the purpose of upgrading the Town's water system in the amount of \$404,500 payable with no interest according to the following schedule.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,742	\$ -	\$ 6,742
2018	13,483	-	13,483
2019	13,483	-	13,483
2020	13,483	-	13,483
2021	13,483	-	13,483
2022-2026	67,417	-	67,417
2027-2031	67,417	-	67,417
2032-2036	67,417	-	67,417
2037-2041	67,417	-	67,417
2042-2046	67,417	-	67,417
2047	6,741	-	6,741
	<u>\$ 404,500</u>	<u>\$ -</u>	<u>\$ 404,500</u>

Capital Lease

During 2015 the Town entered into a capital lease for the purchase of a skid-steer loader in the amount of \$43,300. The lease is payable with interest at 4.04% for five years with payments due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 8,589	\$ 990	\$ 9,579
2018	8,942	637	9,579
2019	9,310	269	9,579
2020	1,585	8	1,593
	<u>\$ 28,426</u>	<u>\$ 1,904</u>	<u>\$ 30,330</u>

During 2016 principal payments of \$8,244 were made on the above capital lease with interest expense of \$1,334 which is included as a direct expense under Sanitation in the Sewer Utility Fund in the Statement of Activities.

The changes in long term debt during 2016 are summarized as follows:

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

	Balance Dec. 31, 2015	Additions	Payments	Balance Dec. 31, 2016	Due Within One Year
Governmental Activities:					
Compensated Absences	3,762	-	(113)	3,649	-
Business-Type Activities:					
Notes Payable					
Water Enterprise	\$ 941,899	\$ 404,500	\$ (19,073)	\$ 1,327,326	\$ 26,740
Sewer Utility	111,514		(13,696)	97,818	14,381
Capital Lease					
Sewer Utility	36,670		(8,244)	28,426	8,589
	1,090,083	404,500	(41,013)	1,453,570	49,710
Total	<u>\$ 1,090,083</u>	<u>\$ 404,500</u>	<u>\$ (41,013)</u>	<u>\$ 1,453,570</u>	<u>\$ 49,710</u>

Compensated absences related to governmental activities are normally paid by the General Fund.

(7) Pension Plans

Fire Pension Fund

Plan Description. The Town of Eads, on behalf of its volunteer firefighters contributes to a defined benefit pension plan which is affiliated with the Colorado Fire and Police Pension Association (FPPA). FPPA administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Board of Directors of the Town of Eads Volunteer Firemen's Pension Plan. Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, established basic benefit provisions under the plan. FPPA issues a publicly available comprehensive annual financial report that may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111 or by calling FPPA at 303-770-3772 in the Denver Metro Area, or 1-800-332-3772 from outside the metro area.

Benefits Provided. Benefits are provided to retired firemen who have completed 20 years of service who have reached age 50. Members eligible for retirement will receive a monthly pension of \$100. A one-time lump sum funeral benefit of \$100 is provided along with survivor benefits of \$50 per month following the death of a fireman after normal retirement.

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Contributions. The Town of Eads Fire Department has no payroll. The Pension Plan is funded with proceeds from a local mill levy and contributions from the State of Colorado. The volunteer firemen do not contribute to this plan.

Membership in the plan as of January 1, 2015 was as follows:

Number of	
-Retirees & Beneficiaries	5
-Inactive, Nonretired Members	1
-Active Members	<u>27</u>
-Total	33

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension. At December 31, 2016, the Town reported a net pension asset of \$14,652. The net pension asset was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date.

For the year ended December 31, 2015, the Town recognized pension expense of \$2,460. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,987	\$ -
Contribution Timing	1,000	-
Net difference between projected and actual earnings on pension plan investments	-	-
	<u>7,047</u>	<u>-</u>
	<u>\$ 10,034</u>	<u>\$ -</u>

\$1,000 reported as deferred outflows of resources related to pensions resulting from Town 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 the pension expense as follows:

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Year Ending	Net Deferred Outflows/ (Inflows) of Resources
December 31	
2017	\$ 2,098
2018	2,098
2019	2,098
2020	1,908
2021	289
Thereafter	543
	<u>\$ 9,034</u>

Actuarial information. Long-term expected rate of return on pension investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of pension plan investment expenses 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	37.0%	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	<u>100.0%</u>	

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.5%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
6.5%	7.5%	8.5%
\$5,959	(\$14,652)	(\$31,198)

Pension plan fiduciary net position. Detailed information about the pension's plan fiduciary net position is available in the separately issued FPPA financial report.

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

(8) Segment Information

The Town of Eads Sewer Utility Fund comprises of two separate departments: sewer and sanitation. Segment information that is available is included within the financial statements for the year ended December 31, 2016. Separate balance sheets are not maintained for each department. No other segment information is available.

(9) 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.

The Town continues to carry commercial insurance for workers' compensation and employee health and accident insurance. There have been no significant reductions in coverage from the prior year and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CIRSA Property and Casualty Pool

The Town has joined together with other municipalities in the State of Colorado to participate in the Colorado Intergovernmental Risk Sharing Agency Property and Casualty Pool (CIRSAPC), a public entity risk pool currently operating as a common risk management and insurance program for member municipalities. The Town pays an annual contribution to CIRSAPC for its property and casualty insurance coverage. The intergovernmental agreement of formation of CIRSAPC provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the Pool will purchase insurance through commercial companies for member's claims in excess of a specified self-insured retention, which is determined each policy year. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

(10) Reserve Account

The Town is required to maintain a reserve account as a condition of the United States Department of Agriculture, Rural Development loan. An annual deposit of \$6,360 is required for ten years for a total of \$63,360. The balance as of December 31, 2016 is \$63,707.

(11) Related Organizations

The Town's Board of Trustees is also responsible for appointing the members of the board of the Eads Housing Authority, but the Town's financial responsibility for this organization does not extend beyond making the appointments. Therefore, it is not included in these financial statements.

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

The Housing Authority contracts with the Town of Eads to provide administration and maintenance functions for the Housing Authority. During 2016 the Housing Authority paid the Town of Eads \$9,155 for these services.

The financial statements of the authority may be obtained from Eads Housing Authority, P.O. Box 8, Eads, CO 81036.

(12) Contingency

Tabor Amendment

In November 1992, the Colorado voters passed a constitutional amendment (Tabor Amendment) to the State Constitution (Article X, Section 20) which requires voter approval for any increases in mill levies, revenue limits, spending limits and creation of multi-year debt. In addition, the amendment requires that a reserve be established for emergencies of 3%.

The Town has reserved \$28,012 within the General Fund for the emergency reserve under the Tabor Amendment.

During 1993 the electorate passed a ballot measure allowing the Town to receive and expend any excess funds received from grants and intergovernmental revenues without limitation to the provisions under the Tabor Amendment.

The Town believes that it is in compliance with the provisions of the Tabor Amendment. However, many provisions of the Tabor Amendment are complex and subject to further interpretation and will require judicial interpretation.

Landfill

The Town of Eads has an agreement with Kiowa County, Colorado for the operation of the landfill. The agreement calls for Kiowa County, Colorado to comply with Department of Health standards. If the County does not comply with closure and post closure requirements the Town may have a liability.

(13) Subsequent Events

On January 5, 2017 the Town was awarded \$404,500 in principal forgiveness by the Colorado Water Resources & Power Development Authority.

(14) Prior Period Restatement

The adoption of GASB 68 resulted in a restatement of the prior period Net Position of \$26,146.

TOWN OF EADS, COLORADO
EADS VOLUNTEER FIRE DEPARTMENT PENSION FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET)
AND RELATED RATIOS MULTIYEAR*

Measurement period ending December 31,	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	\$ 1,543	\$ 1,542
Interest on the Total Pension Liability	9,083	8,543
Benefit Changes	-	-
Difference between Expected & Actual Experience	-	2,565
Assumption Changes	-	-
Benefit Payments	(5,400)	(5,500)
Net Change in Total Pension Liability	<u>5,226</u>	<u>7,150</u>
Total Pension Liability - Beginning	<u>123,001</u>	<u>115,851</u>
Total Pension Liability - Ending	<u>\$ 128,227</u>	<u>\$ 123,001</u>
 Plan Fiduciary Net Position		
Employer Contributions	\$ 1,000	\$ 1,000
Pension Plan Net Investment Income	2,610	9,385
Benefit Payments	(5,400)	(5,500)
Pension Plan Administrative Expense	(1,441)	(600)
State of Colorado supplemental discretionary payment	1,000	1,000
Net Change in Plan Fiduciary Net Position	<u>(2,231)</u>	<u>5,285</u>
Plan Fiduciary Net Position - Beginning	<u>145,110</u>	<u>139,825</u>
Plan Fiduciary Net Position - Ending	<u>\$ 142,879</u>	<u>\$ 145,110</u>
Net Pension Liability/(Asset) - Ending	<u>\$ (14,652)</u>	<u>\$ (22,109)</u>
 Plan Fiduciary Net Position as a Percentage		
of Total Pension Liability	111.43%	117.97%
Covered Employee Payroll	N/A	N/A
 Net Pension Liability as a Percentage		
of Covered Employee Payroll	N/A	N/A

* Up to 10 years of information will be presented as it becomes available

The notes to the financial statements are an integral part of this statement

TOWN OF EADS, COLORADO
EADS VOLUNTEER FIRE DEPARTMENT PENSION FUND
SCHEDULE OF CONTRIBUTIONS MULTIYEAR
DECEMBER 31, 2016

Year Ended 12/31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Percentage of covered payroll contributed
2006	\$ -	\$ 2,000	\$ (2,000)	N/A	N/A
2007	\$ -	\$ 2,000	\$ (2,000)	N/A	N/A
2008	\$ -	\$ 2,000	\$ (2,000)	N/A	N/A
2009	\$ -	\$ 2,000	\$ (2,000)	N/A	N/A
2010	\$ -	\$ 2,000	\$ (2,000)	N/A	N/A
2011	\$ -	\$ 2,000	\$ (2,000)	N/A	N/A
2012	\$ -	\$ 2,000	\$ (2,000)	N/A	N/A
2013	\$ -	\$ 2,000	\$ (2,000)	N/A	N/A
2014	\$ -	\$ 2,000	\$ (2,000)	N/A	N/A
2015	\$ -	\$ 2,000	\$ (2,000)	N/A	N/A
2016	\$ -	\$ 2,000	\$ (2,000)	N/A	N/A

Notes to schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2013 determines the contribution amounts for 2014 and 2015. The actuarial valuation as of January 1, 2015 determines the contribution amounts for 2016 and 2017.

Methods & Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	20 years
Asset Valuation Method	5-Year smoothed market
Inflation	3.00%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality. Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment Disabled: RP-2000 Disabled Mortality Table All tables projected with Scale AA

The notes to the financial statements are an integral part of this statement

TOWN OF EADS, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Taxes	\$ 232,344	\$ 232,344	\$ 220,627	\$ (11,717)
Licenses and Permits	1,850	1,850	6,713	4,863
Intergovernmental Revenue	405,898	405,898	60,508	(345,390)
Charges for Services	76,065	76,065	62,815	(13,250)
Fines and Forfeits	3,230	3,230	1,797	(1,433)
Donation	44,100	44,100	12,069	(32,031)
Interest	800	800	1,237	437
Miscellaneous	2,750	2,750	2,069	(681)
	<u>767,037</u>	<u>767,037</u>	<u>367,835</u>	<u>(399,202)</u>
TOTAL REVENUES				
EXPENDITURES				
Current:				
General Government	150,315	150,315	135,952	14,363
Judicial	4,329	4,329	2,848	1,481
Public Safety	82,060	82,060	72,901	9,159
Highways and Streets	177,200	177,200	88,512	88,688
Culture & Recreation	46,475	46,475	41,578	4,897
Urban Redevelopment	390,000	390,000	22,470	367,530
Capital Outlay	5,000	5,000	-	5,000
	<u>855,379</u>	<u>855,379</u>	<u>364,261</u>	<u>491,118</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES				
	(88,342)	(88,342)	3,574	91,916
OTHER FINANCIAL SOURCES (USES)				
Sale of Fixed Assets	1,500	1,500	-	(1,500)
Transfer In	50,000	50,000	-	(50,000)
	<u>(36,842)</u>	<u>(36,842)</u>	<u>3,574</u>	<u>40,416</u>
NET CHANGE IN FUND BALANCE				
FUND BALANCES, BEGINNING OF YEAR	<u>536,683</u>	<u>536,683</u>	<u>481,237</u>	<u>(55,446)</u>
FUND BALANCES, END OF YEAR	<u>\$ 499,841</u>	<u>\$ 499,841</u>	<u>\$ 484,811</u>	<u>\$ (15,030)</u>

The notes to the financial statements are an integral part of this statement

**TOWN OF EADS, COLORADO
 CONSERVATION TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Intergovernmental Revenue	\$ 6,000	\$ 6,000	\$ 6,645	\$ 645
Interest	<u>17</u>	<u>17</u>	<u>39</u>	<u>22</u>
Total revenues	<u>6,017</u>	<u>6,017</u>	<u>6,684</u>	<u>667</u>
EXPENDITURES:				
Current				
Culture and Recreation	8,980	8,980	4,341	4,639
Capital Outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>13,980</u>	<u>13,980</u>	<u>4,341</u>	<u>9,639</u>
NET CHANGE IN FUND BALANCE	(7,963)	(7,963)	2,343	10,306
FUND BALANCE, BEGINNING OF YEAR	<u>23,889</u>	<u>23,889</u>	<u>23,613</u>	<u>(276)</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 15,926</u></u>	<u><u>\$ 15,926</u></u>	<u><u>\$ 25,956</u></u>	<u><u>\$ 10,030</u></u>

The notes to the financial statements are an integral part of this statement

TOWN OF EADS, COLORADO
WATER ENTERPRISE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL -
FOR THE YEAR ENDED DECEMBER 31, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:	ORIGINAL	FINAL		(NEGATIVE)
Charges for Services	\$ 289,572	\$ 289,572	\$ 288,966	\$ (606)
Grant	1,017,000	1,017,000	4,134	(1,012,866)
Interest	800	800	478	(322)
Miscellaneous	2,500	2,500	4,003	1,503
TOTAL REVENUES	1,309,872	1,309,872	297,581	(1,012,291)
EXPENDITURES:				
Operating				
Salaries	40,000	40,000	42,461	(2,461)
Chemicals and Supplies	15,000	15,000	14,684	316
Utilities	43,000	43,000	41,798	1,202
Outside Services	20,000	20,000	23,052	(3,052)
Repairs	40,000	40,000	23,620	16,380
Fuel	4,000	4,000	1,588	2,412
Testing	2,500	2,500	2,534	(34)
Miscellaneous	4,000	4,000	184	3,816
Interest	44,515	44,515	44,068	447
Principal Payment on Note	19,081	19,081	19,073	8
Capital Outlay	1,032,000	1,032,000	7,500	1,024,500
Administration				
Salaries	16,500	16,500	20,561	(4,061)
Employee Benefits	21,790	21,790	19,823	1,967
Payroll Taxes	4,170	4,170	4,685	(515)
Insurance	11,736	11,736	10,354	1,382
Professional Fees	2,600	2,600	3,114	(514)
Office Supplies	4,500	4,500	4,500	-
Dues	3,000	3,000	2,996	4
Travel and Education	2,000	2,000	1,747	253
Fees	350	350	1,554	(1,204)
Miscellaneous	200	200	270	(70)
TOTAL EXPENDITURES	1,330,942	1,330,942	290,166	1,040,776
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (21,070)	\$ (21,070)	7,415	\$ 28,485
RECONCILIATION TO GAAP BASIS				
Add: Principal Payment on Note			19,073	
Add: Capital Outlay			7,500	
Deduct: Bad Debts			(1,239)	
Deduct: Depreciation			(54,760)	
CHANGE IN NET POSITION			\$ (22,011)	

The notes to the financial statements are an integral part of this statement

TOWN OF EADS, COLORADO
SEWER UTILITY FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL -
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
REVENUES:				POSITIVE
				(NEGATIVE)
Charges for Services	\$ 175,165	\$ 175,165	\$ 175,247	\$ 82
Miscellaneous	-	-	541	541
Interest	400	400	635	235
TOTAL REVENUES	<u>175,565</u>	<u>175,565</u>	<u>176,423</u>	<u>858</u>
EXPENDITURES:				
Operating				
Salaries	13,500	13,500	12,254	1,246
Chemicals and Supplies	11,000	11,000	10,425	575
Utilities	15,000	15,000	16,259	(1,259)
Outside Services	10,200	10,200	6,138	4,062
Recycling	1,524	1,524	1,157	367
Testing	2,500	2,500	1,841	659
Repairs	7,500	7,500	7,881	(381)
Fuel	4,000	4,000	2,426	1,574
Interest	6,910	6,910	6,681	229
Miscellaneous	900	900	80	820
Transfer Out	50,000	50,000	-	50,000
Principal Payment on Note	21,941	21,941	21,940	1
Capital Outlay	55,000	55,000	-	55,000
Administration				
Salaries	7,500	7,500	7,023	477
Employee Benefits	6,900	6,900	7,985	(1,085)
Payroll Taxes	1,600	1,600	1,411	189
Insurance	2,320	2,320	8,731	(6,411)
Professional Fees	1,000	1,000	1,422	(422)
Repairs	1,000	1,000	-	1,000
Office Supplies	1,350	1,350	-	1,350
Travel and Education	1,200	1,200	528	672
Fees	-	-	1,245	(1,245)
Miscellaneous	525	525	-	525
TOTAL EXPENDITURES	<u>223,370</u>	<u>223,370</u>	<u>115,427</u>	<u>107,943</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>\$ (47,805)</u>	<u>\$ (47,805)</u>	60,996	<u>\$ 108,801</u>
RECONCILIATION TO GAAP BASIS				
Add: Principal Payment on Note			21,940	
Add: Capital Outlay			-	
Deduct: Depreciation			<u>(47,976)</u>	
CHANGE IN NET POSITION			<u>\$ 34,960</u>	

The notes to the financial statements are an integral part of this statement

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Eads
	YEAR ENDING : December 2016
This Information From The Records Of (example - City of _ or County of Town of Eads	Prepared By: Shaelynn McCracken Phone: 719-438-5590

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:	59,386
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	1,000
3. Other local imposts (from page 2)	71,571	c. Other street lighting	28,126
4. Miscellaneous local receipts (from page 2)	1,441	d. Total (a. through c.)	29,126
5. Transfers from toll facilities		4. General administration & miscellaneous	17,037
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	105,549
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)	73,012	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	32,537	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	105,549	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)	105,549

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	105,549	105,549	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		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	55,766	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	1,421
5. Specific Ownership &/or Other	15,805	g. Other Misc. Receipts	
6. Total (1. through 5.)	71,571	h. Other oversize permits	20
c. Total (a. + b.)	71,571	i. Total (a. through h.)	1,441
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	29,350	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	3,187	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.)	3,187	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	32,537	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: