

**Town of Fraser
Fraser, Colorado**

**Financial Statements
December 31, 2016**



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**Town of Fraser, Colorado
Financial Report
December 31, 2016**

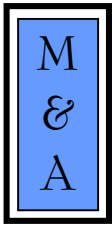
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Town Board Town of Fraser, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Member: American Institute of Certified Public Accountants

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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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our 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 individual fund budgetary comparisons found in Section F and the *Local Highway Finance Report* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund budgetary comparisons 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
April 17, 2017**

Town of Fraser, Colorado

Management's Discussion and Analysis

December 31, 2016

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

The Town provides a high level of local government service and availability to the community including operation of the Town's water and wastewater systems, a public works department that provides for street maintenance, snow removal and management, park and open space preservation, public building and facility management and maintenance. Our planning department provides support for both our business/economic sectors in addition to community development support, all while maintaining our small town character in the bigger mountain resort community that we are a part of. The Town currently acts as the manager of the Upper Fraser Valley Wastewater Treatment Facility – providing both the operational expertise and financial management of the facility for the three member organizations who share the plant. In addition the Town participates in a joint Fraser/Winter Park Police Department and a joint Winter Park/Fraser/Granby Building Services Department.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include 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's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all Town assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 is improving or deteriorating.

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 (i.e. uncollected revenues such as grants or earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, and culture and recreation. The business-type activities of the Town include water production, water distribution system operation and maintenance, and the operation and maintenance of the Town's wastewater collection system.

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, 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 can be divided into two categories: governmental and proprietary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS



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 near-term financing requirements.

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 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 near-term financing decisions. The expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The fund financial statements for the governmental funds are shown on pages C3 and C5.

The Town's Budget includes the following governmental funds:

- General Fund (GF), which provides for the general functions and services such as administration, planning, law enforcement, streets and properties.
- Capital Asset Fund (CAF), which is intended to fund long term maintenance of capital assets (streets, buildings, parks, trails, etc). The CAF is consolidated with the GF in the financial statements.
- Restricted Revenue Fund (RRF), which is funded by a dedicated sales tax to be used for transportation, trails, and capital project expenditures.
- Debt Service Fund (DSF), which provides for bonded debt service payments.
- Conservation Trust Fund (CTF), which is funded by lottery proceeds and provides for open space and recreational related capital projects.
- Capital Equipment Replacement Fund (CERF), which provides for vehicle and heavy equipment purchases.

The Town adopts an annually appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund, Restricted Revenue Fund, Conservation Trust Fund, Debt Service Fund and Capital Equipment Replacement Fund to demonstrate compliance with the State budget statutes. These are included in Sections E and F.

Proprietary funds: The Town maintains two proprietary funds commonly known as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water operations and one to account for its wastewater operations, which was established on December 31, 2009 by the dissolution of the Fraser Sanitation District.

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 each of the business-type services provided by the Town.

The Town's Budget includes the following enterprise funds:

- Water Fund (WF), an enterprise fund for the Town's water utility.
- Wastewater Fund (WWF), an enterprise fund for the Town's wastewater utility.

The basic proprietary fund financial statements can be found on pages C7 through C9 of this report. The Town also presents a budgetary comparison for its proprietary funds on pages F3 and F4.

Fiduciary fund: As managers of the Upper Fraser Valley Wastewater Treatment Plant ("UFVWWTP"), the Town operates the Joint Facilities Fund ("JFF") as a fiduciary fund to account for the operations and maintenance of the facility along any capital expenditures related to the plant.

- JFF Operations and Maintenance (O&M) and the JFF Capital Replacement Reserve (CRR), both of which provide for operations and capital projects at the Wastewater Treatment Plant. The JFF activity is found on pages C10, C11, and F5.

Overview of the Financial Statements (continued)

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 at Section D of this report.

The largest portion of the Town's assets are reflected in the investment in capital assets (i.e. land, streets, buildings, improvements, and equipment). Capital assets account for 71% of the total assets of \$40,421,391. The Town uses these assets to provide services to its citizens. The Town has to pay liabilities out of the remaining liquid assets. The Town also has assets that are considered restricted for a variety of purposes. Accordingly, these assets are not an available source for payment of future spending, other than as restricted. The Town is showing the detail of restricted net position below on page B4 and also on page D19 of the footnotes.

Government-wide Fund Analysis

Financial Highlights

- On a short term view, the Town's governmental fund balances increased by \$404,408 in 2016. The Town's General Fund's fund balance increased by \$426,901.
- On a long-term view (including depreciation and excluding capital outlay, etc.) the Town had a 1% \$483,167 increase in net position from \$38,265,648 to \$38,748,815.

"Net Position" for the Town refers to both the governmental and business-type (Water Fund (WF) and Wastewater Fund (WWF)) activities. The business-type activities (WF & WWF) had an increase in net position of \$155,803, while the governmental activities had an increase in net position of \$327,364.

The "long-term" view includes depreciation expense. On page D5 you will see the schedule the Town uses to depreciate its assets. On pages D14 - D15 you will see the corresponding schedules for depreciation and additions to capital assets (capital outlay). It's important to review the depreciation schedule and compare it to the age of the assets being depreciated. Annual depreciation expense for streets exceeds \$500,000 and there is no designated revenue source or reserves associated with this asset. Annual depreciation expense on water and wastewater assets exceeds \$800,000, with over \$500,000 of that depreciation relating to underground utilities. Over half the Town's underground utilities have exceeded their depreciation life cycle. At December 31, 2016, The Fraser Town Board has many committed reserves in its General Fund and both of its Enterprise Funds, along with a reserve for unforeseen Joint Facility emergencies. These reserves will allow the Town to meet its short term obligations for safe, reliable and sustainable water and wastewater systems. Available resources will be freed up in the 2017 Budget to address annual street maintenance as all long term bonded indebtedness will be paid for from the Debt Service Fund's reserves. The Town continues to allow for additional growth in utilities and streets, while the issue of the cost of maintenance reflected by service fees and GF revenues remains a community concern.

Government-wide Fund Analysis (continued)

The Town's restricted net position for 2016 is shown in the following schedule:

	Balance 1/1/16	Additions	Deletions	Balance 12/31/16
General Fund:				
Fees in lieu of Park	\$ 6,379	-	-	6,379
Affordable housing impact fee	135,426	-	-	135,426
Emergency reserves	122,000	-	(7,000)	115,000
Debt Service Fund reserves:				
Next year's payments	300,000	-	-	300,000
Conservation Trust Fund	12,035	-	6,537	18,572
Restricted Revenue Fund	-	547,624	(541,635)	5,989
Wastewater Fund				
Operating reserve	47,373	572	-	47,945
Capital replacement reserve	713,853	3,807	(64,130)	653,530
	<u>\$ 1,337,066</u>	<u>552,003</u>	<u>(606,228)</u>	<u>1,282,841</u>

The following shows the Town's net position for 2016:

Town of Fraser's Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 5,210,985	4,851,780	6,595,427	5,733,927	11,806,412	10,585,707
Capital assets	9,088,092	9,550,849	19,526,887	20,235,422	28,614,979	29,786,271
Total Assets	<u>14,299,077</u>	<u>14,402,629</u>	<u>26,122,314</u>	<u>25,969,349</u>	<u>40,421,391</u>	<u>40,371,978</u>
Liabilities:						
Other liabilities	606,731	661,627	37,875	40,713	644,606	702,340
Long-term liabilities outstanding	818,582	1,202,908	-	-	818,582	1,202,908
Total Liabilities	<u>1,425,313</u>	<u>1,864,535</u>	<u>37,875</u>	<u>40,713</u>	<u>1,463,188</u>	<u>1,905,248</u>
Deferred Inflows of Resources:						
Property taxes	209,388	201,082	-	-	209,388	201,082
Total Deferred Inflows of Resources	<u>209,388</u>	<u>201,082</u>	<u>-</u>	<u>-</u>	<u>209,388</u>	<u>201,082</u>
Net Position:						
Net investment in capital assets	8,269,510	8,347,941	19,526,887	20,235,422	27,796,397	28,583,363
Restricted	581,366	575,840	701,475	761,228	1,282,841	1,337,068
Unrestricted	3,813,500	3,413,231	5,856,077	4,931,986	9,669,577	8,345,217
Total Net Position	<u>\$ 12,664,376</u>	<u>12,337,012</u>	<u>26,084,439</u>	<u>25,928,636</u>	<u>38,748,815</u>	<u>38,265,648</u>

Government-wide Financial Analysis (continued)

At the end of the current fiscal year, the Town 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 following chart is a summary of the Town's Change in Net Position:

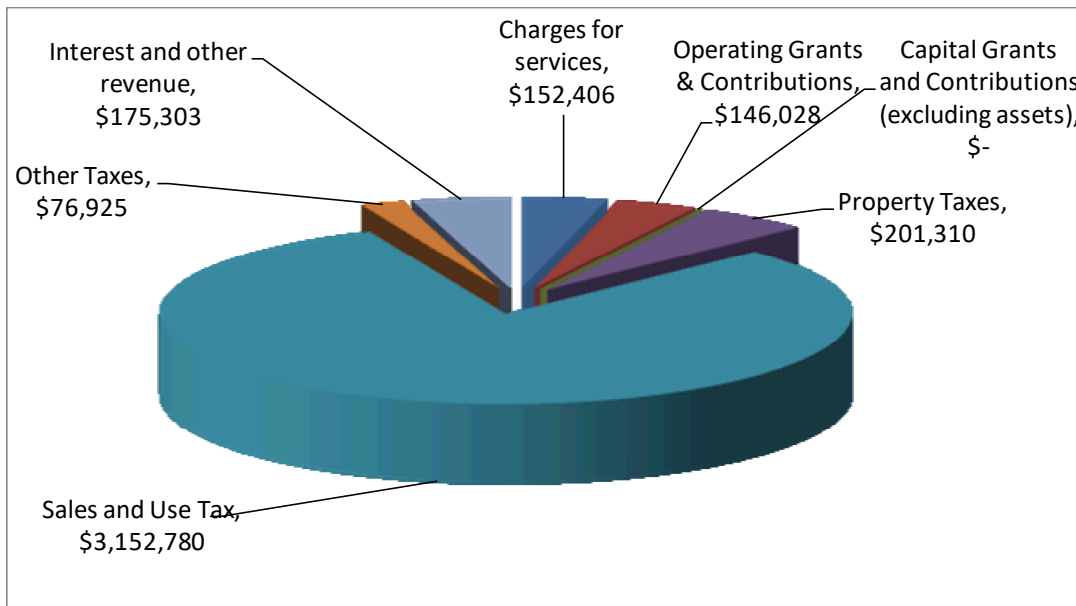
	Town of Fraser's Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
REVENUES:						
Program revenues:						
Charges for services	\$ 152,406	157,253	1,650,886	1,499,494	1,803,292	1,656,747
Operating grants and contributions	146,028	178,946	56,832	100,971	202,860	279,917
Capital grants and contributions	-	1,394,458	540,000	307,900	540,000	1,702,358
General revenues:						
Property taxes	201,310	277,410	-	-	201,310	277,410
Sales and Use taxes	3,152,780	2,176,821	-	-	3,152,780	2,176,821
Other taxes	76,925	80,063	-	-	76,925	80,063
Interest and other revenue	175,303	112,250	37,456	16,769	212,759	129,019
Total Revenues	3,904,752	4,377,201	2,285,174	1,925,134	6,189,926	6,302,335
EXPENSES:						
General government	1,665,945	1,059,341	-	-	1,665,945	1,059,341
Culture and recreation	50,183	43,696	-	-	50,183	43,696
Public safety	441,048	430,045	-	-	441,048	430,045
Public works	1,388,797	3,776,060	-	-	1,388,797	3,776,060
Interest	51,415	70,642	-	-	51,415	70,642
Water	-	-	1,090,771	904,884	1,090,771	904,884
Wastewater	-	-	1,018,600	961,371	1,018,600	961,371
Total Expenses	3,597,388	5,379,784	2,109,371	1,866,255	5,706,759	7,246,039
Change in Net Position						
Before Transfers	307,364	(1,002,583)	175,803	58,879	483,167	(943,704)
Transfers in (out)	20,000	20,000	(20,000)	(20,000)	-	-
Change in Net Position	327,364	(982,583)	155,803	38,879	483,167	(943,704)
Net Position-Jan 1	12,337,012	13,319,595	25,928,636	25,889,757	38,265,648	39,209,352
Net Position - December 31	\$ 12,664,376	12,337,012	26,084,439	25,928,636	38,748,815	38,265,648

Governmental activities: Governmental activities increased the Town's net position by \$327,364 during 2016, as compared to a decrease in net position of \$982,583 during 2015. The following are the major elements of the change in net position of governmental activities from December 31, 2015 to December 31, 2016:

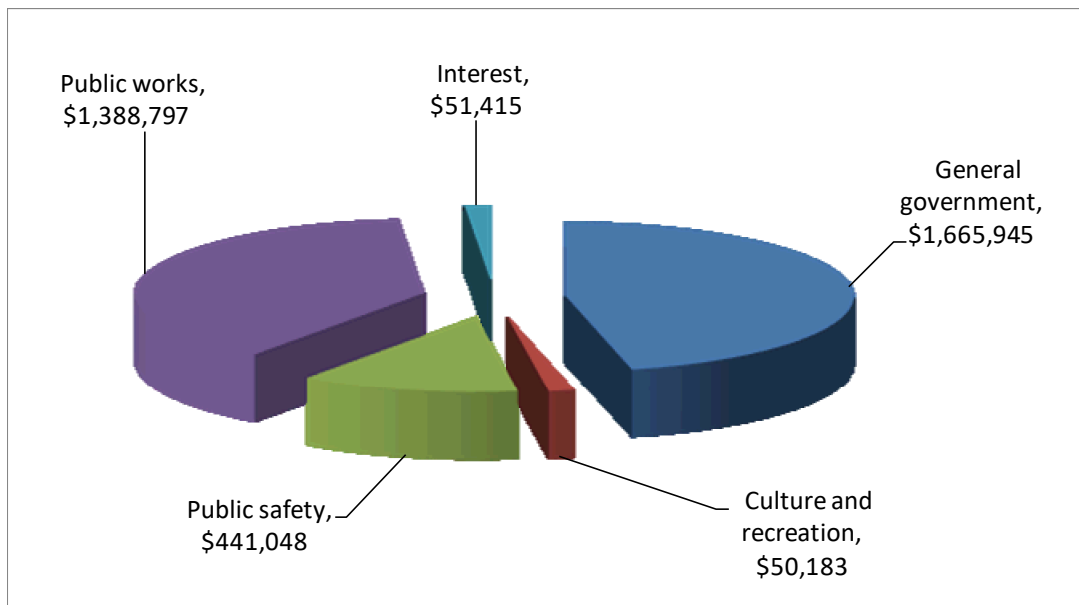
- During 2015, the Town expended \$2.2 million for street projects. Of this amount, \$1.1 million was funded through a Colorado Department of Transportation RAMP grant recognized as revenue during 2015.
- During 2016, the Town didn't undertake any large construction projects so the increase in net position is expected.
- A newly voter elected 1% Sales Tax increase became effective on January 1st, 2017.

Government-wide Financial Analysis (continued)

The following is a graph of the Town's governmental activities revenues by source for 2016. The Town continues to be challenged by its dependence on the very volatile resort based sales tax revenues. Fortunately, the Town has the community's grocery, hardware, and department stores within its municipal boundaries. The Town will continue to help the local business community attract and develop a more varied mixture of vendors appealing to both the community's residents and its resort vacationers. A new grocery store is expected to open in the neighboring community of Winter Park in the third or fourth quarter of 2017. The Town anticipated the estimated potential sales tax loss of this competing grocery store in its 2017 budget.



The following is a graph of the Town's governmental activities expenditures by function for 2016.

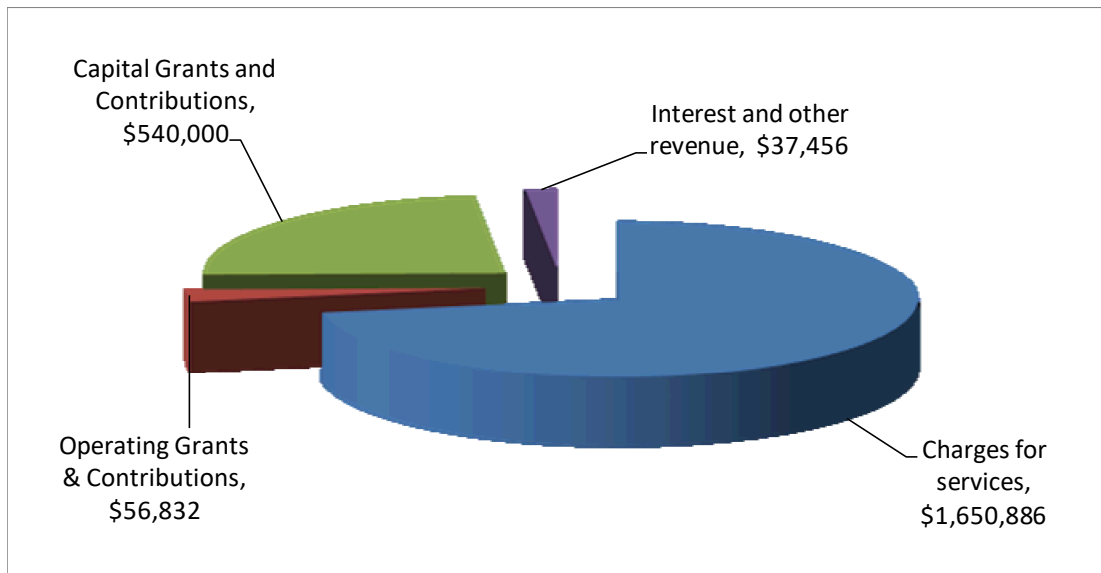


Government-wide Financial Analysis (continued)

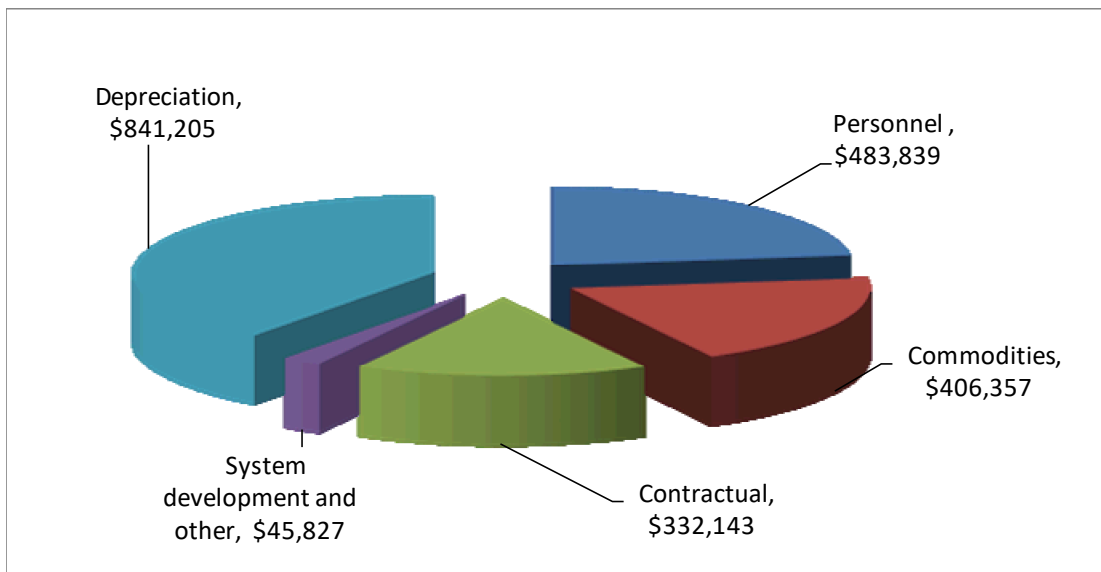
Business-type activities: Business-type activities (water and wastewater, collection and treatment) resulted in an increase in the Town's net position of \$155,803. Key elements of this change are as follows:

- Within the Water and Wastewater Funds and in the Town's portion of the JFF assets, depreciation expense on capitalized assets of \$841,205 accounted for 40% of total operating expenses.
- Charges for our customer's water and wastewater services accounted for 96% of total operating revenues.

The following is a graph of the business-type revenues by source for 2016.



The following is a graph of the business-type expenses by function for 2016.



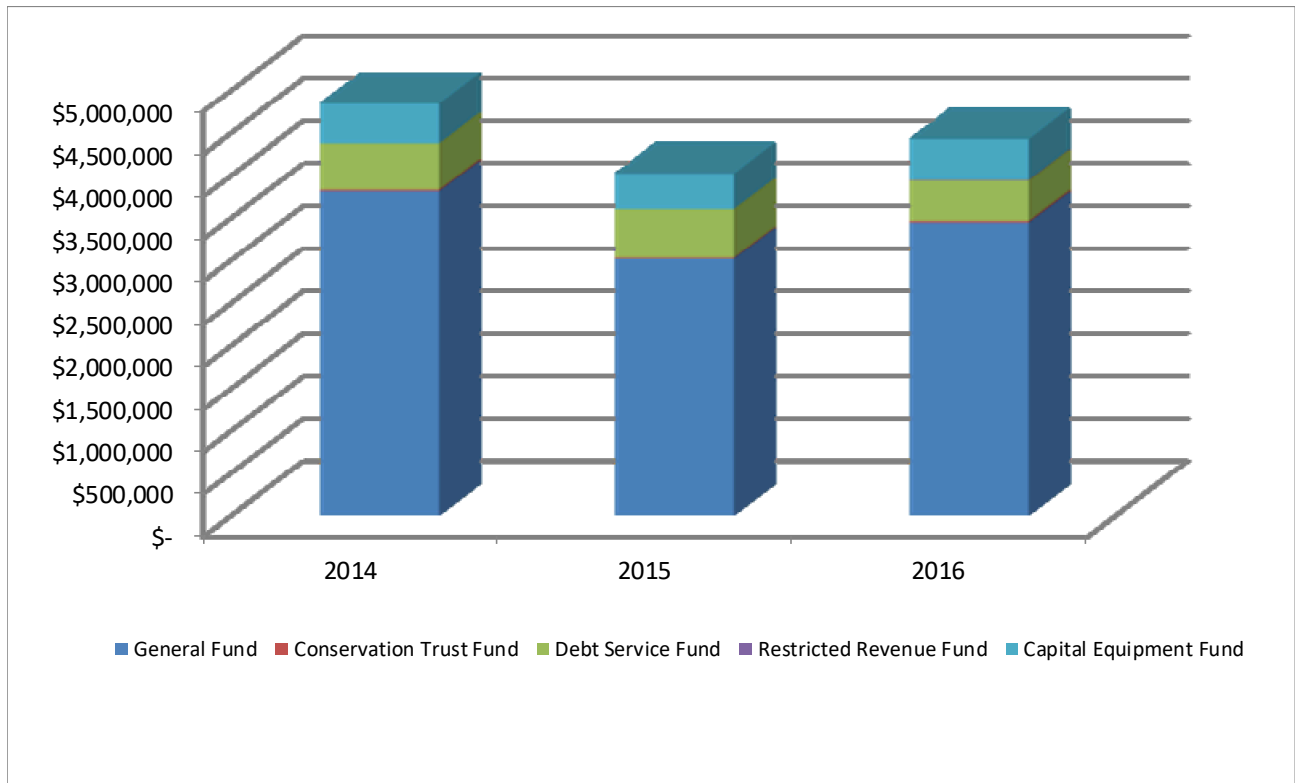
Financial Analysis of the Town's Funds

As mentioned on page B2 of this analysis, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Financial Analysis of the Town's Funds (continued)

Governmental funds: The focus of the Town's governmental funds is to provide information on near-term inflows (revenues), outflows (expenditures), and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, 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 current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,414,404; the funds increased \$404,408 from the prior year's ending balances. The Town's governmental fund balances for 2016 and the past two years are graphed as follows:



Proprietary funds: The Town's proprietary funds (Water and Wastewater Funds) provide the same type of information found in the government-wide financial statements, but in more detail.

The proprietary funds' total cash is available for spending at the Town's discretion. At the end of 2016 the Town Board reserved multiple amounts and designated them as committed reserves for emergencies in both our operations and maintenance and also for capital emergencies. Reserves are recognized in-house and are outlined earlier in this discussion.

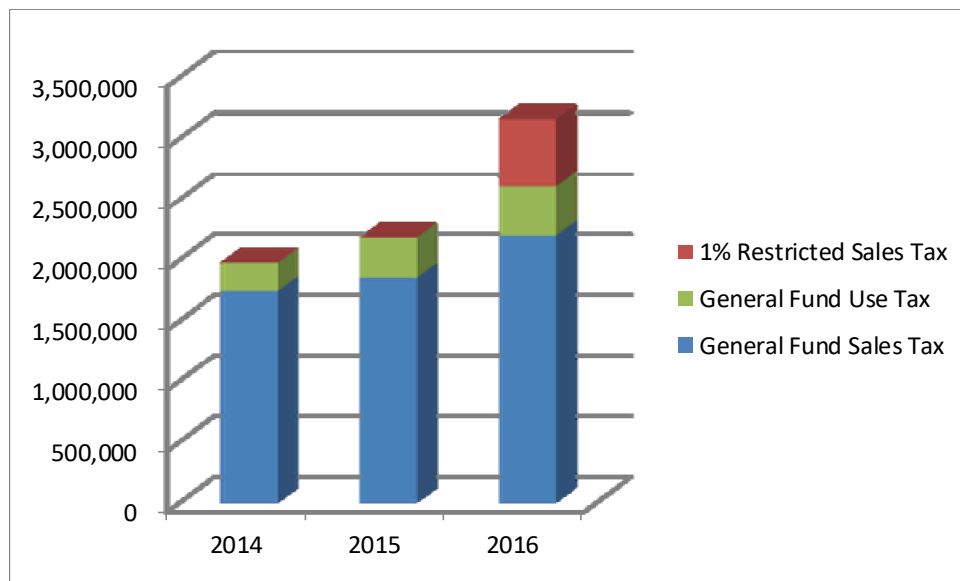
Budget Variances in the General Fund: The Town had the following significant budget variances which are detailed as follows:

<u>Pos. (Neg.)</u>	<u>Account</u>	<u>Reason</u>
Revenues:		
\$ 661,095	Sales & use taxes	Conservative budgeting, increased housing starts, new 1% restricted sales tax.
77,236	Liquor and other license fee	Marijuana excise and dispensary fees have increased.
Expenditures:		
General Government:		
118,306	Town board comm enhanc.	Budgeted economic development study and projects not done.
52,729	Other purchased services	Purchased services were less than expected.
Public Works		
47,137	Salaries and benefits	Vacant job positions ran longer than anticipated.
(72,543)	Other purchased services	Remaining costs for RAMP project not budgeted.
48,586	Property management	Budgeted more for trail and park maintenance than expended.
278,486	Capital outlay	Expended less for street projects than budgeted.

Capital assets: The Town's government-wide capital assets, net of accumulated depreciation, decreased due largely to depreciation expense. Additional information as well as a detailed classification of the Town's net capital assets can be found in the Notes to the Financial Statements on pages D14 and D15 of this report.

Long-term debts: As of the end of 2016, the Town had \$854,272 in long-term obligations. This includes obligations for sales and use tax revenue bonds, general obligation bonds capital leases and accrued compensated absences. The Town paid off its general obligation bonded debt in 2016, and anticipates paying off all other bonded debt in 2017. Additional information regarding the Town's debt can be found on pages D16 – D18 of this report.

Sales and Use Taxes: The Town has sales and use taxes that are used to fund its governmental operations. The Town's sales and use taxes changed from a total of \$2,176,821 in 2015 to \$3,152,780 in 2016. The following chart indicates changes in the taxes collections:



The Town's sales and use tax collections increased over the past years. Sales tax receipts increased 19% from 2015 to 2016 and the new 1% restricted sales tax generated \$546,685.

Next year's budget and rates: The Town's General Fund balance at the end of the current fiscal year was \$3,433,440. The Town's 2017 budget anticipates decreasing the General Fund balance by \$661,409. It is anticipated that this budgeted reduction in fund balance will decrease by year end due to under spending budgeted amounts as well as surpassing revenue projections.

Request for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Fraser, Finance Manager, P.O. Box 120, Fraser, Colorado 80442-0120.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



Town of Fraser, Colorado
Statement of Net Position
For the Year Ended December 31, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and investments - Unrestricted	4,105,733	5,501,952	9,607,685
Cash and investments - Restricted	300,000	-	300,000
Cash with County Treasurer	1,326	1,171	2,497
Accounts, taxes, and interest receivables	803,926	398,188	1,202,114
Due from fiduciary fund	-	694,116	694,116
Capital assets, net	9,088,092	19,526,887	28,614,979
Total Assets	<u>14,299,077</u>	<u>26,122,314</u>	<u>40,421,391</u>
Liabilities:			
Accounts payable	420,553	-	420,553
Due to fiduciary fund	14,484	-	14,484
Other liabilities	152,154	21,725	173,879
Accrued compensated absences	19,540	16,150	35,690
Non-current liabilities due within one year	504,329	-	504,329
Non-current liabilities due longer than one year	314,253	-	314,253
Total Liabilities	<u>1,425,313</u>	<u>37,875</u>	<u>1,463,188</u>
Deferred Inflows of Resources:			
Property taxes	209,388	-	209,388
Total Deferred Inflows of Resources	<u>209,388</u>	<u>-</u>	<u>209,388</u>
Net Position:			
Net investment in capital assets	8,269,510	19,526,887	27,796,397
Restricted	581,366	701,475	1,282,841
Unrestricted	3,813,500	5,856,077	9,669,577
Total Net Position	<u>12,664,376</u>	<u>26,084,439</u>	<u>38,748,815</u>

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

Town of Fraser, Colorado
Statement of Activities
For the Year Ended December 31, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental activities:							
General government	1,665,945	152,406	99,871	-	(1,413,668)	-	(1,413,668)
Culture and recreation	50,183	-	-	-	(50,183)	-	(50,183)
Public safety	441,048	-	-	-	(441,048)	-	(441,048)
Public works	1,388,797	-	46,157	-	(1,342,640)	-	(1,342,640)
Interest	51,415	-	-	-	(51,415)	-	(51,415)
Total governmental activities	3,597,388	152,406	146,028	-	(3,298,954)	-	(3,298,954)
Business-type activities:							
Water	1,090,771	916,591	5,015	-	-	(169,165)	(169,165)
Wastewater	1,018,600	734,295	51,817	540,000	-	307,512	307,512
Total business-type activities	2,109,371	1,650,886	56,832	540,000	-	138,347	138,347
Total	5,706,759	1,803,292	202,860	540,000	(3,298,954)	138,347	(3,160,607)
General revenues:							
Taxes:							
Property tax					201,310	-	201,310
Specific ownership tax					12,285	-	12,285
General sales and use tax					3,152,780	-	3,152,780
Franchise tax					55,575	-	55,575
Other miscellaneous taxes					9,065	-	9,065
Investment earnings					27,902	37,456	65,358
Miscellaneous					147,401	-	147,401
Transfers to (from)					20,000	(20,000)	-
Total general revenues and transfers					3,626,318	17,456	3,643,774
Change in Net Position					327,364	155,803	483,167
Net Position - Beginning of Year					12,337,012	25,928,636	38,265,648
Net Position - End of Year					12,664,376	26,084,439	38,748,815

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

FUND FINANCIAL STATEMENTS



**Town of Fraser, Colorado
Balance Sheet
Governmental Funds
December 31, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>Conservation Trust</u>	<u>Capital Equipment Replacement</u>	<u>Restricted Revenue</u>	<u>Total Governmental Funds</u>
Assets:						
Cash and investments - Unrestricted	3,396,111	183,531	18,572	469,291	38,228	4,105,733
Cash and investments - Restricted	-	300,000	-	-	-	300,000
Cash with County Treasurer	1,326	-	-	-	-	1,326
Receivables	35,013	-	-	-	-	35,013
Due from other governments	452,841	-	-	3,581	-	456,422
Property tax receivable	209,388	-	-	-	103,101	312,489
Total Assets	<u>4,094,679</u>	<u>483,531</u>	<u>18,572</u>	<u>472,872</u>	<u>141,329</u>	<u>5,210,983</u>
Liabilities and Fund Equity:						
Liabilities:						
Accounts/vouchers payable	350,644	-	-	-	135,340	485,984
Due to fiduciary fund	14,484	-	-	-	-	14,484
Other liabilities	86,723	-	-	-	-	86,723
Total Liabilities	<u>451,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,340</u>	<u>587,191</u>
Deferred Inflows of Resources:						
Property taxes	209,388	-	-	-	-	209,388
Total Deferred Inflows of Resources	<u>209,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,388</u>
Fund Balances:						
Nonspendable	35,013	-	-	-	-	35,013
Spendable						
Restricted	256,805	300,000	18,572	-	5,989	581,366
Committed	1,000,000	183,531	-	-	-	1,183,531
Assigned	696,444	-	-	472,872	-	1,169,316
Unassigned	1,445,178	-	-	-	-	1,445,178
Total Fund Balances	<u>3,433,440</u>	<u>483,531</u>	<u>18,572</u>	<u>472,872</u>	<u>5,989</u>	<u>4,414,404</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>4,094,679</u>	<u>483,531</u>	<u>18,572</u>	<u>472,872</u>	<u>141,329</u>	<u>5,210,983</u>

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

Town of Fraser, Colorado
Reconciliation of Governmental Fund Balance to Governmental
Activities Net Position
December 31, 2016

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Governmental Fund Balance	4,414,404
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,088,092
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(838,120)</u>
Net Position of Governmental Activities	<u><u>12,664,376</u></u>

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

Town of Fraser, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Conservation Trust</u>	<u>Capital Equipment Replacement</u>	<u>Restricted Revenue</u>	<u>Total Governmental Funds</u>
Revenues:						
Taxes	2,884,263	68	-	-	546,685	3,431,016
Licenses and permits	137,840	-	-	-	-	137,840
Charges for services	14,566	-	-	-	-	14,566
Intergovernmental revenue	124,953	-	6,444	46,157	-	177,554
Investment income	20,080	3,473	93	3,317	939	27,902
Miscellaneous	115,876	-	-	-	-	115,876
Total Revenues	<u>3,297,578</u>	<u>3,541</u>	<u>6,537</u>	<u>49,474</u>	<u>547,624</u>	<u>3,904,754</u>
Expenditures:						
General government	1,035,049	-	-	-	541,635	1,576,684
Public safety	424,580	-	-	-	-	424,580
Public works	836,513	-	-	-	-	836,513
Culture and recreation	11,237	-	-	-	-	11,237
Debt service	38,374	353,499	-	45,418	-	437,291
Capital outlay	157,014	-	-	77,027	-	234,041
Total Expenditures	<u>2,502,767</u>	<u>353,499</u>	<u>-</u>	<u>122,445</u>	<u>541,635</u>	<u>3,520,346</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>794,811</u>	<u>(349,958)</u>	<u>6,537</u>	<u>(72,971)</u>	<u>5,989</u>	<u>384,408</u>
Other Financing Sources (Uses):						
Transfers in (out)	(367,910)	257,910	-	130,000	-	20,000
Total Other Financing Sources (Uses)	<u>(367,910)</u>	<u>257,910</u>	<u>-</u>	<u>130,000</u>	<u>-</u>	<u>20,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	426,901	(92,048)	6,537	57,029	5,989	404,408
Fund Balances - Beginning of Year	<u>3,006,539</u>	<u>575,579</u>	<u>12,035</u>	<u>415,843</u>	<u>-</u>	<u>4,009,996</u>
Fund Balances - End of Year	<u>3,433,440</u>	<u>483,531</u>	<u>18,572</u>	<u>472,872</u>	<u>5,989</u>	<u>4,414,404</u>

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

Town of Fraser, Colorado
Reconciliation of Net Change in Fund Balances to Change in Net
Position of Governmental Activities
For the Year Ended December 31, 2016

Net Change in Fund Balances of Governmental Funds	404,408
 Amounts reported for governmental activities in the Statement of Activities are different because:	
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 as depreciation expense. This is the amount by which depreciation exceeded capital outlay, net of capital disposals during the year.	(462,757)
Accrued liabilities for employees' sick and vacation are not an expenditure in the governmental funds, but are increases in long-term liabilities in the Statement of Net Position. This is the amount that accrued vacation not immediately payable decreased.	1,386
Repayment of capital lease and bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of principal repayments.	<u>384,327</u>
Change in Net Position of Governmental Activities	<u><u>327,364</u></u>

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

Town of Fraser, Colorado
Statement of Net Position
Enterprise Funds
For the Year Ended December 31, 2016

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total Enterprise Funds</u>
Assets:			
Current assets:			
Cash and cash equivalents	1,530,008	3,971,944	5,501,952
Utility receivables	199,849	182,785	382,634
Other receivables	-	15,554	15,554
Due (to) from fiduciary fund	-	694,116	694,116
Due from other governments	713	458	1,171
Total Current Assets	<u>1,730,570</u>	<u>4,864,857</u>	<u>6,595,427</u>
Non-current assets:			
Land	100,000	144,320	244,320
Water rights	19,776	-	19,776
Equipment	353,994	108,789	462,783
Treatment plant and system	14,774,155	14,617,090	29,391,245
Less: Accumulated depreciation	<u>(5,123,227)</u>	<u>(5,468,010)</u>	<u>(10,591,237)</u>
Total Non-Current Assets	<u>10,124,698</u>	<u>9,402,189</u>	<u>19,526,887</u>
Total Assets	<u>11,855,268</u>	<u>14,267,046</u>	<u>26,122,314</u>
Liabilities and Fund Equity:			
Liabilities:			
Current liabilities:			
Deposits payable	15,600	6,125	21,725
Total Current Liabilities	<u>15,600</u>	<u>6,125</u>	<u>21,725</u>
Non-current liabilities:			
Accrued compensated absences	5,449	10,701	16,150
Total Liabilities	<u>21,049</u>	<u>16,826</u>	<u>37,875</u>
Net Position:			
Net investment in capital assets	10,124,698	9,402,189	19,526,887
Restricted	-	701,475	701,475
Unrestricted	1,709,521	4,146,556	5,856,077
Total Net Position	<u>11,834,219</u>	<u>14,250,220</u>	<u>26,084,439</u>

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

Town of Fraser, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds
For the Year Ended December 31, 2016

	<u>Water</u>	<u>Wastewater</u>	<u>Total Enterprise Funds</u>
Operating Revenues:			
Charges for services	858,499	734,295	1,592,794
Meter sales	58,092	-	58,092
Miscellaneous revenue	5,015	39	5,054
Total Operating Revenues	<u>921,606</u>	<u>734,334</u>	<u>1,655,940</u>
Operating Expenses:			
Personnel	242,901	240,939	483,840
Commodities	281,366	124,990	406,356
Contractual	152,396	179,747	332,143
System development	6,790	-	6,790
Depreciation	407,318	433,887	841,205
Total Operating Expenses	<u>1,090,771</u>	<u>1,018,600</u>	<u>2,109,371</u>
Operating Income (Loss)	<u>(169,165)</u>	<u>(284,266)</u>	<u>(453,431)</u>
Non-Operating Revenues:			
Grants	-	51,778	51,778
Interest revenue	10,240	27,216	37,456
Net Non-Operating Revenues	<u>10,240</u>	<u>78,994</u>	<u>89,234</u>
Income (Loss) before Contributions and Transfers	<u>(158,925)</u>	<u>(205,272)</u>	<u>(364,197)</u>
Capital contributions	-	540,000	540,000
Transfers (out)	(10,000)	(10,000)	(20,000)
Contributions and Transfers	<u>(10,000)</u>	<u>530,000</u>	<u>520,000</u>
Change in Net Position	(168,925)	324,728	155,803
Net Position - Beginning of Year	<u>12,003,144</u>	<u>13,925,492</u>	<u>25,928,636</u>
Net Position - End of Year	<u><u>11,834,219</u></u>	<u><u>14,250,220</u></u>	<u><u>26,084,439</u></u>

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

Town of Fraser, Colorado
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2016

	<u>Water</u>	<u>Wastewater</u>	<u>Total Enterprise Funds</u>
Cash Flows From Operating Activities:			
Cash received from customers	906,520	748,799	1,655,319
Other cash received	1,725	29,038	30,763
Cash received (paid) for deposits	(5,500)	59,540	54,040
Cash payments for goods and services	(440,552)	(343,774)	(784,326)
Cash payments for salaries and benefits	(243,020)	(244,282)	(487,302)
Net Cash Provided (Used) by Operating Activities	<u>219,173</u>	<u>249,321</u>	<u>468,494</u>
Cash Flows From Non-Capital and Related Financing Activities:			
Cash transferred to other funds	(10,000)	(10,000)	(20,000)
Cash received from grants and contributions	-	37,609	37,609
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>(10,000)</u>	<u>27,609</u>	<u>17,609</u>
Cash Flows From Capital and Related Financing Activities:			
Plant investment fees (paid) received	-	540,000	540,000
Cash (paid) for assets	(49,000)	(83,670)	(132,670)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(49,000)</u>	<u>456,330</u>	<u>407,330</u>
Cash Flows From Investing Activities:			
Interest	10,240	27,216	37,456
Net Cash Provided (Used) by Investing Activities	<u>10,240</u>	<u>27,216</u>	<u>37,456</u>
Net (Decrease) Increase in Cash and Cash Equivalents	170,413	760,476	930,889
Cash and Cash Equivalents - Beginning of Year	1,359,595	3,211,468	4,571,063
Cash and Cash Equivalents - End of Year	<u>1,530,008</u>	<u>3,971,944</u>	<u>5,501,952</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	<u>(169,165)</u>	<u>(284,266)</u>	<u>(453,431)</u>
Adjustments:			
Depreciation	407,318	433,887	841,205
(Increase) decrease in accounts receivable	(13,360)	37,378	24,018
(Increase) decrease in deposits receivable	-	59,540	59,540
Increase (decrease) in accrued compensated absences	(120)	(3,343)	(3,463)
Increase (decrease) in deposits payable	(5,500)	6,125	625
Total Adjustments	<u>388,338</u>	<u>533,587</u>	<u>921,925</u>
Net Cash Provided (Used) by Operating Activities	<u>219,173</u>	<u>249,321</u>	<u>468,494</u>

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

Town of Fraser, Colorado
Statement of Fiduciary Assets and Liabilities
December 31, 2016

	<u>JFOC Fund</u>
Assets:	
Cash and cash equivalents	2,074,074
Accounts receivable, net:	78,795
Total Assets	<u>2,152,869</u>
Liabilities:	
Accounts payable	34,104
Deposits	2,118,765
Total Liabilities	<u>2,152,869</u>

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

Town of Fraser, Colorado
Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended December 31, 2016

	JFOC Fund
Operating Revenues:	
Charges for operations and maintenance costs	457,703
Transfer in	164,677
Total Operating Revenues	622,380
Operating Expenses:	
Salaries and Wages	179,532
Employee Benefits	58,574
Purchased services	162,482
Supplies	31,938
Utilities	189,854
Total Operating Expenses	622,380
Change in Assets and Liabilities	-
Due to Others - Beginning	-
Due to Others - Ending	-

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

NOTES TO THE FINANCIAL STATEMENTS



Town of Fraser
Notes to the Financial Statements
December 31, 2016

I. Summary of Significant Accounting Policies

The Town of Fraser, Colorado (the "Town") is incorporated under Colorado statutes to provide public safety, streets and street maintenance, water and wastewater service, recreation including parks and trails, transportation, special events, planning and zoning, and general administrative services. The Town is located in Grand County and operates under a Council-Manager form of government.

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 road maintenance, water and wastewater service, public safety and culture and recreation.

The Town's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). 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 and used by the Town are discussed below.

A. Reporting Entity

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

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

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). Government-wide financial statements report on information of all of the activities of the Town. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's public safety, public works, culture and recreation, and administration functions are classified as governmental activities. The Water Fund and Wastewater Fund are classified as business-type activities.

In the government-wide Statement of Net Position, the governmental activities columns are 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 are reported in three parts – Net investment in capital assets; Restricted net position; and Unrestricted net position.

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's governmental functions and business-type activities. The governmental functions are also supported by general government revenues (sales taxes, property and specific ownership taxes, investment earnings, 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 governmental function 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 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.

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 (60 days) 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 and compensated absences are recorded only when payment is due.

Franchise fees, licenses and interest associated with current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Sales and excise taxes collected by vendors at year end on behalf of the Town are also recognized as revenue if collected within 30 days after year end. Expenditure driven grants are recognized as revenue when qualified expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

3. Financial Statement Presentation

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent to the value of the interfund services provided and other charges between the functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the water and wastewater functions.

Amounts reported as program revenues include 1) charges to customers and 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 non-operating 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 the operation of the water and wastewater systems within the Town. Operating expenses for the enterprise funds includes operating expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. 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 required to be 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 *Conservation Trust Fund* accounts for lottery proceeds required to be expended solely on park and recreation improvements.

The *Restricted Revenue Fund* accounts for a dedicated sales tax to be used for transportation, trails, and capital project expenditures.

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Fund Financial Statements (continued)

Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The *Capital Equipment Replacement Fund* accounts for funds set aside for the purchase and replacement of capital equipment. A significant portion of revenues consists of highway user tax proceeds.

Debt Service Funds

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures of principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

The *Debt Service Fund* accounts for payments made on the Town's bonded debt obligations.

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

The *Water Fund* accounts for the purchase and delivery of water to the citizens of the Town. The Water Fund also maintains the infrastructure needed to provide water service.

The *Wastewater Fund* accounts for the treatment of wastewater from the citizens of the Town. The Wastewater Fund also maintains the infrastructure needed to provide wastewater service.

The Town reports the following fiduciary fund:

The *Joint Facilities Oversight Committee ("JFOC") Operations Fund* accounts for the operations of the Upper Fraser Valley Wastewater Treatment Joint Facilities.

E. Financial Statement Accounts

1. Cash and Cash Equivalents

The Town pools deposits and investments of all funds except JFOC Operations Fund, which are held in separate accounts. Each fund's share of the pool is readily identified by the Town's internal records. Investments are stated at market value.

Cash and cash equivalents include demand deposits, certificates of deposit, local government investment pools (COLOTRUST), and U.S. government-backed securities.

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

1. Cash and Cash Equivalents (continued)

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, have been classified as restricted assets on the balance sheet because their use is limited by the applicable covenants. Restricted assets also include certain deposits that have been limited as to usage pursuant to escrow and similar agreements.

The Town's investment policy permits investments in the following type of obligations which corresponds with state statutes:

- 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)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. 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.

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

4. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets (only infrastructure acquired after January 1, 2002), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The Town defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities.

Infrastructure, buildings, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	15 - 30
Buildings and improvements	15 - 40
Distribution systems	40
Equipment and vehicles	7

5. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the obligated governmental fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities column in the government-wide financial statements. Vested or accumulated vacation leave of the proprietary fund type is recorded as an expense and liability of that fund as the benefits accrue to employees. In accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

6. Restricted Assets

Certain proceeds of the Town's government fund general obligation bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Fees collected in lieu of park and open space and affordable housing impact fees are restricted as to their use by Town ordinances. Debt service property tax collected in excess of the debt service of the general obligation series 1998 bonds is reserved for emergency and catastrophic road failure, future debt service or early redemption of the bond.

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government doesn't have any deferred outflows of resources at December 31, 2016.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. Accordingly, the deferred inflow, property taxes, is deferred and recognized as an inflow of resources in the period that the amounts become available.

8. 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 within 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.

The Town of Fraser classifies governmental fund balances as follows:

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

Spendable:

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 the Town Board.

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 or its management designee.

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

8. Categories and Classification of Fund Balance (continued)

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 may use 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 might first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

9. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

10. Deposits

Deposits on the JFOC Operations Fund represent contributions made to the JFOC operations fund by Winter Park Ranch Water and Sanitation District ("Winter Park Ranch") and Grand County Water and Sanitation District #1 ("Grand County #1") and the Town (previously the Fraser Sanitation District) for operating and replacement costs relating to the combined wastewater treatment plant. These deposits are held for working capital and replacement costs during the time all members remain joint operators of the plant.

F. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Town's management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Proprietary Funds

As required by GASB Statement No. 62, the Town has elected to follow all GASB pronouncements for its proprietary funds.

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

F. Significant Accounting Policies (continued)

3. Credit Risk

Receivables in the Town's funds are primarily due from other governments. Management believes that the credit risk related to these receivables is minimal.

4. Restricted and Unrestricted Resources

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

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 used in governmental activities are not financial resources and, therefore, are not reported in the funds." The \$9,088,092 represents the book value of assets at December 31, 2016.

Another element of that reconciliation states that "Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$838,122 difference represent accrued compensated absences, sales and use tax revenue bonds, general obligation bonds, and capital leases payable at year end.

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances 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 explains that governmental funds report capital outlays as expenditures, but in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. The details of this reconciling amount are capital outlay of \$132,771, less depreciation expense of \$595,528 during 2016. Also, repayment of long-term obligations of \$384,327 is shown as an expenditure in the governmental fund, but is not reflected in the Statement of Activities.

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

1. Budgetary Basis of Accounting

The preparation 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, the County Assessor sent to the Town an assessed valuation of all taxable property within the Town's boundaries.
- (2) The Town Manager, or other qualified person appointed by the Board, 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.

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.

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

2. Excess of Expenditures over Appropriations

For the year ended December 31, 2016, expenditures exceeded appropriations in the following funds.

Fund	Expenditures in excess of budget
Restricted Revenue	\$ 91,635

This may be a violation of Colorado 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.

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 \$115,000.

On April 4, 2000, the Town's electorate approved the following: *Without any increase in the property tax mill levy or the 4% sales and use tax rate, shall the Town of Fraser, Colorado, be authorized, in the year 2000 and each subsequent year thereafter, to collect, retain, and expend the full proceeds of the Town's fees, taxes, non-federal grants and other revenues and to spend such revenues for debt service, municipal operations, capital projects, and any other lawful municipal purpose, notwithstanding any state of Colorado restrictions on revenues or spending, including the restrictions of Article X, Section 20 of the Colorado Constitution, the revenue limit in Section 29-1-301 of the Colorado Revised Statutes, or any other law.*

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, could require judicial interpretation.

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

The Town's checking accounts 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 \$1,379,097 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.

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

Investments at Fair Value	Total	Fair Value Measurement		
		Level 1	Level 2	Level 3
Cash with fiscal agent	\$ 2,497	2,497	-	-
Colotrust	10,602,662	-	10,602,662	-
	<u>\$ 10,605,159</u>	<u>2,497</u>	<u>10,602,662</u>	<u>-</u>

The Town had the following deposits and investments for all funds Fund, with the following maturities December 31, 2016:

Type:	Rating	Carrying Amount	Maturities	
			Less Than One Year	Less Than Five Years
<i>Deposits:</i>				
Certificates of Deposit	Not Rated	1,079,684	1,079,684	-
Checking Accounts	Not Rated	\$ 264,829	264,829	-
Savings Accounts	Not Rated	\$ 34,584	34,584	-
<i>Investments:</i>				
Cash with fiscal agent		2,497	2,497	
Investment Pools	AAAm	<u>10,602,662</u>	10,602,662	-
		<u>\$ 11,984,256</u>		

The investment pools represent investments in the Colorado Government Liquid Asset Trust ("COLOTRUST") a 2a7-like pools. Pools are not covered by FDIC insurance or PDPA but are rated AAAM. The fair value of the pools is determined by the pools' share price. The Town has no regulatory oversight for the pools.

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the Town coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the Town has limited its interest rate risk.

Credit Risk. Colorado statutes specify instruments in which local governments may invest, including:

- Obligations of the U.S. and certain U.S. governmental agency securities
- Certain international agency securities
- General obligation and revenue bonds for U.S. local governmental entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

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.

At December 31, 2016, cash has been restricted for the following purposes:

1998 Sales Tax Revenue Bond Reserves	\$	155,000
2002 Sales Tax Revenue Bond Reserves		20,000
1998 General Obligation Bond Reserves		40,000
Additional debt service reserve		<u>85,000</u>
Total Restricted Cash	\$	<u>300,000</u>

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

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

	Governmental Funds			
	General	Capital Equipment	Restricted Revenue	Total
Receivables:				
Property Taxes	\$ 209,388	-	103,102	312,490
Accounts	31,216	-	-	31,216
Other	3,798	-	-	3,798
Intergovernmental	452,841	3,581	-	456,422
Gross receivables	697,243	3,581	103,102	803,926
Less: allowance for uncollectible	-	-	-	-
Net Receivables	\$ 697,243	3,581	103,102	803,926

	Water Operations	Wastewater Operations	Total
	Receivables:		
Accounts	\$ 199,849	\$ 182,785	\$ 382,634
Other	-	15,554	\$ 15,554
Gross receivables	199,849	198,339	398,188
Less: allowance for uncollectible	-	-	-
Net Receivables	\$ 199,849	\$ 198,339	\$ 398,188

Governmental funds report deferred inflow of resources from property taxes in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. This includes \$209,388 of property taxes levied in 2016 but not available until 2017.

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 1,237,355	-	-	1,237,355
Construction in progress	360,255	9,634	(190,439)	179,450
Total capital assets, not being depreciated	<u>1,597,610</u>	<u>9,634</u>	<u>(190,439)</u>	<u>1,416,805</u>
Capital assets, being depreciated:				
Infrastructure	14,392,044	289,902	-	14,681,946
Buildings	1,183,052	-	-	1,183,052
Furniture and equipment	1,542,317	23,674	-	1,565,991
Total capital assets, being depreciated	<u>17,117,413</u>	<u>313,576</u>	<u>-</u>	<u>17,430,989</u>
Less accumulated depreciation for:				
Infrastructure	(6,975,503)	(519,279)	-	(7,494,782)
Buildings	(887,582)	(41,249)	-	(928,831)
Furniture and equipment	(1,301,089)	(35,000)	-	(1,336,089)
Total accumulated depreciation	<u>(9,164,174)</u>	<u>(595,528)</u>	<u>-</u>	<u>(9,759,702)</u>
Total capital assets, being depreciated, net	<u>7,953,239</u>	<u>(281,952)</u>	<u>-</u>	<u>7,671,287</u>
Governmental activities capital assets, net	<u>\$ 9,550,849</u>	<u>(272,318)</u>	<u>(190,439)</u>	<u>9,088,092</u>

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 244,320	-	-	244,320
Water rights	19,776	-	-	19,776
Total capital assets, not being depreciated	<u>264,096</u>	<u>-</u>	<u>-</u>	<u>264,096</u>
Capital assets, being depreciated:				
System and improvements	22,901,791	95,576	-	22,997,367
Buildings and improvements	6,367,469	26,411	-	6,393,880
Equipment	452,100	10,683	-	462,783
Total capital assets, being depreciated	<u>29,721,360</u>	<u>132,670</u>	<u>-</u>	<u>29,854,030</u>
Less accumulated depreciation for:				
System and improvements	(7,558,602)	(685,927)	-	(8,244,529)
Buildings and improvements	(1,980,773)	(122,273)	-	(2,103,046)
Equipment	(210,657)	(33,007)	-	(243,664)
Total accumulated depreciation	<u>(9,750,032)</u>	<u>(841,207)</u>	<u>-</u>	<u>(10,591,239)</u>
Total capital assets, being depreciated, net	<u>19,971,328</u>	<u>(708,537)</u>	<u>-</u>	<u>19,262,791</u>
Business-type activities capital assets, net	<u>\$ 20,235,424</u>	<u>(708,537)</u>	<u>-</u>	<u>19,526,887</u>

In accordance with generally accepted accounting principles, the Town has elected to report general government infrastructure assets prospectively. Therefore, only general government infrastructure assets acquired since January 1, 2002 are included in the Town's financial statements.

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

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

	<u>Depreciation Expense</u>	<u>Capital Outlay</u>
Governmental activities:		
General government	\$ 36,815	-
Public works, including infrastructure	520,203	123,138
Culture and recreation	<u>38,510</u>	<u>200,072</u>
Total governmental activities	<u><u>\$ 595,528</u></u>	<u><u>323,210</u></u>
Business-type activities:		
Water	\$ 407,319	49,000
Wastewater	<u>433,888</u>	<u>83,670</u>
Total business-type activities	<u><u>\$ 841,207</u></u>	<u><u>132,670</u></u>

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables, and Transfers

Transfers were as follows:

	<u>In</u>	<u>Out</u>
General	\$ -	(367,910)
Debt Service	257,910	-
Capital Equipment	130,000	-
Wastewater	-	(10,000)
Water	-	(10,000)
	<u>\$ 387,910</u>	<u>(387,910)</u>

Transfers were to provide additional resources to meet the activities provided in each fund.

E. Other Liabilities

1. Capital Leases

In April 2008, the Town entered into a capital lease agreement for the purchase of property within Town limits. The total amount financed was \$485,725, with interest stated at 4.90% per annum. The lease requires semi-annual payments of \$18,187 through 2028.

In September 2013, the Town entered into a capital lease agreement for the purchase of a street sweeper. The total amount financed was \$215,745 with interest stated at 2.63% per annum. The lease requires annual payments of \$45,418 through 2017.

Future minimum lease payments for both leases are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	66,515	17,277	83,792
2018	23,365	15,008	38,373
2019	24,524	13,850	38,374
2020	25,741	12,633	38,374
2021	27,017	11,356	38,373
2022 - 2026	156,568	35,301	191,869
2027 - 2028	54,852	2,709	57,561
Total	<u>\$ 378,582</u>	<u>108,134</u>	<u>486,716</u>

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Other Liabilities (continued)

2. Sales Tax Revenue Bonds

In 1992, the Town issued Series 1992 Sales and Use Tax Bonds with a gross issue price of \$1,145,000. This issue was partially (\$525,000) refunded with the issuance \$2,215,000 of Series 1998 Sales and Use Tax bonds. The proceeds not used for refunding the 1992 Sales and Use Tax Bonds were used for street improvements and paving. In 2002, the remaining outstanding balance of the 1992 Bond issue was refunded through the issuance of the 2002 Sales and Use Tax Refunding Bonds. The Series 1998 Bonds are subject to redemption prior to maturity as follows:

- June 1, 2009 and thereafter, subject to redemption at 100%.

Interest for both the 1998 Bonds and 2002 Bonds are payable semi-annually on June 1 and December 1 at 5.05%. Principal payments are made December 1. The required reserves are accounted for in the Town's Debt Service Fund.

3. General Obligation Bonds

In 1998, the Town issued \$600,000 in Series 1998 General Obligation Bonds. The bonds are secured by the full faith and credit of the Town and pay interest at 4.25% to 5.1%. The bonds were issued to finance improvements to the Town's streets, roads, sidewalks and other infrastructure. These bonds were paid off during 2016.

4. Advance Refunding

The Town has advance refunded the 1992 Sales Tax Revenue Bonds. Sufficient U.S. government, state and local government securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the General Long-Term Debt Account Group. The amount of defeased bonds outstanding at year end is not readily determinable.

5. Bonded Debt

The Town's annual bonded debt service is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	440,000	11,910	451,910
Total	\$ 440,000	11,910	451,910

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Other Liabilities (continued)

6. Long-term Debt

The Town's annual total debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	506,515	29,187	535,702
2018	23,365	15,008	38,373
2019	24,524	13,850	38,374
2020	25,741	12,633	38,374
2021	27,017	11,356	38,373
2022 - 2026	156,568	35,301	191,869
2027 - 2028	54,852	2,709	57,561
Total	<u>\$ 818,582</u>	<u>120,044</u>	<u>938,626</u>

7. Accrued Compensated Absences

Earned but unused vacation benefits amounted to \$19,540 at December 31, 2016. All unused vacation benefits are recorded on the government-wide financial statements.

8. Schedule of Changes in Long-term Debt

	<u>Balance</u> <u>1/1/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/16</u>	<u>Due Within</u> <u>One Year</u>
Capital leases	\$ 442,908	-	(64,326)	378,582	64,329
Sales and use tax bonds	665,000	-	(225,000)	440,000	440,000
General obligation bonds	95,000	-	(95,000)	-	-
Accrued compensated absences	20,926	-	(1,386)	19,540	-
Total	<u>\$ 1,223,834</u>	<u>-</u>	<u>(385,712)</u>	<u>838,122</u>	<u>504,329</u>

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Restricted Fund Balance

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

	<u>Balance 1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/16</u>
General Fund:				
Fees in lieu of Park	\$ 6,379	-	-	6,379
Affordable housing impact fee	135,426	-	-	135,426
Emergency reserves	122,000	-	(7,000)	115,000
Debt Service Fund reserves:				
Next year's payments	300,000	-	-	300,000
Conservation Trust Fund	12,035	-	6,537	18,572
Restricted Revenue Fund	-	547,624	(541,635)	5,989
Wastewater Fund				
Operating reserve	47,373	572	-	47,945
Capital replacement reserve	713,853	3,807	(64,130)	653,530
	<u>\$ 1,337,066</u>	<u>552,003</u>	<u>(606,228)</u>	<u>1,282,841</u>

The Town had \$701,475 restricted in the Wastewater Fund for Upper Fraser Valley Wastewater Treatment Joint Facilities operating and capital replacement expenses.

G. Committed Fund Balance

The Town has the following commitments of the governmental fund balances at December 31, 2016:

	<u>Balance 1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/16</u>
General Fund:				
Reserve savings	\$ 1,000,000	-	-	1,000,000
Debt Service Fund:				
Capital projects	275,579	-	(92,048)	183,531
	<u>\$ 1,275,579</u>	<u>-</u>	<u>(92,048)</u>	<u>1,183,531</u>

H. Assigned Fund Balance

The Town had the following assignments of the governmental fund balances at December 31, 2016:

	<u>Balance 1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/16</u>
General Fund:				
Capital projects	113,999	-	(78,964)	35,035
Future budget deficit	871,910	-	(210,501)	661,409
Capital Equipment Replacement:				
Capital projects	415,843	57,029	-	472,872
	<u>\$ 1,401,752</u>	<u>57,029</u>	<u>(289,465)</u>	<u>1,169,316</u>

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information

A. Joint Facilities Oversight Committee (“JFOC”) Operations Fund

In 2002, the Fraser Sanitation District (the “District”), Winter Park Ranch, and Grand County #1 entered into an agreement to participate in the joint construction, maintenance, and operation of joint interceptor sewer lines and joint sewage treatment facilities. This new wastewater treatment plant has been constructed on the existing plant site of the District/Winter Park Ranch treatment facility and a new and/or expanded sewer trunk line from Grand County #1 will connect with the existing District/Winter Park Ranch interceptor line. Title of the new joint facilities will be allocated among these three members based on each member’s proportionate share of equivalent residential units to be serviced by the new plant. The District was dissolved into the Town effective December 31, 2009.

Construction costs of these new facilities, excluding expenses relating to segment B of the joint trunk lines (“B-Line”) described below, are based on each member’s future share of equivalent residential units to be serviced by the new plant and are allocated as follows:

Town – 34.07%
Winter Park Ranch – 28.89%
Grand County #1 – 37.04%

Under the Upper Fraser Valley Wastewater Agreement, a Joint Facilities Oversight Committee (“JFOC”) was established to represent the three members regarding the construction, expansion, operations, management, and maintenance of the new joint facilities. The JFOC is comprised of a total of nine members, with each member having three members. The Town was appointed as the manager of the joint facilities for 2016. The JFOC may designate a new manager on an annual basis. In 2016, as approved by the JFOC, the Town earned \$29,000 in management fees.

Operations and maintenance costs will be allocated among the three members based on each member’s proportionate share of equivalent residential units currently serviced by the new plant. In addition, upon certification of the new joint facilities, this agreement requires the establishment of an operations and maintenance reserve fund equal to three months operations and maintenance costs and a capital replacement reserve fund, the amount which is determined by the JFOC.

1. Maryvale Village (Rendezvous)

The District entered an agreement on May 9, 2000, with Maryvale Village, L.L.C., and several individuals (collectively referred to as the “Rendezvous”), Maryvale Commercial Metropolitan District, and Maryvale Residential Metropolitan District (these districts are collectively referred to as the “Maryvale Districts”) that permitted the inclusion of the Maryvale development within the District’s boundaries in order to receive sanitation services, in exchange for inclusion fees.

Pursuant to this agreement, Rendezvous and the Maryvale Districts are responsible for the construction of sewer main extensions and related infrastructure from the existing District sewer main to the Maryvale development. These sewer main extensions and related infrastructure will ultimately be conveyed to the District at the time these projects are completed or begin to be used, whichever comes first, subject to the District’s acceptance of these assets. As of December 31, 2016, Maryvale development sewer mains and infrastructure had been conveyed to the District, and is presented as an asset on the Town’s financial statements.

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

A. Joint Facilities Oversight Committee (“JFOC”) Operations Fund (continued)

1. Maryvale Village (Rendezvous) (continued)

Per this agreement, in exchange for the District agreeing to oversize the new wastewater treatment plant described earlier, the Developer and Maryvale Districts agreed to cover the amount of any shortfall in the District’s CWRPDA loan payments by pre-purchasing tap fees. In addition, this agreement requires the Developer and Maryvale Districts to establish an escrow account in the amount of \$160,000 to guarantee their compliance in the event of a default regarding their pre-purchase obligations. As of December 31, 2016, no prepaid tap fees have been required or made by the Developer and the Maryvale Districts. This guarantee was released in 2009.

2. Pre-Inclusion Agreement - Cornerstone

The District entered an agreement on April 5, 2005, with Cornerstone Winter Park Holdings, L.L.C. (“Cornerstone”) that permits the inclusion of a portion of Cornerstone’s development within the District’s boundaries in order to receive sanitation services for inclusion fees.

Cornerstone shall be responsible for constructing, paying for and installing all sewer lines and any related facilities within the property including all lines, manholes and mains. This infrastructure will ultimately be conveyed to the District at the time these projects are completed or begin to be used, whichever comes first, subject to the District’s acceptance of these assets.

B. Retirement Plans – Defined Contribution Pension Plan – Section 401(a)

The Town is a member of Colorado County Officials & Employees Retirement Association (“CCOERA”). COERA was established to provide retirement benefits to employees of Colorado local governments. As a member, the Town participates in the CCOERA retirement plan created in accordance with Internal Revenue Code Section 401(a) (the “401(a) Plan”), which is a defined contribution pension plan. Employees of the Town are required to participate in the 401(a) Plan after one full year of service. Each eligible employee is required to contribute 4% of gross wages to the 401(a) Plan. The Town matches employee contributions at the same rate and these matched dollars have a vesting period of 5 years. The Town is neither the trustee nor the administrator for the 401(a) Plan. The seven-member governing board of CCOERA makes all necessary rules and is responsible for administration of the funds in the 401(a) Plan. Benefits payable at retirement, death, termination, or other unforeseen circumstance are based on the accumulated account balance of each employee. Upon termination of service with the Town, any unvested amounts will be forfeited and may be used to pay plan expenses or Employer’s contributions to the 401(a) Plan.

During 2016, the Town recognized \$36,612 of expense under this plan. The Town has \$2,913 of forfeitures included in the 2016 401(a) Plan expense. The Town had a liability of \$2,562 due to the 401(a) Plan at December 31, 2016.

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

C. Retirement Plans – Defined Contribution Pension Plan – Section 457

The Town also participates in the CCOERA retirement plan created in accordance with Internal Revenue Code Section 457 (the “457 Plan”), which is a defined contribution plan. The plan permits employees to defer a portion of their salary until future years. All contributions to the 457 Plan and all income attributable to those amounts, property are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries. Plan investment purchases are determined by the plan participant and therefore, the plan’s investment concentration varies between participants. The Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Town is neither the trustee nor the administrator for the plan. The seven-member governing board of CCOERA makes all necessary rules and is responsible for administration of the funds in the 401(a) Plan. Benefits payable at retirement, death, termination, or other unforeseen circumstance are based on the accumulated account balance of each employee.

The Town did not recognize any pension expense related to this 457 Plan during 2016 and had no liability to the 457 Plan at December 31, 2016.

D. Other Employee Benefits - Post Employment Health Care Benefits

All Town employees covered by State continuation insurance may continue their health insurance due to a reduction in work hours or termination of employment (for reasons other than "gross misconduct") for up to 18 months after the occurrence of one of these events. Eligible dependents may continue coverage for up to 36 months. Employees who elect continued coverage must pay the Town for premiums from the termination date of coverage and monthly thereafter. No cost to the Town is recognized as employees reimburse 100% of their premium cost.

E. Intergovernmental Agreements

i. Public Safety Services

In lieu of directly providing public safety services, the Town has entered into an agreement with the Town of Winter Park, Colorado to form a joint public safety force effective May 1, 2005 and amended March 21, 2012. The agreement requires costs to be split 65% to Winter Park and 35% to Fraser, based upon average call volume, but reevaluated annually and may be amended as agreed upon by both parties.

ii. Building Department

The Town has entered into an agreement January 20, 2010 to form a joint building services department with the Town of Winter Park, Colorado and the Town of Granby, Colorado. According to the agreement, quarterly expenses are to be split based upon the portion of revenue collected for each Town, but may be adjusted annually by mutual agreement based on permits issued, inspections performed, time expended by personnel, vehicle depreciation and mileage and other measures.

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

F. Commitments and Contingencies

i. Construction Commitments

The Town entered into an agreement with Conroy Excavating, Inc. to perform work on the north sewer system sanitary sewer for a total estimated project cost of \$176,060. At December 31, 2015, the Town had expended \$110,506 for this project, leaving \$65,554 to be expended in future years.

G. Risk Management

The Town is exposed to various risks of loss related to workers' compensation, general liability, and worker unemployment. The Town has acquired commercial coverage for these risks. Any settled claims are not expected to exceed the commercial insurance coverage. The Town is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. The Town is a member of the insurance pool described below to cover these risks.

Pursuant to an inter-local agreement authorized by state statute, the Town joined the Colorado Intergovernmental Risk Sharing Agency ("CIRSA") to provide insurance coverage. Members of the board of directors are nominated and elected by members to two-year, staggered terms and meet at least monthly to direct operations. CIRSA budgets are funded by contributions from member governments.

The Town's share of assets, liabilities and fund equity as of December 31, 2016, the latest date for which information is available, is as follows:

Insurance Pools:	<u>Fraser Share</u>
Property and Casualty Pool:	
Loss fund	\$ 26,704
Operating	11,697
Pooled excess fund	5,691
Reserve fund	19,797
Workers' Compensation Pool:	
Loss fund	23,421
Operating	2,106
Pooled excess fund	14,433
Reserve fund	15,248

Town of Fraser
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

G. Risk Management (continued)

The December 31, 2016 combined financial information is as follows:

Cash and investments	\$ 16,478,953
Other assets	<u>70,775,712</u>
Total	<u><u>87,254,665</u></u>
Liabilities	36,055,129
Net assets	<u>51,199,536</u>
Total	<u><u>87,254,665</u></u>
Total revenue	26,382,872
Total expense	<u>(21,927,693)</u>
(Deficiency) of Revenue Over Expense	<u><u>4,455,179</u></u>

Coverage provided by CIRSA is as follows: 1) \$250,000 per claim/occurrence property; 2) \$1,000,000 per claim/occurrence liability; and 3) \$150,000 per claim/occurrence crime. CIRSA has also acquired additional excess coverage from outside sources. The Town may be liable for any losses in excess of the above coverage. At December 31, 2016, the Town does not expect to incur losses in excess of the above coverage.

Surpluses or deficits for any year are subject to change for reasons which include: interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

H. Prepaid Plant Investment Fees

The Town entered into annexation agreements with two developers that provided for the use of Plant Investment Fees to fund water system capital improvements within the developments. The agreements essentially provide that the Town will not retain Plant Investment Fees paid by building permit applicants within these developments until such time as the total Plant Investment Fees paid exceeds the certified costs of regional water capital improvements within the developments. Currently the developers have certified water regional infrastructure improvements totaling \$6,266,976 and a total of \$3,242,993 of Plant Investment Fees have been rebated to the developers.

REQUIRED SUPPLEMENTARY INFORMATION



Town of Fraser, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	2016		Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
Revenues:				
Taxes	2,216,482	2,884,263	667,781	2,449,163
Licenses and fees	63,000	137,840	74,840	116,478
Charges for services	5,000	14,566	9,566	41,050
Intergovernmental	97,000	124,953	27,953	1,477,305
Interest	3,500	20,080	16,580	6,450
Other revenue	92,500	115,876	23,376	148,346
Total Revenues	2,477,482	3,297,578	820,096	4,238,792
Expenditures:				
General government	1,254,416	1,035,049	219,367	1,016,942
Public safety	450,000	424,580	25,420	406,020
Public works	1,300,140	993,527	306,613	3,331,099
Culture and recreation	13,550	11,237	2,313	7,566
Debt service	38,375	38,374	1	38,374
Total Expenditures	3,056,481	2,502,767	553,714	4,800,001
Excess (Deficiency) of Revenues Over Expenditures	(578,999)	794,811	1,373,810	(561,209)
Other Financing Sources (Uses):				
Transfer in	-	-	-	10,000
Transfer (out)	(367,910)	(367,910)	-	(246,550)
Total Other Financing (Uses)	(367,910)	(367,910)	-	(236,550)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(946,909)	426,901	1,373,810	(797,759)
Fund Balances - Beginning of Year	1,765,979	3,006,539	1,240,560	3,804,298
Fund Balances - End of Year	819,070	3,433,440	2,614,370	3,006,539

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

Town of Fraser, Colorado
General Fund
Schedule of Revenues
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	2016		Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
Taxes:				
Property	201,082	201,242	160	197,417
Specific ownership	10,200	12,285	2,085	11,677
Sales & use	1,945,000	2,606,095	661,095	2,176,821
Franchise	52,000	55,575	3,575	54,795
Motor vehicle	4,200	4,770	570	4,661
Cigarette	4,000	4,296	296	3,792
Total	<u>2,216,482</u>	<u>2,884,263</u>	<u>667,781</u>	<u>2,449,163</u>
Licenses and Fees:				
Business license fees	13,000	10,604	(2,396)	13,100
Regulated Industry fees	50,000	127,236	77,236	103,378
Total	<u>63,000</u>	<u>137,840</u>	<u>74,840</u>	<u>116,478</u>
Charges for services:				
Planning and building fees	5,000	14,566	9,566	41,050
Total	<u>5,000</u>	<u>14,566</u>	<u>9,566</u>	<u>41,050</u>
Intergovernmental:				
Grant revenue	97,000	124,953	27,953	1,477,305
Total	<u>97,000</u>	<u>124,953</u>	<u>27,953</u>	<u>1,477,305</u>
Interest:				
Earnings on deposits	3,500	20,080	16,580	6,450
Total	<u>3,500</u>	<u>20,080</u>	<u>16,580</u>	<u>6,450</u>
Other:				
Other income	80,000	99,871	19,871	132,731
Rents	12,500	16,005	3,505	15,615
Total	<u>92,500</u>	<u>115,876</u>	<u>23,376</u>	<u>148,346</u>
Other Financing Sources:				
Transfer in	-	-	-	10,000
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Total Revenues	<u>2,477,482</u>	<u>3,297,578</u>	<u>820,096</u>	<u>4,248,792</u>

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

Town of Fraser, Colorado
General Fund
Schedule of Expenditures and Transfers
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	2016		Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
General Government:				
Town board salaries	51,295	44,388	6,907	34,901
Town board community enhancement	306,640	188,334	118,306	231,436
Miscellaneous	3,000	12,917	(9,917)	1,098
Administrative salaries	341,527	321,515	20,012	323,037
Other purchased services	467,954	415,225	52,729	387,134
Utilities	22,500	16,074	6,426	16,384
Property management	61,500	25,226	36,274	22,952
Fiscal agent salaries	-	11,370	(11,370)	-
Total General Government	1,254,416	1,035,049	219,367	1,016,942
Public Safety	450,000	424,580	25,420	406,020
Total Public Safety	450,000	424,580	25,420	406,020
Public Works				
Salaries and benefits	560,190	513,053	47,137	501,685
Other purchased services	171,250	243,793	(72,543)	2,390,267
Utilities	15,700	10,753	4,947	12,385
Property management	117,500	68,914	48,586	137,592
Capital outlay	435,500	157,014	278,486	289,170
Total Public Works	1,300,140	993,527	306,613	3,331,099
Culture and Recreation				
Other purchased services	6,000	5,100	900	5,250
Utilities	2,550	1,759	791	1,899
Property management	5,000	4,378	622	417
Total Culture and Recreation	13,550	11,237	2,313	7,566
Debt Services				
Interest	17,165	17,165	-	18,167
Principal	21,210	21,209	1	20,207
Total Debt Services	38,375	38,374	1	38,374
Other Financing Uses				
Transfer out	367,910	367,910	-	246,550
Total Financing Sources	367,910	367,910	-	246,550
Total Expenditures	3,424,391	2,870,677	553,714	5,046,551

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

Town of Fraser, Colorado
Special Revenue Fund
Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	2016		Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
Revenues:				
Lottery proceeds	6,500	6,444	(56)	5,523
Interest	15	93	78	17
Total Revenues	6,515	6,537	22	5,540
Other Financing Uses				
Transfer (Out)	-	-	-	(10,000)
Total Financing Sources	-	-	-	(10,000)
Excess (Deficiency) of Revenues Over Expenditures	6,515	6,537	22	(4,460)
Fund Balances - Beginning of Year	13,010	12,035	(975)	16,495
Fund Balances - End of Year	19,525	18,572	(953)	12,035

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

Town of Fraser, Colorado
Special Revenue Fund
Restricted Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	2016		Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
Revenues:				
Taxes	450,000	546,685	96,685	-
Interest	150	939	789	-
	Total Revenues	547,624	97,474	-
Expenditures:				
General government				
Transportation	400,000	536,747	(136,747)	-
Trails	50,000	4,887	45,113	-
	Total Expenditures	541,634	(91,634)	-
Excess (Deficiency) of Revenues Over Expenditures	150	5,990	5,840	-
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	150	5,990	5,840	-

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

SUPPLEMENTARY INFORMATION



Town of Fraser, Colorado
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	2016			2015
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Property taxes	-	68	68	79,993
Specific ownership tax	-	-	-	5,138
Interest	100	3,473	3,373	970
Total Revenues	100	3,541	3,441	86,101
Expenditures:				
Principal	320,000	320,000	-	250,000
Interest	37,704	31,953	5,751	49,074
Other	3,000	1,546	1,454	3,938
Total Expenditures	360,704	353,499	7,205	303,012
Excess (Deficiency) of Revenues Over Expenditures	(360,604)	(349,958)	10,646	(216,911)
Other Financing Sources:				
Transfer in	257,910	257,910	-	246,550
Total Other Financing Sources	257,910	257,910	-	246,550
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(102,694)	(92,048)	10,646	29,639
Fund Balances - Beginning of Year	(100)	575,579	575,679	545,940
Fund Balances - End of Year	(102,794)	483,531	586,325	575,579

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

Town of Fraser, Colorado
Capital Equipment Replacement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	2016		Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
Revenues:				
Highway users revenue	45,039	46,157	1,118	45,940
Earnings on investments	350	3,317	2,967	828
Total Revenues	45,389	49,474	4,085	46,768
Expenditures:				
Capital lease	45,418	45,418	-	45,418
Equipment	175,000	77,027	97,973	71,085
Total Expenditures	220,418	122,445	97,973	116,503
Excess (Deficiency) of Revenues Over Expenditures	(175,029)	(72,971)	102,058	(69,735)
Other Financing Sources:				
Transfer In	130,000	130,000	-	20,000
Total Other Financing Sources	130,000	130,000	-	20,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(45,029)	57,029	102,058	(49,735)
Fund Balances - Beginning of Year	410,774	415,843	5,069	465,578
Fund Balances - End of Year	365,745	472,872	107,127	415,843

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

Town of Fraser, Colorado
Enterprise Fund
Water Fund
Schedule of Revenues, Expenditures and Change in Net Position
Budget (Non-GAAP) Basis and Actual
With Reconciliation to GAAP Basis
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	2016			2015
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Tap fees	7,700	-	(7,700)	15,400
User fees	832,120	858,499	26,379	786,229
Water meter fees	5,000	58,092	53,092	38,419
Interest income	800	10,240	9,440	2,079
Excavation permits	275	825	550	550
Grants	-	-	-	50,000
Other	2,500	4,190	1,690	4,020
Total Revenues	848,395	931,846	83,451	896,697
Expenditures:				
Personnel:				
Salaries	210,503	202,839	7,664	199,682
Retirement	6,500	5,620	880	6,217
Health insurance	29,250	32,086	(2,836)	25,827
Travel and training	8,000	2,356	5,644	1,144
Total	254,253	242,901	11,352	232,870
Commodities:				
Insurance	20,000	15,097	4,903	17,084
Supplies	77,500	96,539	(19,039)	49,080
System repair and maintenance	140,000	129,377	10,623	37,017
Testing	5,000	1,292	3,708	1,974
Telephone	4,500	4,140	360	4,303
Utilities	50,000	33,437	16,563	33,776
Miscellaneous	8,000	1,484	6,516	1,807
Total	305,000	281,366	23,634	145,041
Contractual:				
Legal	65,000	48,184	16,816	69,618
Engineering	60,000	77,343	(17,343)	24,303
Other professional services	25,500	20,954	4,546	1,773
Professional memberships	9,500	5,915	3,585	8,625
Total	160,000	152,396	7,604	104,319
Other:				
Transfer to Other Fund	10,000	10,000	-	10,000
Capital projects and purchases	900,000	49,000	851,000	104,514
Water rights	35,000	6,790	28,210	6,482
Total	945,000	65,790	879,210	120,996
Total Expenditures	1,664,253	742,453	921,800	603,226
Excess (Deficiency) of Revenues Over Expenses (Budget Basis)	(815,858)	189,393	1,005,251	293,471
Reconciliation from Budget Basis to GAAP Basis:				
Capitalized assets		49,000		88,658
Depreciation		(407,318)		(400,315)
Excess (Deficiency) of Revenues Over Expenses (GAAP Basis)		(168,925)		(18,186)
Net Position - Beginning of Year		12,003,144		12,021,330
Net Position - End of Year		11,834,219		12,003,144

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

Town of Fraser, Colorado
Enterprise Fund
Wastewater Fund
Schedule of Revenues, Expenditures and Change in Net Position
Budget (Non-GAAP) Basis and Actual
With Reconciliation to GAAP Basis
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	2016			2015
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Tap fees	100,000	540,000	440,000	292,500
User fees	694,000	705,295	11,295	645,846
Management fees	29,000	29,000	-	29,000
Interest income	3,200	27,216	24,016	14,690
Grants	30,000	51,778	21,778	46,401
Other	-	39	39	-
Total Revenues	<u>856,200</u>	<u>1,353,328</u>	<u>497,128</u>	<u>1,028,437</u>
Expenditures:				
Personnel:				
Salaries	221,298	201,862	19,436	212,095
Retirement	7,000	5,587	1,413	6,381
Health insurance	30,500	32,030	(1,530)	26,235
Travel and training	7,000	1,460	5,540	839
Total	<u>265,798</u>	<u>240,939</u>	<u>24,859</u>	<u>245,550</u>
Commodities:				
Insurance	6,500	3,103	3,397	4,405
Supplies	3,000	1,920	1,080	2,113
System repair and maintenance	344,500	201,432	143,068	208,136
Testing	1,000	-	1,000	-
Telephone	2,000	1,529	471	1,672
Miscellaneous	3,000	675	2,325	165
Total	<u>360,000</u>	<u>208,659</u>	<u>151,341</u>	<u>216,491</u>
Contractual:				
Legal	5,000	-	5,000	693
Engineering	5,000	1,008	3,992	8,392
Other professional services	202,346	173,597	28,749	159,357
Treasurer's and bank fees	100	-	100	-
Professional memberships	2,000	5,142	(3,142)	1,525
Total	<u>214,446</u>	<u>179,747</u>	<u>34,699</u>	<u>169,967</u>
Other:				
Transfer to Other Fund	10,000	10,000	-	10,000
Capital Reserve payments	-	-	-	33,151
Total	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>43,151</u>
Total Expenditures	<u>850,244</u>	<u>639,345</u>	<u>210,899</u>	<u>675,159</u>
Excess (Deficiency) of Revenues Over Expenses (Budget Basis)	<u>5,956</u>	713,983	<u>708,027</u>	353,278
Reconciliation from Budget Basis to GAAP Basis:				
Capitalized assets		83,669		132,402
Depreciation		(433,887)		(428,615)
Excess (Deficiency) of Revenues Over Expenses (GAAP Basis)		<u>324,728</u>		<u>57,065</u>
Net Position - Beginning of Year		<u>13,925,492</u>		<u>13,868,427</u>
Net Position - End of Year		<u>14,250,220</u>		<u>13,925,492</u>

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

Town of Fraser, Colorado
JFOC Operations
Schedule of Revenues & Expenses
Budget (Non-GAAP) Basis and Actual
With Reconciliation to GAAP Basis
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	<u>2016</u>		<u>Final Budget Variance Positive (Negative)</u>	<u>2015</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Other revenue	1,500	1,822	322	-
JFOC operating charges	725,962	622,379	(103,583)	600,208
Interest revenue	12,300	11,528	(772)	12,244
Sale of fixed assets	-	-	-	14,215
Total Revenues	<u>739,762</u>	<u>635,729</u>	<u>(104,033)</u>	<u>626,667</u>
Expenses:				
Training programs	2,000	1,435	565	240
Travel, meals and lodging	2,500	575	1,925	95
Meals and entertainment	100	256	(156)	45
Professional fees	159,750	117,473	42,277	4,074
Engineering fees	15,000	5,965	9,035	3,475
Sludge removal	55,000	41,636	13,364	32,520
Other professional services	10,000	3,569	6,431	3,216
Insurance	30,000	24,167	5,833	25,177
Advertising	500	-	500	1,963
Plant maintenance & repair	50,000	24,007	25,993	28,260
Grounds maintenance	1,500	-	1,500	1,104
Equipment rental	500	-	500	-
Professional memberships	500	450	50	-
Operating supplies	65,000	31,938	33,062	32,881
Equipment purchase and repair	15,000	202	14,798	4,445
Testing	65,000	51,491	13,509	39,962
Utilities	162,200	189,854	(27,654)	190,204
Vehicles	7,500	4,115	3,385	7,277
Miscellaneous	1,000	414	586	300
Capital projects	301,000	74,956	226,044	164,632
Payroll expenses	232,913	238,105	(5,192)	224,971
Total Expenses	<u>1,176,963</u>	<u>810,608</u>	<u>366,355</u>	<u>764,841</u>
Excess (Deficiency) of Revenues Over Expenses (Budget Basis)	<u>(437,201)</u>	<u>(174,879)</u>	<u>262,322</u>	<u>(138,174)</u>
Reconciliation from Budget Basis to GAAP Basis:				
Capital reserve reduced by capital expenses		188,229		164,633
Capital reserve increased by interest income		(11,174)		(12,244)
Capital reserve increased by other income		(1,822)		-
Operating reserve increased by interest income		(354)		-
Proceeds from sale of asset to gain or loss on sale		-		(14,215)
Excess (Deficiency) of Revenues Over Expenses (GAAP Basis)		<u>-</u>		<u>-</u>

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

ANNUAL HIGHWAY FINANCE REPORT - CY16

Step 1: Enter your email and select your City or County from the list below.

Step 2: Click on "Start" to edit/update your data.

Step 3: Click on "Submit" at the bottom of the form to edit/update your data.

Your Email Address:

Select City:

II - RECEIPTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Receipts from local sources

2. General Fund Appropriations:	\$ <input style="width: 100px;" type="text" value="2329628.07"/>
3. Other local imposts: <i>from A.3. Total below</i>	\$ <input style="width: 100px;" type="text" value="91,850.47"/>
4. Miscellaneous local receipts: <i>from A.4. Total below</i>	\$ <input style="width: 100px;" type="text" value="8,973.34"/>
5. Transfers from toll facilities	\$ <input style="width: 100px;" type="text" value="0.00"/>
6. Proceeds of sale of bonds and notes	
a. Bonds - Original Issues:	\$ <input style="width: 100px;" type="text" value="0.00"/>
b. Bonds - Refunding Issues:	\$ <input style="width: 100px;" type="text" value="0.00"/>
c. Notes:	\$ <input style="width: 100px;" type="text" value="0.00"/>

SubTotal: \$

B. Private Contributions \$

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

Please no commas or dollar signs for the input

A.3. Other local imposts

a. Property Taxes and Assessments	\$ <input style="width: 100px;" type="text" value="67.81"/>
b. Other Local Imposts	

1. Sales Taxes:	\$	79498.08
2. Infrastructure and Impact Fees:	\$	0.00
3. Liens:	\$	0.00
4. Licenses:	\$	0.00
5. Specific Ownership and/or Other:	\$	12284.58
Total: <i>(a + b) carried to 'Other local imposts' above)</i>		\$ 91,850.47

A.4. Miscellaneous local receipts

Please no commas or dollar signs for the input

a. Interest on Investments:	\$	3473.34
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:	\$	5500.00
h. Other:	\$	0.00
Total: <i>(a through h) carried to 'Misc local receipts' above)</i>		\$ 8,973.34

C. Receipts from State Government

Please no commas or dollar signs for the input

1. Highway User Taxes:	\$	46157.06
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	4769.50
d. Other (Specify):		
Comments: <input style="width: 150px;" type="text" value="undefined"/>	\$	0.00
e. Other (Specify):		
Comments: <input style="width: 150px;" type="text" value="undefined"/>	\$	0.00
Total: <i>(1+3c,d,e)</i>		\$ 50,926.56

D. Receipts from Federal Government

Please no commas or dollar signs for the input

2. Other Federal Agencies		
a. Forest Service:	\$	0.00
b. FEMA:	\$	0.00
c. HUD:	\$	0.00

d. Federal Transit Administration:	\$	<input type="text" value="0.00"/>
e. U.S. Corp of Engineers	\$	<input type="text" value="0.00"/>
f. Other Federal:	\$	<input type="text" value="0.00"/>
Total: (2a-f)		\$ <u><input type="text" value="0.00"/></u>

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Local highway disbursements

1. Capital outlay: (from A.1.d. 'Total Capital Outlay' below)	\$	<input type="text" value="278,378.96"/>
2. Maintenance:	\$	<input type="text" value="213588.54"/>
3. Road and street services		
a. Traffic control operations:	\$	<input type="text" value="15339.00"/>
b. Snow and ice removal:	\$	<input type="text" value="335639.14"/>
c. Other:	\$	<input type="text" value="0.00"/>
4. General administration & miscellaneous	\$	<input type="text" value="61025.30"/>
5. Highway law enforcement and safety	\$	<input type="text" value="424580.00"/>
Total: (A.1-5)		\$ <u><input type="text" value="1,328,550.94"/></u>

Please no commas or dollar signs for the input

B. Debt service on local obligations

1. Bonds		
a. Interest	\$	<input type="text" value="27827.50"/>
b. Redemption	\$	<input type="text" value="1125000.00"/>
2. Notes		
a. Interest	\$	<input type="text" value="0.00"/>
b. Redemption	\$	<input type="text" value="0.00"/>
SubTotal: (1+2)		\$ <u><input type="text" value="1,152,827.50"/></u>

Please no commas or dollar signs for the input

C. Payments to State for Highways:	\$	<input type="text" value="0.00"/>
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D. Payments to Toll Facilities:

\$

Total Disbursements: *(A+B+C+D)* \$ 2,481,378.44

Please no commas or dollar signs for the input

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

Please no commas or dollar signs for the input

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="2303.52"/>	\$ 2,303.
b. Engineering Costs:	\$ <input type="text" value="47558.71"/>	\$ <input type="text" value="13806.00"/>	\$ 61,364.
c. Construction			
1. New Facilities:	\$ <input type="text" value="96799.05"/>	\$ <input type="text" value="0.00"/>	\$ 96,799.
2. Capacity Improvements:	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ 0.
3. System Preservation:	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="107638.14"/>	\$ 107,638.
4. System Enhancement:	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="10273.54"/>	\$ 10,273.
5. Total Construction:			<u>\$ 214,710.</u>
d. Total Capital Outlay: <i>(Lines A.1.a. + 1.b. + 1.c.5)</i>			<u>\$ 278,378.</u>

IV. LOCAL HIGHWAY DEBT STATUS

Please no commas or dollar signs for the input

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DE
A. Bonds (Total)	\$ <input type="text" value="1505000.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="1125000.00"/>	\$ 380,000.0
1. Bonds (Refunding Portion)		\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ 0.0
B. Notes (Total):	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ 0.0

V - LOCAL ROAD AND STREET FUND BALANCE

Please no commas or dollar signs for the input

A. Beginning Balance	B. Total Receipts	C.Total Disbursements	D. Ending Balance	E. Reconciliati
\$ <input type="text" value="0.00"/>	\$ 2,481,378.44	\$ 2,481,378.44	\$ <input type="text" value="0.00"/>	\$ 0.0

Notes & Comments:

Please enter your name:

Please provide a telephone number where you may be reached:

Note: Printing your form will *NOT* save it. Save *BEFORE* printing.