

Town of Eckley, Colorado
Financial Statements
For the Year ended December 31, 2016



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Independent Auditors' Report

To the Honorable Mayor and Members of Town Council
Town of Eckley
Eckley, Colorado

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 Eckley (the Town) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
July 18, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

This section of the Town of Eckley, Colorado's annual financial report presents the discussion and analysis of the financial performance for the fiscal year that ended December 31, 2016.

FINANCIAL HIGHLIGHTS

- The Town of Eckley remains in good financial condition.
- The assets of the Town of Eckley exceeded its liabilities at the close of 2016 by \$1,821,161 (net position). Of this amount \$103,712 or 6% is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the year, the Town's revenue from taxes and other revenues for governmental programs were less than the expenditures by \$39,401.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Eckley's basic financial statements. The Town of Eckley's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements.
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies.

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

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

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

- **Governmental activities.** Most of the Town's basic services are included here, such as the police, fire, public works, parks, recreation, and general administration. Property tax, franchise tax, severance tax, intergovernmental revenue and charges for services finance most of these activities.
- **Business-type activities.** The Town charges fees to customers to recover most of the costs of certain services provided. The Town's water and sewer systems are included here.

The government-wide financial statements can be found starting on page 10 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law, however, Town Council has established other funds to help control and manage money for particular purposes (Community Center Fund) or to show that it is properly using certain revenue (the Conservation Trust Fund). All of the funds of the Town of Eckley can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statement provides a detailed, short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided, or on the subsequent page, that explains the relationship (or differences) between them.

The basic governmental fund financial statements can be found starting on page 14 of this report.

Proprietary funds. When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The basic proprietary fund financial statements can be found starting on page 18 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 26 of this report.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Eckley, assets exceed liabilities by \$1,821,161 at the close of 2016.

Net Position

Combined net position of the Town of Eckley as of December 31, 2016 are shown in Table 1 below.

Table 1
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 141,459	\$ 158,270	\$ 115,436	\$ 69,156	\$ 256,895	\$ 227,426
Capital assets	105,158	119,114	1,692,211	1,739,008	1,797,369	1,858,122
Total assets	246,617	277,384	1,807,647	1,808,164	2,054,264	2,085,548
Deferred outflows of resources	13,104	8,102	9,195	4,266	22,299	12,368
Total assets and deferred outflows of resources	\$ 259,721	\$ 285,486	\$ 1,816,842	\$ 1,812,430	\$ 2,076,563	\$ 2,097,916
Long-term debt outstanding	\$ 67,632	\$ 55,387	\$ 120,782	\$ 111,512	\$ 188,414	\$ 166,899
Other liabilities	11,180	14,155	31,648	34,245	42,828	48,400
Total liabilities	78,812	69,542	152,430	145,757	231,242	215,299
Deferred inflows of resources	23,568	22,054	592	1	24,160	22,055
Net position						
Net investment in capital assets	105,158	116,152	1,603,711	1,638,608	1,708,869	1,754,760
Restricted	8,580	6,036	-	-	8,580	6,036
Unrestricted	43,603	71,702	60,109	28,064	103,712	99,766
Total net position	157,341	193,890	1,663,820	1,666,672	1,821,161	1,860,562
Total liabilities, deferred inflows of resources and net position	\$ 259,721	\$ 285,486	\$ 1,816,842	\$ 1,812,430	\$ 2,076,563	\$ 2,097,916

The largest portion of the Town of Eckley's net position, 94%, reflects its investment in capital assets (land, buildings and equipment). The Town of Eckley uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. In addition, a portion of the Town of Eckley's net position, 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, 5%, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2016, the Town of Eckley is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Changes in net position

The Town's total revenue of \$259,660 was less than program expenses of \$299,061 for a decrease in net position of \$39,401.

Table 2
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program revenues						
Charges for services	\$ 27,541	\$ 23,527	\$ 110,998	\$ 112,486	\$ 138,539	\$ 136,013
Operating grants and contributions	35,960	36,119	-	-	35,960	36,119
Capital grants and contributions	-	-	43,888	18,220	43,888	18,220
General revenues						
Property taxes	20,710	19,758	-	-	20,710	19,758
Franchise taxes	6,519	6,978	-	-	6,519	6,978
Severance taxes	1,383	6,259	-	-	1,383	6,259
Other taxes	2,171	2,438	-	-	2,171	2,438
Mineral lease	1,566	1,811	-	-	1,566	1,811
Unrestricted interest	461	432	90	201	551	633
Sale of assets	-	30,000	-	-	-	30,000
Miscellaneous	8,373	2,674	-	-	8,373	2,674
Transfers	-	-	-	-	-	-
Total revenues	104,684	129,996	154,976	130,907	259,660	260,903
Program expenses						
General government	46,809	52,359	-	-	46,809	52,359
Public safety	16,469	14,014	-	-	16,469	14,014
Public works	50,885	49,770	-	-	50,885	49,770
Culture and recreation	27,032	22,970	-	-	27,032	22,970
Interest and fiscal charges	38	277	-	-	38	277
Water services	-	-	110,921	107,197	110,921	107,197
Sewer services	-	-	46,907	43,370	46,907	43,370
Total expenses	141,233	139,390	157,828	150,567	299,061	289,957
Change in net position	(36,549)	(9,394)	(2,852)	(19,660)	(39,401)	(29,054)
Net position at beginning of year, as originally reported	193,890	250,796	1,666,672	1,703,588	1,860,562	1,954,384
Prior period adjustment	-	(47,512)	-	(17,256)	-	(64,768)
Net position at beginning of year, as restated	193,890	203,284	1,666,672	1,686,332	1,860,562	1,889,616
Net position at end of year	\$ 157,341	\$ 193,890	\$ 1,663,820	\$ 1,666,672	\$ 1,821,161	\$ 1,860,562

Governmental Activities

Revenue for the Town's governmental activities totaled \$104,684 for 2016. Tax revenue produced 29% of these revenues. Tax revenue includes property taxes, severance taxes, franchise taxes and other taxes.

Table 3
GOVERNMENTAL ACTIVITIES

	Total cost of services		Net cost of services	
	2016	2015	2016	2015
General government	\$ 46,809	\$ 52,359	\$ 45,075	\$ 50,199
Public safety	16,469	14,014	16,469	13,014
Public works	50,885	49,770	11,558	10,617
Culture and recreation	27,032	22,970	4,592	5,637

Table 3, above, presents the cost and revenue of each of the Town's four largest programs – general government, public safety, public works, and culture recreation – as well as each program's *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Business-type Activities

Net position in business-type activities decreased by \$2,852 in 2016. Business-type activities include water and sewer services.

**Table 4
BUSINESS-TYPE ACTIVITIES**

	Total cost of services		Net cost of services	
	2016	2015	2016	2015
Water	\$ 110,921	\$ 107,197	\$ 50,898	\$ 43,268
Sewer	46,907	43,370	(47,956)	(23,407)

Table 4, above, presents the cost and revenue of each of the Town's business-type activities – water and sewer – as well as each program's *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented on pages 14-17) reported a combined fund balance of \$108,382. The community center and conservation trust funds reported fund balance increases of \$2,047 and \$2,344, respectively, while the general fund reported a fund balance decrease of \$22,341.

GENERAL FUND BUDGET HIGHLIGHTS

Over the course of the year, the Town Council did not revise the Town budget.

The actual charges to appropriations (expenditures) were \$14,292 below the final budget amounts.

Additionally, resources available for appropriation (revenues) were \$14,002 more than the final budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town of Eckley's investment in capital assets for its governmental and business-type activities as of December 31, 2016, amounts to \$1,797,369 (net of accumulated depreciation). This amount includes a broad range of capital assets, including public works equipment, water and wastewater lines, storm drainage and other infrastructure.

Major asset purchases during 2016 included updates to the water and sewer systems.

The Town remains committed to the upkeep and maintenance of the Town's largest assets. More detailed information about the Town's capital assets is presented in Table 5 and Note E to the financial statements.

Table 5
CAPITAL ASSETS ON DECEMBER 31, 2016
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 3,150	\$ 3,150	\$ 4,984	\$ 4,984	\$ 8,134	\$ 8,134
Construction in progress	-	-	142,193	115,466	142,193	115,466
Buildings	30,269	32,366	-	-	30,269	32,366
Equipment	71,739	83,597	-	-	71,739	83,597
Water and sewer systems	-	-	1,545,034	1,618,558	1,545,034	1,618,558
Total	\$ 105,158	\$ 119,113	\$ 1,692,211	\$ 1,739,008	\$ 1,797,369	\$ 1,858,121

Long-term debt. The Town had \$188,414 in debt outstanding at year-end. More detailed information about the Town's long-term debt is presented in Table 6 and Note F to the financial statements.

Table 6
LONG-TERM DEBT

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Capital lease obligation	\$ -	\$ 2,962	\$ -	\$ -	\$ -	\$ 2,962
Note payable	-	-	57,500	62,500	57,500	62,500
Bonds payable	-	-	31,000	37,900	31,000	37,900
Net pension liability	67,632	55,387	32,282	23,012	99,914	78,399
Total	\$ 67,632	\$ 58,349	\$ 120,782	\$ 123,412	\$ 188,414	\$ 181,761

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town of Eckley is in a good financial position. The Town has finished the update of the water system. In 2017 the Town will start the procedure to bring the sewer system in compliance with state and federal regulations. The Town has applied for USDA loan/grant assistance for this project and has been approved. The Town will also raise sewer rates to help with expenses. The remaining funds' revenues and expenditures should be consistent with prior years. At this time the Town does not anticipate any major projects in the future.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact Town of Eckley, 235 NW Morton, P.O. Box 217, Eckley, Colorado 80727.

Basic Financial Statements

The basic financial statements of the Town include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

TOWN OF ECKLEY, COLORADO
Statement of Net Position
December 31, 2016

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 89,215	\$ 33,278	\$ 122,493
Cash with county treasurer	231		231
Certificates of deposit	50,105	13,299	63,404
Investments	243	133	376
Internal balances	(29,401)	29,401	-
Receivables	31,041	27,157	58,198
Prepaid items	25	1,059	1,084
Restricted certificate of deposit		11,109	11,109
Capital assets, net of depreciation	105,158	1,692,211	1,797,369
Total assets	246,617	1,807,647	2,054,264
Deferred outflows of resources			
Pension deferrals	13,104	9,195	22,299
Total assets and deferred outflows of resources	\$ 259,721	\$ 1,816,842	\$ 2,076,563
Liabilities			
Accounts payable	\$ 3,199	\$ 12,894	\$ 16,093
Accrued salaries and benefits	5,141		5,141
Accrued interest payable		1,291	1,291
Unearned revenues	2,840	17,463	20,303
Noncurrent liabilities			
Due within one year		12,200	12,200
Due in more than one year	67,632	108,582	176,214
Total liabilities	78,812	152,430	231,242
Deferred inflows of resources			
Deferred property tax revenues	21,897		21,897
Pension deferrals	1,671	592	2,263
Total deferred inflows of resources	23,568	592	24,160
Net position			
Net investment in capital assets	105,158	1,603,711	1,708,869
Restricted for emergencies	3,100		3,100
Restricted for culture and recreation	5,480		5,480
Unrestricted	43,603	60,109	103,712
Total net position	157,341	1,663,820	1,821,161
Total liabilities, deferred inflows of resources and net position	\$ 259,721	\$ 1,816,842	\$ 2,076,563

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

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TOWN OF ECKLEY, COLORADO
Statement of Activities
For the Year Ended December 31, 2016

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 46,809	\$ 1,734		
Public safety	16,469			
Public works	50,885	19,980	\$ 19,347	
Culture and recreation	27,032	5,827	16,613	
Interest and fiscal charges	38			
Total governmental activities	141,233	27,541	35,960	\$ -
Business-type activities				
Water services	110,921	60,023		
Sewer services	46,907	50,975		43,888
Total business-type activities	157,828	110,998	-	43,888
Total	\$ 299,061	\$ 138,539	\$ 35,960	\$ 43,888

General revenues

Taxes

 Property taxes, levied for general purposes

 Franchise taxes

 Severance taxes

 Other taxes

Mineral lease

Unrestricted interest on investments

Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

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

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (45,075)		\$ (45,075)
(16,469)		(16,469)
(11,558)		(11,558)
(4,592)		(4,592)
(38)		(38)
(77,732)	\$ -	(77,732)
	(50,898)	(50,898)
	47,956	47,956
-	(2,942)	(2,942)
(77,732)	(2,942)	(80,674)
20,710		20,710
6,519		6,519
1,383		1,383
2,171		2,171
1,566		1,566
461	90	551
8,373		8,373
41,183	90	41,273
(36,549)	(2,852)	(39,401)
193,890	1,666,672	1,860,562
\$ 157,341	\$ 1,663,820	\$ 1,821,161

TOWN OF ECKLEY, COLORADO
Balance Sheet
Governmental Funds
December 31, 2016

	General Fund	Community Center Fund	Conservation Trust Fund	Total
Assets				
Cash	\$ 32,717	\$ 39,045	\$ 17,453	\$ 89,215
Cash with county treasurer	231			231
Certificates of deposit	50,105			50,105
Investments	243			243
Property taxes receivable	21,897			21,897
Accounts receivable	3,819			3,819
Taxes receivable	5,325			5,325
Deposits	25			25
Total assets	\$ 114,362	\$ 39,045	\$ 17,453	\$ 170,860
Liabilities				
Accounts payable	\$ 3,199			\$ 3,199
Accrued salaries and benefits	5,141			5,141
Due to other funds	17,428		\$ 11,973	29,401
Unearned revenues	2,840			2,840
Total liabilities	28,608	\$ -	11,973	40,581
Deferred inflows of resources				
Deferred property tax revenues	21,897			21,897
Total deferred inflows of resources	21,897	-	-	21,897
Fund balance				
Restricted for emergencies	3,100			3,100
Restricted for culture and recreation			5,480	5,480
Committed to culture and recreation		39,045		39,045
Unassigned	60,757			60,757
Total fund balance	63,857	39,045	5,480	108,382
Total liabilities, deferred inflows of resources and fund balance	\$ 114,362	\$ 39,045	\$ 17,453	\$ 170,860

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

TOWN OF ECKLEY, COLORADO
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2016

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

Total fund balance - governmental funds	\$ 108,382
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	105,158
Net pension deferrals used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	11,433
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(67,632)</u>
Net position of governmental activities	<u>\$ 157,341</u>

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

TOWN OF ECKLEY, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2016

	General Fund	Community Center Fund	Conservation Trust Fund	Total
Revenues				
Taxes	\$ 30,783			\$ 30,783
Licenses and permits	274			274
Intergovernmental	20,913		\$ 2,888	23,801
Fines and forfeitures	250			250
Charges for services	19,980	\$ 5,827		25,807
Miscellaneous	9,982	13,781	6	23,769
Total revenues	82,182	19,608	2,894	104,684
Expenditures				
Current				
General government	38,287			38,287
Public safety	16,469			16,469
Public works	44,813			44,813
Culture and recreation	1,954	17,561	550	20,065
Debt service				
Principal retirement	2,962			2,962
Interest and fiscal charges	38			38
Total expenditures	104,523	17,561	550	122,634
Net change in fund balance	(22,341)	2,047	2,344	(17,950)
Fund balance at beginning of year	86,198	36,998	3,136	126,332
Fund balance at end of year	<u>\$ 63,857</u>	<u>\$ 39,045</u>	<u>\$ 5,480</u>	<u>\$ 108,382</u>

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

TOWN OF ECKLEY, COLORADO
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2016

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

Net change in fund balance - governmental funds	\$ (17,950)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	(13,955)
In the statement of activities, certain operating expenses are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(7,606)
Payments related to the capital lease obligation are reported as an expenditure in the governmental funds, however, these payments reduce long-term liabilities in the statement of net position and do not result in an expense in the statement of activities.	<u>2,962</u>
Change in net position of governmental activities	<u>\$ (36,549)</u>

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

TOWN OF ECKLEY, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2016

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets			
Current assets			
Cash	\$ 31,040	\$ 2,238	\$ 33,278
Certificates of deposit		13,299	13,299
Investments	133		133
Due from other funds	81,313		81,313
Accounts receivable	10,676	12,740	23,416
Grants receivable		3,741	3,741
Prepaid items		1,059	1,059
Total current assets	123,162	33,077	156,239
Capital assets, net of depreciation	1,380,391	311,820	1,692,211
Restricted certificate of deposit		11,109	11,109
Total assets	1,503,553	356,006	1,859,559
Deferred outflows of resources			
Pension deferrals	6,512	2,683	9,195
Total deferred outflows of resources	6,512	2,683	9,195
Total assets and deferred outflows of resources	<u>\$ 1,510,065</u>	<u>\$ 358,689</u>	<u>\$ 1,868,754</u>

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

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 4,519	\$ 8,375	\$ 12,894
Due to other funds		51,912	51,912
Accrued interest payable		1,291	1,291
Customer deposits	12,030	5,433	17,463
Current portion of long-term debt	5,000	7,200	12,200
Total current liabilities	21,549	74,211	95,760
Long-term liabilities			
Long-term debt	52,500	23,800	76,300
Net pension liability	23,052	9,230	32,282
Total long-term liabilities	75,552	33,030	108,582
Total liabilities	97,101	107,241	204,342
Deferred inflows of resources			
Pension deferrals	423	169	592
Total deferred inflows of resources	423	169	592
Net position			
Net investment in capital assets	1,322,891	280,820	1,603,711
Unrestricted (deficit)	89,650	(29,541)	60,109
Total net position	1,412,541	251,279	1,663,820
Total liabilities, deferred inflows of resources and net position	\$ 1,510,065	\$ 358,689	\$ 1,868,754

TOWN OF ECKLEY, 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		
	Water Fund	Sewer Fund	Total
Operating revenues			
Charges for services	\$ 60,023	\$ 50,975	\$ 110,998
Operating expenses			
Salaries	12,000	5,200	17,200
Supplies	543	4,768	5,311
Repairs and maintenance	1,485	13,319	14,804
Insurance	5,126	5,126	10,252
Utilities	6,787	2,613	9,400
Audit and legal	2,333	2,333	4,666
Contract services	6,000		6,000
Water testing	393		393
Chlorinator	784		784
Miscellaneous	3,687	238	3,925
Pension expense	4,492	441	4,933
Right of way		1,028	1,028
Depreciation	67,291	10,233	77,524
Total operating expenses	110,921	45,299	156,220
Operating income (loss)	(50,898)	5,676	(45,222)
Nonoperating revenues (expenses)			
Interest on investments	15	75	90
Grant revenues		43,888	43,888
Interest expense		(1,608)	(1,608)
Total nonoperating revenues (expenses)	15	42,355	42,370
Change in net position	(50,883)	48,031	(2,852)
Net position at beginning of year	1,463,424	203,248	1,666,672
Net position at end of year	\$ 1,412,541	\$ 251,279	\$ 1,663,820

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

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TOWN OF ECKLEY, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash flows from operating activities			
Receipts from customers	\$ 62,183	\$ 53,245	\$ 115,428
Internal activity - receipts from (payments to) other funds	(639)	(33,574)	(34,213)
Payments to suppliers	(24,253)	(24,824)	(49,077)
Payments to employees	(12,000)	(5,200)	(17,200)
Net cash provided (used) by operating activities	25,291	(10,353)	14,938
Cash flows from capital and related financing activities			
Purchase of capital assets	(3,000)	(27,727)	(30,727)
Receipt of grant revenues		41,728	41,728
Principal paid on notes and bonds	(5,000)	(6,900)	(11,900)
Interest paid on notes and bonds		(1,896)	(1,896)
Net cash provided (used) by capital and related financing activities	(8,000)	5,205	(2,795)
Cash flows from investing activities			
Interest on investments	14	9	23
Net cash provided by investing activities	14	9	23
Net increase (decrease) in cash	17,305	(5,139)	12,166
Cash at beginning of year	13,735	7,377	21,112
Cash at end of year	<u>\$ 31,040</u>	<u>\$ 2,238</u>	<u>\$ 33,278</u>

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

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (50,898)	\$ 5,676	\$ (45,222)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	67,291	10,233	77,524
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources			
Due from other funds	(639)		(639)
Accounts receivable	1,465	1,920	3,385
Pension deferrals	(3,252)	(1,086)	(4,338)
Prepaid items		(1,059)	(1,059)
Accounts payable	2,886	5,660	8,546
Due to other funds		(33,574)	(33,574)
Customer deposits	695	350	1,045
Net pension liability	7,743	1,527	9,270
Net cash provided (used) by operating activities	<u>\$ 25,291</u>	<u>\$ (10,353)</u>	<u>\$ 14,938</u>

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Town of Eckley's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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

A.1 – Reporting entity

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The Town has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the Town has included the Eckley Community Center in its financial statements using blended presentation. The Eckley Community Center is governed by a volunteer committee and is included as part of the primary government because its sole purpose is to maintain and operate the community center building that is owned by the Town.

A.2 – Fund accounting

The Town uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The Town does not have any fiduciary funds.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

General Fund – The General Fund is the operating fund of the Town. It is used to account for most of the day-to-day operations of the Town which are financed from sales and use taxes, property taxes and other general revenues. Activities financed by the general fund include those of line and staff departments within the Town, except for activities of the enterprise funds.

Community Center Fund – This fund was established to provide for an accounting of those funds received through fundraising and donations for the Eckley Community Center. These funds are to be expended on the maintenance and operations of the Center.

Conservation Trust Fund – This fund is a special revenue fund established to account for state lottery proceeds and allowable expenditures.

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

Water Fund – This fund was established to account for all operations of the water utility services provided by the Town.

Sewer Fund – This fund was established to account for all operations of the sewer utility services provided by the Town.

Note A.3 – Basis of presentation

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 primary government except for fiduciary funds. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Town and for each function or program of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are 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 business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund financial statements – Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Revenues – exchange and nonexchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 – Encumbrances

The Town does not utilize encumbrance accounting.

A.6 – Cash and cash equivalents

For the purposes of the statement of cash flows, the Town considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

A.7 – Short-term interfund receivables/payables

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

A.8 – Receivables

Monthly charges for water services are included with monthly utility billings. No allowance for doubtful accounts has been provided in the accompanying financial statements since substantially all accounts are deemed by management to be collectible.

A.9 – Inventories

Inventories in the proprietary funds consist of supplies and are recorded at the lower of cost or market using the first-in, first-out method.

A.10 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

All capital assets with a unit cost greater than \$1,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) will be capitalized on a prospective basis beginning in 2004.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized during the year.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Buildings	50 years	50 years
Equipment	3-25 years	3-25 years
Improvements other than buildings	10-50 years	10-50 years
Infrastructure	50 years	n/a

A.11 – Compensated absences

It is the policy of the Town to provide their regular employees with greater economic security by granting reasonable personal absences from work due to actual illness or personal reasons. All regular employees of the Town who regularly work a scheduled sixteen hour week may be eligible for these allowances after their first day of employment. Part-time, temporary, and seasonal employees are not eligible. All allowances must be approved by the mayor and/or board of trustees. Full-time employees eligible for these allowances receive sixty hours per year and can be accumulated up to a maximum of 528 hours. Each employee working sixteen hours per week or more shall receive one full week of vacation upon completing one full year of employment with the Town. These allowances are payable at the employee's standard rate of pay in effect at the time of usage. At year-end, the Town had no employees with unused vacation benefits.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.12 – Accrued liabilities and long-term obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

A.13 – Net position

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

The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

A.14 – Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are service charges for water and sewer utility services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.15 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.16 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the town council and that are either unusual in nature or infrequent in occurrence. The Town had no transactions that qualify as extraordinary or special items during the year.

A.17 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different type of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

- *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
- *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the Town's highest level of decision-making authority),
- *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
- *Unassigned* fund balance is the residual classification for the Town's general fund and includes all spendable amounts not contained in the other classifications.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Town council through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the Town applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

Note B – Cash and investments

Cash and deposits – Colorado State statutes govern the Town's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of year-end, the Town had total deposits of \$198,274, which were insured in their entirety.

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the Town's own investment policies and procedures. Investments of the Town may include:

- Obligations of the United States Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note B – Cash and investments (Continued)

At year-end, the Town had an investment in Colostrust (a local government investment pool) which is maintained in the General and Water Funds, while the investments in certificates of deposit are maintained in the General and Sewer Funds.

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in Colostrust	\$ 376	\$ 376	\$ -	\$ -

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The Town has no investment policy that would further limit its investment choices. At year-end, the Town’s investment in Colostrust was rated AAA by Standard and Poor’s.

Note C – Interfund transactions

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Fund	General Fund	\$ 12,427
Water Fund	General Fund	5,001
Sewer Fund	Conservation Trust Fund	11,973
Water Fund	Sewer Fund	76,312
Totals		<u>\$ 105,713</u>

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note D – Receivables

Receivables at year-end consist of the following:

	Governmental Activities	Business-type Activities	Total Receivables
Property taxes	\$ 21,897	\$ -	\$ 21,897
Accounts	3,819	23,416	27,235
Taxes	5,325	-	5,325
Grants	-	3,741	3,741
Total	<u>\$ 31,041</u>	<u>\$ 27,157</u>	<u>\$ 58,198</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Yuma County bills and collects property taxes for all taxing entities within the County. The tax receipts collected by the county are remitted to the Town in the subsequent month.

Note E – Capital assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions/ Adjustments	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 3,150	\$ -	\$ -	\$ 3,150
Capital assets, being depreciated:				
Buildings	270,628	-	-	270,628
Equipment	<u>175,741</u>	<u>-</u>	<u>-</u>	<u>175,741</u>
Total capital assets, being depreciated	<u>446,369</u>	<u>-</u>	<u>-</u>	<u>446,369</u>
Total capital assets	449,519	-	-	449,519
Less accumulated depreciation for:				
Buildings	(238,262)	(2,097)	-	(240,359)
Equipment	<u>(92,144)</u>	<u>(11,858)</u>	<u>-</u>	<u>(104,002)</u>
Total accumulated depreciation	<u>(330,406)</u>	<u>(13,955)</u>	<u>-</u>	<u>(344,361)</u>
Governmental activities capital assets, net	<u>\$ 119,113</u>	<u>\$ (13,955)</u>	<u>\$ -</u>	<u>\$ 105,158</u>

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note E – Capital assets (Continued)

	Beginning Balance	Additions	Deletions/ Adjustments	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 4,984	\$ -	\$ -	\$ 4,984
Construction in progress	<u>115,466</u>	<u>26,727</u>	<u>-</u>	<u>142,193</u>
Total capital assets, not being depreciated	120,450	26,727	-	147,177
Capital assets, being depreciated				
Water and sewer system	2,680,691	4,000	-	2,684,691
Equipment	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
Total capital assets, being depreciated	<u>2,684,691</u>	<u>4,000</u>	<u>-</u>	<u>2,688,691</u>
Total capital assets	2,805,141	30,727	-	2,835,868
Less accumulated depreciation for:				
Water and sewer system	(1,062,133)	(77,524)	-	(1,139,657)
Equipment	<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>(4,000)</u>
Total accumulated depreciation	<u>(1,066,133)</u>	<u>(77,524)</u>	<u>-</u>	<u>(1,143,657)</u>
Business-type activities capital assets, net	<u>\$ 1,739,008</u>	<u>\$ (46,797)</u>	<u>\$ -</u>	<u>\$ 1,692,211</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities	
General government	\$ 916
Public works	6,072
Culture and recreation	<u>6,967</u>
Total governmental activities	13,955
Business-type activities	
Water	67,291
Sewer	<u>10,233</u>
Total business-type activities	<u>77,524</u>
Total depreciation expense	<u>\$ 91,479</u>

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note F – Long-term debt

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Capital lease obligation	\$ 2,962	\$ -	\$ (2,962)	\$ -	\$ -
Net pension liability	<u>55,387</u>	<u>12,245</u>	<u>-</u>	<u>67,632</u>	<u>-</u>
Total	<u>\$ 58,349</u>	<u>\$ 12,245</u>	<u>\$ (2,962)</u>	<u>\$ 67,632</u>	<u>\$ -</u>

The net pension liability attributable to the governmental activities will be liquidated by the General Fund.

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Business-type activities					
Notes payable	\$ 62,500	\$ -	\$ (5,000)	\$ 57,500	\$ 5,000
Bonds payable	37,900	-	(6,900)	31,000	7,200
Net pension liability	<u>23,012</u>	<u>9,270</u>	<u>-</u>	<u>32,282</u>	<u>-</u>
Total	<u>\$ 123,412</u>	<u>\$ 9,270</u>	<u>\$ (11,900)</u>	<u>\$ 120,782</u>	<u>\$ 12,200</u>

Long-term debt at year-end consists of the following individual issues:

0.0% Drinking Water Revolving Fund Disadvantaged Communities Loan Program due in semi-annual installments of \$2,500, through 2028.	\$ 57,500
\$128,000 general obligation sewer revenue bonds dated April 11, 1980, due in annual installments ranging from \$4,000 to \$8,300 through 2020, bearing interest at 5.0%. Principal and interest payments are due annually on March 1 st beginning in 1981.	<u>31,000</u>
Total	<u>\$ 88,500</u>

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note F – Long-term debt (Continued)

The following schedule represents the Town’s debt service requirements to maturity for the outstanding long-term debt at year-end:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 12,200	\$ 1,550	\$ 13,750
2018	12,600	1,190	13,790
2019	12,900	810	13,710
2020	13,300	415	13,715
2021	5,000	-	5,000
2022-2026	25,000	-	25,000
2027-2028	7,500	-	7,500
Total	<u>\$ 88,500</u>	<u>\$ 3,965</u>	<u>\$ 92,465</u>

Note G – Segment Information

The Town maintains two enterprise funds that provide water and sewer services. Segment information for the year is as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating revenue	\$ 60,023	\$ 50,975	\$ 110,998
Depreciation	67,291	10,233	77,524
Operating income (loss)	(50,898)	5,676	(45,222)
Change in net position	(50,883)	48,031	(2,852)
Net working capital	101,613	(41,134)	60,479
Total assets	1,510,065	358,689	1,868,754
Bonds and other long-term liabilities payable from operating revenues	57,500	31,000	88,500
Total net position	1,412,541	251,279	1,663,820

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note H – Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased workman's compensation insurance through the Colorado Compensation Insurance Association to provide protection against losses from employees while on the job. The Town has affiliated with the Colorado Intergovernmental Risk Sharing Agency (CIRSA) to provide protection against losses incurred related to property, casualty, and general liability claims. CIRSA is a separate legal entity established by member municipalities pursuant to the provisions of the Colorado Revised Statutes and the Colorado Constitution. The purposes of CIRSA are to provide members defined liability and property coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees, or officers. The Town makes an annual contribution to CIRSA for its insurance coverage. For the year, the Town's financial contribution to CIRSA was \$15,378. Contingent liability claims for the coverage have not been recognized to date after reviewing claim history and the remoteness of potential loss in excess of actual contributions by the Town. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note I – Defined Benefit Pension Plans

PERA – Local Government Division Trust Fund

Summary of significant accounting policies

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

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

General information about the pension plan

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

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

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

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

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

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

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

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

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

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

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

	<u>Rate</u>
Employer contribution rate ¹	10.00%
Amount of employer contribution apportioned to the health care trust fund as specified in C.R.S. Section 24-51-208(1)(f) ¹	<u>(1.02)%</u>
Amount apportioned to the LGDTF ¹	8.98%
Amortization equalization disbursement (AED) as specified in C.R.S. Section 24-51-411 ¹	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. Section 24-51-411 ¹	<u>1.50%</u>
Total employer contribution to the LGDTF ¹	<u>12.68%</u>

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Town were \$4,302 for the year ended.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At year-end, the Town reported a liability of \$73,720 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Town's proportion of the net pension liability was based on the Town's contributions to the LGDTF for the calendar year 2014 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2015, the Town's proportion was 0.0067 percent, which was an increase of 0.0007 percent from its proportion measured as of December 31, 2014.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

For the year, the Town recognized pension expense of \$10,338. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 553	\$ 2
Changes of assumptions or other inputs	-	1,350
Net difference between projected and actual earnings on pension plan investments	13,932	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,069	-
Contributions subsequent to the measurement date	<u>2,503</u>	<u>-</u>
Total	<u>\$ 21,057</u>	<u>\$ 1,352</u>

\$2,503 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	<u>Amount</u>
2017	\$ 6,406
2018	4,193
2019	3,665
2020	<u>2,938</u>
Totals	<u>\$ 17,202</u>

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

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

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.85 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)	financed by the annual increase reserve

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

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

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Retirement of the 18 month annual increase timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. equity – large cap	26.76%	5.00%
U.S. equity – small cap	4.40%	5.19%
Non U.S. equity – developed	22.06%	5.29%
Non U.S. equity – emerging	6.24%	6.76%
Core fixed income	24.05%	0.98%
High yield	1.53%	2.64%
Long duration government credit	0.53%	1.57%
Emerging market bonds	0.43%	3.04%
Real estate	7.00%	5.09%
Private equity	<u>7.00%</u>	7.15%
Total	<u>100.00%</u>	

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

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rates. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$ <u>113,021</u>	\$ <u>73,720</u>	\$ <u>41,124</u>

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

Payables to the pension plan

The Town did not report any payables to the pension plan at year-end.

Eckley Volunteer Fire Department Pension Fund

Summary of significant accounting policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Eckley Volunteer Fire Department

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

Pension Fund and additions to/deductions from Eckley Volunteer Fire Department Pension Fund’s net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the pension plan

Plan administration. The Town’s defined benefit pension plan for volunteers provides retirement and death benefits to plan members and beneficiaries. The plan is affiliated with the Fire and Police Member’s Benefit Fund, an agent multiple-employer pension plan administered by the Fire and Police Pension Association (FPPA) of Colorado. Title 31, Article 30 of the Colorado Revised Statutes assigns the authority to establish and amend the benefit provisions of the plans that participate in FPPA to the respective member entities. The FPPA issues a publicly available financial report that includes financial statements and required supplementary information for Public Employee Retirement System (PERS) Affiliated Local Plans that can be obtained at www.fppaco.org.

Management of the Eckley Volunteer Fire Department Pension Fund is vested in the local Pension Board, which consists of the Town Mayor, Clerk, two persons appointed by the governing body of the Town, and three representatives of the local fire department serving the Town.

Plan membership. At year-end, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>15</u>
Total	<u><u>26</u></u>

Benefits provided. The plan provides retirement and death benefits. Any firefighter who has both reached the age of 50 and completed 20 years of active service shall be eligible for a monthly pension (currently \$26 per month). Vesting for reduced monthly pension benefits begins at 10 years of service, with full pension after 20 years. The plan also provides for a lump-sum burial benefit of \$100 upon the death of an active or retired firefighter, as well as a monthly survivor benefit (currently \$13 per month). The plan does not provide for disability benefits.

Contributions. Contribution requirements of the plan are established under Title 31, Article 30 of the Colorado Revised Statutes. The plan is noncontributory regarding participants. There were no contributions to the Plan made during the current year.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

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

At December 31, 2016 the Town reported a net pension liability of \$26,194. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015.

For the year ended December 31, 2016, the Town recognized pension expense (income) of \$2,199. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 911
Net difference between projected and actual earnings on pension plan investments	1,242	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 1,242</u>	<u>\$ 911</u>

\$0 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31, ___	Amount
2017	\$ (73)
2018	(73)
2019	207
2020	270
Totals	<u>\$ 331</u>

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

Actuarial assumptions. The total pension asset in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level dollar open
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.50%
Retirement age	50% per year of eligibility until 100% at age 65

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment projected with Scale AA, 40 percent multiplier for off-duty mortality. On-duty related mortality is assumed to be 0.00020 per year for all members.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2007 – December 31, 2011. As a result of the 2011 actuarial experience study, the main actuarial factor changes were:

- Reduced the inflation assumption from 3.5 percent to 3.0 percent.
- Reduced the normal investment return assumptions from 8.0 percent to 7.5 percent.
- Revised the post-retirement mortality tables to reflect increased longevity.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0%
Totals	<u>100%</u>	

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2014, are summarized in the above table.

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

Sensitivity of the Town's net pension asset to changes in the discount rate. The following presents the Town's net pension asset calculated using the discount rate of 7.5 percent, as well as what the Town's net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1-percentage point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 31,592	\$ 26,194	\$ 21,627

The long-term rate of return used was 7.5 percent. The municipal bond rate used was 3.57 percent. The single discount rate for the plans was 7.50 percent.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Eckley Volunteer Fire Department Pension Fund financial report.

Payables to the pension plan

The Town did not report any payables to the pension plan at year-end.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note J – Other postemployment benefits

Health Care Trust Fund

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

Funding policy. The Town is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Town are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the fiscal years ended December 31, 2016, 2015 and 2014, the Town's contributions to the HCTF were \$319, \$388 and \$330, respectively, equal to their required contributions for each year.

Note K – Commitments and contingencies

TABOR Amendment

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

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note K – Commitments and contingencies (Continued)

refunded or approved to be retained by the Town under specified voting requirements by the entire electorate. On November 4, 1997, the voters of the Town approved a ballot initiative permitting the Town to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of TABOR. However, the Town has made certain interpretations of TABOR's language in order to determine its compliance. The Town has reserved funds in the General Fund in the amount of \$3,100 for the emergency reserve.

Colorado local government budget laws

Expenditures in the Community Center Fund have exceeded their appropriation by \$2,307, which may be a violation of local government budget laws.

Note L – Debt Covenant Compliance

The loan agreement with Colorado Water Resources and Power Development Authority (Drinking Water Revolving Fund Disadvantaged Communities Loan Program) contains various covenants including the establishment and maintenance of an operations and maintenance reserve fund in an amount equal to three months of operation and maintenance expenses as set forth in the annual budget for the current fiscal year. Based on the current annual budget, three months of operation and maintenance expenses totaled \$16,703, which the Town has funded with unobligated fund balances. The Town must also maintain water rates, fees and other charges that will cover operation and maintenance expenses and at least 110% of debt service for the calendar year. The Town believes it is in compliance with the covenants as set forth in the loan agreement.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Schedule of the Town's Proportionate Share of the Net Pension Liability – PERA Local Government Division Trust Fund
- Schedule of Town Contributions – PERA Local Government Division Trust Fund
- Schedule of Changes in the Town's Net Pension Liability/(Asset) and Related Ratios – Eckley Volunteer Fire Department Pension Fund
- Schedule of Town Contributions – Eckley Volunteer Fire Department Pension Fund
- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Community Center Fund
- Budgetary Comparison Schedule – Conservation Trust Fund

TOWN OF ECKLEY, COLORADO
Schedule of the Town's Proportionate Share of the Net Pension Liability ¹
PERA Local Government Division Trust Fund
December 31, 2016

	Measurement period ended December 31,	
	2015	2014
Town's proportion of the net pension liability	0.0066922223%	0.0059815065%
Town's proportionate share of the net pension liability	\$ 73,720	\$ 53,613
Town's covered-employee payroll	\$ 31,293	\$ 38,003
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	235.58%	141.08%
Plan fiduciary net position as a percentage of the total pension liability	76.90%	80.70%

¹ Information is not available prior to the measurement period ended December 31, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

TOWN OF ECKLEY, COLORADO
Schedule of Town Contributions ¹
PERA Local Government Division Trust Fund
December 31, 2016

	Measurement period ended December 31,	
	2015	2014
Contractually required contribution	\$ 4,302	\$ 5,207
Contributions in relation to the contractually required contribution	(4,302)	(5,207)
Contribution deficiency (excess)	\$ -	\$ -
Town's covered-employee payroll	\$ 31,293	\$ 38,003
Contributions as a percentage of covered-employee payroll	13.75%	13.70%

¹ Information is not available prior to the measurement period ended December 31, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

TOWN OF ECKLEY, COLORADO
Schedule of Changes in the Town's Net Pension Liability/(Asset) and Related Ratios ¹
Eckley Volunteer Fire Department Pension Fund
Last 10 Fiscal Years

	Measurement period ended December 31,	
	2015	2014
Total pension liability		
Service cost	\$ 294	\$ 315
Interest on the total pension liability	3,575	3,639
Benefit changes	-	-
Differences between expected and actual experience	-	(1,705)
Assumption changes	-	-
Benefit payments	(3,094)	(3,090)
Net change in total pension liability	775	(841)
Total pension liability - beginning	49,047	49,888
Total pension liability - ending (a)	<u>\$ 49,822</u>	<u>\$ 49,047</u>
Plan fiduciary net position		
Employer contributions	\$ 2,209	\$ 2,209
Pension plan net investment income	434	1,448
Benefit payments	(3,094)	(3,090)
Pension plan administrative expenses	(1,183)	(419)
State of Colorado supplemental discretionary payment	1,000	1,000
Net change in plan fiduciary net position	(634)	1,148
Plan fiduciary net position - beginning	24,262	23,114
Plan fiduciary net position - ending (b)	<u>\$ 23,628</u>	<u>\$ 24,262</u>
Town's net pension liability/(asset) - ending (a) - (b)	<u>\$ 26,194</u>	<u>\$ 24,785</u>
Plan fiduciary net position as a percentage of the total pension liability	47.42%	49.47%
Covered-employee payroll	N/A	N/A
Town's net pension liability as a percentage of covered-employee payroll	N/A	N/A

¹ Information is not available prior to the measurement period ended December 31, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

TOWN OF ECKLEY, COLORADO
Schedule of Town Contributions ¹
Eckley Volunteer Fire Department Pension Fund
Last 10 Fiscal Years

Measurement Period Ended December 31,	Actuarially Determined Contribution	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2015	\$ 2,872	\$ 3,209	\$ (337)	N/A	N/A
2014	2,872	3,209	(337)	N/A	N/A

* Includes both employer and State of Colorado Supplemental Discretionary Payment.

¹ Information is not available prior to the measurement period ended December 31, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

TOWN OF ECKLEY, COLORADO
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 29,061	\$ 29,061	\$ 30,783	\$ 1,722
Licenses and permits	125	125	274	149
Intergovernmental	17,420	17,420	20,913	3,493
Fines and forfeitures	144	144	250	106
Charges for services	18,000	18,000	19,980	1,980
Miscellaneous	3,430	3,430	9,982	6,552
Total revenues	68,180	68,180	82,182	14,002
Expenditures				
Current				
General government	45,059	45,059	38,287	6,772
Public safety	18,909	18,909	16,469	2,440
Public works	48,907	48,907	44,813	4,094
Culture and recreation	5,940	5,940	1,954	3,986
Debt service				
Principal retirement			2,962	(2,962)
Interest and fiscal charges			38	(38)
Total expenditures	118,815	118,815	104,523	14,292
Net change in fund balance	\$ (50,635)	\$ (50,635)	(22,341)	\$ 28,294
Fund balance at beginning of year			86,198	
Fund balance at end of year			<u>\$ 63,857</u>	

TOWN OF ECKLEY, COLORADO
Community Center Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Contributions	\$ 1,000	\$ 1,000	\$ 2,000	\$ 1,000
Fundraising	8,000	8,000	11,725	3,725
Interest on investments	10	10	56	46
Gym rental	1,787	1,787	5,827	4,040
Miscellaneous	1,500	1,500		(1,500)
Total revenues	12,297	12,297	19,608	7,311
Expenditures				
Current				
Culture and recreation				
Advertising	650	650	951	(301)
Utilities	5,000	5,000	3,426	1,574
Repairs and maintenance	1,300	1,300	1,473	(173)
Fundraising	5,000	5,000	11,336	(6,336)
Miscellaneous	3,000	3,000	375	2,625
Supplies	304	304		304
Total expenditures	15,254	15,254	17,561	(2,307)
Net change in fund balance	\$ (2,957)	\$ (2,957)	2,047	\$ 5,004
Fund balance at beginning of year			36,998	
Fund balance at end of year			\$ 39,045	

TOWN OF ECKLEY, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$ 2,500	\$ 2,500	\$ 2,888	\$ 388
Interest on investments	35	35	6	(29)
Total revenues	2,535	2,535	2,894	359
Expenditures				
Current				
Culture and recreation	3,200	3,200	550	2,650
Net change in fund balance	<u>\$ (665)</u>	<u>\$ (665)</u>	2,344	<u>\$ 3,009</u>
Fund balance at beginning of year			3,136	
Fund balance at end of year			<u>\$ 5,480</u>	

TOWN OF ECKLEY, COLORADO
Notes to the Required Supplementary Information

Note A – Budgetary data

Annual budgets are established for all funds of the Town, except for the pension trust funds, as required by its local charter. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles except for the enterprise funds (water and sewer) in which capital and principal retirement expenses are treated as operating expenses and depreciation expense is not budgeted.

An appropriated budget for the entity as a whole is prepared on a detailed basis. Revenues are budgeted by source. Expenditures are budgeted by department and the major divisions thereof and by each independent office and agency and by the principal objects of expenditure. The legal level of control is considered to be the entity as a whole and expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review and approval by Town council. Within these control levels, management may transfer appropriations without Town council approval. Revisions to the budget were made throughout the year.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before September 20th of each year, or in conformity with the general state law, the Town clerk submits to the Town council a budget which shall be a complete financial plan for the ensuing fiscal year.
- At the same time the budget is submitted, the Town manager shall also prepare an appropriation ordinance making a levy in mills upon all taxable property within the Town for the ensuing fiscal year.
- A public hearing on the budget shall be held by Town council two weeks after its submission. Notice of the time and place of said hearing shall be published within three days after the submission of the budget.
- Prior to December 15th, or in conformity with the general state law, the Town council shall adopt the budget and the tax levy ordinance.
- Any portion of any annual appropriation remaining unexpended and unencumbered at the close of the budget year shall be declared surplus and included in the budget for the ensuing year as those appropriations lapse at year-end.

TOWN OF ECKLEY, COLORADO
Notes to the Required Supplementary Information

Note B – Factors affecting trends in amounts reported in the pension schedules

Information about factors that significantly affect trends in the amounts reported in the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District Contributions is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include:

- Budgetary Comparison Schedules – General Fund
- Budgetary Comparison Schedules – Proprietary Funds

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Budgetary Comparison Schedules – General Fund

The General Fund accounts for all transactions of the Town not required to be accounted for in other funds. This fund represents an accounting of the Town's ordinary operations financed primarily from tax dollars and intergovernmental aid. It is the most significant fund in relation to the Town's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

TOWN OF ECKLEY, COLORADO
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Taxes				
Property taxes	\$ 19,636	\$ 19,636	\$ 20,710	\$ 1,074
Specific ownership taxes	1,425	1,425	2,170	745
Delinquent taxes and interest			1	1
Franchise taxes	6,000	6,000	6,519	519
Severance taxes	2,000	2,000	1,383	(617)
Total taxes	29,061	29,061	30,783	1,722
Licenses and permits	125	125	274	149
Intergovernmental				
Motor vehicle assessments	1,320	1,320	1,252	(68)
Road and bridge taxes			1,182	1,182
Cigarette taxes	100	100		(100)
Highway users tax	16,000	16,000	16,913	913
Mineral lease			1,566	1,566
Total intergovernmental	17,420	17,420	20,913	3,493
Fines and forfeitures	144	144	250	106
Charges for services	18,000	18,000	19,980	1,980
Miscellaneous				
Interest on investments	500	500	399	(101)
Rent and collection fees	1,466	1,466	1,210	(256)
Contributions	1,000	1,000		(1,000)
Miscellaneous	464	464	8,373	7,909
Total miscellaneous	3,430	3,430	9,982	6,552
Total revenues	\$ 68,180	\$ 68,180	\$ 82,182	\$ 14,002

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TOWN OF ECKLEY, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
General government				
Salaries	\$ 8,659	\$ 8,659	\$ 5,080	\$ 3,579
Employee benefits	2,500	2,500	5,454	(2,954)
Supplies	2,200	2,200	900	1,300
Maintenance	5,000	5,000		5,000
Utilities	2,600	2,600	2,147	453
Travel	500	500	88	412
Insurance	5,500	5,500	5,486	14
Reporting and publishing	500	500	730	(230)
Audit and legal	7,300	7,300	11,372	(4,072)
Dues	300	300	1,553	(1,253)
County treasurer fees			417	(417)
Contract services	500	500		500
Miscellaneous	8,500	8,500	5,060	3,440
Capital outlay	1,000	1,000		1,000
Total general government	45,059	45,059	38,287	6,772
Public safety				
Police				
Contract services	4,800	4,800	4,800	-
Legal	400	400	150	250
Total police	5,200	5,200	4,950	250
Fire				
Pension contribution	2,209	2,209		2,209
Repairs	1,500	1,500	2,928	(1,428)
Utilities	5,000	5,000	7,591	(2,591)
Supplies	1,000	1,000		1,000
Miscellaneous	3,000	3,000		3,000
Capital outlay	1,000	1,000	1,000	-
Total fire	13,709	13,709	11,519	2,190
Total public safety	18,909	18,909	16,469	2,440

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Public works				
Highways and streets				
Salaries	6,920	6,920	9,358	(2,438)
Utilities	6,500	6,500	6,698	(198)
Maintenance and supplies	2,010	2,010	3,335	(1,325)
Gas and oil	3,000	3,000	1,476	1,524
Vehicle	1,200	1,200	14	1,186
Tractor	1,650	1,650		1,650
Insurance	699	699		699
Capital outlay	6,200	6,200		6,200
Total highways and streets	28,179	28,179	20,881	7,298
Sanitation				
Landfill costs	2,928	2,928	3,420	(492)
Trash removal	17,800	17,800	20,512	(2,712)
Total sanitation	20,728	20,728	23,932	(3,204)
Total public works	48,907	48,907	44,813	4,094
Culture and recreation				
Community center				
Telephone and utilities	800	800	689	111
Repairs and maintenance	3,000	3,000		3,000
Total community center	3,800	3,800	689	3,111
Parks				
Salaries	840	840	840	-
Maintenance and supplies	1,100	1,100		1,100
Miscellaneous	200	200	425	(225)
Total parks	2,140	2,140	1,265	875
Total culture and recreation	5,940	5,940	1,954	3,986

(Continued)

TOWN OF ECKLEY, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2016

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Debt service				
Principal retirement			2,962	(2,962)
Interest and fiscal charges			38	(38)
Total debt service	-	-	3,000	(3,000)
Total expenditures	\$ 118,815	\$ 118,815	\$ 104,523	\$ 14,292

Budgetary Comparison Schedules – Proprietary Funds

The Town reports the following major proprietary funds:

Enterprise Funds – These funds are used to account for operations that provide services that are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

- Water Fund – This fund was established to account for all operations of the water utility service provided by the Town.
- Sewer Fund – This fund was established to account for all operations of the sewer utility services provided by the Town.

TOWN OF ECKLEY, COLORADO
Water Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 63,000	\$ 63,000	\$ 60,023	\$ (2,977)
Operating expenses				
Salaries	9,660	9,660	12,000	(2,340)
Supplies	2,000	2,000	543	1,457
Repairs and maintenance	5,000	5,000	1,485	3,515
Insurance	5,500	5,500	5,126	374
Utilities	8,500	8,500	6,787	1,713
Audit and legal	1,450	1,450	2,333	(883)
Contract services	6,000	6,000	6,000	-
Water testing	5,700	5,700	393	5,307
Chlorinator			784	(784)
Miscellaneous	8,000	8,000	3,687	4,313
Pension expense			4,492	(4,492)
Capital outlay	10,000	10,000	3,000	7,000
Total operating expenses	61,810	61,810	46,630	15,180
Operating income (loss)	1,190	1,190	13,393	12,203
Nonoperating revenues (expenses)				
Interest on investments	50	50	15	(35)
Principal paid on debt	(5,000)	(5,000)	(5,000)	-
Total nonoperating revenues (expenses)	(4,950)	(4,950)	(4,985)	(35)
Income (loss) before capital contributions	(3,760)	(3,760)	8,408	12,168
Capital contributions	1,000	1,000		(1,000)
Change in net position	\$ (2,760)	\$ (2,760)	8,408	\$ 11,168

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Adjustments to GAAP Basis				
Add note principal			5,000	
Add capital purchases			3,000	
Deduct depreciation			(67,291)	
Change in net position - GAAP Basis			(50,883)	
Net position at beginning of year			1,463,424	
Net position at end of year			\$ 1,412,541	

TOWN OF ECKLEY, COLORADO
Sewer Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 53,000	\$ 53,000	\$ 50,975	\$ (2,025)
Operating expenses				
Salaries	4,800	4,800	5,200	(400)
Supplies	1,500	1,500	4,768	(3,268)
Repairs and maintenance	8,000	8,000	13,319	(5,319)
Insurance	4,000	4,000	5,126	(1,126)
Utilities	4,000	4,000	2,613	1,387
Audit and legal	5,000	5,000	2,333	2,667
Contract services	2,000	2,000		2,000
Right-of-way	2,000	2,000	1,028	972
Miscellaneous	8,000	8,000	238	7,762
Pension expense			441	(441)
Capital outlay	1,113,000	1,113,000	27,727	1,085,273
Total operating expenses	1,152,300	1,152,300	62,793	1,089,507
Operating loss	(1,099,300)	(1,099,300)	(11,818)	1,087,482
Nonoperating revenues (expenses)				
Interest on investments	200	200	75	(125)
Loan and grant revenues	1,113,000	1,113,000	43,888	(1,069,112)
Principal paid on debt	(6,900)	(6,900)	(6,900)	-
Interest paid on debt	(1,895)	(1,895)	(1,608)	287
Total nonoperating revenues (expenses)	1,104,405	1,104,405	35,455	(1,068,950)
Change in net position	\$ 5,105	\$ 5,105	23,637	\$ 18,532
Adjustments to GAAP Basis				
Add bond principal			6,900	
Add capital outlay			27,727	
Deduct depreciation			(10,233)	
Change in net position - GAAP Basis			48,031	
Net position at beginning of year			203,248	
Net position at end of year			\$ 251,279	

**Colorado Department of Highways
Local Highway Finance Report**

This calendar-year report of receipts and expenditures is required by the Colorado Department of Highways to maintain Statewide accountability for moneys used for highway and street purposes. To ensure data accuracy, House Bill 1008 mandates that this report be included in the Town's financial statements.

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Eckley
This Information From The Records Of (example - City of _ or County of _) Town of Eckley	YEAR ENDING : December 2016
Prepared By: Phone:	Shawnee Shell (970) 359-2222

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	11,455
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	1,182	c. Other - Street Lighting	9,393
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	9,393
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	20,848
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,182	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	18,165	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	19,347	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	20,848

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	10,459	19,347	20,848	8,958	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2016

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	1,182	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	0	h. Other	
c. Total (a. + b.)	1,182	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	16,913	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	1,252	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,252	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	18,165	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: