

TOWN OF EMPIRE, COLORADO

Financial Statements

For the Year of December 31, 2016

(with Independent Auditor's Report Thereon)



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TOWN OF EMPIRE, COLORADO

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TOWN OF EMPIRE, COLORADO

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
Town of Empire
Empire, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In my opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Empire 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

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

The budgetary comparison information in Section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The combining non-major financial statements, individual fund budgetary comparison information found in Section F, and the *Local highway Finance Report* listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The combining non-major fund financial statements, individual fund budgetary comparison information found in Section F, and the *Local Highway Finance Report* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Handwritten signature of Jack Salewski, CPA.

Jack Salewski, CPA

Littleton, Colorado
November 24, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Empire, Colorado

Management's Discussion and Analysis

December 31, 2016

As management of the Town of Empire, we offer readers of the Town of Empire's financial statements this narrative overview and analysis of the financial activities of the Town of Empire for the fiscal year ended December 31, 2016.

Financial Highlights

- The Town of Empire had an increase in net position of \$241,954. The increase was in part attributable to significant asset acquisitions of infrastructure in the Water and Wastewater Fund that was financed with grant revenues.
- The Town of Empire's governmental funds combined fund balance decreased by \$11,144. The decrease was in part attributable to a decrease in sales tax revenue.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Empire's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the Town of Empire's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Town of Empire'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 Empire is improving or deteriorating.

Overview of the Financial Statements (continued)

The *Statement of Activities* presents information showing how the government'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 are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Empire that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Empire include general government, public safety, public works, parks and recreation, and maintenance. The business-type activities of the Town of Empire include a water utility that treats and distributes water (*the Water Fund*) and a wastewater utility that maintains the sewer collection system (*the Sewer Fund*).

The government-wide financial statements include only the Town of Empire itself (known as the primary government). The government-wide financial statements can be found on pages C1 and C2 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. The Town of Empire, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Empire can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. This accounting method is called modified accrual accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar

Overview of the Financial Statements (continued)

information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Empire adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided to demonstrate compliance with the State budget statutes.

Proprietary funds. The Town of Empire maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Empire uses enterprise funds to account for its water and wastewater utilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater funds all of which are considered to be major funds of the Town of Empire.

The basic proprietary fund financial statements can be found on pages C8 through C10 of this report. The Town of Empire also presents a budgetary comparison for its proprietary funds.

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 on pages D1 through D41 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required notes to financial statements. The combining fund statements can be found on pages F2 through F3.

Government-Wide Financial Analysis

The largest portion of the Town of Empire's assets is reflected in the investment in capital assets (i.e. land, buildings, improvements, and equipment). Capital assets account for 84% of the total assets. The Town of Empire uses these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining net position, the Town of Empire's restricted net position has changed as follows:

	<u>1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/16</u>
General Fund:				
Emergency Reserves	\$ 9,398	\$ -0-	\$ 100	\$ 9,298
Conservation Trust:				
Recreation	3,229	1,600	-0-	4,829
Centennial Fund:				
Emergency Reserves	90	21	-0-	111
Cemetery Trust Fund:				
Emergency Reserves	300	-0-	75	225
Traffic Calming Fund:				
Emergency Reserves	45	195	-0-	240
Public Safety Vehicle Fund:				
Emergency Reserves	45	-0-	-0-	45
Water Fund:				
Debt Services	-0-	-0-	-0-	-0-
Wastewater Fund:				
Debt Services	-0-	-0-	-0-	-0-
	<u>\$13,107</u>	<u>\$ 1,816</u>	<u>\$ 175</u>	<u>\$14,748</u>

Government-Wide Financial Analysis (continued)

The following chart shows the Town of Empire's net position for 2016 and 2015:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and Other Assets	\$ 247,141	\$ 223,829	\$ 256,498	\$ 243,947	\$ 503,639	\$ 467,776
Capital Assets	734,079	771,145	1,828,768	1,615,984	2,562,847	2,387,129
Total Assets	<u>981,220</u>	<u>994,974</u>	<u>2,085,266</u>	<u>1,859,931</u>	<u>3,066,486</u>	<u>2,854,905</u>
Deferred Outflow of Resources:	<u>3,921</u>	<u>10,662</u>	<u>-0-</u>	<u>-0-</u>	<u>3,921</u>	<u>10,662</u>
Liabilities:						
Other Liabilities	21,203	31,372	66,422	94,185	87,625	125,557
Long-term Liabilities	-0-	-0-	-0-	-0-	-0-	-0-
Total Liabilities	<u>21,203</u>	<u>31,372</u>	<u>66,422</u>	<u>94,185</u>	<u>87,625</u>	<u>125,557</u>
Deferred Inflow of Resources:						
Unavailable Property Tax Revenue	23,446	22,628	-0-	-0-	23,446	22,628
Total Deferred Inflow of Resources	<u>23,446</u>	<u>22,628</u>	<u>-0-</u>	<u>-0-</u>	<u>23,446</u>	<u>22,628</u>
Net Assets:						
Net Investment in Capital Assets	734,079	771,145	1,828,768	1,615,984	2,562,847	2,387,129
Restricted	14,748	13,007	-0-	-0-	14,748	13,007
Unrestricted	191,665	167,484	190,076	149,762	381,741	317,246
Total Net Assets	<u>\$ 940,492</u>	<u>\$ 951,636</u>	<u>\$2,018,844</u>	<u>\$1,765,746</u>	<u>\$2,959,336</u>	<u>\$2,717,382</u>

At the end of the current fiscal year, the Town of Empire 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. The same report can be made for the prior year.

Government-Wide Financial Analysis (continued)

The following chart is a summary of the Town of Empire's Change in Net Position:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 125,007	\$ 71,365	\$ 234,376	\$ 234,872	\$ 359,383	\$ 306,237
Operating Grants and Contributions	9,097	-0-	-0-	-0-	9,097	-0-
Capital Grants and Contributions	9,100	1,661	347,720	426,447	356,820	428,108
General Revenues:						
Sales and Use Tax	91,909	102,207	-0-	-0-	91,909	102,207
Property Tax	21,662	22,538	-0-	-0-	21,662	22,538
Other Taxes	72,326	62,995	-0-	-0-	72,326	62,995
Investment Earnings and Other Revenue	213	1,017	142	-0-	355	1,017
Total Revenues	329,314	261,783	582,238	661,319	911,552	923,102
Program Expenses						
General Government	140,935	168,529	-0-	-0-	140,935	168,529
Public Safety	48,910	18,854	-0-	-0-	48,910	18,854
Streets	98,410	42,147	-0-	-0-	98,410	42,147
Parks and Recreation	27,646	17,584	-0-	-0-	27,646	17,584
Maintenance	24,557	21,141	-0-	-0-	24,557	21,141
Water	-0-	-0-	186,069	103,813	186,069	103,813
Sewer	-0-	-0-	143,071	127,891	143,071	127,891
Total Expenses	340,458	268,255	329,140	231,704	669,598	499,959
Changes in Net Assets before Transfers	(11,144)	(6,472)	253,098	429,615	241,954	423,143
Transfers	-0-	-0-	-0-	-0-	-0-	-0-
Change in Net Assets	(11,144)	(6,472)	253,098	429,615	241,954	423,143
Net Assets-Beginning of Year	951,636	958,108	1,765,746	1,336,131	2,717,382	2,294,239
Net Assets-End of Year	<u>\$ 940,492</u>	<u>\$ 951,636</u>	<u>\$2,018,844</u>	<u>\$1,765,746</u>	<u>\$2,959,336</u>	<u>\$2,717,382</u>

Government-Wide Financial Analysis (continued)

Governmental activities. Governmental activities decreased the Town of Empire's net position by \$11,144. Key elements of this decrease are as follows:

- Reduction in sales tax revenue.

Business-type activities. Business-type activities increased the Town of Empire's net position by \$253,098. Key elements of this increase are as follows:

- Increase in capital assets that was financed with grant proceeds.

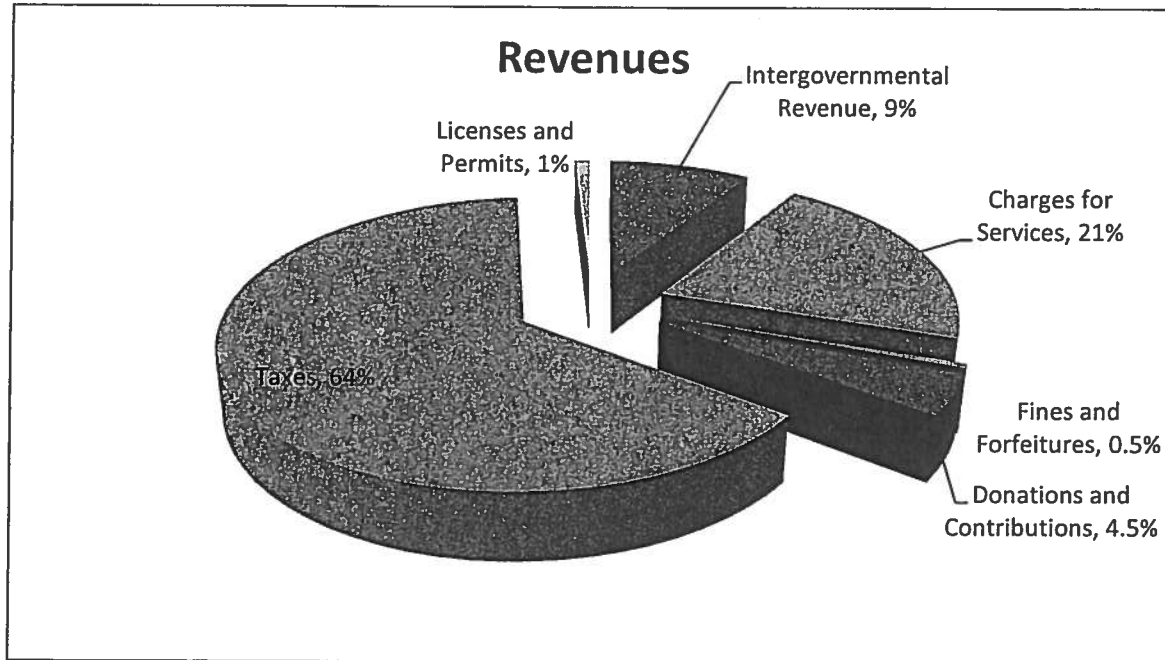
Financial Analysis of the Town's Funds

As mentioned on page B1 of this analysis, the Town of Empire uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

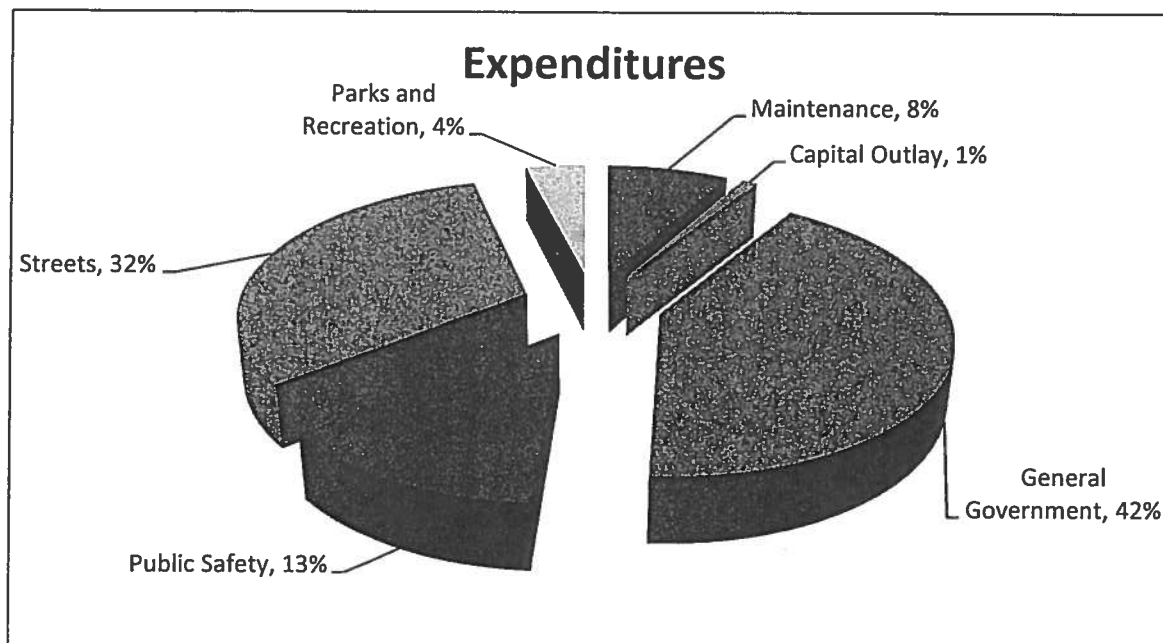
Governmental funds. The focus of the Town of Empire's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Empire's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the fiscal year 2016, the Town of Empire's governmental funds reported combined ending fund balances of \$202,492, an increase of \$34,082 from the prior year ending fund balances.

Government-Wide Financial Analysis (continued)

The Town of Empire's total governmental fund revenues were from the following sources:



The following is a chart of the Town of Empire's governmental activities expenditures by function for 2015:

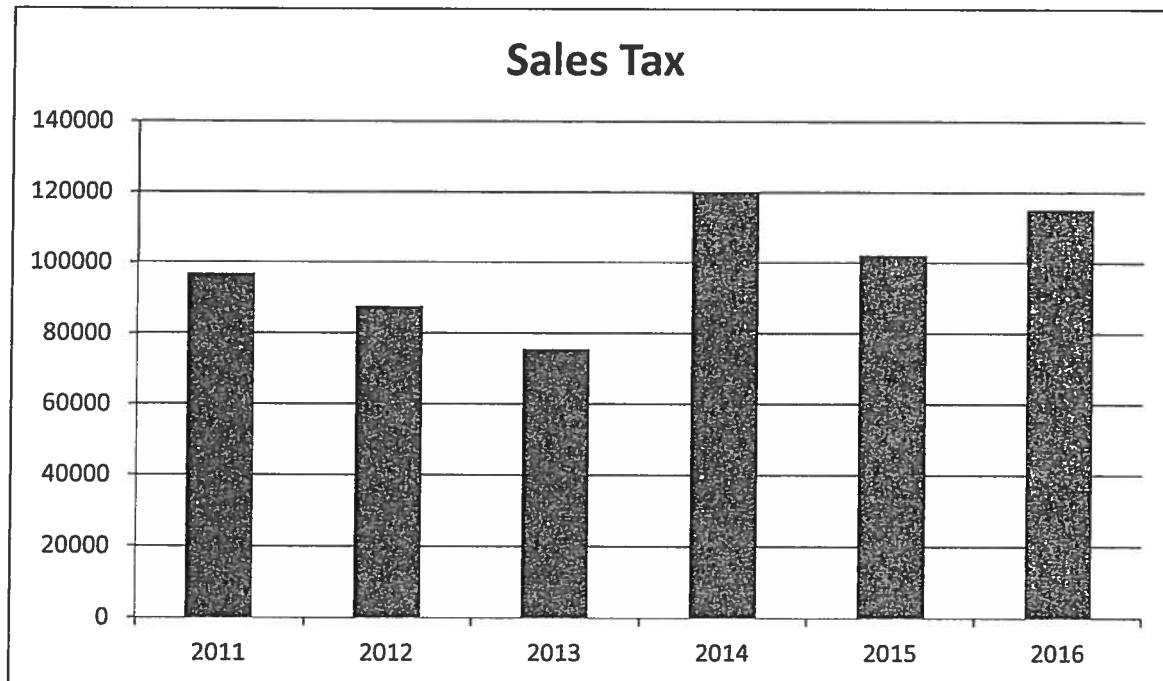


Government-Wide Financial Analysis (continued)

Proprietary funds. The Town of Empire's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Capital assets. The Town of Empire's government-wide capital assets, net of accumulated depreciation decreased due to depreciation. Additional information as well as a detailed classification of the Town of Empire's net capital assets can be found in the Notes to the Financial Statements on pages D23 and D24 of this report.

Sales and Use Tax: The Town of Empire has 5% sales and use tax that is used to fund its governmental and police operations. The increase in sales tax from 2015 was \$12,949 or 13%. The following chart indicates changes in the sales tax over the past several years.



Next year's budget and rates: The Town of Empire's General Fund balance at the end of the current fiscal year was \$78,562. The Town of Empire's 2017 budget anticipates an ending General Fund balance of \$19,166.

Government-Wide Financial Analysis (continued)

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with an overview of the Town's finances and to show the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Finance Director at PO Box 100, Empire, Colorado 80438, (303) 569-2978.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF EMPIRE, COLORADO

STATEMENT OF NET POSITION

December 31, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments - Unrestricted	\$ 198,810	\$ 196,740	\$ 395,550
Accounts, Taxes, and Interest Receivable	24,885	15,682	40,567
Due from Other Governments	-0-	44,076	44,076
Property Taxes Receivable	23,446	-0-	23,446
Net Pension Assets	-0-	-0-	-0-
Total Current Assets	247,141	256,498	503,639
Capital Assets			
Water Rights	-0-	9,729	9,729
Land and Improvements	163,607	22,399	186,006
Work in Process	-0-	728,118	728,118
Infrastructure	68,702	-0-	68,702
System and Improvements	-0-	2,842,856	2,842,856
Buildings and Improvements	896,677	-0-	896,677
Equipment	244,690	197,422	442,112
Less Accumulated Depreciation	(639,597)	(1,971,756)	(2,611,353)
Total Capital Assets (net of Accumulated Depreciation)	734,079	1,828,768	2,562,847
Total Assets	981,220	2,085,266	3,066,486
DEFERRED OUTFLOW OF RESOURCES:			
Pension (net of Accumulated Amortization)	3,921	-0-	3,921
Total Deferred Outflow of Resources	3,921	-0-	3,921
LIABILITIES			
Current Liabilities:			
Accounts Payable	14,022	66,422	80,444
Accrued Expenses	4,831	-0-	4,831
Due to Other Funds	-0-	-0-	-0-
Deposits	2,350	-0-	2,350
Total Current Liabilities	21,203	66,422	87,625
DEFERRED INFLOW OF RESOURCES:			
Unavailable property tax revenue	23,446	-0-	23,446
Pension (net of Accumulated Amortization)	-0-	-0-	-0-
Total Deferred Inflow of Resources	23,446	-0-	23,446
NET POSITION			
Net Investment in Capital Assets	734,079	1,828,768	2,562,847
Restricted	14,748	-0-	14,748
Unrestricted	191,665	190,076	381,741
Total Net Position	\$ 940,492	\$2,018,844	\$2,959,336

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

TOWN OF EMPIRE, COLORADO

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$140,935	\$ 14,203	\$ 9,097	\$ -0-
Public Safety	48,910	25,235	-0-	-0-
Streets	98,410	71,511	-0-	7,500
Maintenance	24,557	14,058	-0-	-0-
Parks and Recreation	27,646	-0-	-0-	1,600
Interest	-0-	-0-	-0-	-0-
Total Governmental Activities	340,458	125,007	9,097	9,100
Business-Type Activities				
Water	186,069	118,358	-0-	212,797
Wastewater	143,071	116,018	-0-	134,923
Total Business-Type Activities	329,140	234,376	-0-	347,720
TOTAL PRIMARY GOVERNMENT	\$669,598	\$359,383	\$ 9,097	\$356,820

GENERAL REVENUES

Property Tax, Levied for General Purposes
Specific Ownership Tax
General Sales and Use Tax
Franchise Tax
Severance Tax
Other Miscellaneous Taxes
Investment Earnings
Miscellaneous

TOTAL GENERAL REVENUES

TRANSFERS

CHANGE IN NET POSITION

NET POSITION, BEGINNING OF YEAR

NET POSITION, END OF YEAR

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

TOWN OF EMPIRE, COLORADO

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
PRIMARY GOVERNMENT		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (117,635)	\$ -0-	\$ (117,635)
(23,675)	-0-	(23,675)
(19,399)	-0-	(19,399)
(10,499)	-0-	(10,499)
(26,046)	-0-	(26,046)
-0-	-0-	-0-
(197,254)	-0-	(197,254)
-0-	145,086	145,086
-0-	107,870	107,870
-0-	252,956	252,956
(197,254)	252,956	55,702
21,662	-0-	21,662
1,246	-0-	1,246
91,909	-0-	91,909
15,178	-0-	15,178
55,902	-0-	55,902
-0-	-0-	-0-
213	142	355
-0-	-0-	-0-
186,110	142	186,252
-0-	-0-	-0-
(11,144)	253,098	241,954
951,636	1,765,746	2,717,382
\$940,492	\$2,018,844	\$2,959,336

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

FUND FINANCIAL STATEMENTS

TOWN OF EMPIRE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	General	Traffic Calming Fund	Conservation Trust Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Assets					
Cash and Investments - Unrestricted	\$ 73,760	\$96,831	\$4,829	\$23,390	\$198,810
Receivables, Net of Allowance for Uncollectibles	24,885	-0-	-0-	-0-	24,885
Property Taxes Receivable	23,446	-0-	-0-	-0-	23,446
Due from Other Governmental Funds	-0-	-0-	-0-	-0-	-0-
Total Assets	<u>\$122,091</u>	<u>\$96,831</u>	<u>\$4,829</u>	<u>\$23,390</u>	<u>\$247,141</u>
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts Payable	\$ 12,902	\$ -0-	\$ -0-	\$ 1,120	\$ 14,022
Accrued Payroll	4,831	-0-	-0-	-0-	4,831
Due to Other Funds	-0-	-0-	-0-	-0-	-0-
Deposits	2,350	-0-	-0-	-0-	2,350
Total Liabilities	<u>20,083</u>	<u>-0-</u>	<u>-0-</u>	<u>1,120</u>	<u>21,203</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable Property Tax Revenue	23,446	-0-	-0-	-0-	23,446
Total Deferred Inflow of Resources	<u>23,446</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>23,446</u>
FUND BALANCES:					
Restricted for Emergencies	9,298	240	-0-	381	9,919
Restricted for Recreation	-0-	-0-	4,829	-0-	4,829
Committed	-0-	96,591	-0-	21,889	118,480
Assigned	-0-	-0-	-0-	-0-	-0-
Unassigned	69,264	-0-	-0-	-0-	69,264
Total Fund Balances	<u>78,562</u>	<u>96,831</u>	<u>4,829</u>	<u>22,270</u>	<u>202,492</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$122,091</u>	<u>\$96,831</u>	<u>\$4,829</u>	<u>\$23,390</u>	<u>\$247,141</u>

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

TOWN OF EMPIRE, COLORADO

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT
OF NET POSITION

December 31, 2016

Governmental Funds Total Fund Balance	\$ 202,492
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Add:

Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds	1,373,676
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Net pension assets \$-0-, pension-related deferred outflow of resources \$3,921 and pension-related deferred inflow of resources \$-0- are not current financial resources and, therefore, are not reported in governmental funds	3,921
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Less:

Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition	<u>(639,597)</u>
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Governmental Activities Net Position	<u>\$ 940,492</u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF EMPIRE, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2016

	General	Traffic Calming Fund	Conservation Trust Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$209,144	\$ -0-	\$ -0-	\$ -0-	\$209,144
Licenses and Permits	3,484	-0-	-0-	-0-	3,484
Intergovernmental Revenue	28,507	-0-	1,600	-0-	30,107
Charges for Services	22,529	47,635	-0-	500	70,664
Fines and Forfeitures	1,988	154	-0-	154	2,296
Investment Income	213	-0-	-0-	-0-	213
Donations and Contributions	10,856	-0-	-0-	2,550	13,406
Miscellaneous	-0-	-0-	-0-	-0-	-0-
Total Revenues	<u>276,721</u>	<u>47,789</u>	<u>1,600</u>	<u>3,204</u>	<u>329,314</u>
EXPENDITURES					
General Government	118,707	-0-	-0-	3,587	122,294
Public Safety	39,130	-0-	-0-	-0-	39,130
Streets	92,583	-0-	-0-	-0-	92,583
Parks and Recreation	13,168	-0-	-0-	-0-	13,168
Maintenance	24,557	-0-	-0-	-0-	24,557
Capital Outlay	3,500	-0-	-0-	-0-	3,500
Debt Service	-0-	-0-	-0-	-0-	-0-
Total Expenditures	<u>291,645</u>	<u>-0-</u>	<u>-0-</u>	<u>3,587</u>	<u>295,232</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(14,924)</u>	<u>47,789</u>	<u>1,600</u>	<u>(383)</u>	<u>34,082</u>
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	-0-	-0-	-0-	-0-	-0-
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(14,924)</u>	<u>47,789</u>	<u>1,600</u>	<u>(383)</u>	<u>34,082</u>
Fund Balances, Beginning of Year	<u>93,486</u>	<u>49,042</u>	<u>3,229</u>	<u>22,653</u>	<u>168,410</u>
Fund Balances, End of Year	<u>\$78,562</u>	<u>\$96,831</u>	<u>\$ 4,829</u>	<u>\$ 22,270</u>	<u>\$202,492</u>

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

TOWN OF EMPIRE, COLORADO

RECONCILIATION OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Governmental Funds Changes in Fund Balances	\$34,082
Add:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capitalized assets during the year.	3,500
Some income reported in the statement of activities does not require the use of current financial resources and, therefore, are not reported as income in the governmental funds. This includes net pension assets, pension-related deferred outflow of resources, and pension-related deferred inflow of resources.	(8,160)
Less:	
Government funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the depreciation expense for the year.	<u>(40,566)</u>
Governmental Activities Change in Net Position	<u>\$ (11,144)</u>

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

TOWN OF EMPIRE, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2016

	Water Fund	Wastewater Fund	Total Business-Type Activities
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 8,627	\$ 188,113	\$ 196,740
Cash Restricted	-0-	-0-	-0-
Due from Other Governments	44,076	-0-	44,076
Accounts Receivables, net of Allowances	7,841	7,841	15,682
Total Current Assets	<u>60,544</u>	<u>195,954</u>	<u>256,498</u>
Noncurrent Assets			
Land and Easements	17,399	5,000	22,399
Water Rights	9,729	-0-	9,729
Work in Process	728,118	-0-	728,118
Water System and Improvements	1,520,531	1,322,325	2,842,856
Equipment	92,073	105,349	197,422
Less: Accumulated Depreciation	(1,362,865)	(608,891)	(1,971,756)
Total Noncurrent Assets	<u>1,004,985</u>	<u>823,783</u>	<u>1,828,768</u>
Total Assets	<u>1,065,529</u>	<u>1,019,737</u>	<u>2,085,266</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	59,983	6,439	66,422
Interest Payable	-0-	-0-	-0-
Due to Other Funds	-0-	-0-	-0-
Noncurrent Liabilities Due within One Year	-0-	-0-	-0-
Total Current Liabilities	<u>59,983</u>	<u>6,439</u>	<u>66,422</u>
Noncurrent Liabilities			
Noncurrent Liabilities – Due Longer Than One Year	-0-	-0-	-0-
Total Noncurrent Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>59,983</u>	<u>6,439</u>	<u>66,422</u>
NET POSITION			
Net Investment in Capital Assets	1,004,985	823,783	1,828,768
Restricted	-0-	-0-	-0-
Unrestricted	561	189,515	190,076
TOTAL NET POSITION	<u>\$1,005,546</u>	<u>\$1,013,298</u>	<u>\$2,018,844</u>

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

TOWN OF EMPIRE, COLORADO

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended December 31, 2016

	Water Fund	Wastewater Fund	Total Business-Type Activities
OPERATING REVENUES			
Charges for Services	\$ 118,358	\$ 116,018	\$ 234,376
Total Operating Revenues	<u>118,358</u>	<u>116,018</u>	<u>234,376</u>
OPERATING EXPENSES			
Purchased Services	78,177	65,701	143,878
Supplies and Services	81,865	38,862	120,727
Depreciation and Amortization	26,027	38,508	64,535
Total Operating Expenses	<u>186,069</u>	<u>143,071</u>	<u>329,140</u>
Operating Income (Loss)	<u>(67,711)</u>	<u>(27,053)</u>	<u>(94,764)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Revenue	64	78	142
Interest Expense	-0-	-0-	-0-
Grants and Contributions	212,797	134,923	347,720
Total Nonoperating Revenues (Expenses)	<u>212,861</u>	<u>135,001</u>	<u>347,862</u>
Net Income Before Transfers and Capital Contributions	145,150	107,948	253,098
Transfers In	-0-	-0-	-0-
Transfers Out	-0-	-0-	-0-
Capital Contributions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
CHANGE IN NET POSITION	145,150	107,948	253,098
NET POSITION, BEGINNING	<u>860,396</u>	<u>905,350</u>	<u>1,765,746</u>
NET POSITION, ENDING	<u><u>\$1,005,546</u></u>	<u><u>\$1,013,298</u></u>	<u><u>\$2,018,844</u></u>

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

TOWN OF EMPIRE, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2016

	Water Fund	Wastewater Fund	Total Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers for Services	\$118,869	\$116,529	\$235,398
Cash Paid for Goods and Services	(113,809)	(129,099)	(242,908)
Net Cash Provided (Used) by Operating Activities	<u>5,060</u>	<u>(12,570)</u>	<u>(7,510)</u>
CASH FLOW FROM CAPITAL AND FINANCING ACTIVITIES			
Purchases of Capital Assets	(181,844)	(95,475)	(277,319)
Decrease in Due/From Other Funds	(4,295)	(7,158)	(11,453)
Interest Payments	-0-	-0-	-0-
Principal Payments	-0-	-0-	-0-
Net Cash Provided (Used) by Capital and Financing Activities	<u>(186,139)</u>	<u>(102,633)</u>	<u>(288,772)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES			
Grants and Contributions	168,721	134,923	303,644
Transfers from Other Funds	-0-	-0-	-0-
Net Cash Provided by Noncapital Financing Activities	<u>168,721</u>	<u>134,923</u>	<u>303,644</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	64	78	142
Net Cash Provided by Investing Activities	<u>64</u>	<u>78</u>	<u>142</u>
Net Increase (Decrease) in Cash & Cash Equivalents	(12,294)	19,798	7,504
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>20,921</u>	<u>168,315</u>	<u>189,236</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 8,627</u>	<u>\$188,113</u>	<u>\$196,740</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (67,711)	\$ (27,053)	\$ (94,764)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation and Amortization	26,027	38,508	64,535
(Increase) Decrease in Accounts Receivable	511	511	1,022
Increase (Decrease) in Accounts Payable	46,233	(24,536)	21,697
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,060</u>	<u>\$ (12,570)</u>	<u>\$ (7,510)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

I. Summary of Significant Accounting Policies

The Town of Empire, Colorado, (the “Town”) was incorporated in 1882 as a Colorado statutory municipality.

An elected Mayor and Town Board are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. The Town’s major operations include water and sewer operations, road maintenance, police service, and culture and recreation.

The Town’s financial statements are prepared in accordance in conformity with generally accepted accounting principles (“GAAP”) as applicable to governmental entities. The Governmental Accounting Standards Board (“GASB”) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established by GAAP used by the Town are discussed below.

A. Reporting Entity

The financial reporting entity consists of the Town. There are no organizations for which the Town is financially accountable. The Town follows the Governmental Accounting Standards Board (“GASB”) accounting pronouncements which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency on the town.

The Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's public safety, road maintenance, culture and recreation, and administration are classified as governmental activities. The Town's water and sewer utilities are classified as business activities.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts – net investment in capital assets; restricted; and unrestricted.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (public safety, highways and streets, utilities, etc.). The functions are also supported by general government revenues (property and sales taxes, intergovernmental revenue, fines and permits, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, roads, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (property and sales taxes, interest income, etc.).

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements (continued)

The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

2. Categories and Classification of Fund Balance

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification with the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications, refer to Note I (B) (3) below.

3. Fund Balance Disclosure

The Town classifies governmental fund balances as follows:

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

3. Fund Balance Disclosure (continued)

Unspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is Town Board. The Town's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Town Board platform to review, and/or make changes to each department's budget. Before year end, a budgetary committee will meet again with each department for final review and approval of preliminary budget. The Budget is then formally presented to Town Board via an advertised public process for their review, revisions, and final approval by year end. All subsequent budget requests made during the year, after Town Board approval, must be presented via a public process and again approval by Town Board.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

3. Fund Balance Disclosures (continued)

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Town Board or its management designee.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Town uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Town would first use committed then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Town does not have a formal minimum fund balance policy. However, the Town's budget includes a calculation of a targeted reserve positions and the Administration calculates targets and report them annually to Town Board.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

4. Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The Town reports the following major governmental funds:

General Fund

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The Town reports the following major special revenue funds:

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

4. Fund Financial Statements (continued)

Traffic Calming Fund

The *Traffic Calming Fund* is used for street improvements. Revenue is received from dump fees.

Conservation Trust Fund

The *Conservation Trust Fund* receives lottery proceeds. The expenses are limited to capital expenditures and maintenance for the purpose of recreation.

The Town reports the following major proprietary or business-type funds:

Water Fund

The *Water Fund* accounts for all activities necessary to provide water services to Town residents.

Wastewater Fund

The *Wastewater Fund* accounts for all activities necessary for the operations and maintenance of the Town's wastewater facilities.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

I. Summary of Significant Accounting Policies (continued)

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation

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

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

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Investments

Investments are stated at fair value.

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as deferred inflow of resources.

5. Capital Assets

Capital assets, which include land, property, equipment, vehicles, all water and wastewater systems infrastructure and all governmental activities infrastructure acquired since 1980, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, and in the proprietary funds in the fund financial statements. Purchases or construction of capital assets are recorded as expenditures in the governmental funds.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Capital Assets (continued)

Capital assets are defined by the Town as assets with an individual cost of \$1,000 or greater, and an estimated useful life in excess of one year. Capital assets are recorded at historical cost. The Town does not intend to capitalize infrastructure acquired prior to January 1, 2001. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest incurred during construction is capitalized in proprietary funds, if applicable.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 – 40 years
Machinery and Equipment	3 – 10 years
Infrastructure	50 years
Water and Wastewater Systems	40 years

6. Deferred Outflows and 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Deferred Outflows and Inflows of Resources

The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position for the contributions to the police pension subsequent to the measurement date.

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 and so will not be recognized as an inflow of resources (revenue) until that time. The government has one item that qualifies for reporting in this category. Accordingly, this item, unavailable property tax revenue is deferred and recognized as inflow of resources in the period that the amounts become available.

7. Compensated Absences

Earned but unused vacation benefits are accrued when incurred in the government-wide financial statements. The liability for the amounts is reported in governmental funds.

8. Net Position/Fund Balances

In the government-wide financial statements, net position is restricted when constraints placed on the use of resources are externally imposed.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Net Position/Fund Balances (continued)

Governmental fund balances are classified as restricted when constraints are placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Committed fund balances include resources which are subject to limitations the Town imposes on itself by action of the Town Council through ordinances. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Commitments may be established, modified, or rescinded only through ordinances approved by the Town Council. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted or committed.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town Council has provided otherwise in its commitment or assignment actions.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet includes reconciliation between fund balance – total governmental funds and net position of governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that capital assets are recorded as assets when purchased and depreciated over the life of the assets. Net capital assets of \$734,079 represents capitalized costs of \$1,373,676 and accumulated depreciation of \$639,597.

A second element of the reconciliations is the pension contributions subsequent to the measurement date of \$3,921.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance includes reconciliation between net change in fund balances of governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation is depreciation of governmental funds capital assets of \$40,555.

A second element of the reconciliation is the amortization of deferred inflow/outflow of pension expense \$8,160.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year end.

As required by Colorado Statutes, the Town followed the required timetable noted below in preparing, approving, and enacting its budget for 2016.

1. For the 2016 budget year, prior to August 25, 2015 (revised November 30), the County Assessor sent to the Town an assessed valuation of all taxable property within the Town's boundaries.
2. The Town Finance Director submitted to the Board, on or before October 15, 2015, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the Town's operating requirements.
3. Prior to December 15, 2015, a public hearing was held for the budget, the Board certified to the County commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the Town may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2015 were collected in 2016 and taxes certified in 2016 will be collected in 2017. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

During the year the Town approved the following budget amendments.

Fund	Original Budget	Final Budget	Amendment
Wastewater Fund	\$124,200	\$230,124	\$105,924
Traffic Calming Fund	1,500	88,500	87,000
Centennial Fund	3,000	3,332	332

The Centennial Fund expenditures exceeded budget by \$55. This may be a violation of budget law.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved \$9,919 which is the approximate required reserve at December 31, 2016.

The Town's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

IV. Detailed Notes on All Funds

A. Deposits and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the Town.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The Town's investment policy permits investments in the following type of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-Insured Certificates of Deposit (maximum maturity of 18 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

The Town's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the Town's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the Town's demand deposits was \$382,797 at year end.

Fair Value of Investments

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2016, the Town had the following recurring fair value measurements:

<u>Investments Measured at Net Asset Value</u>		
COLOTRUST	\$12,753	100%

Investments classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.

The Investment Pool represents investments in COLOTRUST. The fair value of the pool is determined by the pool's share price. The Town has no regulatory oversight for the pool. At December 31, 2016, the Town's investments in COLOTRUST were 100% of the Town's investment portfolio.

Interest Rate Risk

As a means of limiting its exposure to interest rate risk, the Town diversifies its investments by security type and institution, and limits holdings in any one type

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Interest Rate Risk (continued)

of investment with any one issuer and type of issuer. The Town coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than three months from the purchase date. As a result of the limited length of maturities the Town has limited its interest rate risk.

Credit Risk

Town investment policy limits investments to those authorized by State statutes. The Town's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

The Town had the following cash and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less Than One Year	Less Than Five Years
Demand Deposits:				
Checking	Not Rated	\$382,797		
Investments:				
Investment Pools	AAAm	12,753	\$ 12,753	\$ -0-
Total Cash and Investments		<u>\$395,550</u>	<u>\$ 12,753</u>	<u>\$ -0-</u>
Reconciliation to Statement of Net Position:				
Cash and Investments – Unrestricted		\$395,550		
Cash and Investments - Restricted		<u>-0-</u>		
Total Cash and Investments		<u>\$395,550</u>		

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Concentration of Credit Risk

The Town diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding Town funds must provide the Town with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

B. Receivables

Receivables as of year-end for the Town's funds, including applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Funds</u>	
	<u>General</u>	<u>Total</u>
Receivables:		
Taxes	\$23,446	\$23,446
Accounts Receivable	9,115	9,115
Due from Other Governments	15,770	15,770
Gross Receivables	48,331	48,331
Less: Allowance for Uncollectible	-0-	-0-
Net Receivables	<u>\$48,331</u>	<u>\$48,331</u>

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. Detailed Notes on All Funds (continued)

B. Receivables (continued)

	Enterprise Funds		
	Water Fund	Wastewater Fund	Total
Receivables:			
Accounts Receivable	\$ 7,841	\$ 7,841	\$15,682
Due from Other Governments	44,076	-0-	44,076
Gross Receivables	51,917	7,841	59,758
Less: Allowance for Uncollectible	-0-	-0-	-0-
Net Receivables	<u>\$51,917</u>	<u>\$7,841</u>	<u>\$59,758</u>

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. This includes property taxes levied in 2016 but not available until 2017.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

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

	Balance at December 31, 2015	Additions	Deletions	Balance at December 31, 2016
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 163,607	\$ -0-	\$ -0-	\$ 163,607
Capital assets, being depreciated:				
Buildings	735,102	-0-	-0-	735,102
Improvements other than buildings	226,777	3,500	-0-	230,277
Machinery and equipment	244,690	-0-	-0-	244,690
Total capital assets, being depreciated	1,206,569	3,500	-0-	1,210,069
Less accumulated depreciation for:				
Buildings	(269,032)	(18,378)	-0-	(287,410)
Improvements other than buildings	(97,099)	(18,473)	-0-	(115,572)
Machinery and equipment	(232,900)	(3,715)	-0-	(236,615)
Total accumulated depreciation	(599,031)	(40,566)	-0-	(639,597)
Capital assets being depreciated, net	607,538	(37,066)	-0-	570,472
Governmental activities capital assets, net	\$ 771,145	\$ (37,066)	\$ -0-	\$ 734,079

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

	Balance at December 31, 2015	Additions	Deletions	Balance at December 31, 2016
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 22,399	\$ -0-	\$ -0-	\$ 22,399
Water rights	9,729	-0-	-0-	9,729
Construction in progress	627,386	172,077	71,345	728,118
Total capital assets, not being depreciated	659,514	172,077	71,345	760,246
Capital assets, being depreciated:				
Improvements	2,676,036	166,820	-0-	2,842,856
Machinery and equipment	187,655	9,767	-0-	197,422
Total capital assets, being depreciated	2,863,691	176,587	-0-	3,040,278
Less accumulated depreciation for:				
Improvements	(1,749,278)	(61,165)	-0-	(1,810,443)
Machinery and equipment	(157,943)	(3,370)	-0-	(161,313)
Total accumulated depreciation	(1,907,221)	(64,535)	-0-	(1,971,756)
Capital assets being depreciated, net	956,470	112,052	-0-	1,068,522
Business-type activities capital assets, net	\$1,615,984	\$284,129	\$71,345	\$1,828,768

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

The Town had the following capital outlay and depreciation expense for the following functions:

	Depreciation Expense	Capital Outlay
Governmental Activities		
General Government	\$18,641	\$ -0-
Public Safety	1,620	-0-
Streets	5,827	-0-
Parks and Recreation	14,478	-0-
Capital Outlay	-0-	3,500
Total governmental activities	\$40,566	\$ 3,500
Business-type activities		
Water	\$26,027	\$181,844
Wastewater	38,508	95,475
Total business-type activities	\$64,535	\$277,319

D. Other Liabilities

Accrued Compensated Absences

Earned but unused compensated absence (e.g. paid time off) benefits amounted to \$4,831 at December 31, 2016. All unused benefits are recorded on the individual fund that pays the related payroll.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. Detailed Notes on All Funds (continued)

E. Long-Term Obligations

On June 13, 2014, the Town entered into a loan agreement with Colorado Water Resources and Power Development Authority for the purpose of water treatment improvements and installation of water meters. The maximum amount of the loan commitment is \$847,920. The Authority shall forgive 100% of the principal amount of the loan. During 2016, \$212,797 was borrowed by the Town and the same amount forgiven by the Authority. During the loan term, the Town must maintain an operation and maintenance reserve in the amount equal to three months of operation and maintenance expense.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

V. Fund Balance

The specific purposes for each fund balance classification on the governmental funds balance sheet are detailed in the table below.

A. Restricted Fund Balance

The Town had the following restrictions on fund balances at December 31, 2016:

	1/1/16	Additions	Deletions	12/31/16
General Fund:				
Emergency Reserves	\$ 9,398	\$ -0-	\$ 100	\$ 9,298
Conservation Trust:				
Recreation	3,229	1,600	-0-	4,829
Centennial Fund:				
Emergency Reserves	90	21	-0-	111
Cemetery Trust Fund:				
Emergency Reserves	300	-0-	75	225
Traffic Calming Fund:				
Emergency Reserves	45	195	-0-	240
Public Safety Vehicle Fund:				
Emergency Reserves	45	-0-	-0-	45
Water Fund:				
Debt Services	-0-	-0-	-0-	-0-
Wastewater Fund:				
Debt Services	-0-	-0-	-0-	-0-
	<u>\$13,107</u>	<u>\$ 1,816</u>	<u>\$ 175</u>	<u>\$14,748</u>

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

V. Fund Balance (continued)

B. Committed Fund Balance

The Town had the following committed fund balances at December 31, 2016:

	<u>1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/16</u>
Centennial Fund:				
Operating Reserve	\$ 2,044	\$ -0-	\$ 858	\$ 1,186
Cemetery Trust Fund:				
Operating Reserve	9,000	8,294	-0-	17,294
Traffic Calming Fund:				
Operating Reserve	-0-	96,591	-0-	96,591
Public Safety Vehicle Fund:				
Operating Reserve	-0-	3,409	-0-	3,409
	<u>\$11,044</u>	<u>\$108,294</u>	<u>\$ 858</u>	<u>\$118,480</u>

C. Unassigned Fund Balance

The Town had the following unassigned fund balances at December 31, 2016:

	<u>1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/16</u>
General Fund:				
Operating Reserve	\$ 84,188	\$ -0-	\$14,924	\$ 69,264
Cemetery Trust Fund:				
Operating Reserve	7,919	-0-	7,919	-0-
Traffic Calming Fund:				
Operating Reserve	48,997	-0-	48,997	-0-
Public Safety Vehicle Fund:				
Operating Reserve	3,255	-0-	3,255	-0-
	<u>\$144,359</u>	<u>\$ -0-</u>	<u>\$75,095</u>	<u>\$ 69,264</u>

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

VI. Related Party Transactions

The Town is a participating entity in an Inter-governmental Agreement (“IGA”) with the Clear Creek Fire Authority (the “Authority”). This agreement provides fire and rescue services to the Town and expires in December 2016. One of the Town’s Trustees serves on the Board of the Authority. Under the IGA, the Town paid the Authority \$12,943 during the year ended December 31, 2016.

During 2016, the Town purchased a shed from a relative of an employee for \$3,500. The Town Board believes this saved the Town a substantial amount of money.

VII. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18 (2).

The purposes of CIRSA are to provide members defined liability, property, and workers’ compensation coverage and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, and member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

VIII. Commitments and Contingencies

A. Grants

The Town has received revenue from various Federal and State grant programs, which are subject to final review and approval as to allowability by the respective grantor agencies. The Town believes it is in compliance with the provisions of all applicable grant programs and that the disallowance of any expenditure will be immaterial.

B. Commitments

There are construction commitments for water treatment plant improvements in the amount of \$349,124.

IX. Proceeds from the Seizure of Contraband

The Colorado Contraband Forfeiture Act requires the proceeds from the seizure of contraband be used exclusively for law enforcement activities. During 2016, there were no seizures of contraband and at no time during the year did the Town hold or expend any such funds.

X. Lease Agreements

A. Town Facilities

During 2016, the Town entered into a lease agreement with an individual for space in the Town's building. The lease commenced on December 17, 2012. Rental payments are due to the Town on the first day of each month. The revenue to the Town under this lease agreement is recorded as rental income in the general fund.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

X. Lease Agreements (continued)

A. Town Facilities (continued)

Rent to be paid to the Town as of December 31, 2016 is as follows:

<u>Year</u>	<u>Town Facilities</u>
2016	<u>\$13,547</u>
Totals	<u><u>\$13,547</u></u>

XI. Subsequent Events

The Town has evaluated events subsequent to the year ended December 31, 2016 through November 24, 2017, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

XII. Employee Retirement Plans

A. FFPA Statewide Defined Benefit Plan

1. Plan Description

The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SDBP may include clerical and other personnel from fire districts whose services are auxiliary to fire protection.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

XII. Employee Retirement Plans (continued)

A. FFPA Statewide Defined Benefit Plan (continued)

2. Contributions

Determined by state statute or by election of the members, contributions are set at a level that enables all benefits to be fully funded at the retirement date of all members. Employees and employers are contributing at a rate of 9% and 8% of base salary for a total contribution rate of 17% through 2016. In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022.

Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20.5% of base salary through 2015. It is a local decision on who pays the additional 4% contribution. Per the 2015 member election, the reentry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24%.

The contribution rate for members and employers of affiliated social security employers is 4.25% and 4% of base salary for a total contribution rate of 8.25% in 2015. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4% resulting in a combined contribution rate of 10% in 2022.

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

XII. Employee Retirement Plans (continued)

A. FFPA Statewide Defined Benefit Plan (continued)

3. Benefits

On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Plan to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension.

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

In addition, upon retirement, a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

XII. Employee Retirement Plans (continued)

A. FFPA Statewide Defined Benefit Plan (continued)

3. Benefits (continued)

retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result, their Separate Retirement Account (SRA) has two components; the standard SRA and the reentry SRA.

The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.60 percent.

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

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

XII. Employee Retirement Plans (continued)

A. FFPA Statewide Defined Benefit Plan (continued)

4. Net Pension Asset

The Town's contributions to the SWDB Plan for the year ended December 31, 2016 was \$3,921, equal to the required contributions.

Within the money purchase component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting the Town's contributions within the money purchase component and earnings on those contributions is 20% per year after the first year of service, with 100% vesting after five years of service.

At December 31, 2016, the Town reported a net pension asset of \$-0- representing its proportionate share of the net pension asset of the SWDB Plan. The net pension asset was measured at December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation at January 1, 2016. The Town's proportion of the net pension asset was based on a projection of the Town's contributions to the Plan for the calendar year ended December 31, 2015, relative to the projected contributions of all participating employers.

At December 31, 2015, the Town's proportion of the SWDB Plan was 0.00%, which was a decrease of 0.00128393% from its proportion measured at December 21, 2014.

For the year ended December 31, 2016, the Town recognized pension expense for the SWDB of \$8,160. At December 31, 2016, the Town reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

XII. Employee Retirement Plans (continued)

A. FFPA Statewide Defined Benefit Plan (continued)

4. Net Pension Asset (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -0-	\$ -0-
Net difference between projected and actual earnings on plan investments	-0-	-0-
Change in proportion	-0-	-0-
Contributions subsequent to the measurement date	<u>3,921</u>	<u>-0-</u>
Total	<u>\$3,921</u>	<u>\$ -0-</u>

Town contributions to the SWDB subsequent to the measurement date of \$3,921 will be recognized as an increase to the net pension asset in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31,

2017	<u>\$3,921</u>
Total	<u>\$3,921</u>

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

XII. Employee Retirement Plans (continued)

A. FFPA Statewide Defined Benefit Plan (continued)

5. Actuarial Assumptions

The actuarial valuations for the SDBP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2015. The valuations used for the following actuarial assumption and other inputs:

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

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

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

XII. Employee Retirement Plans (continued)

A. FFPA Statewide Defined Benefit Plan (continued)

5. Actuarial Assumptions (continued)

The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table, with Blue Collar Adjustment, projected with Scale AA is used in the projection of post-retirement benefits.

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2011 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the Fire & Police Pension Association's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experiences and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2016. Actuarial assumptions effective for actuarial valuation prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015, the actuarial assumptions impact actuarial factors for the benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

XII. Employee Retirement Plans (continued)

A. FFPA Statewide Defined Benefit Plan (continued)

5. Actuarial Assumptions (continued)

allocation percentage and by adding expected inflation. Best Estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0%*
Total	<u>100.0%</u>	

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

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

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

XII. Employee Retirement Plans (continued)

A. FFPA Statewide Defined Benefit Plan (continued)

6. Discount Rate

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

7. Sensitivity of the Authority's Proportionate Share of the Net Pension Liabilities 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 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 Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability (asset)	\$ -0-	\$ -0-	\$ -0-

TOWN OF EMPIRE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

XII. Employee Retirement Plans (continued)

A. FFPA Statewide Defined Benefit Plan (continued)

8. Pension Plan Fiduciary Net Position

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

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF EMPIRE, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2016

(With Comparative Actual Amounts for the Year Ended 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
REVENUES					
Taxes:					
General Property Taxes	\$ 22,598	\$ 22,598	\$ 21,662	\$ (936)	\$ 22,538
Specific Ownership Tax	2,500	2,500	1,246	(1,254)	1,251
Sales and Use Tax	159,902	159,902	115,156	(44,746)	91,631
Franchise Tax	15,000	15,000	15,178	178	15,255
Severance Tax	36,000	56,000	55,902	(98)	46,295
Other Taxes	500	500	-0-	(500)	194
Total Taxes	236,500	256,500	209,144	(47,356)	177,164
Licenses and Permits:					
Other Licenses & Permits	6,875	6,875	3,484	(3,391)	3,369
Intergovernmental Revenue:					
Federal Mineral Lease	5,500	5,500	4,785	(715)	4,679
Road and Bridge Tax	11,000	11,000	8,035	(2,965)	10,053
State Highway Users Tax	7,500	12,667	12,585	(82)	11,656
Motor Vehicle Registration	-0-	-0-	3,102	3,102	3,633
Total Intergovernmental Revenue	24,000	29,167	28,507	(660)	30,021
Charges for Services:					
Miscellaneous	15,000	15,000	8,982	(6,018)	7
Rents	10,800	10,800	13,547	2,747	13,539
Dump Fees	-0-	-0-	-0-	-0-	14,131
Total Charges for Services:	25,800	25,800	22,529	(3,271)	27,677
Fines and Forfeitures:					
Traffic Fines	21,550	21,550	1,988	(19,562)	537
Miscellaneous Revenue:					
Investment Income	250	250	213	(37)	102
Donations & Contributions	-0-	11,000	10,856	(144)	-0-
Other Income	2,000	2,000	-0-	(2,000)	-0-
Total Miscellaneous Revenue	2,250	13,250	11,069	(2,181)	102
Total Revenues	\$316,975	\$353,142	\$276,721	\$(76,421)	\$238,870

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

TOWN OF EMPIRE, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2016

(With Comparative Actual Amounts for the Year Ended 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
EXPENDITURES					
General Government:					
Legislative	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Administrative	107,850	144,017	118,707	25,310	146,544
Total General Government	107,850	144,017	118,707	25,310	146,544
Public Safety:					
Police and Public Safety	79,370	79,370	39,130	40,240	13,234
Streets:					
Streets	91,500	91,500	92,583	(1,083)	36,620
Maintenance:					
Maintenance	23,200	23,200	24,557	(1,357)	21,141
Parks and Recreation:					
Recreation	8,000	8,000	13,168	(5,168)	3,106
Capital Outlay:					
Capital Outlay	-0-	-0-	3,500	(3,500)	4,500
Total Expenditures	309,920	346,087	291,645	54,442	225,145
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,055	7,055	(14,924)	(21,979)	13,725
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	-0-	-0-	-0-	-0-	(14,723)
Net Change in Fund Balance	\$ 7,055	\$ 7,055	(14,924)	\$(21,979)	(998)
Fund Balance, Beginning of Year			93,486		94,484
Fund Balance, End of Year			\$ 78,562		\$ 93,486

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

TOWN OF EMPIRE, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – TRAFFIC CALMING FUND

For the Year Ended December 31, 2016

(With Comparative Actual Amounts for the Year Ended 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
REVENUES:					
Charges for Services	\$ -0-	\$87,000	\$47,635	\$(39,365)	\$8,100
Fines and Forfeitures	2,000	2,000	154	(1,846)	-0-
Total Revenues	2,000	89,000	47,789	(41,211)	8,100
EXPENDITURES					
General Government:					
Public Safety	1,500	1,500	-0-	1,500	4,000
Capital Outlay	-0-	87,000	-0-	87,000	-0-
Total Expenditures	1,500	88,500	-0-	88,500	4,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	500	500	47,789	47,289	4,100
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	-0-	-0-	-0-	-0-	37,646
Net Change in Fund Balance	\$ 500	\$ 500	47,789	\$47,289	41,746
Fund Balance, Beginning of Year			49,042		7,296
Fund Balance, End of Year			\$96,831		\$49,042

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

TOWN OF EMPIRE, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CONSERVATION TRUST FUND

For the Year Ended December 31, 2016

(With Comparative Actual Amounts for the Year Ended 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
REVENUES:					
Intergovernmental	\$1,500	\$1,500	\$1,600	\$ 100	\$1,661
Investment Income	-0-	-0-	-0-	-0-	-0-
Miscellaneous Income	-0-	-0-	-0-	-0-	-0-
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>1,600</u>	<u>100</u>	<u>1,661</u>
EXPENDITURES					
Capital Outlay					
	2,000	2,000	-0-	2,000	-0-
Maintenance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>-0-</u>	<u>2,000</u>	<u>-0-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(500)	(500)	1,600	2,100	1,661
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Change in Fund Balance	<u>\$ (500)</u>	<u>\$ (500)</u>	1,600	<u>\$2,100</u>	1,661
Fund Balance, Beginning of Year			<u>3,229</u>		<u>1,568</u>
Fund Balance, End of Year			<u>\$4,829</u>		<u>\$3,229</u>

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

TOWN OF EMPIRE, COLORADO

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET AND
CONTRIBUTIONS
FIRE AND POLICE PENSION ASSOCIATION OF COLORADO STATEWIDE DEFINED
BENEFIT PLAN

For the Year Ended December 31, 2016

	<u>12/31/15</u>	<u>12/31/14</u>	<u>12/31/13</u>
Proportionate Share of the Net Pension Asset			
Town's Proportion of the Net Pension Asset	0.00%	0.00128393%	0.01063%
Town's Proportionate Share of the Net Pension Asset	\$-0-	\$1,449	\$9,506
Town's Covered Payroll	\$-0-	\$5,774	\$46,191
Town's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	0%	25%	21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0%	141%	139%
	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Town Contributions			
Statutorily Required Contribution	\$3,921	\$-0-	\$462
Contribution in Relation to the Statutorily Required Contribution	<u>(3,921)</u>	<u>-0-</u>	<u>(462)</u>
Contribution Deficiency (Excess)	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>
Town's Covered Payroll	\$18,690	\$-0-	\$5,724
Contributions as a Percentage of Covered Payroll			8%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

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

TOWN OF EMPIRE, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended December 31, 2016

Note 1: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

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

- In October, management submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- State statutes stipulate that expenditures may not exceed budgeted appropriations at the fund level. The Town Council can transfer budgeted amounts between operating line items within a fund. Any budget revisions that alter the total expenditures of any fund must be approved by the Town Council.
- Budgets are legally adopted for all funds of the Town. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons presented for the Proprietary Funds are presented on a non-GAAP budgetary basis. Debt principal is recognized as an expenditure for budgetary purposes. Capital outlay is budgeted as an expenditure, and depreciation and amortization are not budgeted.
- All appropriations lapse at year end.

SUPPLEMENTARY INFORMATION

TOWN OF EMPIRE, COLORADO

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2016

Special Revenue Funds

Cemetery Fund

This fund accounts for transactions related to maintenance or improvements to the Town's cemetery.

Centennial Fund

This fund accounts for donations.. Expenditures in this fund are used for Town events.

Public Safety Vehicle Fund

This fund accounts a portion of traffic fines. Expenditures are used for police vehicle maintenance.

TOWN OF EMPIRE, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2016

	Special Revenue			Total Nonmajor Govern- mental Funds
	Cemetery Trust Fund	Centennial Fund	Public Safety Vehicle Fund	
ASSETS				
Cash and Investments	\$17,719	\$ 2,217	\$3,454	\$23,390
Intergovernmental Receivable	-0-	-0-	-0-	-0-
Total Assets	<u>\$17,719</u>	<u>\$ 2,217</u>	<u>\$3,454</u>	<u>\$23,390</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 200	\$ 920	\$ -0-	\$ 1,120
Due to Other Funds	-0-	-0-	-0-	-0-
Total Liabilities	<u>200</u>	<u>920</u>	<u>-0-</u>	<u>1,120</u>
FUND BALANCES				
Spendable:				
Restricted for:				
Emergencies	225	111	45	381
Committed	17,294	1,186	3,409	21,889
Unassigned	-0-	-0-	-0-	-0-
Total Fund Balances	<u>17,519</u>	<u>1,297</u>	<u>3,454</u>	<u>22,270</u>
Total Liabilities and Fund Balances	<u>\$17,719</u>	<u>\$ 2,217</u>	<u>\$3,454</u>	<u>\$23,390</u>

The accompanying notes are an integral part of these financial statements

TOWN OF EMPIRE, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	Special Revenue			Total Nonmajor Govern- mental Funds
	Cemetery Trust Fund	Centennial Fund	Public Safety Vehicle Fund	
REVENUE				
Taxes	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Charges for Services	500	-0-	-0-	500
Fines and Forfeitures	-0-	-0-	154	154
Interest	-0-	-0-	-0-	-0-
Donations and Contributions	-0-	2,550	-0-	2,550
Miscellaneous	-0-	-0-	-0-	-0-
Total Revenues	<u>500</u>	<u>2,550</u>	<u>154</u>	<u>3,204</u>
EXPENDITURES				
General Government	200	3,387	-0-	3,587
Public Safety	-0-	-0-	-0-	-0-
Capital Outlay	-0-	-0-	-0-	-0-
Debt Service				
Principal	-0-	-0-	-0-	-0-
Interest	-0-	-0-	-0-	-0-
Total Expenditures	<u>200</u>	<u>3,387</u>	<u>-0-</u>	<u>3,587</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	300	(837)	154	(383)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	-0-	-0-	-0-	-0-
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Change in Fund Balance	300	(837)	154	(383)
Fund Balance, Beginning of Year	<u>17,219</u>	<u>2,134</u>	<u>3,300</u>	<u>22,653</u>
Fund Balance, End of Year	<u>\$17,519</u>	<u>\$ 1,297</u>	<u>\$3,454</u>	<u>\$22,270</u>

The accompanying notes are an integral part of these financial statements

TOWN OF EMPIRE, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CEMETERY TRUST FUND

For the Year Ended December 31, 2016

(With Comparative Actual Amounts for the Year Ended 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
REVENUES:					
Intergovernmental:					
State Lottery Funds	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Other Income	1,000	1,000	500	(500)	-0-
Investment Income	-0-	-0-	-0-	-0-	-0-
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>500</u>	<u>(500)</u>	<u>-0-</u>
EXPENDITURES					
General Government	<u>10,000</u>	<u>10,000</u>	<u>200</u>	<u>9,800</u>	<u>-0-</u>
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>200</u>	<u>9,800</u>	<u>-0-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,000)	(9,000)	300	9,300	-0-
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Change in Fund Balance	<u>\$ (9,000)</u>	<u>\$ (9,000)</u>	300	<u>\$ 9,300</u>	-0-
Fund Balance, Beginning of Year			<u>17,219</u>		<u>17,219</u>
Fund Balance, End of Year			<u>\$ 17,519</u>		<u>\$ 17,219</u>

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

TOWN OF EMPIRE, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - CENTENNIAL FUND

For the Year Ended December 31, 2016

(With Comparative Actual Amounts for the Year Ended 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
REVENUES:					
Intergovernmental	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Donations	650	982	2,550	1,568	-0-
Miscellaneous	-0-	-0-	-0-	-0-	-0-
Total Revenues	<u>650</u>	<u>982</u>	<u>2,550</u>	<u>1,568</u>	<u>-0-</u>
EXPENDITURES					
General Government	3,000	3,332	3,387	(55)	1,620
Parks and Recreation	-0-	-0-	-0-	-0-	-0-
Capital Outlay	-0-	-0-	-0-	-0-	-0-
Total Expenditures	<u>3,000</u>	<u>3,332</u>	<u>3,387</u>	<u>(55)</u>	<u>1,620</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,350)	(2,350)	(837)	1,513	(1,620)
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Change in Fund Balance	<u>\$ (2,350)</u>	<u>\$ (2,350)</u>	(837)	<u>\$1,513</u>	(1,620)
Fund Balance, Beginning of Year			<u>2,134</u>		<u>3,754</u>
Fund Balance, End of Year			<u>\$ 1,297</u>		<u>\$ 2,134</u>

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

TOWN OF EMPIRE, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL – PUBLIC SAFETY FUND

For the Year Ended December 31, 2016

(With Comparative Actual Amounts for the Year Ended 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
REVENUES:					
Fines and Forfeitures	\$2,000	\$2,000	\$ 154	\$(1,846)	\$ -0-
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>154</u>	<u>(1,846)</u>	<u>-0-</u>
EXPENDITURES					
General Government:					
Public Safety	1,500	1,500	-0-	1,500	-0-
Capital Outlay	-0-	-0-	-0-	-0-	-0-
Total Expenditures	<u>1,500</u>	<u>1,500</u>	<u>-0-</u>	<u>1,500</u>	<u>-0-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	500	500	154	(346)	-0-
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Change in Fund Balance	<u>\$ 500</u>	<u>\$ 500</u>	154	<u>\$ (346)</u>	-0-
Fund Balance, Beginning of Year			<u>3,300</u>		<u>3,300</u>
Fund Balance, End of Year			<u>\$3,454</u>		<u>\$3,300</u>

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

TOWN OF EMPIRE, COLORADO

SCHEDULE OF REVENUES AND EXPENDITURES BUDGET (NON-GAAP BASIS)
AND ACTUAL RECONCILIATION TO GAAP BASIS
PROPRIETARY FUNDS
WATER FUND

For the Year Ended December 31, 2016
(With Comparative Actual Amounts for the Year Ended 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
REVENUES					
Utility Sales	\$118,000	\$118,000	\$118,358	\$ 358	\$117,596
Interest Revenue	-0-	-0-	64	64	-0-
Grants and Contributions	520,000	520,000	212,797	(307,203)	426,447
Total Revenues	<u>638,000</u>	<u>638,000</u>	<u>331,219</u>	<u>(306,781)</u>	<u>544,043</u>
EXPENDITURES					
Payroll	3,500	3,500	-0-	3,500	2,082
Utilities	7,500	7,500	5,840	1,660	5,507
Repairs and Maintenance	25,000	25,000	30,400	(5,400)	28,614
Other Purchased Services	52,000	52,000	47,777	4,223	32,204
Supplies	11,000	11,000	7,308	3,692	9,524
Loan Principal	29,000	29,000	-0-	29,000	29,992
Interest Expense	-0-	-0-	-0-	-0-	83
Water Meters	55,000	55,000	68,717	(13,717)	-0-
Capital Outlay	460,000	460,000	181,844	278,156	513,654
Total Expenditures	<u>643,000</u>	<u>643,000</u>	<u>341,886</u>	<u>301,114</u>	<u>621,660</u>
EXCESS (DEFICIENCY) OF REVENUES BUDGET OVER EXPENDITURES (NON- GAAP) BASIS	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	(10,667)	<u>\$ (5,667)</u>	(77,617)
RECONCILIATION TO GAAP BASIS					
Capitalized Assets			181,844		513,654
Depreciation			(26,027)		(25,799)
Loan Principal			-0-		29,992
NET INCOME (LOSS) - GAAP BASIS			<u>\$145,150</u>		<u>\$440,230</u>

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

TOWN OF EMPIRE, COLORADO

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL WITH RECONCILIATION TO GAAP
BASIS

PROPRIETARY FUNDS
WASTEWATER FUND

For the Year Ended December 31, 2016
(With Comparative Actual Amounts for the Year Ended 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
REVENUES:					
Utility Sales	\$117,000	\$117,000	\$116,018	\$ (982)	\$117,276
Interest Revenue	-0-	-0-	78	78	-0-
Grants and Contributions	5,000	110,924	134,923	23,999	-0-
Total Revenues	<u>122,000</u>	<u>227,924</u>	<u>251,019</u>	<u>23,095</u>	<u>117,276</u>
EXPENDITURES					
Payroll	3,500	3,500	-0-	3,500	833
Utilities	25,000	25,000	9,336	15,664	14,224
Repairs and Maintenance	45,000	45,000	33,725	11,275	43,473
Other Purchased Services	32,200	32,200	31,976	224	13,489
Supplies	18,500	18,500	29,526	(11,026)	19,032
Capital Outlay	-0-	105,924	95,475	10,449	71,346
Total Expenditures	<u>124,200</u>	<u>230,124</u>	<u>200,038</u>	<u>30,086</u>	<u>162,397</u>
EXCESS (DEFICIENCY) OF REVENUES BUDGET OVER EXPENDITURES (NON-GAAP) BASIS	<u>\$ (2,200)</u>	<u>\$ (2,200)</u>	50,981	<u>\$53,181</u>	(45,121)
RECONCILIATION TO GAAP BASIS					
Capitalized Assets			95,475		71,346
Depreciation			<u>(38,508)</u>		<u>(36,840)</u>
NET INCOME (LOSS) – GAAP BASIS			<u>\$107,948</u>		<u>\$(10,615)</u>

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

ANNUAL SCHEDULE OF REVENUES AND EXPENDITURES
FOR ROADS, BRIDGES, AND STREETS

Calendar Year 2016
LOCAL HIGHWAY FINANCE REPORT
COUNTY/CITY: Empire

II - RECEIPTS FOR ROAD AND STREET PURPOSES

A. Receipts from local sources

2. General Fund Appropriations:

\$ 26,000.00

3. Other local imposts: *from A.3. Total' below)*

\$

4. Miscellaneous local receipts: *from A.4. Total' below)*

\$

5. Transfers from toll facilities

\$ 0.00

6. Proceeds of sale of bonds and notes

a. Bonds - Original Issues:

\$ 0.00

b. Bonds - Refunding Issues:

\$ 0.00

c. Notes:

\$ 0.00

SubTotal:

\$

B. Private Contributions

\$ 0.00

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

A.3. Other local imposts

a. Property Taxes and Assessments

\$ 0.00

b. Other Local Imposts

1. Sales Taxes:

\$ 8,050.00

2. Infrastructure and Impact Fees:

\$ 0.00

3. Liens:

\$ 0.00

4. Licenses:

\$ 0.00

5. Specific Ownership and/or Other:

\$ 0.00

Total: (a + b) carried to 'Other local imposts' above

\$	
----	--

A.4. Miscellaneous local receipts

a. Interest on Investments:

\$	0.00
----	------

b. Traffic fines & Penalties:

\$	0.00
----	------

c. Parking Garage Fees:

\$	0.00
----	------

d. Parking Meter Fees:

\$	0.00
----	------

e. Sale of Surplus Property:

\$	0.00
----	------

f. Charges for Services:

\$	0.00
----	------

g. Other Misc. Receipts:

\$	0.00
----	------

h. Other:

\$	0.00
----	------

Total: (a through h) carried to 'Misc local receipts' above

\$	
----	--

C. Receipts from State Government

1. Highway User Taxes:

\$	11,000.00
----	-----------

3. Other State funds:

c. Motor Vehicle Registrations:

\$	0.00
----	------

d. Other:

Comments: undefined

\$	0.00
----	------

e. Other:

Comments: undefined

\$	0.00
----	------

Total: (1+3c,d,e)

\$	
----	--

D. Receipts from Federal Government

2. Other Federal Agencies

a. Forest Service:

\$	0.00
----	------

b. FEMA:

\$	0.00
----	------

c. HUD:

\$ 0.00

d. Federal Transit Administration:

\$ 0.00

e. U.S. Corp of Engineers

\$ 0.00

f. Other Federal:

\$ 0.00

Total: (2a-f)

\$

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

A. Local highway disbursements

1. Capital outlay: (from A.1.d. 'Total Capital Outlay' below)

\$

2. Maintenance:

\$ 12,009.00

3. Road and street services

a. Traffic control operations:

\$ 0.00

b. Snow and ice removal:

\$ 2,000.00

c. Other:

\$ 0.00

4. General administration & miscellaneous

\$ 3,766.00

5. Highway law enforcement and safety

\$ 27,275.00

Total: (A.1-5)

\$

B. Debt service on local obligations

1. Bonds

a. Interest

\$ 0.00

b. Redemption

\$ 0.00

2. Notes

a. Interest

\$ 0.00

b. Redemption

\$ 0.00

SubTotal: (1+2)

\$

C. Payments to State for Highways:

\$ 0.00

D. Payments to Toll Facilities:

\$ 0.00

Total Disbursements: (A+B+C+D)

\$

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES - (Detail)

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	\$ 0.00	\$ 0.00	\$
b. Engineering Costs:	\$ 0.00	\$ 0.00	\$
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$
3. System Preservation:	\$ 0.00	\$ 0.00	\$
4. System Enhancement:	\$ 0.00	\$ 0.00	\$
5. Total Construction:			\$
d. Total Capital Outlay: (Lines A.1.a. + 1.b. + 1.c.5)			\$

IV. LOCAL HIGHWAY DEBT STATUS

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	\$ 0.00	\$ 0.00	\$ 0.00	\$
1. Bonds (Refunding Portion)		\$ 0.00	\$ 0.00	\$
B. Notes (Total):	\$ 0.00	\$ 0.00	\$ 0.00	\$

V - LOCAL ROAD AND STREET FUND BALANCE

**A. Beginning
Balance**

\$ 0.00

B. Total Receipts

\$ 45,050.00

**C. Total
Disbursements**

\$ 45,050.00

D. Ending Balance

\$ 0.00

E. Reconciliation

\$ 0.00

Notes & Comments:

undefined

Date Submitted: