

TOWN OF EAGLE, COLORADO

**FINANCIAL STATEMENTS
AND
AUDITOR'S REPORT**

DECEMBER 31, 2016



RECEIVED

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TOWN OF EAGLE, COLORADO
FOR THE YEAR ENDED
December 31, 2016

TOWN BOARD OF TRUSTEES

- Anne McKibbin – Mayor
- Kevin Brubeck – Mayor Pro-Tem
- Andy Jessen, Trustee
- Mikel Kerst, Trustee
- Matt Solomon, Trustee
- Paul Witt, Trustee
- Scott Turnipseed, Trustee

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**Hays
Maggard
& Hood, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Mayor and Members
of the Town Board of Trustees
Eagle, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Eagle as of December 31, 2016 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, listed as required supplementary information 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. We have applied certain limited procedures to the required supplementary information in accordance with accounting standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding 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 supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance thereon.

Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Eagle's basic financial statements. The combining and individual fund financial statements and schedules, and the County, Cities and Towns Annual Statement of Receipts and Expenditures for Roads, Bridges and Streets, which are listed as Other Supplemental Information in the table of contents are for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.



HAYS, MAGGARD & HOOD, P.C.

Glenwood Springs, Colorado

June 22, 2017

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Eagle was incorporated on March 17, 1905 as a statutory town pursuant to the constitution and laws of the State of Colorado. The Town serves as the county seat of Eagle County and is located on Interstate 70 approximately 130 miles west of Denver, and 130 miles east of Grand Junction, Colorado. The legislative and corporate authority of the Town is vested in the Board. Because the Town is a statutory town, State law governs in all municipal matters.

The discussion and analysis of the Town of Eagle's financial performance provides an overall review of the Town's financial activities for the fiscal year. The intent of this discussion and analysis is to look at the Town's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the Town's overall financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended December 31, 2016 are as follows:

- In total, the Town's *overall* net position increased \$2,367,892 (or 3.3%) from the previous fiscal year.
- The Town's *overall* General Revenues accounted for \$5,705,791 (or 41.6%) of all revenues. These general revenues include taxes, grants and entitlements not restricted to specific programs, and general interest and non-program revenues. Program specific revenues, in the form of charges for services and program specific grants and contributions, accounted for \$8,025,904 (58.4%) of the Town's total revenues of \$13,731,695.
- *Overall* the Town had \$11,363,803 in expenses, of which \$6,620,290 were offset by program specific charges for services, as well as grants and contributions of \$1,405,614.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. These statements are organized so the reader can understand the Town of Eagle as a financial whole, or as an entire operating activity. The basic financial statements include two types of information on the same statement that present different views of the Town.

- *Government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's *overall* financial status.
- *Fund financial statements* that focus on *individual parts* of the Town government, reporting the Town's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Additional supplemental information has also been included to enhance the readers understanding of the report.

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2016

REPORTING THE TOWN AS A WHOLE

Statement of Net Position and Statement of Activities

While this report contains all funds used by the Town to provide programs and activities, the view of the Town as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. The basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

The focus of these government-wide financial statements is on the overall financial position and activities of the Town. These financial statements are constructed around the concept of a primary government, the Town, and its component units, except for fiduciary funds. The statement of net position and statement of activities provide information about the activities of the whole Town, presenting both an aggregate view of the Town's finances and a longer-term view of those finances.

The statement of net position and the statement of activities report the Town's net position and changes therein. This change in net position is important because it identifies whether the financial position of the Town has improved or diminished for the Town as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the Town's property tax base, current property tax laws, statutorily required reserves, facility conditions, and other factors.

In the statement of net position and the statement of activities, the Town is divided into two distinct kinds of activities:

Governmental Activities – Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. Most of the Town's programs and services are reported here including general government activities, public safety, public works (for streets, buildings and grounds), open space preservation, capital projects, and when applicable, general long-term debt service and other fiscal charges.

Business-Type Activities – Business-type activities are financed to some degree by charging external parties for the goods or services they acquire. The Town's enterprise funds for water, wastewater and refuse utilities are reported as business-type activities as the service is provided on a charge for goods or services basis to recover the expenses of the goods and services provided.

FUND FINANCIAL STATEMENTS

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about each of the Town's major funds. For the Town of Eagle, the General Fund is the most significant fund. The Town uses many funds to account for a multitude of financial transactions. The Town's governmental funds include the General Fund, Special Revenue Funds (which are the Conservation Trust Fund and Open Space Preservation funds), Capital Projects Fund, and the Sales Tax Capital Improvement Projects Fund. The Town's proprietary, or enterprise, funds include the Water Fund, the Wastewater Fund and the Refuse Fund. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the Town rather than the Town as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2016

FUND FINANCIAL STATEMENTS - CONTINUED

The Town's fund financial statements are divided into two broad categories; namely (1) governmental funds; and (2) proprietary funds.

Governmental Funds – The Town's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance the Town's programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements. The Town maintains the following governmental funds:

General Fund – used to account for resources traditionally associated with government which are not required legally or by sound financial management to be account for in another fund.

Capital Projects Fund – used to account for funds for the acquisition of lands, construction of major capital improvements and projects, and acquisition of more expensive pieces of equipment.

Sales Tax Capital Improvement Projects Fund – used to account for the Town's ½% municipal sales tax securing and funding capital projects debt service for the Town's 2016 sales tax revenue bonds.

Special Revenue Funds – used to account for proceeds of resources that are restricted or committed for purposes other than debt service or capital projects. The special revenue funds include the following:

Conservation Trust Fund – accounts for funds received and restricted for use in parks and recreation acquisition, development and maintenance pursuant to Colorado Revised Statutes.

Open Space Preservation Fund – accounts for funds committed for the acquisition of open space lands, conservation and trail easements and development rights.

Proprietary Funds – The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same. These funds are established to account for operations that are financed and operated in a manner similar to private enterprise, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The proprietary (enterprise) funds include the following:

Water Fund – accounts for activities related to water services to the citizens of the Town.

Wastewater Fund – accounts for activities related to the sewage treatment facilities and sewage transmission lines.

Refuse Fund – accounts for activities related to trash collection and disposal.

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2016

THE TOWN AS A WHOLE

The perspective of the statement of net position is of the Town as a whole. Following is a summary of the Town's net position for the current and prior fiscal year:

| <i>(In Thousands)</i> | <u>Governmental</u> Activities | | <u>Business-Type</u> Activities | | <u>Total</u> | |
|--|-----------------------------------|------------------|------------------------------------|------------------|------------------|------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| ASSETS: | | | | | | |
| Current Assets | \$ 12,105 | \$ 4,554 | \$ 13,100 | \$ 11,263 | \$ 25,205 | \$ 15,817 |
| Noncurrent Assets (EHOP) | 168 | 168 | - | - | 168 | 168 |
| Capital Assets, Net | <u>27,945</u> | <u>29,212</u> | <u>40,012</u> | <u>40,360</u> | <u>67,957</u> | <u>69,572</u> |
| Total Assets | <u>40,218</u> | <u>33,934</u> | <u>53,112</u> | <u>51,623</u> | <u>93,330</u> | <u>85,557</u> |
| LIABILITIES: | | | | | | |
| Current & Other Liabilities | 588 | 258 | 1,604 | 1,515 | 2,192 | 1,773 |
| Long-term Liabilities | <u>6,129</u> | <u>116</u> | <u>10,973</u> | <u>12,024</u> | <u>17,102</u> | <u>12,140</u> |
| Total Liabilities | <u>6,717</u> | <u>374</u> | <u>12,577</u> | <u>13,539</u> | <u>19,294</u> | <u>13,913</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Unavailable Revenue | | | | | | |
| from Property Taxes | <u>272</u> | <u>255</u> | <u>177</u> | <u>170</u> | <u>449</u> | <u>425</u> |
| Total Deferred Inflows | <u>272</u> | <u>255</u> | <u>177</u> | <u>170</u> | <u>449</u> | <u>425</u> |
| NET POSITION : | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 27,945 | 29,212 | 28,024 | 27,579 | 55,969 | 56,791 |
| Restricted | 6,384 | 237 | 202 | 189 | 6,586 | 426 |
| Unrestricted | <u>(1,100)</u> | <u>3,856</u> | <u>12,132</u> | <u>10,146</u> | <u>11,032</u> | <u>13,834</u> |
| Total Net Position | <u>\$ 33,229</u> | <u>\$ 33,305</u> | <u>\$ 40,358</u> | <u>\$ 37,914</u> | <u>\$ 73,587</u> | <u>\$ 71,219</u> |

As indicated earlier, net position may serve over time as a useful indicator of the Town's financial health. The Town's *overall* assets exceeded its liabilities and deferred inflows by \$73,586,599 at December 31, 2016.

In 2016, the Town Issued Sales Tax Revenue Bonds (see Note 5) which is reflected in the increased balances of governmental activities Current Assets and governmental activities Total Liabilities.

By far the largest portion of the Town's Net Position (76%) reflects its net investment of \$56 million in capital assets less the related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's Net Position, \$6,585,276 (9%), represents resources that are subject to restrictions as to how they may be used; this includes statutorily required TABOR emergency reserves and monies restricted for capital improvements, community enhancement and conservation trust purposes. The deficit balance of unrestricted net assets does not mean the town is unable to meet its current obligations, but merely that the Town's *long-term* obligations exceed *currently* available resources.

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2016

THE TOWN AS A WHOLE – CONTINUED

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following detail reflects the total cost of services supported by program revenues and general property taxes, unrestricted state entitlements, and other general revenues, resulting in the overall change in net position for the current and prior fiscal year:

| <i>(In Thousands)</i> | Governmental | | Business-Type | | Total | |
|-------------------------------|--------------|----------|---------------|----------|----------|----------|
| | Activities | | Activities | | | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| REVENUES: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services/Sales | \$ 995 | \$ 900 | \$ 5,625 | \$ 5,178 | \$ 6,620 | \$ 6,078 |
| Operating Grants & Contrib. | 406 | 370 | - | - | 406 | 370 |
| Capital Grants & Contrib. | 249 | - | 751 | 987 | 1,000 | 987 |
| Total Program Revenues | 1,650 | 1,270 | 6,376 | 6,165 | 8,026 | 7,435 |
| General Revenues: | | | | | | |
| Taxes | 5,223 | 4,479 | 169 | 176 | 5,392 | 4,655 |
| Intergovernmental Revenue | 146 | 123 | - | - | 146 | 123 |
| Impact Fees & Assessments | 24 | 40 | - | - | 24 | 40 |
| Interest/Investment Earnings | 50 | 13 | 61 | 11 | 111 | 24 |
| Other General Revenues | 20 | 43 | 13 | 23 | 33 | 66 |
| Total General Revenues | 5,463 | 4,698 | 243 | 210 | 5,706 | 4,908 |
| Total Revenues | 7,113 | 5,968 | 6,619 | 6,375 | 13,732 | 12,343 |
| PROGRAM EXPENSES: | | | | | | |
| General Government | 1,711 | 1,603 | - | - | 1,711 | 1,603 |
| Public Safety | 1,526 | 1,303 | - | - | 1,526 | 1,303 |
| Public Works - Streets | 1,032 | 1,270 | - | - | 1,032 | 1,270 |
| Public Works - Bldg/Grounds | 678 | 619 | - | - | 678 | 619 |
| Information Center | 244 | 225 | - | - | 244 | 225 |
| Marketing | 216 | 194 | - | - | 216 | 194 |
| Open Space Preservation | 151 | 124 | - | - | 151 | 124 |
| Interest - Gen'l. Obligations | 73 | - | - | - | 73 | - |
| Debt Issue Costs | 106 | - | - | - | 106 | - |
| Depreciation - Unallocated | 1,441 | 1,234 | - | - | 1,441 | 1,234 |
| Water Utility | - | - | 1,681 | 1,746 | 1,681 | 1,746 |
| Wastewater Utility | - | - | 1,960 | 2,025 | 1,960 | 2,025 |
| Refuse Utility | - | - | 545 | 623 | 545 | 623 |
| Total Expenses | 7,178 | 6,572 | 4,186 | 4,394 | 11,364 | 10,966 |
| Total Transfers | (11) | - | 11 | - | - | - |
| INCREASE (DECREASE) | | | | | | |
| IN NET POSITION | \$ (76) | \$ (604) | \$ 2,444 | \$ 1,981 | \$ 2,368 | \$ 1,377 |

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2016

THE TOWN AS A WHOLE – CONTINUED

Governmental Activities

Revenues

Revenues increased over the prior year which reflects the Town's continuing recovery over the previous several recessionary years. This reflects the overall improvement of the U.S. economy.

Expenses

Program expenses increased \$397 thousand (or 3.5%) from the prior fiscal year. This is primarily increased costs of services for governmental activities.

As indicated above, the statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table summarizes the information from the statement of activities, reflecting the total cost of program services and the remaining net cost of program services supported by taxes and other general revenues:

| <i>(In Thousands)</i> | <u>Total Cost of Service</u> | | <u>Net Cost of Services</u> | |
|------------------------------------|------------------------------|-----------------|-----------------------------|-----------------|
| | 2016 | 2015 | 2016 | 2015 |
| General Government | \$ 1,711 | \$ 1,603 | \$ 1,105 | \$ 1,034 |
| Public Safety | 1,526 | 1,303 | 1,365 | 1,212 |
| Public Works - Streets | 1,032 | 1,270 | 703 | 942 |
| Public Works - Bldgs/Grounds | 678 | 619 | 643 | 587 |
| Information Center | 244 | 225 | (25) | (23) |
| Marketing | 216 | 194 | 216 | 194 |
| Open Space Preservation | 151 | 124 | (99) | 123 |
| Interest - General Obligation Debt | 73 | - | 73 | - |
| Debt Issue Costs | 106 | - | 106 | - |
| Unallocated Depreciation | 1,441 | 1,234 | 1,441 | 1,234 |
| Total Expenses | <u>\$ 7,178</u> | <u>\$ 6,572</u> | <u>\$ 5,528</u> | <u>\$ 5,303</u> |

The dependence on general revenues for governmental activities is apparent. Approximately 77% of fiscal 2016 program services were supported through taxes and other general revenues and 81% in 2015. The community as a whole is the primary support for the Town's activities.

Business-Type Activities – The results of operations of the business-type activity indicate that the utility funds are generating enough revenues to be self-sustaining without assistance from the general fund:

| <i>(In Thousands)</i> | <u>Fiscal Year 2016</u> | <u>Fiscal Year 2015</u> |
|----------------------------------|-----------------------------|-----------------------------|
| Program Revenues | \$ 6,376 | \$ 6,165 |
| Taxes and Other General Revenues | 243 | 210 |
| Total Revenues | 6,619 | 6,375 |
| Expenses | (4,186) | (4,394) |
| Transfers In (Out) | 11 | - |
| Net Income (Loss) | <u>\$ 2,444</u> | <u>\$ 1,981</u> |

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2016

THE TOWN AS A WHOLE – CONTINUED

Business-Type Activities, continued

Revenues

Charges for services for business-type activities increased \$447 thousand while Capital Grants (primarily Tap fees) decreased \$236 thousand. General revenues include taxes levied to service the wastewater fund debt for the Town's wastewater treatment plant.

Expenses

Enterprise operating expenditures decreased approximately \$208 thousand (4.7%), from the previous fiscal year. The majority of this decrease is non-cash depreciation due to the continued aging of the Town's utility infrastructure.

THE TOWN'S FUNDS

Governmental Funds

The governmental fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending. The governmental fund level financial statements are reported on the modified accrual basis of accounting. At the fund level, under the modified accrual basis of accounting, depreciable assets and their related depreciation expense are not reflected as they are not a current period financial resource or use. In addition, at the fund level, inflows from operating loans are presented as a revenue item while outflows for capital outlay and debt service principal payments are presented as an expenditure item, as these items represent current period financial resources and uses.

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

Total governmental funds had revenues and other financing sources of \$13,318,976 (inclusive of \$6,167,936 Bond Proceeds) and expenditures and other financing uses of \$5,961,646 (inclusive of Bond Issue Costs of \$106,212).

Governmental fund revenues increased approximately \$1.1 million from the prior fiscal year, primarily due to increased sales and other tax revenues, as well as intergovernmental grants. These increases reflect the continued economic recovery of the Town from the nationwide recessionary years.

Expenditures decreased approximately \$321 thousand from the prior fiscal year. This is primarily year-to-year changes in the amount of capital projects which were \$1.1 million in 2015 and \$489 thousand in 2016. Non-capital expenditures increased approximately \$307 thousand from the previous fiscal year.

Overall governmental fund balances increased \$7.35 million from the prior fiscal year inclusive of \$6,167,936 Bond Proceeds. The ending fund balance of \$11,565,898 represents the amount available for future spending, which is represented as follows:

| | |
|--------------------------------------|----------------------|
| General Fund | \$ 3,106,183 |
| Capital Projects Fund | 1,327,963 |
| Sales Tax Capital Impr Projects Fund | 6,219,958 |
| Special Revenue Funds | <u>911,794</u> |
| Total Governmental Fund Balances | <u>\$ 11,565,898</u> |

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2016

THE TOWN'S FUNDS – CONTINUED

Proprietary Funds

The proprietary fund level financial statements, as discussed above, use the same basis of accounting as business-type activities.

- The Water Enterprise Fund ending net position increased from \$27,421,654 to \$29,077,554.
- The Wastewater Enterprise Fund ending net position increased from \$10,316,148 to \$11,072,609.
- The Refuse Enterprise Fund ending net position increased from \$176,073 to \$207,591.

Positive changes in net position reflect that the enterprise funds are currently generating enough operating and non-operating revenues to offset current year operating and non-operating expenses, whereas negative changes reflect that the activity did not. The ending net position in the enterprise activities represent the amount of net resources, including capital assets, available to provide future utility services and capacity improvements to the general public of the Town of Eagle.

GENERAL FUND BUDGETING HIGHLIGHTS

The Town's procedures in establishing the budgetary data reflected in the financial statements is summarized in *Note I(E)* of the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) with the exception of the Proprietary (Enterprise) Funds. The reconciliation of the budgetary differences of the Proprietary Fund to GAAP is found in *Note 7*.

The budgeting system of the Town uses a line-item based budget, which is designed to control line-item expenditures, but provide flexibility for overall budgetary management. It is the Town's policy to amend the original budget appropriations as additional information is acquired during the fiscal year to more accurately reflect current year operating activity.

During the year, the Town amended its budgeted appropriations as follows:

| | <u>Original</u> | <u>Revised</u> | <u>Increase (Decrease)</u> |
|----------------------------------|-----------------|----------------|--------------------------------|
| General Fund | \$ 6,108,686 | \$ 5,830,264 | \$ (278,422) |
| Capital Projects Fund | 840,840 | 574,177 | (266,663) |
| Sales Tax Cap Impr Projects Fund | - | 167,922 | 167,922 |
| Conservation Trust Fund | 26,000 | 26,000 | - |
| Open Space Preservation Fund | 533,784 | 502,001 | (31,783) |
| Water Fund | 2,572,533 | 2,784,388 | 211,855 |
| Wastewater Fund | 2,235,267 | 2,121,469 | (113,798) |
| Refuse Fund | 602,259 | 558,250 | (44,009) |

The above budget amendments were adopted to adjust for changes in available revenues from original expectations and revised expected year-end expenditures.

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2016

GENERAL FUND BUDGETING HIGHLIGHTS - CONTINUED

General Fund Resources (Inflows)

The Town's final budgetary revenues and other financing sources in the amount of \$6,048,567 exceeded budgetary expectations of \$5,931,434 by \$117,133. It is not anticipated that the variance will have a significant effect on future services or liquidity. Further detail of individual line-item revenues for the general fund can be found in the 'Other Supplemental Information' section following the financial statements.

General Fund Charges to Appropriations (Outflows)

The Town's final budgetary expenditures and other financing uses of \$5,505,323 were \$324,941 less than the final appropriated fund balance of \$5,830,264. Positive variances were found throughout the majority of the Town's functional expenditure categories. Savings primarily occurred from unused personnel and purchased services appropriations. Excess expenditures for the Town's Information Center operations were fully offset by current year increases in Information Center revenues. It is not anticipated that these variances will have a significant effect on future services or liquidity.

Further detail of individual line-item expenditures for the general fund can be found in the 'Other Supplemental Information' section following the financial statements.

* * *

The Board of Trustees and the Town's management continue to strive to budget appropriate amounts for each individual line item. This year's overall savings are indicative of the efforts to provide services in the most economical manner. This year's savings will have a positive impact on future year's fund balances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the Town had a total of \$67,956,995 invested in capital assets, consisting of \$27,945,456 in governmental activities and \$40,011,539 in business-type activities. The following reflects the balances the current fiscal year compared to the prior fiscal year, net of depreciation and amortization:

| <i>(In Thousands)</i> | Governmental | | Business-Type | | Total | |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Activities | | Activities | | | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| <i>Net of Depreciation:</i> | | | | | | |
| Land/Easements | \$ 3,412 | \$ 3,263 | \$ 171 | \$ 171 | \$ 3,583 | \$ 3,434 |
| Water Rights | - | - | 9,144 | 9,144 | 9,144 | 9,144 |
| Parks/Improvements | 3,088 | 2,928 | - | - | 3,088 | 2,928 |
| Buildings/Improvements | 3,115 | 3,160 | 42 | 42 | 3,157 | 3,202 |
| Rec Center/Pool/Ice Rink | 3,779 | 3,885 | - | - | 3,779 | 3,885 |
| Equipment | 842 | 879 | 82 | 63 | 924 | 942 |
| Infrastructure | 13,668 | 10,427 | 28,438 | 27,808 | 42,106 | 38,235 |
| Construction-in-Progress | 41 | 4,670 | 2,135 | 3,133 | 2,176 | 7,803 |
| | <u>\$ 27,945</u> | <u>\$ 29,212</u> | <u>\$ 40,012</u> | <u>\$ 40,361</u> | <u>\$ 67,957</u> | <u>\$ 69,573</u> |

Additional information can be found in *Note 4* of the Financial Statements.

TOWN OF EAGLE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED

Debt

At December 31, 2016 the Town had total outstanding long-term debt of \$18,289,511. Of this amount, governmental activities carry bonds of \$6,156,792 and compensated absences of \$106,172. Business-type activities carry \$10,062,655 of notes payable, \$1,924,773 of bonds payable and compensated absences of \$39,119. See *Note 5 Long-term Debt Obligations* for a detail of the terms and annual debt service requirements to amortize the Town's long-term debt.

CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK

For the Town's 2017 budget year, planned major capital investment projects include continued work on the Eagle River Park, planning for construction of the Lower Basin Water Treatment Plant, implementation of the Town's Pavement Management Plan, and installation of a new playground in the Centennial Town Park. Other 2017 planned capital investments include purchase of vehicles and equipment to support the Public Works and the Police department, improvements to the Pavilion and Information Center, and road pavement projects.

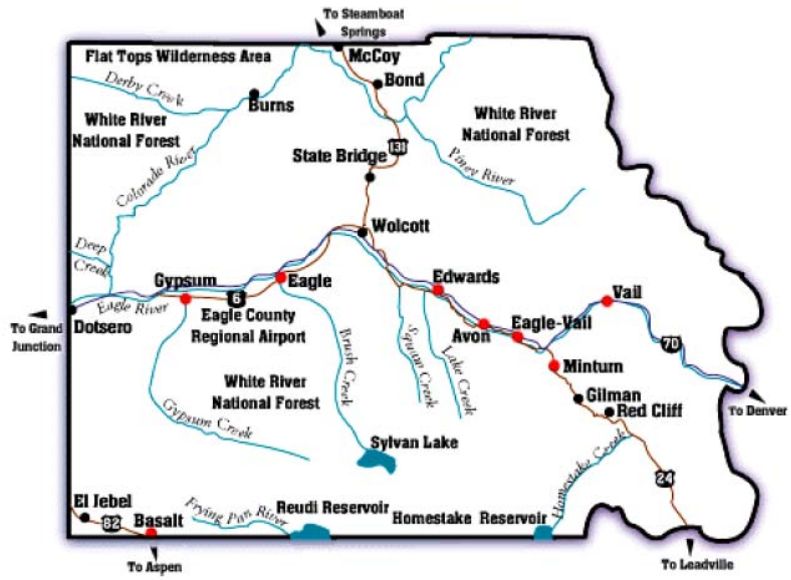
Another high priority for the Town's 2017 budget year is the development and adoption of an Eagle Strategic Plan, which is to include development of a community vision statement, mission statement, core values and strategic objectives. One of the primary goals with the Strategic Plan is to develop alignment between the Community, Town Board and Staff.

In the Utility Funds, the Town has budgeted increased fees for services in the Water and Wastewater Funds which will help build fund balances to an appropriate level in anticipation of the Lower Basin Water Treatment Plant financing and upcoming capital projects for the Town's aging sewer lines.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions regarding this report or need additional information, please contact the:

Town Eagle, Colorado
P.O. Box 609
Eagle, CO 81631
Phone: (970)328-6354
Fax: (970) 328-5203



GOVERNMENT - WIDE FINANCIAL STATEMENTS

TOWN EAGLE, COLORADO
STATEMENT OF NET POSITION
December 31, 2016

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Totals</u> |
|---|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Investments | \$ 4,858,671 | \$ 12,300,638 | \$ 17,159,309 |
| Restricted Cash and Investments | 6,202,135 | 186,500 | 6,388,635 |
| Receivables – Net | | | |
| Due from County Treasurer | 4,394 | - | 4,394 |
| Taxes and Other Receivables | 742,279 | - | 742,279 |
| Property Taxes | 272,190 | 176,989 | 449,179 |
| Accounts | - | 436,197 | 436,197 |
| Prepaid Expenses | 25,408 | - | 25,408 |
| Total Current Assets | <u>12,105,077</u> | <u>13,100,324</u> | <u>25,205,401</u> |
| Noncurrent Assets: | | | |
| Funds Held by Fiscal Agent (EHOP) | 22,756 | - | 22,756 |
| Notes Receivable (EHOP) | 144,850 | - | 144,850 |
| Non-Depreciable Capital Assets | 3,452,701 | 11,449,757 | 14,902,458 |
| Depreciable Capital Assets, Net | <u>24,492,755</u> | <u>28,561,782</u> | <u>53,054,537</u> |
| Total Noncurrent Assets | <u>28,113,062</u> | <u>40,011,539</u> | <u>68,124,601</u> |
| | | | |
| TOTAL ASSETS | <u>40,218,139</u> | <u>53,111,863</u> | <u>93,330,002</u> |
| | | | |
| LIABILITIES | | | |
| Accounts Payable | 337,713 | 210,669 | 548,382 |
| Retainage Payable | - | 12,471 | 12,471 |
| Accrued Liabilities | 71,286 | 121,391 | 192,677 |
| Unearned Revenues | 10,510 | 206,042 | 216,552 |
| Deposits and Other Liabilities | 34,631 | - | 34,631 |
| Long-term Debt: | | | |
| Portion Due or Payable within One Year: | | | |
| Loans Payable, Net of Premium | - | 837,309 | 837,309 |
| Bonds Payable, Net of Premium | 133,924 | 216,607 | 350,531 |
| Portion Due or Payable After One Year: | | | |
| Compensated Absences | 106,172 | 39,119 | 145,291 |
| Loans Payable, Net of Premium | - | 9,225,346 | 9,225,346 |
| Bonds Payable, Net of Premium | <u>6,022,868</u> | <u>1,708,166</u> | <u>7,731,034</u> |
| TOTAL LIABILITIES | <u>6,717,104</u> | <u>12,577,120</u> | <u>19,294,224</u> |
| | | | |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable Revenue – | | | |
| From Property Taxes | <u>272,190</u> | <u>176,989</u> | <u>449,179</u> |
| Total Deferred Inflows of Resources | <u>272,190</u> | <u>176,989</u> | <u>449,179</u> |
| | | | |
| Net Position: | | | |
| Invested in Capital Assets, Net of Related Debt | 27,945,456 | 28,024,111 | 55,969,567 |
| Restricted | 6,383,776 | 201,500 | 6,585,276 |
| Unrestricted (Deficit) | <u>(1,100,387)</u> | <u>12,132,143</u> | <u>11,031,756</u> |
| | | | |
| TOTAL NET POSITION | <u>\$ 33,228,845</u> | <u>\$ 40,357,754</u> | <u>\$ 73,586,599</u> |

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

TOWN EAGLE, COLORADO
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2016

| FUNCTION/PROGRAM ACTIVITIES | PROGRAM REVENUES | | | |
|---|----------------------|---|---|---|
| PRIMARY GOVERNMENT | <u>EXPENSES</u> | <u>Charges For Services and Sales</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| GOVERNMENTAL ACTIVITIES: | | | | |
| General Government | \$ 1,710,964 | \$ 563,043 | \$ 42,626 | \$ - |
| Public Safety | 1,525,824 | 127,519 | 32,904 | - |
| Public Works – Streets | 1,032,240 | - | 329,041 | - |
| Public Works – Buildings/Grounds | 678,370 | 35,524 | - | - |
| Information Center | 244,001 | 268,686 | 840 | - |
| Marketing | 215,467 | - | - | - |
| Open Space Preservation | 151,344 | 528 | 500 | 248,943 |
| Interest & fiscal charges on Long-term Debt | 72,967 | - | - | - |
| Issuance Costs on Long-term Debt | 106,212 | - | - | - |
| Depreciation – Unallocated (<i>See Note 1(G)</i>) | <u>1,440,649</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL GOVERNMENTAL ACTIVITIES | <u>7,178,038</u> | <u>995,300</u> | <u>405,911</u> | <u>248,943</u> |
| BUSINESS-TYPE ACTIVITIES: | | | | |
| Water Utility | 1,681,176 | 2,943,889 | - | 340,760 |
| Wastewater Utility | 1,960,100 | 2,106,201 | - | 410,000 |
| Refuse Utility | <u>544,489</u> | <u>574,900</u> | <u>-</u> | <u>-</u> |
| TOTAL BUSINESS-TYPE ACTIVITIES | <u>4,185,765</u> | <u>5,624,990</u> | <u>-</u> | <u>750,760</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 11,363,803</u> | <u>\$ 6,620,290</u> | <u>\$ 405,911</u> | <u>\$ 999,703</u> |

GENERAL REVENUES:

Taxes:

- Property Taxes, Levied for General Purposes
- Property Taxes, Levied for Debt Service
- Specific Ownership Taxes, for General Purposes
- Sales Tax, for General Purposes
- Sales Tax, for Capital Improvement Projects Fund
- Community Enhancement Tax
- Lodging Tax
- Franchise Tax
- Marketing Tax
- Occupation Tax
- Use Tax
- Severance Taxes

Grants and Entitlements Not Restricted to Specific Programs:

- Intergovernmental – Cigarette Tax
- Intergovernmental – County Sales Tax
- Federal Mineral Lease Revenues
- Impact Fees and Assessments
- Unrestricted Interest and Investment Earnings
- Gain on Fixed Asset Sale/Disposition
- Miscellaneous

Total General Revenues

Change in Net Position Before Transfers
Transfers

Change in Net Position

NET POSITION – BEGINNING OF YEAR

NET POSITION – END OF YEAR

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

| Governmental Activities | Business-Type Activities | Total |
|----------------------------|-----------------------------|----------------------|
| \$ (1,105,295) | | \$ (1,105,295) |
| (1,365,401) | | (1,365,401) |
| (703,199) | | (703,199) |
| (642,846) | | (642,846) |
| 25,525 | | 25,525 |
| (215,467) | | (215,467) |
| 98,627 | | 98,627 |
| (72,967) | | (72,967) |
| (106,212) | | (106,212) |
| <u>(1,440,649)</u> | | <u>(1,440,649)</u> |
| <u>(5,527,884)</u> | | <u>(5,527,884)</u> |
| | \$ 1,603,473 | 1,603,473 |
| | 556,101 | 556,101 |
| | <u>30,411</u> | <u>30,411</u> |
| | <u>2,189,985</u> | <u>2,189,985</u> |
| <u>(5,527,884)</u> | <u>2,189,985</u> | <u>(3,337,899)</u> |
| 254,680 | - | 254,680 |
| - | 169,373 | 169,373 |
| 20,155 | - | 20,155 |
| 3,736,495 | - | 3,736,495 |
| 197,874 | - | 197,874 |
| 42,545 | - | 42,545 |
| 134,133 | - | 134,133 |
| 211,797 | - | 211,797 |
| 134,127 | - | 134,127 |
| 165,393 | - | 165,393 |
| 325,816 | - | 325,816 |
| 414 | - | 414 |
| 11,337 | - | 11,337 |
| 133,684 | - | 133,684 |
| 689 | - | 689 |
| 23,650 | - | 23,650 |
| 49,550 | 60,993 | 110,543 |
| (6,823) | (10,577) | (17,400) |
| <u>26,958</u> | <u>23,528</u> | <u>50,486</u> |
| <u>5,462,474</u> | <u>243,317</u> | <u>5,705,791</u> |
| (65,410) | 2,433,302 | 2,367,892 |
| <u>(10,577)</u> | <u>10,577</u> | <u>-</u> |
| (75,987) | 2,443,879 | 2,367,892 |
| <u>33,304,832</u> | <u>37,913,875</u> | <u>71,218,707</u> |
| <u>\$ 33,228,845</u> | <u>\$ 40,357,754</u> | <u>\$ 73,586,599</u> |

FUND FINANCIAL STATEMENTS

TOWN OF EAGLE, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

| | General Fund | Capital Projects Fund | Sales Tax Capital Imprvmt Projects Fund |
|---|---------------------|-----------------------------|---|
| | <u> </u> | <u> </u> | <u> </u> |
| <u>ASSETS:</u> | | | |
| Cash and Investments | \$ 2,720,604 | \$ 1,225,207 | \$ 130,138 |
| Restricted Cash and Investments | - | 79,779 | 6,058,179 |
| Receivables – Net: | | | |
| Due from County Treasurer | 4,394 | - | - |
| Taxes and Other Receivables | 497,976 | 100,195 | 35,853 |
| Property Taxes | 272,190 | - | - |
| Prepaid Expenses | 25,408 | - | - |
| Funds Held by Fiscal Agent (EHOP) | 22,756 | - | - |
| Notes Receivable (EHOP) | 144,850 | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 3,688,178</u> | <u>\$ 1,405,181</u> | <u>\$ 6,224,170</u> |
| <u>LIABILITIES, DEFERRED INFLOWS</u> | | | |
| <u>OF RESOURCES AND FUND BALANCES:</u> | | | |
| Liabilities: | | | |
| Accounts Payable | \$ 213,279 | \$ 77,218 | \$ 4,212 |
| Accrued Liabilities | 51,385 | - | - |
| Unearned Revenues | 10,510 | - | - |
| Deposits and Other Liabilities | 34,631 | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>309,805</u> | <u>77,218</u> | <u>4,212</u> |
| Deferred Inflows of Resources: | | | |
| Unavailable Revenues - | | | |
| From Property Taxes | 272,190 | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Deferred Inflows | <u>272,190</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | |
| Non-Spendable | 193,014 | - | - |
| Restricted for – | | | |
| Capital Improvements/Debt Service | - | - | 6,089,820 |
| Community Enhancement | - | 79,779 | - |
| Conservation Trust | - | - | - |
| Emergency Reserves | 135,000 | 15,000 | - |
| Committed for – | | | |
| Open-space Preservation | - | - | - |
| Assigned for – | | | |
| Capital Projects | - | 1,233,184 | 130,138 |
| Unassigned | 2,778,169 | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | <u>3,106,183</u> | <u>1,327,963</u> | <u>6,219,958</u> |
| | | | |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 3,688,178</u> | <u>\$ 1,405,181</u> | <u>\$ 6,224,170</u> |

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

| Non-Major Special Revenue Funds | Total Governmental Funds |
|---------------------------------------|--------------------------------|
| \$ 782,722 | \$ 4,858,671 |
| 64,177 | 6,202,135 |
| - | 4,394 |
| 108,255 | 742,279 |
| - | 272,190 |
| - | 25,408 |
| - | 22,756 |
| - | 144,850 |
| <u>\$ 955,154</u> | <u>\$ 12,272,683</u> |

| | |
|---------------|----------------|
| \$ 43,004 | \$ 337,713 |
| 356 | 51,741 |
| - | 10,510 |
| - | 34,631 |
| <u>43,360</u> | <u>434,595</u> |

| | |
|---|----------------|
| - | <u>272,190</u> |
| - | <u>272,190</u> |

| | |
|-------------------|----------------------|
| - | 193,014 |
| - | 6,089,820 |
| - | 79,779 |
| 64,177 | 64,177 |
| - | 150,000 |
| 847,617 | 847,617 |
| - | 1,363,322 |
| - | <u>2,778,169</u> |
| <u>911,794</u> | <u>11,565,898</u> |
| <u>\$ 955,154</u> | <u>\$ 12,272,583</u> |

TOWN OF EAGLE, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2016

TOTAL GOVERNMENTAL FUND BALANCES \$ 11,565,898

Amounts reported for governmental activities on the statement of net position is different because of the following:

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

| | | |
|-------------------------------|---------------------|------------|
| Governmental Capital Assets | \$ 50,415,915 | |
| Less Accumulated Depreciation | <u>(22,470,459)</u> | 27,945,456 |

Some liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds.

| | | |
|---|------------------|-----------|
| Accrued Interest on Long-term Liabilities | (19,545) | |
| Current Portion of Long-term Liabilities | <u>(133,924)</u> | (153,469) |

Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds.

| | | |
|-------------------------------|--------------------|--------------------|
| Compensated Absences | \$ (106,172) | |
| Bonds Payable, Net of Premium | <u>(6,022,868)</u> | <u>(6,129,040)</u> |

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 33,228,845

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

TOWN OF EAGLE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

| | <u>General Fund</u> | <u>Capital Projects Fund</u> | <u>Sales Tax Capital Imprvmt Projects Fund</u> |
|--|-------------------------|--------------------------------------|--|
| <u>Revenues:</u> | | | |
| Local Taxes and Assessments | \$ 4,523,061 | \$ 392,011 | \$ 197,874 |
| Licenses and Permits | 274,270 | - | - |
| Intergovernmental | 474,751 | 198,778 | - |
| Charges for Services | 268,042 | - | - |
| Fines, Forfeits and Penalties | 122,131 | - | - |
| Information Center Sales | 268,686 | - | - |
| Interest | 12,718 | 15,988 | 13,782 |
| Miscellaneous | <u>104,908</u> | <u>-</u> | <u>-</u> |
| Total Revenues | <u>6,048,567</u> | <u>606,777</u> | <u>211,656</u> |
| <u>Expenditures:</u> | | | |
| General Government | 1,381,599 | - | - |
| Public Safety | 1,438,747 | - | - |
| Public Works – Streets | 1,058,100 | - | - |
| Public Works – Bldg & Grounds | 506,707 | - | - |
| Information Center | 242,866 | - | - |
| Marketing | 216,727 | - | - |
| Open-Space Preservation | - | - | - |
| Debt Service: | | | |
| Principal | - | - | - |
| Interest | - | - | 53,422 |
| Capital Projects | <u>-</u> | <u>489,411</u> | <u>-</u> |
| Total Expenditures | <u>4,844,746</u> | <u>489,411</u> | <u>53,422</u> |
| Excess Revenues Over (Under) Expenditures | 1,203,821 | 117,366 | 158,234 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Bond Proceeds | - | - | 5,200,000 |
| Bond Premium | - | - | 967,936 |
| Bond Costs of Issuance | - | - | (106,212) |
| Transfers (to) from Other Funds | <u>(660,577)</u> | <u>650,000</u> | <u>-</u> |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | 543,244 | 767,366 | 6,219,958 |
| Fund Balances – Beginning | <u>2,562,939</u> | <u>560,597</u> | <u>-</u> |
| Fund Balances – Ending | <u>\$ 3,106,183</u> | <u>\$ 1,327,963</u> | <u>\$ 6,219,958</u> |

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

| Non-Major Special Revenue Funds | Total Governmental Funds |
|---------------------------------------|--------------------------------|
| \$ 134,133 | \$ 5,247,079 |
| - | 274,270 |
| 86,791 | 760,320 |
| 55,554 | 323,596 |
| - | 122,131 |
| - | 268,686 |
| 7,062 | 49,550 |
| 500 | 105,408 |
| <u>284,040</u> | <u>7,151,040</u> |
| - | 1,381,599 |
| - | 1,438,747 |
| - | 1,058,100 |
| - | 506,707 |
| - | 242,866 |
| - | 216,727 |
| 457,278 | 457,278 |
| - | - |
| - | 53,422 |
| - | 489,411 |
| <u>457,278</u> | <u>5,844,857</u> |
| (173,238) | 1,306,183 |
| - | 5,200,000 |
| - | 967,936 |
| - | (106,212) |
| - | (10,577) |
| <u>(173,238)</u> | <u>7,357,330</u> |
| <u>1,085,032</u> | <u>4,208,568</u> |
| <u>\$ 911,794</u> | <u>\$ 11,565,898</u> |

TOWN OF EAGLE, COLORADO
RECONCILIATION OF 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 \$ 7,357,330

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

Governmental Funds report capital outlays as capital expenditures; however, on the Statement of Activities the cost of those assets is allocated over their estimated useful life as depreciation. This is the amount by which depreciation exceeded capital outlays.

| | | |
|----------------|--------------------|-------------|
| Capital Outlay | \$ 662,395 | |
| Depreciation | <u>(1,879,733)</u> | (1,217,338) |

The net book value of asset dispositions are not reported in the governmental funds as they are not a current financial use. This is the amount by which the net book value of assets exceeded proceeds received in the current year. (49,556)

Interest expense is recognized as an expenditure in the governmental funds when it is due as it requires the use of current financial resources; however, in the Statement of Activities interest expense is recognized as the interest accrues regardless of when due. This is the amount by which accrued interest increased from the previous fiscal year: (19,545)

Compensated absences not payable from current resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year. This is the amount accrued leave decreased this year. 9,914

Premiums on the issuance of long-term debt increase current financial resources to governmental funds; however, on the Statement of Activities, the premium is allocated over the term of the long-term debt as accretion of bond premium. This is the amount of accretion of bond premium recognized on the current year statement of activities. 11,144

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds, but issuing long-term debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

| | | |
|---------------------------------------|----------------|--------------------|
| Current Bond Proceeds, Net of Premium | \$ (6,167,936) | |
| Current Period Debt Repayment | <u>-</u> | <u>(6,167,936)</u> |

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (75,987)

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

TOWN OF EAGLE, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2016

| | Business-Type Activities Enterprise Funds | | | Total |
|--|--|----------------------|-------------------|----------------------|
| | Water Fund | Wastewater Fund | Refuse Fund | |
| <u>ASSETS:</u> | | | | |
| Current Assets: | | | | |
| Cash and Investments | \$ 9,524,812 | \$ 2,580,293 | \$ 195,533 | \$ 12,300,638 |
| Restricted Cash and Investments | - | 186,500 | - | 186,500 |
| Receivables (Net) | | | | |
| Property Taxes | - | 176,989 | - | 176,989 |
| Accounts | 166,929 | 216,182 | 53,086 | 436,197 |
| Total Current Assets | <u>9,691,741</u> | <u>3,159,964</u> | <u>248,619</u> | <u>13,100,324</u> |
| Non-Current Assets: | | | | |
| Capital Assets, Net | <u>21,512,989</u> | <u>18,462,577</u> | <u>35,973</u> | <u>40,011,539</u> |
| Total Non-Current Assets | <u>21,512,989</u> | <u>18,462,577</u> | <u>35,973</u> | <u>40,011,539</u> |
| Total Assets | <u>\$ 31,204,730</u> | <u>\$ 21,622,541</u> | <u>\$ 284,592</u> | <u>\$ 53,111,863</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION:</u> | | | | |
| Liabilities: | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 105,256 | \$ 62,802 | \$ 42,611 | \$ 210,669 |
| Retainage Payable | 12,471 | - | - | 12,471 |
| Accrued Liabilities | 10,704 | 110,687 | - | 121,391 |
| Unearned Revenues | - | 171,652 | 34,390 | 206,042 |
| Current Maturities of Long-term Debt, Net | 226,194 | 827,722 | - | 1,053,916 |
| Total Current Liabilities | <u>354,625</u> | <u>1,172,863</u> | <u>77,001</u> | <u>1,604,489</u> |
| Non-Current Liabilities: | | | | |
| Compensated Absences | 33,029 | 6,090 | - | 39,119 |
| Notes Payable, Net of Premium | 31,356 | 9,193,990 | - | 9,225,346 |
| Bonds Payable | 1,708,166 | - | - | 1,708,166 |
| Total Non-Current Liabilities | <u>1,772,551</u> | <u>9,200,080</u> | <u>-</u> | <u>10,972,631</u> |
| Total Liabilities | <u>2,127,176</u> | <u>10,372,943</u> | <u>77,001</u> | <u>12,577,120</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable Revenues - | | | | |
| From Property Taxes | - | 176,989 | - | 176,989 |
| Total Deferred Inflows of Resources | <u>-</u> | <u>176,989</u> | <u>-</u> | <u>176,989</u> |
| Net Position: | | | | |
| Invested in Capital Assets, Net of Related Debt | 19,547,273 | 8,440,865 | 35,973 | 28,024,111 |
| Restricted for Debt Service | - | 201,500 | - | 201,500 |
| Unrestricted | 9,530,281 | 2,430,244 | 171,618 | 12,132,143 |
| Total Net Position | <u>29,077,554</u> | <u>11,072,609</u> | <u>207,591</u> | <u>40,357,754</u> |
| Total Liabilities, Deferred Inflows of Resources and Net Position | <u>\$ 31,204,730</u> | <u>\$ 21,622,541</u> | <u>\$ 284,592</u> | <u>\$ 53,111,863</u> |

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

TOWN OF EAGLE, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2016

| | Business-Type Activities Enterprise Funds | | | Total |
|--|--|----------------------|-------------------|----------------------|
| | Water Fund | Wastewater Fund | Refuse Fund | |
| <u>OPERATING REVENUES:</u> | | | | |
| Service Fees | \$ 2,830,924 | \$ 2,106,201 | \$ 574,900 | \$ 5,512,025 |
| Meters and Materials | <u>112,965</u> | <u>-</u> | <u>-</u> | <u>112,965</u> |
| Total Operating Revenues | <u>2,943,889</u> | <u>2,106,201</u> | <u>574,900</u> | <u>5,624,990</u> |
| <u>OPERATING EXPENSES:</u> | | | | |
| Personnel Services | 568,563 | 196,232 | - | 764,795 |
| Supplies | 129,899 | 115,989 | 700 | 246,588 |
| Purchased Services | 397,146 | 344,579 | 513,619 | 1,255,344 |
| Insurance | 33,754 | 26,625 | - | 60,379 |
| Noncapitalized Outlay/Repairs | 56,023 | 56,023 | - | 112,046 |
| Depreciation | <u>371,179</u> | <u>786,552</u> | <u>1,420</u> | <u>1,159,151</u> |
| Total Operating Expenses | <u>1,556,564</u> | <u>1,526,000</u> | <u>515,739</u> | <u>3,598,303</u> |
| Operating Income (Loss) | <u>1,387,325</u> | <u>580,201</u> | <u>59,161</u> | <u>2,026,687</u> |
| <u>NON-OPERATING REVENUES (EXPENSES):</u> | | | | |
| Tap and Improvements Fees | 340,760 | 410,000 | - | 750,760 |
| Property Taxes | - | 169,373 | - | 169,373 |
| Interest and Earnings on Investments | 52,427 | 7,459 | 1,107 | 60,993 |
| Gain (Loss) on Fixed Asset Disposition | - | - | (10,577) | (10,577) |
| Accretion of Bond Premium | - | 23,528 | - | 23,528 |
| Interest Expense and Fiscal Charges | (64,612) | (374,100) | - | (438,712) |
| Administrative Fee – General Fund | <u>(60,000)</u> | <u>(60,000)</u> | <u>(28,750)</u> | <u>(148,750)</u> |
| Total Non-Operating Revenues (Expenses) | <u>268,575</u> | <u>176,260</u> | <u>(38,220)</u> | <u>406,615</u> |
| Income (Loss) Before Transfers | 1,655,900 | 756,461 | 20,941 | 2,433,302 |
| Transfers | <u>-</u> | <u>-</u> | <u>10,577</u> | <u>10,577</u> |
| Change in Net Position | 1,655,900 | 756,461 | 31,518 | 2,443,879 |
| Fund Net Position – Beginning | <u>27,421,654</u> | <u>10,316,148</u> | <u>176,073</u> | <u>37,913,875</u> |
| Fund Net Position – Ending | <u>\$ 29,077,554</u> | <u>\$ 11,072,609</u> | <u>\$ 207,591</u> | <u>\$ 40,357,754</u> |

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

TOWN OF EAGLE, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2016

| | Business-Type Activities Enterprise Funds | | | Total |
|---|--|---------------------|-------------------|----------------------|
| | Water Fund | Wastewater Fund | Refuse Fund | |
| | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash Received from Customers | \$ 2,923,381 | \$ 2,107,039 | \$ 578,098 | \$ 5,608,518 |
| Cash Payments for Personnel Services | (568,909) | (201,224) | - | (770,133) |
| Cash Payments for Goods and Services | <u>(610,167)</u> | <u>(497,823)</u> | <u>(516,236)</u> | <u>(1,624,226)</u> |
| NET CASH PROVIDED OPERATING ACTIVITIES | <u>1,744,305</u> | <u>1,407,992</u> | <u>61,862</u> | <u>3,214,159</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Property and Specific Ownership Taxes –Net | - | 169,373 | - | 169,373 |
| Inter-fund (Advances) Repayments | - | - | 10,577 | 10,577 |
| Inter-fund Administrative Fees – General Fund | <u>(60,000)</u> | <u>(60,000)</u> | <u>(28,750)</u> | <u>(148,750)</u> |
| NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | <u>(60,000)</u> | <u>109,373</u> | <u>(18,173)</u> | <u>31,200</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Tap and Improvement Fees | 340,760 | 410,000 | - | 750,760 |
| Acquisition and Construction of Capital Assets | (765,456) | (55,460) | - | (820,916) |
| Principal Paid on Long-Term Debt | (219,646) | (770,700) | - | (990,346) |
| Interest Paid on Long-Term Debt | <u>(64,612)</u> | <u>(374,100)</u> | <u>-</u> | <u>(438,712)</u> |
| NET CASH PROVIDED FROM CAPITAL FINANCING ACTIVITIES | <u>(708,954)</u> | <u>(790,260)</u> | <u>-</u> | <u>(1,499,214)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest on Investments | <u>52,427</u> | <u>7,459</u> | <u>1,107</u> | <u>60,993</u> |
| NET CASH PROVIDED FROM INVESTING ACTIVITIES | <u>52,427</u> | <u>7,459</u> | <u>1,107</u> | <u>60,993</u> |
| NET INCREASE (DECREASE) IN CASH | 1,027,778 | 734,564 | 44,796 | 1,807,138 |
| CASH AT BEGINNING OF YEAR | <u>8,497,034</u> | <u>2,032,229</u> | <u>150,737</u> | <u>10,680,000</u> |
| CASH AT END OF YEAR | <u>\$ 9,524,812</u> | <u>\$ 2,766,793</u> | <u>\$ 195,533</u> | <u>\$ 12,487,138</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES: | | | | |
| Operating Income (Loss) | \$ 1,387,325 | \$ 580,201 | \$ 59,161 | \$ 2,026,687 |
| Non-Cash Expenses Included in Operating Income – Depreciation | 371,179 | 786,552 | 1,420 | 1,159,151 |
| Change in Assets and Liabilities – Decrease (Increase) Receivables | (20,508) | (9,343) | 6,691 | (23,160) |
| Increase (Decrease) in Unearned Revenues | - | 10,181 | (3,493) | 6,688 |
| Increase (Decrease) in Accrued Payroll/Payables | <u>6,309</u> | <u>40,401</u> | <u>(1,917)</u> | <u>44,793</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ 1,744,305</u> | <u>\$ 1,407,992</u> | <u>\$ 61,862</u> | <u>\$ 3,214,159</u> |

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

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Eagle are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Significant accounting policies of the Town of Eagle are described below.

A. Financial Reporting Entity

The Town is a “statutory” organization and as such must follow and obey the statutes of the State of Colorado regarding such entities. The Town operates under a Town Board and provides the following services as authorized by its charter: Public safety (police), streets, sanitation, water, culture-recreation, public improvements, planning and zoning, and general administration services.

The Town of Eagle was originally incorporated in 1905. The Town is governed by an elected mayor and an elected Board of Trustees which is responsible for setting policy, appointing administration personnel and adopting an annual budget in accordance with state statutes.

The financial reporting entity consists of (a) the primary government; i.e., the Town, and (b) any organizations for which the Town is financially accountable. The Town is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization’s governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific burdens on, the Town. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval of the Town. Organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the Town is not financially accountable for any other entity and, therefore, the Town’s financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the Town’s reporting entity, nor is the Town a component unit of any other government. The Town’s financial statements include the accounts of all Town operations.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net position and statement of activities, and fund financial statements which provide a more detailed level of financial information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the overall primary government.

The statement of net position presents the financial condition of the governmental activities of the Town at fiscal year-end and reports all financial and capital resources of the Town. The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Town is reported as net position.

The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities. In the statement of activities, direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the Town.

FUND FINANCIAL STATEMENTS

During the fiscal year, the Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds, if applicable, are aggregated and presented in a single column. Enterprise funds are reported by type.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Fund Accounting

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The Town's funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or limitations based upon the purposes for which they are to be spent and by means by which spending activities are controlled. The various funds of the Town are outlined in the following paragraphs.

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 General Fund balance is available to the Town for any purpose provided it is expended or transferred according to general statutory laws.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Sales Tax Capital Improvement Projects Fund – The Sales Tax Capital Improvement Projects Fund is used to account for the Town's ½% municipal sales tax securing and funding capital projects debt service for the Town's 2016 sales tax revenue bonds.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of special revenue sources that are restricted or committed for purposes other than debt service or capital projects. The Conservation Trust Fund is a special revenue fund used to account for revenue from the Colorado Lottery restricted for use in parks and recreation acquisition, development and maintenance pursuant to Colorado Revised Statutes. The Open Space Preservation Fund is a special revenue fund used to account for revenue from the Town's Lodging and Occupancy Tax committed for the acquisition of open space lands, conservation and trail easements and development rights.

PROPRIETARY FUNDS

Enterprise Funds – The Water Fund, Wastewater Fund and Refuse Fund 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 (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Measurement Focus and Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town receives value without directly giving equal value in return, consist of property taxes, other taxes and fines and penalties. All assets and all liabilities associated with the operation of the Town are included on the statement of net position.

FUND FINANCIAL STATEMENTS

All governmental funds are accounted for using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between government-wide and governmental fund statements. Under this method, revenues are recognized when measurable and available. The Town considers all revenues available if they are collected within 60 days after year-end. Those revenues susceptible to accrual are property taxes, sales taxes, highway user taxes, and reimbursements from developers for professional fees. because they are both measurable and available to finance expenditures of the current period:

Taxpayer-assessed local property and specific ownership taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for matured principal and interest on general long-term liabilities which are reported as other financing uses.

Like the government-wide financial statements, the enterprise fund is accounted for using a flow of economic resources measurement focus. This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, and revenues are recorded when earned and expenses are recorded when incurred. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of changes in revenues, expenses, and changes in net position, presents increases (e.g., revenues) and decreases (e.g., expenses) in total fund net position. The statement of cash flows reflects how the Town finances and meets the cash flow needs of its enterprise fund.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Budgets and Budgetary Accounting

With the exception of its proprietary funds (see Note 7) the Town's budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. The level of control in the budget at which expenditures exceed appropriations is at the fund level. All annual appropriations lapse at fiscal year end.

Budget Calendar

As required by Colorado statutes, the Town followed required timetables in preparing, approving, and enacting its budget for the ensuing year. The following is a summary of the budget calendar:

1. Prior to August 25, the County Assessor provides the Town the preliminary certified assessed valuation of all taxable property within the Town's boundaries.
2. The Manager, or other qualified persons appointed by the Board of Trustees, submits to the Board of Trustees, on or before October 15, a recommended budget which details the necessary property taxes needed along with other available revenues to meet the Town's operating requirements.
3. A public hearing on the proposed budget and capital program is held by the Board of Trustees no later than 45 days prior to the close of the fiscal year.
4. Prior to December 10, the County Assessor sends the Town the final certified assessed valuation of all taxable property within the Town's boundaries.
5. Prior to December 15, the Town Board of Trustees compute and certify to the County Commissioners a rate of levy that derives the necessary property taxes as computed in the proposed budget.
6. After the required public hearing, the Town Board of Trustees adopts the proposed budget by resolution prior to December 15. The ordinance adopting the budget also legally appropriates expenditures for the upcoming year.
7. After adoption of the budget ordinance, the Town may make by ordinance the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient. At any time during the year, the Town Board of Trustees may, by resolution, transfer part or all of any unexpended funds from one department or office to another.
8. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget.
9. Budget appropriations lapse at the end of each year.

The Town legally adopted annual budgets for all of the Town's funds, and amended the current year appropriations as disclosed in Management's Discussion and Analysis.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

F. Cash and Investments

The Town's policy in determining which items are treated as cash equivalents on the statement of cash flows for the enterprise funds include all cash, demand deposits, treasury bills and other short-term, highly liquid investments (including restricted assets) that are readily convertible to cash and have original maturities of three months or less.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimates fair value. See additional required disclosures for cash and investments in Note 2.

G. Capital Assets/Depreciation

Capital assets purchased or acquired with an original cost in excess of a \$5,000 capitalization threshold set by the Town are reported at historical or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|-----------------------------|-------------|
| Parks/Land Improvements | 10-30 years |
| Buildings/Improvements | 20-50 years |
| Rec Center/Pool/Ice Rink | 20-50 years |
| Equipment | 3-15 years |
| Utility System/Improvements | 15-40 years |
| Other Infrastructure | 20-40 years |

On the government-wide statement of activities, for governmental funds depreciation expense is included in the various expenses of functions or programs for capital assets that can be specifically identified with a function and for "shared" capital assets generally used by only a few functions that can be specifically identified to those functions. Depreciation expense for capital assets that essentially serve all functions are reported as a separate line in the statement of activities as unallocated depreciation (see Note 4).

H. Customer Accounts Receivable

The Town considers customer accounts receivable for water, sewer and trash services to be fully collectible. The Town is empowered to place a lien on real property in the case of nonpayment. Accordingly, no allowance for doubtful accounts is considered necessary.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

I. Property Taxes Receivable and Deferred Inflows

Property taxes are levied on December 15, and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31, net of an estimated uncollectible portion. However, since the taxes are not available to pay current liabilities, the net receivables are recorded as a deferred inflow of resources. Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2015 were collected in 2016 and taxes certified in 2016 will be collected in 2017. Taxes are due on January 1st; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one percent per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

J. Proprietary Funds – Unearned Revenue

Unearned revenues in the Wastewater Fund and Refuse Fund arise from advance billings for services and have been accrued in these enterprise funds. The Water Fund bills for current services, therefore no unearned revenues from utility billings have been accrued in the Water Fund.

K. Proprietary Funds – Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the Town, these revenues are charges for utility services. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise funds.

L. Proprietary Funds – Contributed Capital

Grants and contributions in the enterprise funds which may be used for either operations or capital expenditures at the discretion of the Town are recognized as non-operating revenues. If expenditure of funds is the prime factor for determining eligibility for contributed funds, revenue or contributed capital is recognized at the time of making the expenditure.

M. Inter-fund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the fund providing services and as expenditures/expenses in the fund receiving services. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in the governmental funds and are non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

N. Internal Balances

During the year, the Town may have transactions between funds to finance operations and provide services and to allocate combined cash balances. To the extent that certain transactions or budget transfers between funds have not been paid or received as of year-end, balances of inter-fund amounts receivable or payable are recorded. Any internal inter-fund balances that exist within governmental activities are eliminated on the government-wide statement of net position. At December 31, 2016 there were no outstanding internal inter-fund balances.

O. Compensated Absences

A total of up to 30 days vacation and unlimited days of sick leave per year may be accumulated by each employee. Employees are not paid for accumulated sick leave upon retirement or termination. The Town accrues a liability for compensated absences which meet the following criteria: 1) The Town's obligation relating to employees' rights to receive compensation for future absences is attributable to employees services already rendered; 2) The obligation relates to rights that vest or accumulate; 3) Payment of the compensation is probable; and, 4) The amount can be reasonably estimated. In accordance with the above criteria the Town has accrued a liability for vacation pay which has been earned but not taken by Town employees. The liability for compensated absences for the governmental funds has been accrued on the government-wide statement of net position since it is anticipated that none of the liability will be liquidated with expendable available financial resources. The liability for compensated absences for the enterprise funds has been accrued within each appropriate enterprise fund.

P. Net Position and Fund Balances

In the government-wide financial statements and proprietary funds, net position is classified as follows:

Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component. Accumulated depreciation and the outstanding debt balances that are attributable to (already invested in) the acquisition, construction or improvement of these assets reduce this category.

Restricted – assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by various enabling legislation.

Unrestricted – represents the amount which is not restricted for any purpose. It is the Town's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

P. Net Position and Fund Balances - continued

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

Non-spendable – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of permanently restricted funds to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, when applicable.

Restricted – when constraints are placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation. As discussed in *Note 13*, Colorado voters passed an amendment to the State Constitution, one of the provisions of which requires local governments to establish an emergency reserve which is calculated at 3% of certain expenditures; these funds may only be expended in cases of emergencies as defined by the amendment and are used to fund appropriations only after unrestricted resources are depleted. Special revenue resources in the Conservation Trust Fund are restricted for use in parks and recreation acquisition, development and maintenance pursuant to Colorado Revised Statutes. Accumulated Community Enhancement revenues requiring disbursement approval by Holy Cross Energy are restricted in the Capital Projects Fund. Sales Taxes restricted for Capital Improvement Projects debt service are restricted in the Sales Tax Capital Improvements Projects Fund.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Board of Directors). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts. Special revenue resources in the Open Space Preservation Fund are committed for the acquisition of open space lands, conservation and trail easements and development rights.

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The Town considers available fund balances of the Capital Projects Fund as assigned for future capital outlay.

Unassigned – the residual for the general fund.

It is the Town's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available. Committed and assigned amounts are considered to have been spent first when an expenditure is incurred for purposes for which such categories and unassigned amounts are available.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Q. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

R. Fair Values of Financial Instruments

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pool*, requires disclosures of fair value information about financial instruments. The Town has a number of financial instruments, including cash and equivalents, receivables, accounts payable, and notes payable, none of which are held for trading purposes. The Town estimates that the fair values of its financial instruments at December 31, 2016, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

NOTE 2 - CASH AND INVESTMENTS

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. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

It is the policy of the Town to invest public funds in a manner which will provide the highest investment return with the maximum security, meet the daily cash flow demands of the Town, and conform to all federal, state and local statutes governing the investment of public funds. This policy applies to the investment of all financial assets of all funds of the Town over which it exercises financial control.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - CASH AND INVESTMENTS - continued

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

- . Obligations of the United States and certain U.S. government agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee Valley authority, and certain international agency securities, including the World Bank.
- . General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- . Bankers' acceptances of certain banks
- . Certain securities lending agreements
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools
- . The investing local government's own securities including certificates of participation and lease obligations.

Local Government Investment Pool (ColoTrust)

As of December 31, 2016 the Town had invested \$15,765,117 in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. Substantially all securities owned by COLOTRUST 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 COLOTRUST. These pools are not required to and are not registered with the SEC. As of December 31, 2016, the Town had \$0 invested in COLOTRUST PRIME, and \$15,765,117 invested in COLOTRUST PLUS+. Investments in local government investment pools are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - CASH AND INVESTMENTS – continued

UMB Corporate Trust Services

As of December 31, 2016, the Town has two accounts at UMB Corporate Trust Services which reflect balances from the Town’s 2016 Sales Tax Revenue Bonds restricted in the Capital Improvement Projects Fund. The total balances at December 31 are \$5,883,614 in the capital projects bond account and \$12,528 in the bond cost-of-issuance account. UMB Corporate Trust Services has invested the funds in the Colorado Local Government Liquid Asset Trust COLOTRUST PLUS+ portfolio described in the preceding section.

Total Cash and Cash Equivalents

In order to facilitate the recording of cash transactions and maximize interest earnings, the Town has pooled cash deposits for all funds. The Town maintains accountability for each fund’s equity in pooled cash and investments. Interest earnings for combined funds are generally distributed based on monthly cash balances. A summary of the Town’s cash and cash equivalents at December 31, 2016 are classified below:

| | |
|--|-----------------------------|
| Checking/Savings | \$ 2,131,550 |
| Local Government Investment Pool | 15,765,117 |
| UMB Corporate Trust Services Accounts | <u>5,896,142</u> |
| Total Balances | 23,792,809 |
| Net Outstanding Items | <u>(244,865)</u> |
| Total Cash and Cash Equivalents | <u>\$ 23,547,944</u> |

The Town’s bank deposits were entirely covered by federal depository insurance (FDIC) or uninsured but collateralized under PDPA in accordance with state statute, and had bank balances of \$2,131,550 of which \$259,896 was covered by FDIC insurance and \$1,871,654. by PDPA described above.

Included in cash and cash equivalents are investments rated as follows:

| | <u>Fair Value</u> | <u>Credit Rating</u> | <u>Rating Agency</u> |
|--|-------------------|----------------------|----------------------|
| Colostrust (Local Govt Investment Pool) | \$ 15,765,117 | AAAm | Standard & Poors |
| UMB Corporate Trust Services accounts that are invested in Colostrust (Local Govt Investment Pool) | \$ 5,896,142 | AAAm | Standard & Poors |

Risk Disclosures

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are included in the notes below.

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The Town has deposits in Colostrust Plus+ with ratings as provided above.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - CASH AND INVESTMENTS – continued

Risk Disclosures - continued

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. The Town's policy places no limit on the amount the Town may invest in any one issuer; however the Town maintains general guidelines for investments to ensure proper diversification by security type and institution. All investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by the Public Depository Protection Act, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The Town maintains an investment policy that limits investment maturities to three years as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows. There were no investments subject to interest rate risk disclosure as of December 31, 2016.

The Town was not subject to foreign currency risk as of December 31, 2016.

NOTE 3 - RESTRICTED CASH

Accumulated community enhancement funds, including earnings, are reflected in the Capital Projects Fund as Restricted for Community Enhancement.

A reserve account in the Sales Tax Capital Improvement Projects Fund is restricted for debt service on the Town's 2016 Sales Tax Revenue Bonds, in addition to balances of the UMB Corporate Trust Services accounts which are restricted for capital improvements and bond issuance costs related to the 2016 Sales Tax Revenue Bonds. These amounts are reflected in the Sales Tax Capital Improvement Projects Fund as Restricted for Capital Improvements/Debt Service.

Community Enhancement Funds collected from Holy Cross Energy are restricted to use for beautification projects, energy conservation projects, equipment and technology upgrades for schools, scholarship funds, acquisition of open space and/or park land and development thereof, sponsorship of special community events, and undergoing of overhead electric and other utility lines. The Town must notify Holy Cross Energy of its intended use of the funds, whereby Holy Cross Energy has the right to object, in writing, prior to such expenditure or otherwise waive its right to objection.

The Wastewater Fund has restricted cash balances reflected on its balance sheet for required debt service reserves.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2016 follows:

| <u>GOVERNMENTAL ACTIVITIES</u> | <u>Balances</u> <u>01/01/16</u> | <u>Additions</u> | <u>Dispositions/ Reclassif.</u> | <u>Balances</u> <u>12/31/16</u> |
|--|------------------------------------|-----------------------|-------------------------------------|------------------------------------|
| Non-depreciable Assets: | | | | |
| Land and Easements | \$ 3,262,907 | \$ 149,000 | \$ - | \$ 3,411,907 |
| Construction in Progress | 4,670,151 | 9,424 | (4,638,781) | 40,794 |
| Depreciable Capital Assets: | | | | |
| Park/Land Improvements | 3,450,232 | 202,425 | - | 3,652,657 |
| Buildings/Improvements | 4,862,734 | 79,583 | - | 4,942,317 |
| Rec Center/Pool/Ice Rink | 5,235,122 | - | - | 5,235,122 |
| Equipment | 3,085,864 | 221,963 | (111,369) | 3,196,458 |
| Infrastructure | <u>25,297,879</u> | <u>-</u> | <u>4,638,781</u> | <u>29,936,660</u> |
| Total at Historical Cost | 49,864,889 | 662,395 | (111,369) | 50,415,915 |
| <i>Less Accumulated Depreciation</i> | <u>(20,652,539)</u> | <u>(1,879,733)</u> | <u>61,813</u> | <u>(22,470,459)</u> |
| GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET | <u>\$ 29,212,350</u> | <u>\$ (1,217,338)</u> | <u>\$ (49,556)</u> | <u>\$ 27,945,456</u> |

For the fiscal year ending December 31, 2016, depreciation expense for governmental activities was recorded on the statement of activities as follows:

| | |
|----------------------------------|---------------------|
| General Government | \$ 227,060 |
| Public Safety | 54,941 |
| Public Works – Streets | 91,864 |
| Public Works – Buildings/Grounds | 63,300 |
| Information Center | 1,135 |
| Open Space | 784 |
| Unallocated Depreciation | <u>1,440,649</u> |
| Total Governmental Depreciation | <u>\$ 1,879,733</u> |

| <u>BUSINESS-TYPE ACTIVITIES</u> | <u>Balances</u> <u>01/01/16</u> | <u>Additions</u> | <u>Dispositions/ Reclassif.</u> | <u>Balances</u> <u>12/31/16</u> |
|---|------------------------------------|---------------------|-------------------------------------|------------------------------------|
| Non-depreciable Assets: | | | | |
| Land and Easements | \$ 170,571 | \$ - | \$ - | \$ 170,571 |
| Water Rights | 9,144,376 | - | - | 9,144,376 |
| Construction in Progress | 3,132,503 | 600,792 | (1,598,485) | 2,134,810 |
| Depreciable Capital Assets: | | | | |
| Buildings/Improvements | 117,901 | - | - | 117,901 |
| Equipment | 428,171 | 55,460 | (105,771) | 377,860 |
| Infrastructure-Plant/Facility | 427,399 | - | - | 427,399 |
| Infrastructure-Utility System | <u>39,965,876</u> | <u>164,664</u> | <u>1,598,485</u> | <u>41,729,025</u> |
| Total at Historical Cost | 53,386,797 | 820,916 | (105,771) | 54,101,942 |
| <i>Less Accumulated Depreciation</i> | <u>(13,026,446)</u> | <u>(1,159,151)</u> | <u>95,194</u> | <u>(14,090,403)</u> |
| BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET | <u>\$ 40,360,351</u> | <u>\$ (338,235)</u> | <u>\$ (10,577)</u> | <u>\$ 40,011,539</u> |

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 - CAPITAL ASSETS - continued

For the fiscal year ending December 31, 2016, depreciation expense for business-type activities was recorded on the statement of activities as follows:

| | |
|----------------------------------|---------------------|
| Water Utility | \$ 371,179 |
| Wastewater Utility | 786,552 |
| Refuse Utility | <u>1,420</u> |
| Total Business-type Depreciation | <u>\$ 1,159,151</u> |

NOTE 5 - LONG-TERM OBLIGATIONS

Changes in long-term obligations during fiscal year ended December 31, 2016 follows:

| <u>GOVERNMENTAL ACTIVITIES</u> | <u>Balances 01/01/16</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balances 12/31/16</u> | <u>Amounts Due Within One Year</u> |
|--|------------------------------|---------------------|-----------------------|------------------------------|--|
| Bonds | | | | | |
| Series 2016 | \$ - | \$ 5,200,000 | \$ - | \$ 5,200,000 | \$ 85,000 |
| '16 Premium | - | 967,936 | (11,144) | 956,792 | 48,924 |
| Compensated Absences - | <u>116,086</u> | <u>116,212</u> | <u>(126,126)</u> | <u>106,172</u> | <u>-</u> |
| GOVERNMENTAL LONG-TERM OBLIGATIONS | <u>\$ 116,086</u> | <u>\$ 6,284,148</u> | <u>\$ (137,270)</u> | <u>\$ 6,262,964</u> | <u>\$ 133,924</u> |
| | | | | | |
| <u>BUSINESS-TYPE ACTIVITIES</u> | <u>Balances 01/01/16</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balances 12/31/16</u> | <u>Amounts Due Within One Year</u> |
| Notes Payable | | | | | |
| '96 CWCB Loan | \$ 50,250 | \$ - | \$ (9,307) | \$ 40,943 | \$ 9,587 |
| '97 CWRPDA | 316,629 | - | (150,264) | 166,365 | 166,365 |
| '07 CWRPDA | 9,119,220 | - | (562,848) | 8,556,372 | 579,084 |
| '07 Premium | 305,864 | - | (23,528) | 282,336 | 23,528 |
| '11 CWRPDA | 1,074,227 | - | (57,588) | 1,016,639 | 58,745 |
| Bonds | | | | | |
| Series 2013P | 2,135,112 | - | (210,339) | 1,924,773 | 216,607 |
| Compensated Absences - | <u>36,200</u> | <u>29,885</u> | <u>(26,966)</u> | <u>39,119</u> | <u>-</u> |
| BUSINESS-TYPE LONG-TERM OBLIGATIONS | <u>\$13,037,502</u> | <u>\$ 29,885</u> | <u>\$ (1,040,840)</u> | <u>\$ 12,026,547</u> | <u>\$1,053,916</u> |

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS - continued

GOVERNMENTAL ACTIVITIES – LONG-TERM OBLIGATIONS

Bonds, notes payable and loan obligations of the Town’s governmental activities are comprised of the following:

Bonds Payable:

2016 Series Sales Tax Revenue Bonds:

Sales Tax Revenue Bonds were issued on September 9, 2016 in the original amount of \$5,200,000, plus a premium of \$967,936. The interest rate varies from 4.00% to 5.00%, payable semi-annually on June 1 and December 1, principal payable December 1. The bonds were issued to: (i) acquire, develop and construct a river park in the town; (ii) improve, construct and maintain the Town’s parks, multi-use recreational facilities and paved paths; (iii) fund the initial deposit to the bond reserve account; and (iv) pay costs of issuance in connection with the issuance of the bonds. The Bonds constitute special, limited obligations of the Town payable solely from “pledged revenues” consisting of proceeds derived by the Town from voter approved sales taxes at a rate of one-half of one percent (0.5%). The total outstanding balance at December 31, 2016 is \$5,200,000. The Town’s Sales Tax Capital Improvement Projects Fund is being used to collect sales taxes and pay debt service on the Bonds. The annual requirements to amortize principal and interest on the bonds are as follows:

| <u>Year Ended</u> <u>December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|---------------------|---------------------|---------------------|
| 2017 | \$ 85,000 | \$ 234,538 | \$ 319,538 |
| 2018 | 90,000 | 231,137 | 321,137 |
| 2019 | 95,000 | 227,538 | 322,538 |
| 2020 | 95,000 | 223,737 | 318,737 |
| 2021 | 100,000 | 219,938 | 319,938 |
| 2022-2026 | 575,000 | 1,035,687 | 1,610,687 |
| 2027-2031 | 700,000 | 910,688 | 1,610,688 |
| 2032-2036 | 855,000 | 749,887 | 1,604,887 |
| 2037-2041 | 1,075,000 | 521,313 | 1,596,313 |
| 2042-2046 | 1,530,000 | 232,275 | 1,762,275 |
| | <u>\$ 5,200,000</u> | <u>\$ 4,586,738</u> | <u>\$ 9,786,738</u> |

The premium on the 2016 Series Bonds is being accreted over the term of the bond as a percentage of annual interest which approximates accretion at the effective interest rate. Total current year premium accretion of \$11,144 is included in governmental activities interest and fiscal charges on long-term debt. The net outstanding premium at December 31, 2016 is \$956,792.

Accrued Liabilities – Compensated Absences

Accrued liabilities consist of the accrual for compensated absences – vacations earned by the Town’s employees but not taken by December 31, 2016. Total accrued compensated absences as of year-end for governmental activities were \$106,172.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS - continued

BUSINESS-TYPE ACTIVITIES – LONG-TERM OBLIGATIONS

Bonds, notes payable and loan obligations of the Town’s business-type activities are comprised of the following:

Notes Payable:

1996 CWCB Loan

Water storage tank loan issued on December 31, 1996 in the original amount of \$183,569, payable to the Colorado Water Conservation Board in annual installments of \$10,815 through 2020 at 3.00%. The total outstanding balance at December 31, 2016 is \$40,943. The loan is carried in the Water Fund. Annual requirements to amortize principal and interest on the installment note payable are as follows:

| <u>Year Ended December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------------|------------------|-----------------|------------------|
| 2017 | \$ 9,587 | \$ 1,228 | \$ 10,815 |
| 2018 | 9,874 | 941 | 10,815 |
| 2019 | 10,171 | 644 | 10,815 |
| 2020 | 11,311 | 340 | 11,651 |
| | <u>\$ 40,943</u> | <u>\$ 3,153</u> | <u>\$ 44,096</u> |

1997 CWRPDA Loan

The Town entered into a water pollution control revolving fund loan agreement with the Colorado Water Resources and Power Development Authority dated May 1, 1997 in the original amount of \$2,345,204. The loan carries an interest rate of 4.533% and is payable in 20 annual installments on August 1. The loan is carried in the Wastewater Fund. The loan has a total annual administrative fee of \$7,036 payable through 2017. The total outstanding balance at December 31, 2016 is \$166,365. Annual requirements to amortize principal and interest on the loan are as follows:

| <u>Year Ended December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------------|-------------------|-----------------|-------------------|
| 2017 | \$ 166,365 | \$ 420 | \$ 166,785 |
| | <u>\$ 166,365</u> | <u>\$ 420</u> | <u>\$ 166,785</u> |

During the fiscal year ended December 31, 2016, the CRWPDA refinanced the 1997 CWRPDA loan and is passing through the anticipated savings to the Town on an annual basis, resulting in a total anticipated present value savings over the term of the loan of approximately \$4,341 (or 1.47%) to be recognized in the Wastewater Fund as received. The future anticipated savings to be recognized over the term of the loan is as follows:

| <u>Year Ended December 31,</u> | <u>Anticipated Savings</u> |
|------------------------------------|--------------------------------|
| 2017 | \$ 4,435 |
| | <u>\$ 4,435</u> |

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS - continued

BUSINESS-TYPE ACTIVITIES – LONG-TERM OBLIGATIONS - continued

Notes Payable - continued:

2007 CWRPDA Loan

The Town entered into a water pollution control revolving fund loan agreement with the Colorado Water Resources and Power Development Authority dated May 31, 2007 in the original amount of \$11,505,912 plus a premium of \$494,088 for the purpose of expansion of the extended aeration activated sludge plant conversion to a conventional activated sludge process. The loan is a 21-year leveraged loan that carries an interest rate of 3.5% and is payable in 43 semi-annual installments on February 1 and August 1. The total outstanding balance at December 31, 2016 is \$8,556,372. The loan is carried in the Wastewater Fund. The loan has a total annual administrative fee payable of \$92,047 through 2026, \$57,530 in 2027 and \$23,012 in 2028. Annual requirements to amortize principal and interest on the loan are as follows:

| <u>Year Ended</u> <u>December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|---------------------|---------------------|----------------------|
| 2017 | \$ 579,084 | \$ 249,243 | \$ 828,327 |
| 2018 | 595,320 | 231,552 | 826,872 |
| 2019 | 611,556 | 213,366 | 824,922 |
| 2020 | 633,204 | 194,683 | 827,887 |
| 2021 | 649,440 | 175,339 | 824,779 |
| 2022-2026 | 3,734,280 | 555,946 | 4,290,226 |
| 2027-2028 | <u>1,753,488</u> | <u>62,766</u> | <u>1,816,254</u> |
| | <u>\$ 8,556,372</u> | <u>\$ 1,682,895</u> | <u>\$ 10,239,267</u> |

The premium on the 2007 CWRPDA Note is being accreted annually at an equal rate over the term of the note which does not differ materially from the effective interest rate. Total current year premium accretion of \$23,528 is included in the business-type activities wastewater utility function. The net outstanding premium at December 31, 2016 is \$282,336.

During the fiscal year ended December 31, 2016, the CRWPDA refinanced the 2007 CWRPDA loan and is passing through the anticipated savings to the Town on an annual basis, resulting in a total anticipated present value savings over the term of the loan of approximately \$635,222 (or 7.78%) to be recognized in the Wastewater Fund as received. The future anticipated savings to be recognized over the term of the loan is as follows:

| <u>Year Ended</u> <u>December 31,</u> | <u>Anticipated</u> <u>Savings</u> |
|--|--------------------------------------|
| 2017 | \$ 56,386 |
| 2018 | 56,715 |
| 2019 | 58,948 |
| 2020 | 58,450 |
| 2021 | 55,326 |
| 2022-2026 | 286,246 |
| 2027-2028 | <u>114,026</u> |
| | <u>\$ 686,097</u> |

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS - continued

BUSINESS-TYPE ACTIVITIES – LONG-TERM OBLIGATIONS - continued

Notes Payable - continued:

2011 CWRPDA Loan

The Town entered into a water pollution control revolving fund loan agreement with the Colorado Water Resources and Power Development Authority dated January 21, 2011, in the original amount of \$1,288,966 for rehabilitation of the downtown wastewater collection system. The loan is a 20-year loan that carries an interest rate of 2.0% and is payable in 40 semi-annual installments (beginning May 1, 2012) on May 1 and November 1. The total outstanding balance at December 31, 2016 is \$1,016,639. The loan is carried in the Wastewater Fund. The loan has a total annual administrative fee payable as indicated below.

| | |
|-----------|-------------------|
| 2017 | \$ 17,500 |
| 2018 | 16,500 |
| 2019 | 15,000 |
| 2020 | 15,000 |
| 2021 | 10,000 |
| 2022-2026 | 29,000 |
| 2027-2031 | 4,735 |
| | <u>\$ 107,735</u> |

The annual requirements to amortize principal and interest on the loan are as follows:

| <u>Year Ended</u> <u>December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|---------------------|------------------|---------------------|
| 2017 | \$ 58,745 | \$ 2,541 | \$ 61,286 |
| 2018 | 59,926 | 2,360 | 62,286 |
| 2019 | 61,130 | 2,655 | 63,785 |
| 2020 | 62,359 | 1,427 | 63,786 |
| 2021 | 63,613 | 5,173 | 68,786 |
| 2022-2026 | 337,764 | 27,164 | 364,928 |
| 2027-2031 | 373,102 | 16,092 | 389,194 |
| | <u>\$ 1,016,639</u> | <u>\$ 57,412</u> | <u>\$ 1,074,051</u> |

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS - continued

BUSINESS-TYPE ACTIVITIES – LONG-TERM OBLIGATIONS - continued

Bonds Payable:

2013 Series Water Enterprise Revenue Refunding Bond:

Water Enterprise Revenue Refunding Bonds were issued July 26, 2013 in the amount of \$2,605,868 in order to refund the Town’s 2004 Series Water Enterprise Revenue Bonds in the amount of \$2,555,000 plus bond issue costs of \$34,029 and accrued interest of \$16,839. The refunding did not result in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,555,000. The Town completed the refunding to reduce its total debt service payments through December 1, 2024 by \$192,803 and obtain an economic gain (difference between the present values of the old and new debt service payments) of \$182,301. The net effective interest rate is 2.98%, payable semi-annually on June 1 and December 1, principal payable December 1, with final maturity December 1, 2024. The 2013 Bond does not constitute a general obligation of the Town and is a special, limited obligation of the Town, with the principal and interest payable solely from net revenues of the Town’s water system. The Series 2013 Bond is subject to optional redemption, in whole, at 100% of the principal amount to be redeemed plus accrued interest to the redemption date. The total outstanding balance at December 31, 2016 is \$1,924,773. The Bonds are carried in the Water Fund. The Series 2013 Bond is subject to mandatory sinking fund redemption from sinking fund principal and interest installments as follows:

| <u>Year Ended</u> <u>December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|---------------------|-------------------|---------------------|
| 2017 | \$ 216,607 | \$ 57,358 | \$ 273,965 |
| 2018 | 223,062 | 50,903 | 273,965 |
| 2019 | 229,709 | 44,256 | 273,965 |
| 2020 | 236,554 | 37,411 | 273,965 |
| 2021 | 243,603 | 30,362 | 273,965 |
| 2022-2024 | <u>775,238</u> | <u>46,656</u> | <u>821,894</u> |
| | <u>\$ 1,924,773</u> | <u>\$ 266,946</u> | <u>\$ 2,191,719</u> |

Accrued Liabilities – Compensated Absences

Compensated absences consist of the accrual for vacation and comp time earned by the Town’s employees but not taken by December 31, 2016. Total accrued compensated absences as of year-end for business-type activities were \$39,119.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 6 - DEFINED CONTRIBUTION PLAN

The Town of Eagle provides a defined contribution pension plan for full time employees adopted as a prototype money purchase plan. Pension expense is recognized in accrual-based financial statements equal to the contributions and/or credits that the terms of the plan require in return for employee service in that year, as reduced by forfeitures under the plan. The Town contributes 6% of gross payroll per eligible employee annually to this plan, plus an additional matching contribution of 1% for contributing employees. There are no forfeiture provisions from employee accounts under the plan beyond vesting as described in the following paragraph.

Total covered payroll for the year subject to participation was \$1,843,734 compared to total payroll of \$2,596,382. The Town's retirement contribution for the year ended December 31, 2016 was \$129,061. All employees are vested at 20% per year and are 100% vested after 5 years. There was no outstanding employer liability at year-end.

NOTE 7 - PROPRIETARY FUND BUDGETS

Budgets for proprietary funds are adopted on a basis that is not consistent with GAAP but, instead, adopts the spending measurement focus of governmental funds. The additional supplemental information following the notes to the financial statements provides detail budgetary comparisons for the proprietary funds. A summary of the adjustments necessary to convert to the budgetary basis from GAAP follows:

| | <u>WATER ENTERPRISE FUND</u> | | |
|-----------------------------------|------------------------------|---------------|---|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
| <u>Revenues:</u> | | | |
| GAAP Operating Revenues | \$ 2,932,348 | \$ 2,943,889 | \$ 11,541 |
| GAAP Non-Operating Revenues | 400,520 | 393,187 | (7,333) |
| Total Budgetary Revenues | 3,332,868 | 3,337,076 | 4,208 |
| <u>Expenses:</u> | | | |
| GAAP Operating Expenses | 1,326,107 | 1,556,564 | (230,457) |
| GAAP Non-Operating Expenses | 125,134 | 124,612 | 522 |
| Add: Debt Service Principal | 219,646 | 219,646 | - |
| Add: Capital Outlay | 1,113,501 | 765,456 | 348,045 |
| Change In: Accrued Interest | - | 522 | (522) |
| Change In: Vacation/Comp Time | - | (217) | 217 |
| Less: Depreciation & Amortization | - | (371,179) | 371,179 |
| Total Budgetary Expenditures | 2,784,388 | 2,295,404 | 488,984 |
| Net Income (Loss)-Budgetary | \$ 548,480 | \$ 1,041,672 | \$ 493,192 |

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 7 - PROPRIETARY FUND BUDGETS - continued

| WASTEWATER ENTERPRISE FUND | | | |
|---------------------------------|--------------|--------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| <u>Revenues:</u> | | | |
| GAAP Operating Revenues | \$ 2,101,000 | \$ 2,106,201 | \$ 5,201 |
| GAAP Non-Operating Revenues | 600,232 | 610,360 | 10,128 |
| Less: Accretion of Bond Premium | - | (23,528) | (23,528) |
| Total Budgetary Revenues | 2,701,232 | 2,693,033 | (8,199) |
| <u>Expenses:</u> | | | |
| GAAP Operating Expenses | 823,674 | 1,526,000 | (702,326) |
| GAAP Non-Operating Expenses | 468,451 | 434,100 | 34,351 |
| Add: Debt Service Principal | 770,700 | 770,700 | - |
| Add: Capital Outlay | 58,644 | 55,460 | 3,184 |
| Change in Accrued Interest | - | 8,669 | (8,669) |
| Change In: Vacation/Comp Time | - | (2,703) | 2,703 |
| Less: Depreciation | - | (786,552) | 786,552 |
| Total Budgetary Expenditures | 2,121,469 | 2,005,674 | 115,795 |
| Net Income (Loss)-Budgetary | \$ 579,763 | \$ 687,359 | \$ 107,596 |

| REFUSE ENTERPRISE FUND | | | |
|------------------------------|------------|------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| <u>Revenues:</u> | | | |
| GAAP Operating Revenues | \$ 577,000 | \$ 574,900 | \$ (2,100) |
| GAAP Non-Operating Revenues | 1,060 | (9,470) | (10,530) |
| GAAP Transfers | 10,577 | 10,577 | - |
| Less: Net Asset Disposition | - | 10,577 | 10,577 |
| Total Budgetary Revenues | 588,637 | 586,584 | (2,053) |
| <u>Expenses:</u> | | | |
| GAAP Operating Expenses | 529,500 | 515,739 | 13,761 |
| GAAP Non-Operating Expenses | 28,750 | 28,750 | - |
| Less: Depreciation | - | (1,420) | 1,420 |
| Total Budgetary Expenditures | 558,250 | 543,069 | 15,181 |
| Net Income (Loss)-Budgetary | \$ 30,387 | \$ 43,515 | \$ 13,128 |

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 8 - 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 is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a joint self insurance pool created by an intergovernmental agreement of 163 municipalities to provide property, general and automobile liability and public official coverage to its members. CIRSA is governed by a seven member Board elected by and from its members. Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and that amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

The Town continues to carry commercial insurance coverage for other risks of loss including workers compensation and employee health and accident insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9 - CONTINGENCIES

During the normal course of business, the Town incurs claims and other assertions against it from various agencies and individuals. Management and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2016.

NOTE 10 - POST-EMPLOYMENT HEALTHCARE COVERAGE

The Town provides post-employment healthcare coverage as an employee benefit for eligible retirees. To be eligible, retirees must have 1) twenty (20) years of service with the Town of Eagle and be sixty (60) years of age; or 2) thirty (30) years of service with the Town of Eagle and be fifty-five (55) years of age. This benefit ends when the retiree becomes eligible for Medicare. As of December 31, 2016 there are no eligible retirees receiving post-employment healthcare coverage benefits.

NOTE 11 - INTERGOVERNMENTAL AGREEMENTS

Eagle Pool and Ice Rink

The Town of Eagle and the Western Eagle County Metropolitan Recreation District entered into an agreement for ownership and operation of a recreation facility, consisting of a community swimming pool and ice rink. The District and Town each have a one-half interest in all fixtures and associated equipment, furnishings and personal property. The District operates and maintains the Recreation Facilities and the Town retains full fee simple title to the ground upon which the Recreation Facilities are constructed.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 12 - EMPLOYEE HOME OWNERSHIP PROGRAM

In 2008, the Town approved an Employee Home Ownership Program (EHOP) to provide for primary residence down payment loan assistance. Regular full-time permanent employees with at least 18 months of service with the Town may be eligible for up to 20% of the purchase price or \$50,000, whichever is less. The employee must make a minimum contribution towards the purchase price and related settlement charges equal to \$3,000. Interest shall not accrue provided employment has been maintained through the term of the loan. In the event of loss of eligibility or default under terms of the Promissory Note and Deed of Trust, interest shall be applied retroactive to the original note date. As of December 31, 2016, five employees have enrolled in this program of which three have remaining balances. Total notes receivable in the total amount of \$144,850 and available repaid balances of \$22,756 held by the program are recorded in the General Fund.

NOTE 13 - COMPLIANCE

A. Contraband

The Colorado Contraband Forfeiture Act (C.R.S. 16-13-501 to 511) addresses the accounting for proceeds from the seizure of contraband. These funds must be used for the specific purpose of law enforcement activities. While these proceeds are exempt from the appropriation process, they are subject to the Local Government Audit Law (C.R.S. 29-1-601 to 608). For the year ended December 31, 2016 no such proceeds were received by the Town and as such are not included in the Town's audited financial statements.

B. CWRPDA Loan Covenants

According to the loan agreement dated May 1, 1997, the Town of Eagle covenants to:

- 1) Levy ad valorem taxes at a sufficient rate to pay the principal and interest due on the loan, but not to exceed \$271,150.
- 2) Maintain a three month operations and maintenance reserve fund.

According to the loan agreement dated January 1, 2011, the Town of Eagle covenants to:

- 1) Establish and collect such rates, fees, and charges for the use or sale of products and services of the system, together with other moneys available therefore, as expected to produce gross revenue for each calendar year at a sufficient rate for to pay the sum of a) operation and maintenance expenses; b) 110% of debt service due for such calendar year (plus amounts due on any additional liens on the pledged property, if applicable).
- 2) Maintain a three month operations and maintenance reserve fund.
- 3) Comply with the requirements of the Davis Bacon Act, 40 USC Sec. 3140-3148.

As of December 31, 2016, the Town was in compliance with such covenants.

TOWN OF EAGLE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 14 - TAX, SPENDING AND DEBT LIMITATION

TABOR Amendment – Revenue and Spending Limitation Agreement

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all Colorado local governments.

The initial base for local government spending and revenue limits was June 30, 1993 Fiscal Year Spending. Future 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. 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 to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic condition, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The required reserve at December 31, 2016 is \$135,000 in the General Fund and \$15,000 in the Capital Projects Fund.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Except for bond refinancing at a lower interest rate or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments. In 1994 the Town's electorate voted to allow the Town to collect, retain, and expend revenues notwithstanding any of TABOR'S restrictions. The Town's management believes it is in compliance with the financial 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 (and qualification of a fund as an Enterprise Fund) will require judicial interpretation.

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2016 through the issuance date of this report. There has been no material event noted during this period that would impact the results reflected in this report or the Town's results going forward.

REQUIRED SUPPLEMENTAL INFORMATION

GENERAL & SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULES

TOWN OF EAGLE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2016

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|--------------|--|
| <u>Revenues:</u> | | | | |
| Local Taxes and Assessments | \$ 4,263,993 | \$ 4,502,244 | \$ 4,523,061 | \$ 20,817 |
| Licenses and Permits | 224,140 | 266,966 | 274,270 | 7,304 |
| Intergovernmental | 450,590 | 473,348 | 474,751 | 1,403 |
| Charges for Services | 240,150 | 275,550 | 268,042 | (7,508) |
| Fines, Forfeits and Penalties | 59,500 | 91,050 | 122,131 | 31,081 |
| Information Center Sales | 216,800 | 253,461 | 268,686 | 15,225 |
| Interest | 1,700 | 5,300 | 12,718 | 7,418 |
| Miscellaneous – Rental Income | 1,200 | 6,765 | 6,435 | (330) |
| Miscellaneous – Gain on Sale of Assets | 20,000 | 24,250 | 42,733 | 18,483 |
| Miscellaneous – Grants and Contributions | 16,000 | 18,000 | 39,744 | 21,744 |
| Miscellaneous – Other | 14,500 | 14,500 | 15,996 | 1,496 |
| Total Revenues | 5,508,573 | 5,931,434 | 6,048,567 | 117,133 |
| <u>Expenditures:</u> | | | | |
| General Government | 1,478,219 | 1,491,721 | 1,381,599 | 110,122 |
| Public Safety | 1,479,414 | 1,465,938 | 1,438,747 | 27,191 |
| Public Works – Streets | 1,404,016 | 1,188,271 | 1,058,100 | 130,171 |
| Public Works – Buildings & Grounds | 660,713 | 543,265 | 506,707 | 36,558 |
| Information Center | 200,489 | 224,657 | 242,866 | (18,209) |
| Marketing | 236,017 | 255,835 | 216,727 | 39,108 |
| Total Expenditures | 5,458,868 | 5,169,687 | 4,844,746 | 324,941 |
| Excess Revenues Over (Under) Expenditures | 49,705 | 761,747 | 1,203,821 | 442,074 |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Transfers In (Out) | (650,000) | (660,577) | (660,577) | - |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses) | (600,295) | 101,170 | 543,244 | 442,074 |
| Fund Balances – Beginning | 2,081,294 | 2,562,939 | 2,562,939 | - |
| Fund Balances – Ending | \$ 1,480,999 | \$ 2,664,109 | \$ 3,106,183 | \$ 442,074 |

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

TOWN OF EAGLE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – CONSERVATION TRUST FUND
For the Year Ended December 31, 2016

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|-------------------------|------------------|---|
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$ 32,500 | \$ 34,800 | \$ 36,626 | \$ 1,826 |
| Interest | <u>60</u> | <u>280</u> | <u>298</u> | <u>18</u> |
| Total Revenues | <u>32,560</u> | <u>35,080</u> | <u>36,924</u> | <u>1,844</u> |
| <u>Expenditures:</u> | | | | |
| General Government | <u>26,000</u> | <u>26,000</u> | <u>-</u> | <u>26,000</u> |
| Total Expenditures | <u>26,000</u> | <u>26,000</u> | <u>-</u> | <u>26,000</u> |
| Excess Revenues Over (Under) Expenditures | 6,560 | 9,080 | 36,924 | 27,844 |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Transfers In (Out) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses) | 6,560 | 9,080 | 36,924 | 27,844 |
| Fund Balances – Beginning | <u>27,043</u> | <u>27,253</u> | <u>27,253</u> | <u>-</u> |
| Fund Balances – Ending | <u>\$ 33,603</u> | <u>\$ 36,333</u> | <u>\$ 64,177</u> | <u>\$ 27,844</u> |

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

TOWN OF EAGLE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – OPEN SPACE PRESERVATION
For the Year Ended December 31, 2016

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|-------------------------|-------------------|---|
| <u>Revenues:</u> | | | | |
| Taxes-Local | \$ 124,000 | \$ 132,000 | \$ 134,133 | \$ 2,133 |
| Intergovernmental Grants | - | 51,015 | 50,165 | (850) |
| Charges for Services | 300 | 37,827 | 55,554 | 17,727 |
| Interest | 2,000 | 6,100 | 6,764 | 664 |
| Miscellaneous | <u>-</u> | <u>-</u> | <u>500</u> | <u>500</u> |
| Total Revenues - Budgetary | <u>126,300</u> | <u>226,942</u> | <u>247,116</u> | <u>20,174</u> |
| <u>Expenditures:</u> | | | | |
| Open - space Preservation | <u>533,784</u> | <u>502,001</u> | <u>457,278</u> | <u>44,723</u> |
| Total Expenditures - Budgetary | <u>533,784</u> | <u>502,001</u> | <u>457,278</u> | <u>44,723</u> |
| Excess Revenues Over (Under) Expenditures | (407,484) | (275,059) | (210,162) | 64,897 |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Transfers In (Out) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses) | (407,484) | (275,059) | (210,162) | 64,897 |
| Fund Balances–Beginning | <u>1,074,074</u> | <u>1,057,779</u> | <u>1,057,779</u> | <u>-</u> |
| Fund Balances–Ending | <u>\$ 666,590</u> | <u>\$ 782,720</u> | <u>\$ 847,617</u> | <u>\$ 64,897</u> |

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

OTHER SUPPLEMENTAL INFORMATION

GENERAL FUND

TOWN OF EAGLE, COLORADO
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2016

| | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|---------------------|---------------------|--|
| REVENUES & OTHER FINANCING SOURCES: | | | |
| TAXES – LOCAL: | | | |
| Real Property Taxes | \$ 255,403 | \$ 254,680 | \$ (723) |
| Specific Ownership Taxes | 20,100 | 20,155 | 55 |
| Sales Taxes – General | 3,699,338 | 3,736,495 | 37,157 |
| Severance Tax Refund | 413 | 413 | - |
| Franchise Taxes | 224,781 | 211,798 | (12,983) |
| Marketing Taxes | 132,000 | 134,127 | 2,127 |
| Occupation Taxes | 170,209 | 165,393 | (4,816) |
| TOTAL TAXES - LOCAL | <u>4,502,244</u> | <u>4,523,061</u> | <u>20,817</u> |
| LICENSES & PERMITS: | | | |
| Business and Liquor Licenses | 38,466 | 36,872 | (1,594) |
| Marketing Fee | 7,500 | 7,380 | (120) |
| Building and Other Permits | 221,000 | 230,018 | 9,018 |
| TOTAL LICENSES & PERMITS | <u>266,966</u> | <u>274,270</u> | <u>7,304</u> |
| INTERGOVERNMENTAL | | | |
| Motor Vehicle License Fee | 28,000 | 28,324 | 324 |
| Highway Users Tax | 222,000 | 222,051 | 51 |
| Cigarette Tax | 10,350 | 11,337 | 987 |
| Road & Bridge Tax | 79,309 | 78,666 | (643) |
| County Sales Tax | 133,000 | 133,684 | 684 |
| Federal Mineral Lease Revenues | 689 | 689 | - |
| TOTAL INTERGOVERNMENTAL | <u>473,348</u> | <u>474,751</u> | <u>1,403</u> |
| CHARGES FOR SERVICES | | | |
| Planning and Zoning Fees & Reimbursements | 86,000 | 74,564 | (11,436) |
| Facility Usage Fees & Deposits | 31,600 | 35,524 | 3,924 |
| Other Reimbursable Income | 9,200 | 9,204 | 4 |
| Administrative Services – Enterprise Funds | 148,750 | 148,750 | - |
| TOTAL CHARGES FOR SERVICES | <u>275,550</u> | <u>268,042</u> | <u>(7,508)</u> |
| FINES, FORFEITS & PENALTIES – TOTAL | <u>91,050</u> | <u>122,131</u> | <u>31,081</u> |
| INFORMATION CENTER SALES – TOTAL | <u>253,461</u> | <u>268,686</u> | <u>15,225</u> |
| INTEREST INCOME – TOTAL | <u>5,300</u> | <u>12,718</u> | <u>7,418</u> |
| MISCELLANEOUS/OTHER | | | |
| Rental Income | 6,765 | 6,435 | (330) |
| Gain on Sale of Assets | 24,250 | 42,733 | 18,483 |
| Grants and Contributions | 18,000 | 39,744 | 21,744 |
| Other | 14,500 | 15,996 | 1,496 |
| TOTAL MISCELLANEOUS/OTHER | <u>63,515</u> | <u>104,908</u> | <u>41,393</u> |
| OTHER FINANCIAL SOURCES: | | | |
| Operating Transfers In-TOTAL | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>\$ 5,931,434</u> | <u>\$ 6,048,567</u> | <u>\$ 117,133</u> |

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

TOWN OF EAGLE, COLORADO
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES– BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2016

| | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--|---------------------|---------------------|--|
| EXPENDITURES & OTHER FINANCING USES: | | | |
| GENERAL GOVERNMENT: | | | |
| Personnel Services | \$ 871,047 | \$ 845,669 | \$ 25,378 |
| Supplies | 16,000 | 15,842 | 158 |
| Purchased Services | 408,386 | 343,103 | 65,283 |
| Insurance | 53,188 | 53,178 | 10 |
| Capital Outlay | 71,600 | 63,107 | 8,493 |
| Community Requests/Grants | 61,500 | 60,700 | 800 |
| Contingency | 10,000 | - | 10,000 |
| TOTAL GENERAL GOVERNMENT | 1,491,721 | 1,381,599 | 110,122 |
| PUBLIC SAFETY: | | | |
| Personnel Services | 1,140,716 | 1,103,669 | 37,047 |
| Supplies | 49,300 | 53,408 | (4,108) |
| Purchased Services | 255,953 | 259,701 | (3,748) |
| Insurance | 19,969 | 21,969 | (2,000) |
| TOTAL PUBLIC SAFETY | 1,465,938 | 1,438,747 | 27,191 |
| PUBLIC WORKS – STREETS: | | | |
| Personnel Services | 654,264 | 600,900 | 53,364 |
| Supplies | 149,799 | 138,661 | 11,138 |
| Purchased Services | 364,690 | 298,103 | 66,587 |
| Insurance | 19,518 | 20,436 | (918) |
| TOTAL PUBLIC WORKS - STREETS | 1,188,271 | 1,058,100 | 130,171 |
| PUBLIC WORKS – BUILDINGS & GROUNDS: | | | |
| Personnel Services | 289,338 | 279,551 | 9,787 |
| Supplies | 80,300 | 72,579 | 7,721 |
| Purchased Services | 158,313 | 139,830 | 18,483 |
| Insurance | 15,314 | 14,747 | 567 |
| TOTAL PUBLIC WORKS – BLDGS & GROUNDS | 543,265 | 506,707 | 36,558 |
| INFORMATION CENTER: | | | |
| Personnel Services | 72,840 | 72,073 | 767 |
| Supplies | 3,300 | 3,151 | 149 |
| Purchased Services | 11,017 | 11,292 | (275) |
| Goods for Resale/Consignment and Sales Tax | 136,500 | 156,350 | (19,850) |
| Contingency | 1,000 | - | 1,000 |
| TOTAL INFORMATION CENTER | 224,657 | 242,866 | (18,209) |
| MARKETING: | | | |
| Personnel Services | 50,957 | 46,657 | 4,300 |
| Supplies | 14,148 | 9,518 | 4,630 |
| Purchased Services | 190,364 | 160,552 | 29,812 |
| Contingency | 366 | - | 366 |
| TOTAL MARKETING | 255,835 | 216,727 | 39,108 |
| OTHER FINANCIAL USES: | | | |
| Operating Transfers Out - TOTAL | 660,577 | 660,577 | - |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | \$ 5,830,264 | \$ 5,505,323 | \$ 324,941 |

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

OTHER SUPPLEMENTAL INFORMATION

CAPITAL PROJECTS FUND

TOWN OF EAGLE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2016

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|---------------------|---------------------|--|
| Revenues: | | | | |
| Use Tax | \$ 150,000 | \$ 330,000 | \$ 325,816 | \$ (4,184) |
| Community Enhancement Tax | 43,677 | 43,677 | 42,545 | (1,132) |
| Impact Fees and Assessments | 30,000 | 25,473 | 23,650 | (1,823) |
| Intergovernmental Revenues | 150,000 | 210,000 | 198,778 | (11,222) |
| Interest and Miscellaneous | 3,030 | 15,211 | 15,988 | 777 |
| Total Revenues | <u>376,707</u> | <u>624,361</u> | <u>606,777</u> | <u>(17,584)</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| Bus Shelter | - | 72,000 | 73,597 | (1,597) |
| Pool & Ice Rink Maintenance Fund | 50,000 | 40,000 | 40,000 | - |
| Castle Peak Senior Center | 25,000 | 25,000 | 25,000 | - |
| Town Hall/Shop Improvements | 78,700 | 38,700 | 54,549 | (15,849) |
| Town Park Redevelopment | 125,000 | 125,000 | 52,623 | 72,377 |
| Contingency | 35,000 | - | - | - |
| Public Safety: | | | | |
| Patrol Vehicles | 97,640 | 97,640 | 95,418 | 2,222 |
| Public Works – Streets: | | | | |
| Transportation/ROW Improvements | 315,000 | 68,328 | 38,275 | 30,053 |
| Building and Grounds: | | | | |
| Tents | 10,000 | 10,000 | 9,956 | 44 |
| Trailer | 10,000 | 6,635 | 6,635 | - |
| 4 x 4 Pickup | 82,000 | 80,075 | 82,559 | (2,484) |
| Lawnmower | 12,500 | 10,799 | 10,799 | - |
| Total Expenditures | <u>840,840</u> | <u>574,177</u> | <u>489,411</u> | <u>84,766</u> |
| Excess Revenues Over (Under) Expenditures | (464,133) | 50,184 | 117,366 | 67,182 |
| Other Financing Sources (Uses): | | | | |
| Transfers In (Out) | <u>650,000</u> | <u>650,000</u> | <u>650,000</u> | <u>-</u> |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses) | 185,867 | 700,184 | 767,366 | 67,182 |
| Fund Balances – Beginning | <u>558,829</u> | <u>560,597</u> | <u>560,597</u> | <u>-</u> |
| Fund Balances – Ending | <u>\$ 744,696</u> | <u>\$ 1,260,781</u> | <u>\$ 1,327,963</u> | <u>\$ 67,182</u> |

OTHER SUPPLEMENTAL INFORMATION

SALES TAX CAPITAL IMPROVEMENT PROJECTS FUND

TOWN OF EAGLE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SALES TAX CAPITAL IMPROVEMENT PROJECTS FUND
For the Year Ended December 31, 2016

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|--------------|--|
| <u>Revenues:</u> | | | | |
| Sales Tax | \$ - | \$ 237,000 | \$ 197,874 | \$ (39,126) |
| Interest | - | - | 13,782 | 13,782 |
| Total Revenues | - | 237,000 | 211,656 | (25,344) |
| <u>Expenditures:</u> | | | | |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | 53,422 | 53,422 | - |
| Total Expenditures | - | 53,422 | 53,422 | - |
| Excess Revenues Over (Under) Expenditures | - | 183,578 | 158,234 | (25,344) |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Bond Proceeds | - | 5,200,000 | 5,200,000 | - |
| Bond Premium | - | 967,936 | 967,936 | - |
| Bond Costs of Issuance | - | (114,500) | (106,212) | 8,288 |
| Transfers In (Out) | - | - | - | - |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses) | - | 6,237,014 | 6,219,958 | (17,056) |
| Fund Balances – Beginning (Restated) | - | - | - | - |
| Fund Balances – Ending | \$ - | \$ 6,237,014 | \$ 6,219,958 | \$ (17,056) |

OTHER SUPPLEMENTAL INFORMATION

NON-MAJOR SPECIAL REVENUE FUNDS

TOWN OF EAGLE, COLORADO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2016

| | Special Revenue Funds | | |
|--|-------------------------------|------------------------------------|----------------|
| | Conservation Trust Fund | Open Space Preservation Fund | Total |
| <u>Assets:</u> | | | |
| Current Assets: | | | |
| Cash and Investments | \$ 64,177 | \$ 782,722 | \$ 846,899 |
| Taxes and Other Receivables | - | 108,255 | 108,255 |
| Total Assets | \$ 64,177 | \$ 890,977 | \$ 955,154 |
| <u>Liabilities and Fund Equity</u> | | | |
| Current Liabilities: | | | |
| Accounts Payable | \$ - | \$ 43,004 | \$ 43,004 |
| Accrued Payroll | - | 356 | 356 |
| Total Liabilities | - | 43,360 | 43,360 |
| Fund Equity: | | | |
| Fund Balances – Committed | - | 847,617 | 847,617 |
| Fund Balances – Restricted | 64,177 | - | 64,177 |
| Total Liabilities and Fund Equity | \$ 64,177 | \$ 890,977 | \$ 955,154 |

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

TOWN OF EAGLE, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2016

| | Special Revenue Funds | | |
|---|-------------------------------|------------------------------------|-------------------|
| | Conservation Trust Fund | Open Space Preservation Fund | Total |
| <u>Revenues:</u> | | | |
| Taxes - Local | \$ - | \$ 134,133 | \$ 134,133 |
| Intergovernmental | 36,626 | 50,165 | 86,791 |
| Charges for Services | - | 55,554 | 55,554 |
| Interest | 298 | 6,764 | 7,062 |
| Miscellaneous | - | 500 | 500 |
| | <u>36,924</u> | <u>247,116</u> | <u>284,040</u> |
| <u>Expenditures:</u> | | | |
| General Government | - | - | - |
| Open-space Preservation | - | 457,278 | 457,278 |
| | <u>-</u> | <u>457,278</u> | <u>457,278</u> |
| Excess Revenues Over (Under) Expenditures | 36,924 | (210,162) | (173,238) |
| <u>Other Financing Sources (Uses):</u> | | | |
| Transfers In (Out) | - | - | - |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses) | 36,924 | (210,162) | (173,238) |
| Fund Balances – Beginning | <u>27,253</u> | <u>1,057,779</u> | <u>1,085,032</u> |
| Fund Balances – Ending | <u>\$ 64,777</u> | <u>\$ 847,617</u> | <u>\$ 911,794</u> |

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

OTHER SUPPLEMENTAL INFORMATION

PROPRIETARY (ENTERPRISE) FUNDS

TOWN OF EAGLE, COLORADO
SCHEDULE OF BUDGETARY BASED REVENUES AND EXPENDITURES
– BUDGET AND ACTUAL – WATER ENTERPRISE FUND
For the Year Ended December 31, 2016

| | Water Enterprise Fund | | | |
|--------------------------------------|-----------------------|-------------------|---------------------|--|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| <u>Budgetary Revenues:</u> | | | | |
| GAAP Operating Revenues: | | | | |
| Service Fees | \$ 2,533,543 | \$ 2,815,348 | \$ 2,830,924 | \$ 15,576 |
| Meters and Materials | 72,000 | 117,000 | 112,965 | (4,035) |
| GAAP Non-Operating Revenues: | | | | |
| Tap and Improvement Fees | 250,000 | 350,000 | 340,760 | (9,240) |
| Interest & Investment Earnings | 14,375 | 50,520 | 52,427 | 1,907 |
| Total Budgetary Revenues | 2,869,918 | 3,332,868 | 3,337,076 | 4,208 |
| <u>Budgetary Expenditures:</u> | | | | |
| GAAP Operating Expenses: | | | | |
| Personnel Services | 586,017 | 574,952 | 568,563 | 6,389 |
| Supplies | 167,700 | 166,700 | 129,899 | 36,801 |
| Purchased Services | 401,782 | 444,178 | 397,146 | 47,032 |
| Insurance | 34,254 | 34,254 | 33,754 | 500 |
| Noncapitalized Outlay/Repairs | 58,000 | 56,023 | 56,023 | - |
| Depreciation | - | - | 371,179 | (371,179) |
| Contingency | 50,000 | 50,000 | - | 50,000 |
| GAAP Non-Operating Expenses: | | | | |
| Interest and Fiscal Charges | 65,134 | 65,134 | 64,612 | 522 |
| Administrative Fee – General Fund | 60,000 | 60,000 | 60,000 | - |
| Debt Service Principal | 219,646 | 219,646 | 219,646 | - |
| Capital Outlay | 930,000 | 1,113,501 | 765,456 | 348,045 |
| Change in Accrued Interest | - | - | 522 | (522) |
| Change in Vacation/Comp Time Accrual | - | - | (217) | 217 |
| Less: Depreciation | - | - | (371,179) | 371,179 |
| Total Budgetary Expenditures | 2,572,533 | 2,784,388 | 2,295,404 | 488,984 |
| Budgetary Net Income (Loss) | \$ 297,385 | \$ 548,480 | \$ 1,041,672 | \$ 493,192 |

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

TOWN OF EAGLE, COLORADO
SCHEDULE OF BUDGETARY BASED REVENUES AND EXPENDITURES
– BUDGET AND ACTUAL – WASTEWATER ENTERPRISE FUND
For the Year Ended December 31, 2016

| | Wastewater Enterprise Fund | | | Variance Favorable (Unfavorable) |
|-------------------------------------|----------------------------|-------------------|-------------------|--|
| | Original Budget | Final Budget | Actual | |
| <u>Budgetary Revenues:</u> | | | | |
| GAAP Operating Revenues: | | | | |
| Service Fees | \$ 2,089,558 | \$ 2,101,000 | \$ 2,106,201 | \$ 5,201 |
| Meters and Materials | - | - | - | - |
| GAAP Non-Operating Revenues: | | | | |
| Tap and Improvement Fees | 200,000 | 423,000 | 410,000 | (13,000) |
| Property Taxes | 170,032 | 170,032 | 169,373 | (659) |
| Interest & Earnings on Investments | 2,040 | 7,200 | 7,459 | 259 |
| Accretion of Bond Premium | - | - | 23,528 | 23,528 |
| Less: Accretion of Bond Premium | - | - | (23,528) | (23,528) |
| Total Budgetary Revenues | 2,461,630 | 2,701,232 | 2,693,033 | (8,199) |
| <u>Budgetary Expenditures:</u> | | | | |
| GAAP Operating Expenses: | | | | |
| Personnel Services | 208,361 | 194,009 | 196,232 | (2,223) |
| Supplies | 122,650 | 115,000 | 115,989 | (989) |
| Purchased Services | 452,297 | 381,517 | 344,579 | 36,938 |
| Insurance | 27,125 | 27,125 | 26,625 | 500 |
| Noncapitalized Outlay/Repairs | 59,000 | 56,023 | 56,023 | - |
| Depreciation | - | - | 786,552 | (786,552) |
| Contingency | 50,000 | 50,000 | - | 50,000 |
| GAAP Non-Operating Expenses: | | | | |
| Interest and Fiscal Charges | 405,134 | 408,451 | 374,100 | 34,351 |
| Administrative Fee – General Fund | 60,000 | 60,000 | 60,000 | - |
| Debt Service Principal | 770,700 | 770,700 | 770,700 | - |
| Capital Outlay | 80,000 | 58,644 | 55,460 | 3,184 |
| Change in Accrued Interest | - | - | 8,669 | (8,669) |
| Change in Vacation/Comp Time | - | - | (2,703) | 2,703 |
| Less: Depreciation | - | - | (786,552) | 786,552 |
| Total Budgetary Expenditures | 2,235,267 | 2,121,469 | 2,005,674 | 115,795 |
| Budgetary Net Income (Loss) | \$ 226,363 | \$ 579,763 | \$ 687,359 | \$ 107,596 |

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

TOWN OF EAGLE, COLORADO
SCHEDULE OF BUDGETARY BASED REVENUES AND EXPENDITURES
– BUDGET AND ACTUAL – REFUSE ENTERPRISE FUND
For the Year Ended December 31, 2016

| | Refuse Enterprise Fund | | | |
|------------------------------------|------------------------|------------------|------------------|--|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| <u>Budgetary Revenues:</u> | | | | |
| GAAP Operating Revenues: | | | | |
| Service Fees | \$ 586,859 | \$ 577,000 | \$ 574,900 | \$ (2,100) |
| GAAP Non-Operating Revenues: | | | | |
| Gain (Loss) on Asset Disposition | - | - | (10,577) | (10,577) |
| Interest & Earnings on Investments | 450 | 1,060 | 1,107 | 47 |
| GAAP Transfers: | | | | |
| Transfers from Governmental Funds | - | 10,577 | 10,577 | - |
| Less: Net Asset Disposition | - | - | 10,577 | 10,577 |
| Total Budgetary Revenues | <u>587,309</u> | <u>588,637</u> | <u>586,584</u> | <u>(2,053)</u> |
| <u>Budgetary Expenditures:</u> | | | | |
| GAAP Operating Expenses: | | | | |
| Supplies | 5,000 | 3,250 | 700 | 2,550 |
| Purchased Services | 563,509 | 526,250 | 513,619 | 12,631 |
| Noncapitalized Outlay/Repairs | - | - | - | - |
| Depreciation | - | - | 1,420 | (1,420) |
| Contingency | 5,000 | - | - | - |
| GAAP Non-Operating Expenses: | | | | |
| Administrative Fee – General Fund | 28,750 | 28,750 | 28,750 | - |
| Less: Depreciation | - | - | (1,420) | 1,420 |
| Total Budgetary Expenditures | <u>602,259</u> | <u>558,250</u> | <u>543,069</u> | <u>15,181</u> |
| Budgetary Net Income (Loss) | <u>\$ (14,950)</u> | <u>\$ 30,387</u> | <u>\$ 43,515</u> | <u>\$ 13,128</u> |

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

ANNUAL STATEMENT OF RECEIPTS AND
EXPENDITURES FOR ROADS, BRIDGES AND STREETS

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

| | |
|-------------------------------------|--|
| LOCAL HIGHWAY FINANCE REPORT | City or County: Town of Eagle, Colorado |
| | YEAR ENDING : December 2016 |

| | | |
|--|------------------------|-------------------------------|
| This Information From The Records Of Town of Eagle, Colorado | Prepared By: Phone: | Jill E. Ewing 970-328-6354 |
|--|------------------------|-------------------------------|

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) | 189,235 |
| a. Motor Fuel (from Item I.A.5.) | | 2. Maintenance: | 605,773 |
| b. Motor Vehicle (from Item I.B.5.) | | 3. Road and street services: | |
| c. Total (a.+b.) | | a. Traffic control operations | 14,000 |
| 2. General fund appropriations | 0 | b. Snow and ice removal | 240,000 |
| 3. Other local imposts (from page 2) | 808,299 | c. Other | 25,000 |
| 4. Miscellaneous local receipts (from page 2) | 120,334 | d. Total (a. through c.) | 279,000 |
| 5. Transfers from toll facilities | 0 | 4. General administration & miscellaneous | 75,000 |
| 6. Proceeds of sale of bonds and notes: | | 5. Highway law enforcement and safety | 30,000 |
| a. Bonds - Original Issues | 0 | 6. Total (1 through 5) | 1,179,008 |
| b. Bonds - Refunding Issues | 0 | B. Debt service on local obligations: | |
| c. Notes | 0 | 1. Bonds: | |
| d. Total (a. + b. + c.) | 0 | a. Interest | 0 |
| 7. Total (1 through 6) | 928,633 | b. Redemption | 0 |
| B. Private Contributions | 0 | c. Total (a. + b.) | 0 |
| C. Receipts from State government (from page 2) | 250,375 | 2. Notes: | |
| D. Receipts from Federal Government (from page 2) | 0 | a. Interest | 0 |
| E. Total receipts (A.7 + B + C + D) | 1,179,008 | b. Redemption | 0 |
| | | c. Total (a. + b.) | 0 |
| | | 3. Total (1.c + 2.c) | 0 |
| | | C. Payments to State for highways | 0 |
| | | D. Payments to toll facilities | 0 |
| | | E. Total disbursements (A.6 + B.3 + C + D) | 1,179,008 |

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

| | A. Beginning Balance | B. Total Receipts | C. Total Disbursements | D. Ending Balance | E. Reconciliation |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
| | 0 | 1,179,008 | 1,179,008 | 0 | 0 |

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING:
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 | 0 | a. Interest on investments | 0 |
| b. Other local imposts: | | b. Traffic Fines & Penalties | 41,668 |
| 1. Sales Taxes & Use Tax | 784,649 | c. Parking Garage Fees | 0 |
| 2. Infrastructure & Impact Fees | 23,650 | d. Parking Meter Fees | 0 |
| 3. Liens | 0 | e. Sale of Surplus Property | 0 |
| 4. Licenses | 0 | f. Charges for Services | 0 |
| 5. Specific Ownership &/or Other | 0 | g. Other Misc. Receipts | 0 |
| 6. Total (1. through 5.) | 808,299 | h. Other Road & Bridge Tax | 78,666 |
| c. Total (a. + b.) | 808,299 | i. Total (a. through h.) | 120,334 |
| | (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 | 222,051 | 1. FHWA (from Item I.D.5.) | |
| 2. State general funds | | 2. Other Federal agencies: | |
| 3. Other State funds: | | a. Forest Service | 0 |
| a. State bond proceeds | | b. FEMA | 0 |
| b. Project Match | | c. HUD | 0 |
| c. Motor Vehicle Registrations | 28,324 | d. Federal Transit Admin | 0 |
| d. Other (Specify) | 0 | e. U.S. Corps of Engineers | 0 |
| e. Other (Specify) | 0 | f. Other Federal | 0 |
| f. Total (a. through e.) | 28,324 | g. Total (a. through f.) | 0 |
| 4. Total (1. + 2. + 3.f) | 250,375 | 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 | 0 | 0 |
| b. Engineering Costs | 10,000 | 0 | 10,000 |
| c. Construction: | | | |
| (1). New Facilities | 0 | 0 | 0 |
| (2). Capacity Improvements | 179,235 | 0 | 179,235 |
| (3). System Preservation | 0 | 0 | 0 |
| (4). System Enhancement & Operation | 0 | 0 | 0 |
| (5). Total Construction (1) + (2) + (3) + (4) | 179,235 | 0 | 179,235 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | 189,235 | 0 | 189,235 |
| | | | (Carry forward to page 1) |

Notes and Comments: