

**TOWN OF GYPSUM, COLORADO**

FINANCIAL STATEMENTS  
AND  
AUDITOR'S REPORT

DECEMBER 31, 2016



**RECEIVED**

*By the Office of the State Auditor at 3:13 pm, Aug 01, 2017*

**TOWN OF GYPSUM, COLORADO**  
**FOR THE YEAR ENDED**  
December 31, 2016

TOWN COUNCIL

Steve Carver	–	Mayor
Richard Mayne	–	Mayor Pro-Tem
Tom Edwards	–	Council Member
Chris Estes	–	Council Member
Pam Schultz	–	Council Member
Marisa Sato	–	Council Member
Chris Huffman	–	Council member

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	2 - 12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement of Activities	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Statement of Fiduciary Net Position – Agency Funds	22
Notes to Financial Statements	23 - 51
Required Supplementary Information –	
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	52
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Conservation Trust Fund	53
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Revenue Fund - Parks and Recreation Fund	54

TABLE OF CONTENTS  
(continued)

Other Supplemental Information –

Individual Fund Budgetary Comparison and Combining Schedules:

Governmental Funds –

Schedule of Revenues and Other Financing Sources – Budget and Actual – General Fund	55
Schedule of Expenditures and Other Financing Uses – Budget and Actual – General Fund	56 - 57
Schedule of Revenues and Other Financing Sources - Budget and Actual - Parks and Recreation Fund	58
Schedule of Expenditures and Other Financing Uses - Budget and Actual - Parks and Recreation Fund	59 – 60

Proprietary (Enterprise) Funds

Schedule of Budgetary Based Revenues and Expenditures – Budget and Actual – Water Enterprise Fund	61
Schedule of Budgetary Based Revenues and Expenditures – Budget and Actual – Sewer Enterprise Fund	62
Schedule of Budgetary Based Revenues and Expenditures – Budget and Actual – Sanitation Enterprise Fund	63

Fiduciary Funds:

Statement of Changes in Fiduciary Cash Balances – Budgetary Basis – Agency Fund – Spring Creek SID	64
Statement of Changes in Fiduciary Cash Balances – Budgetary Basis – Agency Fund – Gypsum Recreation Center Capital Committee	65

Counties, Cities and Towns Annual Statement of Receipts and Expenditures for Roads, Bridges and Streets	66 - 67
--	---------

---

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

---

CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Mayor and Members  
of the Town Council  
Gypsum, Colorado

**INDEPENDENT AUDITOR'S REPORT**

***Report on the Financial Statements***

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

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinions***

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

### ***Other Matters***

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

### ***Other Information***

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

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

HAYS, MAGGARD & HOOD, P.C.  
Glenwood Springs, Colorado  
July 21, 2017

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Town of Gypsum was organized in 1911, under provisions of Colorado State Statutes. The provisions of its home rule charter that was adopted in 1982 currently govern the town. The Town operates under a Council-Mayoral form of government and provides the following services: general and administrative services, planning and zoning, building inspection, capital improvements, streets and alleys, parks and recreation, golf course operations, trash removal, and water and sewer systems. An elected Mayor and Town Council govern the Town and are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes.

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

**FINANCIAL HIGHLIGHTS**

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

- In total, the Town's *overall* net position increased \$526,278 or 0.6%, from the previous fiscal year.
- The Town's *overall* General Revenues accounted for \$6,657,842 or 51% of all revenues. These general revenues include taxes, grants and entitlements not restricted to specific programs, and general interest and other revenues not related to specific programs. Program specific revenues, in the form of charges for services and sales, as well as program specific grants and contributions, accounted for \$6,553,412 or 49% of the Town's total revenues of \$13,211,254.
- *Overall* the Town had \$12,684,976 in expenses, of which \$6,553,412 were offset by program specific charges for services and sales, grants and contributions, as well as program specific grants and contributions.
- In the Town's business-type (utility enterprise) activities, fiscal year revenues exceeded expenses by \$785,507 thus increasing the activity's net position to \$50,199,622.

**USING THE BASIC FINANCIAL STATEMENTS**

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

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

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

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

**REPORTING THE TOWN AS A WHOLE**

**Statement of Net Position and Statement of Activities**

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

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

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

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

**Governmental Activities** – Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. Most of the Town's programs and services are reported here including general government activities, community development, public safety, streets and public works, culture and recreation, as well as debt service charges.

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

**FUND FINANCIAL STATEMENTS**

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about each of the Town's major funds. For the Town of Gypsum, the General Fund is the most significant fund. The Town uses many funds to account for a multitude of financial transactions. The Town's major governmental funds include the General Fund and Special Revenue Funds (which are the Conservation Trust Fund and the Parks and Recreation Fund). The Town's proprietary, or enterprise, funds include the Water Fund, the Sewer Fund and the Sanitation Fund. The remaining fiduciary (Agency Fund) statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the reporting entity. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the Town rather than the Town as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

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

**FUND FINANCIAL STATEMENTS -- CONTINUED**

The Town's fund financial statements are divided into three broad categories; namely (1) governmental funds; (2) proprietary funds; and, (3) fiduciary funds.

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

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

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

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

Parks and Recreation Fund – accounts for funds used for expenditure for parks and recreation, including the Town's golf course, as well as sales tax revenue restricted to debt service related to the construction of the Recreation Center.

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

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

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

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

**Fiduciary Funds** – Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, or other governmental units and funds. The fiduciary funds include the following.

Agency Funds – One agency fund accounts for the special assessment levies and bond issues for the Spring Creek Special Improvement District. The special assessment bonds payable are not obligations of the Town, but obligations of the property owners in the improvement districts. A lien has been placed on each property to secure the bonds. The final payment on the bonds was made in 2015. A second agency fund accounts for monies maintained by the Town on behalf of the Gypsum Recreation Center Capital Committee. The committee is made up of members from the Town of Gypsum and the Western Eagle County Metropolitan Recreation District, but is fiscally independent of these two governmental entities. The monies are used for ongoing capital maintenance and improvement of the Gypsum Recreation Center as approved by the committee.

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

**THE TOWN AS A WHOLE**

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

<i>(In Thousands)</i>	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<u>ASSETS:</u>						
Current and Other Assets	\$ 4,807	\$ 4,901	\$ 6,143	\$ 3,887	\$ 10,950	\$ 8,788
Other Non-Current Assets	-	-	201	208	201	208
Restricted Cash	235	581	352	336	587	917
Capital Assets, Net	39,289	39,236	49,175	48,870	88,464	88,106
Deferred Outflows of Resources	-	-	22	32	22	32
Total Assets – Deferred Outflows	44,331	44,718	55,893	53,333	100,224	98,051
<u>LIABILITIES:</u>						
Current & Other Liabilities	1,465	1,477	1,647	1,759	3,112	3,236
Long-term Liabilities	2,247	2,361	4,046	2,160	6,293	4,521
Total Liabilities	3,712	3,838	5,693	3,919	9,405	7,757
<u>DEFERRED INFLOWS OF RESOURCES:</u>						
Property Taxes	594	595	-	-	594	595
Total Deferred Inflows	594	595	-	-	594	595
<u>NET POSITION:</u>						
Invested in Capital Assets, Net of Related Debt	37,165	36,724	44,806	46,396	81,971	83,120
Restricted	505	1,125	352	336	857	1,461
Unrestricted	2,355	2,436	5,042	2,682	7,397	5,118
Total Net Position	\$ 40,025	\$ 40,285	\$ 50,200	\$ 49,414	\$ 90,225	\$ 89,699

The Town's *overall* Net Position increased \$526 thousand from the prior fiscal year. This is a result of \$259 thousand decrease and a \$785 thousand increase in net positions of governmental and business-type activities, respectively. The governmental activities decrease is primarily due to the payment of long-term debt and depreciation expense on capital assets. The business-type activities increase is primarily the result of current year tap fees and developer contributions.

Unrestricted net position increased approximately \$2 million to \$7 million during the current fiscal year. The unrestricted net assets mean that the Town has monies in excess of its existing commitments.

The overall total net position of the Town as of December 31, 2016 was \$90 million. By far, the largest portion of the Town's net position, \$82 million (91%), reflects the investment in capital assets (e.g. land, buildings and improvements, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to the Town's citizenry.

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

**THE TOWN AS A WHOLE -- CONTINUED**

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following detail reflects the total cost of services supported by program revenues and general property taxes, unrestricted state entitlements, and other general revenues, resulting in the overall change in net assets for the fiscal year 2016:

<i>(In Thousands)</i>	<u>Governmental</u> Activities		<u>Business-Type</u> Activities		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b><u>REVENUES:</u></b>						
Program Revenues:						
Charges for Services/Sales	\$ 1,466	\$ 1,336	\$ 2,252	\$ 2,214	\$ 3,718	\$ 3,550
Operating Grants & Contrib.	375	373	-	-	375	373
Capital Grants & Contrib.	<u>1,348</u>	<u>120</u>	<u>1,112</u>	<u>1,239</u>	<u>2,460</u>	<u>1,359</u>
Total Program Revenues	<u>3,189</u>	<u>1,829</u>	<u>3,364</u>	<u>3,453</u>	<u>6,553</u>	<u>5,282</u>
General Revenues and Transfers:						
Taxes	6,389	6,309	-	-	6,389	6,309
Intergovernmental Revenue	221	222	-	-	221	222
Interest/Investment Earnings	26	7	18	6	44	13
Accretion of Bond Premium	1	238	-	-	1	238
Other General Revenues	-	-	-	-	-	-
(Loss) on Asset Disposals	<u>3</u>	<u>36</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>36</u>
Total General Revenues and Transfers	<u>6,640</u>	<u>6,812</u>	<u>18</u>	<u>6</u>	<u>6,658</u>	<u>6,818</u>
Total Revenues	<u>9,829</u>	<u>8,641</u>	<u>3,382</u>	<u>3,459</u>	<u>13,211</u>	<u>12,100</u>
<b><u>PROGRAM EXPENSES:</u></b>						
General Government	2,596	1,762	-	-	2,596	1,762
Community Development	140	666	-	-	140	666
Public Safety	920	894	-	-	920	894
Streets & Public Works	3,138	2,990	-	-	3,138	2,990
Culture & Recreation	2,684	2,594	-	-	2,684	2,594
Economic Development	498	449	-	-	498	449
Interest - Gen'l Obligations	111	270	-	-	111	270
Other Costs of Debt	1	2	-	-	1	2
Water Utility	-	-	1,279	1,341	1,279	1,341
Sewer Utility	-	-	1,015	1,015	1,015	1,015
Sanitation Utility	<u>-</u>	<u>-</u>	<u>303</u>	<u>277</u>	<u>303</u>	<u>277</u>
Total Expenses	<u>10,088</u>	<u>9,627</u>	<u>2,597</u>	<u>2,633</u>	<u>12,685</u>	<u>12,260</u>
<b>INCREASE (DECREASE)</b>						
IN NET POSITION	<u>\$ (259)</u>	<u>\$ (986)</u>	<u>\$ 785</u>	<u>\$ 826</u>	<u>\$ 526</u>	<u>\$ (160)</u>

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

**THE TOWN AS A WHOLE -- CONTINUED**

**Governmental Activities**

*Revenues*

The Town's governmental activities revenues increased from the prior year primarily due to the receipt of several capital contributions from other local governments toward the purchase of land construction of recreation facilities. Charges for services increased with a rise in building permits, reimbursables, and other miscellaneous revenues as compared to the prior year.

*Expenses*

Program expenses for governmental activities increased approximately \$461 thousand, or 5% from the prior fiscal year. Increases were primarily caused by increases in personal costs, purchase of land and investment in culture and other recreation facilities.

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

<i>(In Thousands)</i>	<u>Total Cost of Service</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General Government	\$ 2,596	\$ 1,762	\$ 2,418	\$ 1,648
Community Development	140	666	(466)	229
Public Safety	920	894	885	858
Streets & Public Works	3,138	2,990	2,763	2,617
Culture & Recreation	2,684	2,594	688	1,726
Economic Development	498	449	498	449
Interest - General Obligation Debt	111	270	111	270
Other Costs of Long-term Debt	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>
Total Expenses	<u>\$ 10,088</u>	<u>\$ 9,627</u>	<u>\$ 6,898</u>	<u>\$ 7,799</u>

The dependence on general revenues for governmental activities is apparent. Approximately 68% of fiscal 2016 program services were supported through taxes and other general revenues, and 81% in 2015.

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

<i>(In Thousands)</i>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
Operating Revenues	\$ 2,252	\$ 2,214
Capital Grants and Contributions	888	827
General Revenues	<u>18</u>	<u>6</u>
Total Revenues	3,158	3,047
Operating and Interest Expenses	<u>2,597</u>	<u>2,633</u>
Net Income (Loss), Before Capital Contributions	561	414
Infrastructure Capital Contributions	<u>224</u>	<u>412</u>
Net Income (Loss)	<u>\$ 785</u>	<u>\$ 826</u>

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

**THE TOWN'S FUNDS**

**Governmental Funds**

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

The General Fund ending fund balance decreased from \$3,428,941 to \$3,060,222 during the current fiscal year. The net decrease of \$368,719 represents the excess of current period expenditures (financial uses) over current period revenues (financial resources). The ending fund balance in the amount of \$3,060,222, which includes \$593,638 of reserves, is the amount of net resources available for future spending. Most financial resources are from taxes and intergovernmental revenues from state and county taxes.

The Conservation Trust Fund ending fund balance decreased from \$294,725 to \$10,717 during the current fiscal year. The net decrease of \$284,004 represents the excess of current period expenditures (financial uses) over current period revenues (financial resources). The ending fund balance of \$10,717 is the amount of net resources available for future spending. The majority of financial resources are intergovernmental revenues from state lottery proceeds.

The Parks and Recreation ending fund balance increased from \$56,572 to \$210,567 during the current fiscal year. The net increase of \$210,567 represents the excess over current period revenues (financial resources) of current period expenditures (financial uses). The ending fund balance of \$210,567 includes non-spendable items that total \$14,613 leaving undesignated net resources available for future spending in the amount of \$252,526.

**Proprietary Funds**

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

The Water Enterprise Fund ending net position increased from \$34,770,574 to \$35,318,631.

The Sewer Enterprise Fund ending net position increased from \$14,344,973 to \$14,578,412.

The Sanitation Enterprise Fund ending net position increased from \$298,568 to \$302,579.

Positive changes in net position reflect that the enterprise funds are currently generating enough operating and non-operating revenues to offset current year operating and non-operating expenses, while negative changes in net assets indicate that they are not. The net assets of the enterprise activities represent the amount of net resources, including capital assets, available to provide future utility services to the general public of the Town of Gypsum. Certain net assets have been restricted for future debt service in the Water Fund (\$16,513) and (\$335,500) in the Sewer Fund. Unrestricted net assets, those not restricted or invested in capital assets, that are available for future spending are \$2,729,589 in the Water Fund; \$2,091,548 in the Sewer Fund; and \$221,030 in the Sanitation Fund.

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

**GENERAL FUND BUDGETING HIGHLIGHTS**

The Town's procedures in establishing the budgetary data reflected in the financial statements is summarized in *Note 1(E)* of the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) with the exception of the Proprietary (Enterprise) Funds. The reconciliation of the budgetary differences of the Proprietary Fund to GAAP is found in *Note 1(E)*.

The budgeting system of the Town uses a line-item based budget, which is designed to control line-item expenditures, but provide flexibility for overall budgetary management. During the course of fiscal 2016, the Town amended its General Fund budget. During 2016, the general fund original budget appropriation in the amount of \$8,507,734 was increased by \$1,000,488 to the final budget appropriation of \$9,508,222 to more accurately reflect anticipated year-end use of available general fund resources.

***General Fund Resources (Inflows)***

The Town's General Fund budgetary revenues and other financing sources in the amount of \$9,051,373 exceeded budgetary expectations of \$8,506,086 by \$545,287. One of the most significant causes of the positive variance was created by the acceptance of funds from Eagle County to purchase land for future community recreation development. Further detail of individual line-item revenues for the general fund can be found in the 'Other Supplemental Information' section following the notes to the financial statements.

***General Fund Charges to Appropriations (Outflows)***

The Town's General Fund budgetary expenditures and other financing uses of \$9,420,092 were \$88,130 less than the final appropriated fund balance of \$9,508,222. This positive variance primarily resulted from unexpended amounts for streets and public works maintenance expenditures and overall capital outlay. Further detail of individual line-item expenditures for the general fund can be found in the 'Other Supplemental Information' section following the notes to the financial statements.

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2016, the Town had a total of \$88,464,308 in capital assets, consisting of \$39,289,156 in governmental activities and \$49,175,152 in business-type activities. The following reflects the balances of fiscal year 2016 compared to fiscal year 2015:

<i>(In Thousands)</i>	Governmental		Business-Type		Total	
	Activities		Activities			
<i>Net of Depreciation:</i>	2016	2015	2016	2015	2016	2015
Land	\$ 6,571	\$ 5,725	\$ 176	\$ 176	\$ 6,747	\$ 5,901
Water Rights	-	-	8,146	8,146	8,146	8,146
Construction-in-Progress	649	115	5,931	5,376	6,580	5,491
Buildings	14,421	14,302	60	63	14,481	14,365
Lines, Meters, Plant	-	-	34,724	34,921	34,724	34,921
Improvements	1,379	1,310	-	-	1,379	1,310
Equipment & Furniture	592	593	138	188	730	781
Ballfields	274	254	-	-	274	254
Infrastructure	15,403	16,937	-	-	15,403	16,937
<b>Total Capital Assets</b>	<b><u>\$ 39,289</u></b>	<b><u>\$ 39,236</u></b>	<b><u>\$ 49,175</u></b>	<b><u>\$ 48,870</u></b>	<b><u>\$ 88,464</u></b>	<b><u>\$ 88,106</u></b>

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

**Debt**

At December 31, 2016 the Town had a total of \$6,728,060 of outstanding long-term obligations, of which \$2,358,350 is carried in governmental activities and \$4,369,710 is carried in business-type activities. Additional information regarding debt service requirements is found in *Note 5* of the financial statements.

**MAJOR INITIATIVES**

In 2013, the Town was approved by the CWCB for a loan to be used for the construction of L.E.D.E. Ditch & Reservoir Upgrade project, located in Eagle County, in the amount of \$2,690,000 with an estimated construction cost of \$5,020,000. The Town seeks to recover capacity to accommodate continued agricultural irrigation, and for future water supplies to Gypsum Creek and the Town. The reservoir is located at the headwaters of Gypsum Creek and is a good source of augmentation water. Irrigation in the Gypsum Valley often depletes Gypsum Creek and the Town relies on the Reservoir to augment its other water right. The reservoir will become even more important as the Town's population continues to increase. The project is anticipated to be complete in 2017.

The Town has a contractual obligation to provide L.E.D.E. water for agricultural purposes in the Gypsum Valley. In addition, the reservoir has aging infrastructure that require repairs to comply with state dam safety regulations. The Town wishes to repair and improve the Reservoir to utilize its potential and to protect senior storage rights.

The available water supply in the Gypsum Creek headwaters is estimated at 1,160 AF annually as determined in a hydrologic yield analysis conducted from 2002 to 2006. Demands on irrigation and increased population were also examined, with a conclusion that expanding capacity in the ditch and reservoir is desired. The Town made a significant investment in the water rights and seeks to preserve the full value of those water rights by ensuring maximum beneficial use.

**CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK**

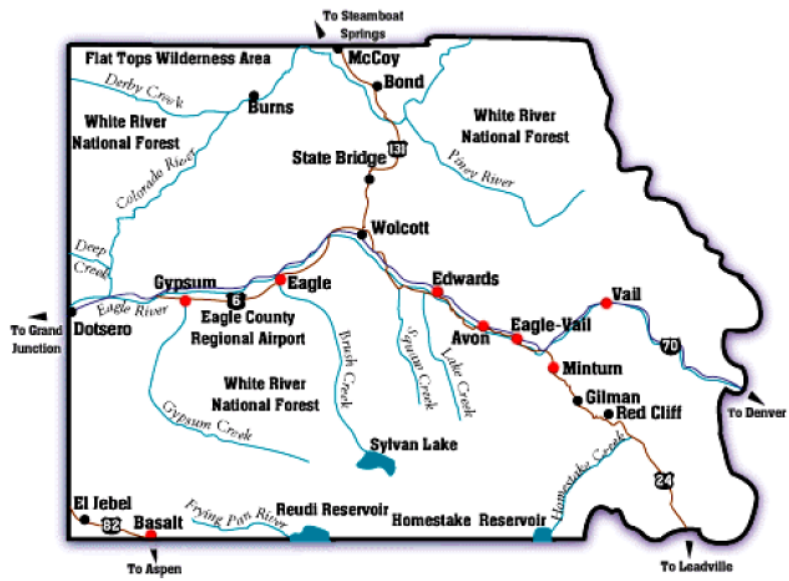
Since 1990 the Town's population has increased from 1,750 to approximately 6,500. Although this growth has benefited the Town's financial position, the Town continues to seek ways to improve the quality and quantity of the services provided to the citizens of the Town of Gypsum. Sales and use tax revenue increased in 2016 when compared to 2015 by 1.8%. Sales tax collections at the airport is a major source of the Town's sales tax revenues and are heavily influenced by both weather and overall economic conditions. Sales and use tax continue to be a principal source of the Town's governmental revenues, accounting for 73% of the General Fund revenues in 2016. In 2016, the Town's real estate transfer tax collections decreased by \$79,734, or 10%, from 2015. The Town expects to see increases in both sales and use tax and real estate transfer taxes in 2017. Enterprise activities will continue to rely on charges for services.

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

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

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

Town Gypsum, Colorado  
P.O. Box 130  
Gypsum, CO 81637  
Phone: (970) 524-7514  
Fax: (970) 524-7522



GOVERNMENT - WIDE FINANCIAL STATEMENTS

**TOWN OF GYPSUM, COLORADO**

**STATEMENT OF NET POSITION**

December 31, 2016

	Governmental Activities	Business-type Activities	Totals
<b>Current Assets:</b>			
Cash and Investments	\$ 3,742,801	\$ 5,780,473	\$ 9,523,274
Receivables:			
Property Taxes	593,864	-	593,864
Accounts Receivable	388,602	286,974	675,576
Intergovernmental	63,058	-	63,058
Developer Reimbursements	4,102	-	4,102
Other Receivables	-	75,545	75,545
Prepaid Expenses	-	-	-
Other Assets	14,613	-	14,613
<b>Total Current Assets</b>	<b>4,807,040</b>	<b>6,142,992</b>	<b>10,950,032</b>
<b>Non-Current Assets:</b>			
Restricted Cash Balance	234,810	352,013	586,823
Prepaid Water Purchase Lease Costs	-	201,050	201,050
Capital Assets:			
Non-Depreciable	7,220,234	14,252,320	21,472,554
Depreciable, Net	32,068,922	34,922,832	66,991,754
<b>Total Non-Current Assets</b>	<b>39,523,966</b>	<b>49,728,215</b>	<b>89,252,181</b>
<b>Deferred Outflow of Resources:</b>			
Bond Series 2009-Loss on Refunding	-	21,671	21,671
<b>Total Deferred Outflow of Resources</b>	<b>-</b>	<b>21,671</b>	<b>21,671</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>44,331,006</b>	<b>55,892,878</b>	<b>100,223,884</b>
<b>Liabilities:</b>			
Accounts Payable	752,935	123,284	876,219
Accrued Interest Payable	9,117	17,457	26,574
Accrued Wages & Related Expenses	75,375	12,214	87,589
Accrued Vacation & Sick Pay	238,366	88,551	326,917
Other Liabilities	277,496	-	277,496
Unearned Revenue	-	1,082,040	1,082,040
Long-term Debt:			
Portion Due or Payable within One Year:			
Leases Payable	31,083	-	31,083
Certificates of Participation – Net of Premium	80,725	10,691	91,416
Bonds Payable	-	313,157	313,157
Portion Due or Payable after One Year:			
Intergovernmental Loan	-	2,689,731	2,689,731
Lease Payable	56,766	-	56,766
Certification of Participation-Net of Premium	2,189,776	289,497	2,479,273
Bonds Payable-Net of Premium	-	1,066,634	1,066,634
<b>Total Liabilities</b>	<b>3,711,639</b>	<b>5,693,256</b>	<b>9,404,895</b>
<b>Deferred Inflow of Resources:</b>			
From Property Taxes	593,864	-	593,864
<b>Total Deferred Inflow of Resources</b>	<b>593,864</b>	<b>-</b>	<b>593,864</b>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	37,165,616	44,805,442	81,971,058
Restricted for Emergencies	270,000	-	270,000
Restricted – Other (see <i>Note IR</i> )	234,810	352,013	586,823
Unrestricted	2,355,077	5,042,167	7,397,244
<b>TOTAL NET POSITION</b>	<b>\$ 40,025,503</b>	<b>\$ 510,199,622</b>	<b>\$ 90,225,125</b>

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

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

FUNCTION/PROGRAM ACTIVITIES	<u>EXPENSES</u>	PROGRAM REVENUES		
		Charges For Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 2,596,187	\$ 177,905	\$ -	\$ -
Community Development	139,570	406,658	-	198,998
Public Safety	920,302	35,236	-	-
Streets and Public Works	3,137,929	-	374,725	-
Culture and Recreation	2,683,944	846,567	-	1,149,090
Economic Development	497,661	-	-	-
Interest on General Long-term Debt	110,822	-	-	-
Other Costs of General Long-term Debt	1,500	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>10,087,915</u>	<u>1,466,366</u>	<u>374,725</u>	<u>1,348,088</u>
BUSINESS-TYPE ACTIVITIES:				
Water Utility	1,278,863	1,115,276	-	703,791
Sewer Utility	1,014,847	830,713	-	408,124
Sanitation Utility	303,351	306,329	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>2,597,061</u>	<u>2,252,318</u>	<u>-</u>	<u>1,111,915</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 12,684,976</u>	<u>\$ 3,718,684</u>	<u>\$ 374,725</u>	<u>\$ 2,460,003</u>

GENERAL REVENUES:

Taxes:

- Property Taxes, Levied For General Purposes
- Specific Ownership Taxes, for General Purposes
- Sales and Use Tax
- Franchise Tax
- Real-Estate Transfer Tax

Grants and Entitlements Not Restricted to Specific Programs:

- Intergovernmental – County Sales Tax
- Intergovernmental – Cigarette Tax
- Unrestricted Interest and Investment Earnings
- Accretion of Bond Premium
- Miscellaneous
- Gain/(Loss) on Asset Disposition

Total General Revenues

Change in Net Position

NET POSITION – BEGINNING OF YEAR

NET POSITION – END OF YEAR

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

NET (EXPENSE) REVENUE AND  
CHANGES IN NET POSITION

Governmental Activities	Business-Type Activities	Total
\$ (2,418,282)	-	\$ (2,418,242)
466,086	-	466,086
(885,066)	-	(885,066)
(2,763,204)	-	(2,763,204)
(688,287)	-	(688,287)
(497,661)	-	(497,661)
(110,822)	-	(110,822)
(1,500)	-	(1,500)
<u>(6,898,736)</u>	-	<u>(6,898,736)</u>
-	\$ 540,204	540,204
-	223,990	223,990
-	2,978	2,978
-	<u>767,172</u>	<u>767,172</u>
<u>(6,898,736)</u>	<u>767,172</u>	<u>(6,131,564)</u>
593,718	-	593,718
28,205	-	28,205
4,819,338	-	4,819,338
243,941	-	243,941
703,291	-	703,291
203,234	-	203,234
17,515	-	17,515
26,306	18,335	44,641
1,259	-	1,259
-	-	-
<u>2,700</u>	<u>-</u>	<u>2,700</u>
<u>6,639,507</u>	<u>18,335</u>	<u>6,657,842</u>
(259,229)	785,507	526,278
<u>40,284,732</u>	<u>49,414,115</u>	<u>89,698,847</u>
<u>\$ 40,025,503</u>	<u>\$ 50,199,622</u>	<u>\$ 90,225,125</u>

## FUND FINANCIAL STATEMENTS

**TOWN OF GYPSUM, COLORADO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2016

	General Fund	Conservation Trust Fund	Parks and Recreation
<b><u>ASSETS:</u></b>			
Cash and Investments	\$ 3,696,421	\$ 10,717	\$ 270,473
Receivables – Net:			
Property Taxes	593,864	-	-
Accounts Receivable	384,929	-	3,673
Intergovernmental Receivable	63,058	-	-
Prepaid Expenses	-	-	-
Other Assets	-	-	14,613
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 4,738,272	\$ 10,717	\$ 288,759
	<hr/>	<hr/>	<hr/>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u></b>			
Liabilities:			
Accounts Payable	\$ 737,432	\$ -	\$ 15,503
Accrued Wages & Related Expenses	69,258	-	6,117
Other Liabilities	277,496	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	1,084,186	-	21,620
	<hr/>	<hr/>	<hr/>
Deferred Inflows of Resources:			
Unavailable Revenues From Property Taxes	593,864	-	-
	<hr/>	<hr/>	<hr/>
Total Deferred Inflows	593,864	-	-
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Nonspendable	-	-	14,613
Restricted for -			
Enhancement Fund	2,182	-	-
Conservation Trust	-	10,717	-
Debt Service	221,911	-	-
Emergency Reserves	270,000	-	-
Committed for -			
Wildlife Mitigation	99,545	-	-
Unassigned	2,466,584	-	252,526
	<hr/>	<hr/>	<hr/>
Total Fund Equity	3,060,222	10,717	267,139
	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,738,272	\$ 10,717	\$ 288,759
	<hr/>	<hr/>	<hr/>

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

Total  
Governmental  
Funds

\$ 3,977,611

593,864

388,602

63,058

-

14,613

\$ 5,037,748

\$ 752,935

75,375

277,496

1,105,806

593,864

593,864

14,613

2,182

10,717

221,911

270,000

99,545

2,719,110

3,338,078

\$ 5,037,748

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

TOTAL GOVERNMENTAL FUND BALANCES \$ 3,338,078

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

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

Governmental Capital Assets	\$ 66,398,121	
Less Accumulated Depreciation	<u>(27,108,965)</u>	39,289,156

Some receivables will be collected in the following year, but are not available soon  
enough to pay for the current period's expenditures, and therefore are not recorded in  
the governmental funds.

Developer Reimbursements	<u>\$ 4,102</u>	4,102
--------------------------	-----------------	-------

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

Accrued Interest Payable	\$ (9,117)	
Accrued Compensated Absences	(238,366)	
Current Portion of Long-term Liabilities	<u>(111,808)</u>	(359,291)

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

(2,246,542)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 40,025,503

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

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

	General Fund	Conservation Trust Fund	Parks and Recreation
<u>Revenues:</u>			
Taxes	\$ 6,609,242	\$ -	\$ -
Licenses and Permits	51,606	-	-
Intergovernmental	374,725	37,892	-
Charges for Services	73,833	-	738,226
Community Development	1,716,854	-	-
Miscellaneous	196,043	-	-
Sale of Fixed Assets	-	-	2,700
Interest Income	23,065	709	2,532
	<hr/>	<hr/>	<hr/>
Total Revenues	9,045,368	38,601	743,458
<u>Expenditures:</u>			
General Government	1,622,970	-	-
Community Development	943,815	-	-
Public Safety	904,263	-	-
Streets and Public Works	1,430,137	-	-
Culture and Recreation	748,985	322,609	992,519
Economic Development	497,661	-	-
Capital Outlay	1,953,261	-	665,789
Debt Service:			
Principal	-	-	79,501
Interest	-	-	112,582
Other Costs	-	-	1,500
	<hr/>	<hr/>	<hr/>
Total Expenditures	8,101,092	322,609	1,851,891
Excess Revenues Over (Under) Expenditures	944,276	(284,008)	(1,108,433)
<u>Other Financing Sources and (Uses):</u>			
Transfers from Other Funds	6,005	-	1,319,000
Transfers (to) Other Funds	(1,319,000)	-	-
	<hr/>	<hr/>	<hr/>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(368,719)	(284,008)	210,567
Fund Balances – Beginning	3,428,941	294,725	56,572
	<hr/>	<hr/>	<hr/>
Fund Balances – Ending	\$ 3,060,222	\$ 10,717	\$ 267,139
	<hr/>	<hr/>	<hr/>

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

Total  
Governmental  
Funds

---

\$ 6,609,242  
51,606  
412,617  
812,059  
1,716,854  
196,043  
2,700  
26,306

9,827,427

1,622,970  
943,815  
904,263  
1,430,137  
2,064,113  
497,661  
2,619,050

79,501  
112,582  
1,500

10,275,592

(448,165)

1,325,005  
(1,319,000)

(442,160)

3,780,238

\$ 3,338,078

**TOWN OF GYPSUM, COLORADO**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For the year ended December 31, 2016

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ (442,160)

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

Governmental Funds report capital outlays as expenditures and contributed infrastructure is not recorded; however, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount by which fixed asset additions exceeded depreciation.

Capital Outlay	\$	2,454,058	
Depreciation		<u>(2,400,867)</u>	53,191

The net book value of asset dispositions are not reported in the governmental funds as they are not a current financial use. This is the amount by which the net book value of assets disposed exceeded proceeds, if applicable, in the current year.

-

Premiums on the issuance of long-term debt increase current financial resources to governmental funds; however on the Statement of Activities, the premium is recognized over the refunding term as accretion. This is the amount of accretion in the current year.

1,259

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

Current Year Debt Proceeds	\$	-	
Repayment of Debt		<u>152,845</u>	152,845

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

(26,124)

Interest expense is recognized as an expenditure in the governmental funds when due, and this requires the use of current financial resources; however, in the Statement of Activities interest expense is recognized as the interest accrues regardless of when due. This is the amount by which accrued interest decreased.

1,760

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (259,229)

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

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

	Business-Type Activities			Total
	Enterprise Funds			
	Water Fund	Sewer Fund	Sanitation Fund	
<b><u>ASSETS AND DEFERRED</u></b>				
<b><u>OUTFLOWS OF RESOURCES:</u></b>				
Current Assets:				
Cash and Investments	\$ 3,418,639	\$ 2,127,222	\$ 234,612	\$ 5,780,473
Receivables – Net				
Accounts Receivable	174,695	81,151	31,128	286,974
Other Receivables	75,545	-	-	75,545
Total Current Assets	<u>3,668,879</u>	<u>2,208,373</u>	<u>265,740</u>	<u>6,142,992</u>
Non-Current Assets:				
Restricted Cash Balances	16,513	335,500	-	352,013
Prepaid Water Lease Costs	201,050	-	-	201,050
Capital Assets, Net of				
Accumulated Depreciation	35,562,448	13,531,155	81,549	49,175,152
Total Non-Current Assets	<u>35,780,011</u>	<u>13,866,655</u>	<u>81,549</u>	<u>49,728,215</u>
Deferred Outflow of Resources:				
Bond Series 2009-Loss on Refunding	-	21,671	-	21,671
Total Deferred Outflow of Resources	<u>-</u>	<u>21,671</u>	<u>-</u>	<u>21,671</u>
Total Assets and Deferred				
Outflows of Resources	<u>\$ 39,448,890</u>	<u>\$ 16,096,699</u>	<u>\$ 347,289</u>	<u>\$ 55,892,878</u>
<b><u>LIABILITIES, DEFERRED INFLOWS</u></b>				
<b><u>OF RESOURCES AND NET POSITION:</u></b>				
Current Liabilities:				
Accounts Payable	\$ 51,230	\$ 38,828	\$ 33,226	\$ 123,284
Accrued Interest	12,840	4,617	-	17,457
Accrued Wages and Related Expenses	6,423	4,161	1,630	12,214
Accrued Vacation and Sick Pay	42,757	35,940	9,854	88,551
Unearned Revenue	1,027,090	54,950	-	1,082,040
Current Maturities of Long-term Debt - Net	10,691	313,157	-	323,848
Total Current Liabilities	<u>1,151,031</u>	<u>451,653</u>	<u>44,710</u>	<u>1,647,394</u>
Non-Current Liabilities:				
Bonds – Net of Premium	-	1,066,634	-	1,066,634
Certificates of Participation – Net of Premium	289,497	-	-	289,497
Intergovernmental Loan	2,689,731	-	-	2,689,731
Total Non-Current Liabilities	<u>2,979,228</u>	<u>1,066,634</u>	<u>-</u>	<u>4,045,862</u>
Total Liabilities	<u>4,130,259</u>	<u>1,518,287</u>	<u>44,710</u>	<u>5,693,256</u>
Net Position:				
Invested in Capital Assets, Net of Related Debt	32,572,529	12,151,364	81,549	44,805,442
Restricted for Debt Service	16,513	335,500	-	352,013
Unrestricted	2,729,589	2,091,548	221,030	5,042,167
Total Net Position	<u>35,318,631</u>	<u>14,578,412</u>	<u>302,579</u>	<u>50,199,622</u>
Total Liabilities, Deferred Inflows				
of Resources and Net Position	<u>\$ 39,448,890</u>	<u>\$ 16,096,699</u>	<u>\$ 347,289</u>	<u>\$ 55,892,878</u>

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

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

	Business-Type Activities Enterprise Funds			Total
	Water Fund	Sewer Fund	Sanitation Fund	
<b><u>OPERATING REVENUES:</u></b>				
Service Fees	\$ 1,085,768	\$ 829,930	\$ 306,329	\$ 2,222,027
Other Operating Revenues	29,508	783	-	30,291
Total Operating Revenues	<u>1,115,276</u>	<u>830,713</u>	<u>306,329</u>	<u>2,252,318</u>
<b><u>OPERATING EXPENSES:</u></b>				
System Operations:				
Salaries	294,873	163,185	58,874	516,932
Payroll Taxes	23,326	12,616	4,472	40,414
Employee Benefits	93,706	47,641	25,846	167,193
Utilities	40,557	83,947	-	124,504
Operating Supplies	35,165	16,918	24,237	76,320
Non-Capitalized Outlay/Repairs	24,218	28,966	-	53,184
Repairs and Maintenance	42,492	139,011	22,954	204,457
System Component Upgrades	26,879	-	-	26,879
Water Purchase	21,601	-	-	21,601
Landfill Fees	-	-	77,971	77,971
Eagle River Monitoring	9,000	-	-	9,000
Depreciation	465,614	370,546	46,600	882,760
Miscellaneous	5,505	2,075	-	7,580
Total System Operations	<u>1,082,936</u>	<u>864,905</u>	<u>260,954</u>	<u>2,208,795</u>
Administration:				
Salaries	56,533	35,733	26,398	118,664
Payroll Taxes	4,208	2,693	1,962	8,863
Employee Benefits	15,475	9,566	7,642	32,683
Office and Billing	6,583	6,575	6,395	19,553
Dues and Permits	2,666	-	-	2,666
Professional Services	95,827	15,566	-	111,393
Miscellaneous	-	602	-	602
Total Administration	<u>181,292</u>	<u>70,735</u>	<u>42,397</u>	<u>294,424</u>
Total Operating Expenses	<u>1,264,228</u>	<u>935,640</u>	<u>303,351</u>	<u>2,503,219</u>
Operating Income (Loss)	<u>(148,952)</u>	<u>(104,927)</u>	<u>2,978</u>	<u>(250,901)</u>
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>				
Tap Fees	320,267	379,120	-	699,387
Developer Contributions	205,894	29,004	-	234,898
Dedication Fees	140,130	-	-	140,130
Interest Income	7,853	9,449	1,033	18,335
Interest Expense	(14,635)	(79,207)	-	(93,842)
Total Non-Operating Revenues (Expenses)	<u>659,509</u>	<u>338,366</u>	<u>1,033</u>	<u>998,908</u>
Income (Loss) Before Capital Contributions	510,557	233,439	4,011	748,007
<b><u>CAPITAL CONTRIBUTIONS</u></b>	<u>37,500</u>	<u>-</u>	<u>-</u>	<u>37,500</u>
Change in Net Position	548,057	233,439	4,011	785,507
Net Position – Beginning	<u>34,770,574</u>	<u>14,344,973</u>	<u>298,568</u>	<u>49,414,115</u>
Net Position – Ending	<u>\$ 35,318,631</u>	<u>\$14,578,412</u>	<u>\$ 302,579</u>	<u>\$ 50,199,622</u>

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

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

	Business-Type Activities Enterprise Funds			Total
	Water Fund	Sewer Fund	Sanitation Fund	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>				
Cash Received from Customers	\$ 1,112,736	\$ 828,272	\$ 305,362	\$ 2,246,370
Cash Payments for Goods and Services	(453,292)	(347,226)	(146,017)	(946,535)
Cash Payments to Employees	(356,394)	(197,186)	(84,289)	(637,869)
Net Cash Provided (Used) by Operating Activities	<u>303,050</u>	<u>283,860</u>	<u>75,056</u>	<u>661,966</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>				
Tap Fees	332,867	389,270	-	722,137
Additions to Property, Plant & Equipment	(1,042,397)	(41,638)	-	(1,084,035)
Developer Contributions	45,490	-	-	45,490
Water Dedication Fees	238,130	-	-	238,130
Proceeds from CWCB Loan	2,209,633	-	-	2,209,633
Principal (Paid) on Long-term Debt	(10,499)	(305,000)	-	(315,499)
Interest (Paid) on Long-term Debt	(162,194)	(67,850)	-	(230,044)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>1,611,030</u>	<u>(25,218)</u>	<u>-</u>	<u>1,585,812</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>				
Interest	7,853	9,449	1,033	18,335
Net Cash Provided (Used) by Investing Activities	<u>7,853</u>	<u>9,449</u>	<u>1,033</u>	<u>18,335</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,921,933	268,091	76,089	2,266,113
Cash at Beginning of Year	<u>1,513,219</u>	<u>2,194,631</u>	<u>158,523</u>	<u>3,866,373</u>
Cash at End of Year	<u>\$ 3,435,152</u>	<u>\$ 2,462,722</u>	<u>\$ 234,612</u>	<u>\$ 6,132,486</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>				
Operating Income (Loss)	\$ (148,952)	\$ (104,927)	\$ 2,978	\$ (250,901)
Non-Cash Expenses Included in Operating Income –				
Depreciation & Amortization	465,614	370,546	46,600	882,760
Other Deferred Cost Recognition	7,400	-	-	7,400
Change in Assets and Liabilities –				
Decrease (Increase) Receivables	(2,540)	(2,441)	(967)	(5,948)
Increase (Decrease) in Accounts Payable	(13,484)	18,950	25,462	30,928
Increase (Decrease) in Accrued Liabilities	(4,988)	1,732	983	(2,273)
Increase (Decrease) in Unearned Service Revenues	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 303,050</u>	<u>\$ 283,860</u>	<u>\$ 75,056</u>	<u>\$ 661,966</u>
NON-CASH FINANCING ACTIVITY:				
Infrastructure Dedications Accepted	<u>\$ 195,084</u>	<u>\$ 29,004</u>	<u>\$ -</u>	<u>\$ 224,088</u>

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

**TOWN OF GYPSUM, COLORADO**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
For the Year Ended December 31, 2016

	AGENCY FUNDS		
	*Spring Creek Special Improvement District	Gypsum Recreation Center Capital Committee	Total Agency Funds
<b><u>ASSETS:</u></b>			
Cash	\$ -	\$ 198,089	\$ 198,089
Special Assessment Receivable	-	-	-
Total Assets	\$ -	\$ 198,089	\$ 198,089
<b><u>LIABILITITES:</u></b>			
Due to Town of Gypsum	\$ -	\$ 124,075	\$ 124,075
Funds Held on Behalf of Entity	-	74,014	74,014
Total Liabilities	\$ -	\$ 198,089	\$ 198,089

\*Fund closed in 2016, fund balance of \$6,005 transferred to General Fund.

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

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

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

A. Financial Reporting Entity

The Town of Gypsum was organized in 1911, under provisions of the Colorado State Statutes. The provisions of its home rule charter that was adopted in 1982 currently govern the Town. The Town operates under a Council-Mayoral form of government whereby the elected Mayor and Town Council are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes govern the Town.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes. 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 on the criteria discussed above, the Town is not financially accountable for any other entity and, therefore, the Town's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the Town's reporting entity, nor is the Town a component unit of any other government. The Town's financial statements include the accounts of all Town operations.

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

**B. Basis of Presentation**

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

*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

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

The statement of net position presents the financial condition of the governmental activities of the Town at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities.

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

*FUND FINANCIAL STATEMENTS*

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

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

C. Fund Accounting

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

*GOVERNMENTAL FUNDS*

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Town for any purpose provided it is expended or transferred according to general statutory laws.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of special revenue sources that are restricted or committed for purposes other than debt service or capital projects.

*Conservation Trust Fund* is a special revenue fund used to account for revenue from the Colorado Lottery restricted for use in parks and recreation acquisition, development and maintenance pursuant to Colorado Revised Statutes.

*Parks and Recreation Fund* is a special revenue fund used to account for funds to be expended on parks and recreation, the operations of the Town's golf course and sales tax revenues that are restricted for the retirement of the 2005 revenue bonds (*Note 5*).

*PROPRIETARY FUNDS*

Enterprise Funds – The Water Fund, Sewer Fund and Sanitation Fund are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

*FIDUCIARY FUNDS*

Agency Funds – Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, and other governmental units and funds. The Town's agency funds consist of the Spring Creek Special Improvements District and the Gypsum Recreation Center Capital Committee.

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

D. Measurement Focus and Basis of Accounting

*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

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

*FUND FINANCIAL STATEMENTS*

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

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

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

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

E. Budgets and Budgetary Accounting

The Town annually adopts budgets for all funds as required by its Home Rule Municipal Charter. This formal budgetary integration is employed as a management control device during the year for all funds. As required by the Home Rule Charter and Colorado Statutes, the Town follows this timetable in approving and enacting a budget for the ensuing year:

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

The Town legally adopted annual budgets for all of the Town's funds for 2015.

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

**E. Budgets and Budgetary Accounting (continued)**

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

	<u>Original</u>	<u>Revised</u>	<u>Increase (Decrease)</u>
General Fund	\$ 8,507,734	\$ 9,508,222	\$ 1,000,488
Conservation Trust Fund	206,034	322,609	116,575
Parks and Recreation Fund	1,283,349	2,034,681	751,332
Water Fund	996,247	2,069,035	1,072,788
Sewer Fund	1,771,239	1,034,499	(736,740)
Sanitation Fund	416,520	265,455	(151,065)
Spring Creek SID	4,934	6,005	1,071

*(The Town does not adopt a budget for the Gypsum Recreation Center Capital Committee Agency Fund)*

The budgets for the Governmental Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budgets for the Enterprise Funds are adopted on a Non-GAAP basis and are reconciled from GAAP basis to budgetary basis as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Water Fund</u></b>			
Revenues:			
GAAP Operating Revenues	\$ 1,099,059	\$ 1,115,276	\$ 16,217
GAAP Non-Operating Revenues	622,453	674,144	51,691
GAAP Capital Contributions	-	37,500	37,500
Debt Proceeds	2,183,002	2,209,633	26,631
Developer Contributions	-	(195,084)	(195,084)
Total Budgetary Based Revenues	<u>\$ 3,904,514</u>	<u>\$ 3,841,469</u>	<u>\$ (63,045)</u>
Expenses			
GAAP Operating Expenses	\$ 914,020	\$ 1,264,228	\$ (350,208)
GAAP Non-Operating Expenses	14,868	14,635	233
Capital Outlay	1,129,648	1,117,323	12,325
Less Infrastructure Dedications	-	(195,084)	195,084
Debt Retirement	10,499	10,499	-
Amortization of Deferred Premium	-	233	(233)
Amortization of Prepaid Water Lease	-	(7,400)	7,400
Depreciation	-	(465,614)	465,614
Total Budgetary Based Expenses	<u>\$ 2,069,035</u>	<u>\$ 1,738,820</u>	<u>\$ 330,215</u>

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

**E. Budgets and Budgetary Accounting (continued)**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>Sewer Fund</u></b>			
Revenues:			
GAAP Operating Revenues	\$ 816,293	\$ 830,713	\$ 14,420
GAAP Non-Operating Revenues	387,020	417,573	30,553
Developer Contributions	<u>-</u>	<u>(29,004)</u>	<u>(29,004)</u>
Total Budgetary Based Revenues	<u>\$ 1,203,313</u>	<u>\$ 1,219,282</u>	<u>\$ 15,969</u>
Expenses:			
GAAP Operating Expenses	\$ 601,524	\$ 935,640	\$ (334,116)
GAAP Non-Operating Expenses	67,975	79,207	(11,232)
Capital Outlay	60,000	70,642	(10,642)
Less Infrastructure Dedications	-	(29,004)	29,004
Debt Retirement	305,000	305,000	-
Amortization of Deferred Int/Prem.	-	(11,357)	11,357
Depreciation	<u>-</u>	<u>(370,546)</u>	<u>370,546</u>
Total Budgetary Based Expenses	<u>\$ 1,034,499</u>	<u>\$ 979,582</u>	<u>\$ 54,917</u>
<b><u>Sanitation Fund</u></b>			
Revenues:			
GAAP Operating Revenues	\$ 308,040	\$ 306,329	\$ (1,711)
GAAP Non-Operating Revenues	<u>900</u>	<u>1,033</u>	<u>133</u>
Total Budgetary Based Revenues	<u>\$ 308,940</u>	<u>\$ 307,362</u>	<u>\$ (1,578)</u>
Expenses:			
GAAP Operating Expenses	\$ 265,455	\$ 303,351	\$ (37,896)
GAAP Non-Operating Expenses	-	-	-
Capital Outlay	-	-	-
Debt Retirement	-	-	-
Depreciation and Amortization	<u>-</u>	<u>(46,600)</u>	<u>46,600</u>
Total Budgetary Based Expenses	<u>\$ 265,455</u>	<u>\$ 256,751</u>	<u>\$ 8,704</u>

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

F. Cash and Investments

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

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

G. Inventories

The inventory in the Parks and Recreation Fund consists of retail items and is valued at cost, using the First in First out (FIFO) method. The cost of inventories are recorded as expenditures when sold.

H. Capital Assets/Depreciation

Capital assets purchased or acquired with an original cost in excess of the capitalization threshold (\$10,000) set by the Town are reported at historical or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building	40 years
Water plant and lines	60 years
Sewer plant and lines	50 years
Water and sewer equipment	5 years
Trash trucks and equipment	5-10 years

On the government-wide statement of activities, governmental funds depreciation expense is included in the various expenses of functions or programs on capital assets that can be specifically identified with a function and for “shared” capital assets generally used by only a few functions that can be specifically identified to those functions. Depreciation expense for capital assets that essentially serve all functions are reported as a separate line in the statement of activities as unallocated depreciation, if applicable *(see Note 3)*.

I. Customer Accounts Receivable

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

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

- J. Property Taxes Receivable and Deferred Inflows-Unavailable Property Tax Revenues  
Property taxes in the State of Colorado 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 in the accompanying financial statements as a receivable and as deferred inflow of resources. Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2015 were collected in 2016 and taxes certified in 2016 will be collected in 2017. Taxes to be collected are due on January 1<sup>st</sup> in the year of collection; however, they may be paid in either one installment (no later than April 30<sup>th</sup>) or two equal installments (no later than February 28<sup>th</sup> and June 15<sup>th</sup>) 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 16<sup>th</sup>.
- K. Proprietary Funds – Unearned Revenue  
Unearned revenue in the Water Fund arises from prepaid tap and water dedication fees for which the requirements for revenue recognition have not been met.
- L. Proprietary Funds – Operating Revenues and Expenses  
Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the Town, these revenues are charges for utility services. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise funds.
- M. Proprietary Funds – Contributed Capital  
Grants and contributions in the enterprise funds which may be used for either operations or capital expenditures at the discretion of the Town are recognized as non-operating revenues. If expenditure of funds is the prime factor for determining eligibility for contributed funds, revenue or contributed capital is recognized at the time of making the expenditure.
- N. Compensated Absences  
The Town’s policy is to permit employees to accumulate a limited amount of earned but unused vacation and sick leave which will be paid upon separation from Town service, with vacation paid at 100% for all employees and sick leave paid at 50% for employees who have attained five years of service with a maximum payout of 160 hours.
- The Town has accrued a liability for sick and vacation pay that has been earned but not taken by Town employees. For governmental funds the liability for compensated absences is in the Statement of Net Positions but not the Fund Statements since it is anticipated that none of the liability will be liquidated with expendable available financial resources. The liability for compensated absences has been accrued in the proprietary funds.

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

O. Inter-fund Transactions

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

P. Internal Balances

During the year, the Town may have transactions between funds to finance operations and provide services and to allocate combined cash balances. To the extent that certain transactions or budget transfers between funds have not been paid or received as of year-end, balances of inter-fund amounts receivable or payable are recorded. All inter-fund balances that exist within governmental activities are eliminated on the government-wide statement of net position.

Q. Special Improvement Districts

The Town has one Special Improvement District which is reported as an Agency Fund. The district sold special assessment bonds under the Town's name (for which the Town was not obligated, but merely acted as a collecting agent to pay the bonds). Final payment on the bonds was made during the fiscal year ended December 31, 2015 and remaining excess funds of \$6,005 were transferred to the General Fund in 2016.

R. Net Position and Fund Balances

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

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

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

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

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

R. Net Position and Fund Balances - continued

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

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

*Restricted* – when constraints are placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

*Enhancement Fund* – Amounts on deposit received from Holy Cross Energy, *restricted* for use in beautification projects, energy conservation projects, equipment and technology upgrades for schools, scholarship funds, acquisition of open space and/or park land and development thereof, sponsorship of special community events and grounding of overhead electric and other utility lines. At December 31, 2016 a total of \$2,182 was restricted in the General Fund for this purpose.

*Conservation Trust* – Amounts on deposit received from lottery monies from the State of Colorado *restricted* for use in the acquisition, development and maintenance of new conservation and recreation sites pursuant to Colorado Revised Statutes. At December 31, 2016 \$10,717 was restricted in the Conservation Trust Fund.

*Debt Service* – Amounts on deposit *restricted* for future debt service in accordance with the Town's 2005 bond issue agreement. At December 31, 2016 amounts restricted for Debt Service were \$221,911 in the General Fund, \$16,513 in the Water Fund and \$335,500 in the Sewer Fund.

*Emergency Reserves* – As discussed in *Note 13*, Colorado voters passed an amendment to the State Constitution, one of the provisions of which requires local governments to establish an emergency reserve which is calculated at 3% of certain expenditures. These funds may only be expended in cases of emergencies as defined by the amendment, and are used to fund appropriations only after unrestricted resources are depleted. Total Emergency Reserves at December 31, 2016 were \$270,000.

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

R. Net Position and Fund Balances - continued

Governmental fund balances - *continued*:

*Committed* – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Town Council). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

*Wildlife Mitigation* – A 0.1% fee is charged on sales of real estate within specified subdivisions within the Town of Gypsum and is committed for wildlife mitigation impacts.

*Assigned* – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned* – the residual for the general fund and the parks and recreation fund.

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

S. Use of Estimates

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

T. Fair Values of Financial Instruments

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

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 2 - CASH AND INVESTMENTS*

A. Deposits and Investments

In order to facilitate the recording of cash transactions and maximize interest earnings, the Town has pooled cash deposits for all funds. The Town maintains accountability for each fund's equity in pooled cash and investments. Interest earnings for combined funds are generally distributed based on monthly cash balances.

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

It is the policy of the Town to invest public funds in a manner which will provide the highest investment return with the maximum security, meet the daily cash flow demands of the Town, and conform to all federal, state and local statutes governing the investment of public funds. This policy applies to the investment of all financial assets of all funds of the Town over which it exercises financial control. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities, including securities issued by FNMA (Federal National Mortgage Association), GNMA (Governmental National Mortgage Association), FHLMC (Federal Home Loan Mortgage Corporation), the Federal Farm Credit Bank, the Federal Land Bank, the Export-Import Bank, and by the Tennessee Valley Authority, and certain international agency securities, including the World Bank.
- . General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- . Bankers' acceptances of certain banks
- . Certain securities lending agreements
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools
- . Investing in the local government's own securities, including certificates of participation and lease obligations.

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 2 - CASH AND INVESTMENTS (continued)*

A. Deposits and Investments (continued)

The Town's bank deposits were entirely covered by federal depository insurance (FDIC) or collateralized under PDPA in accordance with state statute, and had bank balances of \$3,339,423 of which \$852,353 was covered by FDIC insurance and \$2,487,070 by PDPA as described above.

Local Government Investment Pool (ColoTrust)

As of December 31, 2016 the Town had invested \$6,809,821 in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. As of December 31, 2016, the Town had \$0 invested in COLOTRUST PRIME, and \$6,809,821 invested in COLOTRUST PLUS+. Investments in local government investment pools are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form.

UMB Bank N.A., Colotruster Plus+

As a requirement of the Service 2010 Certificate of Participation Issue, the Town is required to deposit monies into trust accounts maintained by UMB Bank. The indenture provides for the establishment of various funds and accounts, all of which will be in the custody of the Trustee. A Reserve Fund is required to be maintained in an amount equal to the next required debt service payment. The Trustee, UMB Bank, has elected to invest in the Colorado Local Government Liquid Asset Trust, an investment vehicle previously described above. As of December 31, 2016 the Town had bank balances of \$221,911 invested COLOTRUST PLUS+ through UMB Bank Corporate Trust Services, a member of the Securities Investor Protection Corporation (SIPC).

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 2 - CASH AND INVESTMENTS (continued)*

**B. Total Cash and Cash Equivalents**

A summary of the Town's cash and cash equivalents at December 31, 2016 (inclusive of Agency Funds) are classified below:

Checking/Money Market	\$ 3,339,423
Local Government Investment Pools	6,809,821
Other Investments	<u>221,911</u>
Total Balances	10,371,155
Cash on Hand	1,350
Net Outstanding Items	<u>(64,318)</u>
Total Cash and Cash Equivalents	<u>\$ 10,308,187</u>

The above Cash and Cash Equivalents are reported in the accompanying financial statements in the following activities:

Governmental Activities	\$ 4,121,072
Business Type Activities	5,989,026
Fiduciary Activities	<u>198,089</u>
	<u>\$ 10,308,186</u>

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

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Agency</u>
Colotrust (Local Govt Investment Pool)	\$ 6,809,821	AAAm	Standard & Poors
UMB Corporate Trust Services Colotrust	\$ 221,911	AAAm	Standard & Poors

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 2 - CASH AND INVESTMENTS (continued)*

C. Risk Disclosures

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

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

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

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The Town maintains an investment policy that limits investment maturities to three years as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows

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

D. Restricted Cash

At December 31, 2016 the Town's had restricted cash balances as follows:

<i>General Fund:</i>	
Enhancement Fund	\$ 2,182
2010 Certificates of Participation debt service reserve	<u>221,911</u>
Total Governmental Funds Restricted Cash	<u><u>\$ 224,093</u></u>
 <i>Conservation Trust Fund:</i>	
Conservation	\$ 10,717
	<u>\$ 10,717</u>
 <i>Water Fund:</i>	
Colorado Conservation Water Board Loan	\$ 16,513
	<u>\$ 16,513</u>
 <i>Sewer Fund:</i>	
2009 Revenue Bonds debt service escrow	\$ 335,500
Total Business-Type Activities Restricted Cash	<u><u>\$ 335,500</u></u>

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 3 - CAPITAL ASSETS*

*Governmental Activities:*

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

	Balances 01/01/16	Additions	Reductions	Balances 12/31/16
<i>GOVERNMENTAL ACTIVITIES</i>				
Non-depreciable Assets:				
Land	\$ 5,724,864	\$ 846,223	\$ -	\$ 6,571,087
Construction-in-Progress	115,429	649,147	(115,429)	649,147
Depreciable Capital Assets:				
Buildings	18,854,273	586,883	-	19,441,156
Improvements	2,416,001	191,724	-	2,607,725
Equipment & Furniture	4,121,716	216,994	-	4,338,710
Ballfields	521,025	54,516	-	575,541
Infrastructure	32,190,755	24,000	-	32,214,755
Total at Historical Cost	63,944,063	2,569,487	(115,429)	66,398,121
<i>Less Accumulated Depreciation:</i>				
Buildings	(4,552,633)	(467,143)	-	(5,019,776)
Improvements	(1,105,833)	(123,491)	-	(1,229,324)
Equipment & Furniture	(3,529,159)	(216,797)	-	(3,745,956)
Ballfields	(267,087)	(34,735)	-	(301,822)
Infrastructure	(15,253,386)	(1,558,701)	-	(16,812,087)
Total Accum. Depreciation	(24,708,098)	(2,400,867)	-	(27,108,965)
<i>GOVERNMENTAL ACTIVITIES</i>				
CAPITAL ASSETS, NET	\$ 39,235,965	\$ 168,620	\$ (115,429)	\$ 39,289,156

For the fiscal year ending December 31, 2016, depreciation expense for governmental activities of \$2,400,867 has been included in the various functions on the statement of activities as follows:

General Government	\$ 55,611
Community Development	24,546
Public Safety	16,039
Streets and Public Works	1,704,546
Culture and Recreation	600,125
Total Governmental Depreciation	\$ 2,400,867

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 3 - CAPITAL ASSETS (continued)*

*Business-type Activities:*

Capital asset activity for Business-Type Activities for the year ended December 31, 2016, was as follows:

	Balances 01/01/16	Additions	Reductions	Balances 12/31/16
<i>BUSINESS-TYPE ACTIVITIES</i>				
Non-depreciable Assets:				
Land	\$ 175,749	\$ -	\$ -	\$ 175,749
Water Rights/Rights-of-Way	8,145,605	-	-	8,145,605
Work-in-Progress	5,376,248	554,717	-	5,930,965
Depreciable Capital Assets:				
Buildings	110,000	-	-	110,000
Equipment & Furniture	1,545,275	20,349	-	1,565,624
Lines, Meters, Plant	45,087,043	612,899	-	45,699,942
Total at Historical Cost	<u>60,439,920</u>	<u>1,187,965</u>	<u>-</u>	<u>61,627,885</u>
<i>Less Accumulated Depreciation:</i>				
Buildings	(46,750)	(2,750)	-	(49,500)
Equipment & Furniture	(1,357,085)	(70,045)	-	(1,427,130)
Lines, Meters, Plant	(10,166,138)	(809,965)	-	(10,976,103)
Total Accum. Depreciation	<u>(11,569,973)</u>	<u>(882,760)</u>	<u>-</u>	<u>(12,452,733)</u>
<i>BUSINESS-TYPE ACTIVITIES</i>				
CAPITAL ASSETS, NET	<u>\$48,869,947</u>	<u>\$ 305,205</u>	<u>\$ -</u>	<u>\$ 49,175,152</u>

Business type activities work-in-progress in the amount of \$5,930,966 includes Water Fund costs in the amount of \$5,493,437 to acquire water rights and improvements that are being made to L.E.D.E. Reservoir. Accumulated costs also include interest charges in the amounts of \$815 in 2016 and \$132,331 to date. There is also \$38,241 in Sewer Fund costs associated with the construction of a composting area within the Town and \$399,289 in the Water Fund related to electrical and control panel upgrades at the Mosher Plant.

For the fiscal year ending December 31, 2016, depreciation expense of \$852,760 for business-type activities has been included in the various functions on the statement of activities as follows:

Water Utility	\$ 465,614
Sewer Utility	370,546
Sanitation Utility	46,600
Total Business-type Depreciation	<u>\$ 882,760</u>

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 4 - DEFERRED INFLOW OF RESOURCES*

In the business-type activities, a loss connected with the 2000 Sewer Fund bond refunding has been deferred and is being amortized over the term of the debt issue. The following schedule summarizes the amortization of these costs.

<u>Business-Type Activities</u>	<u>Unamortized Balance 1/1/16</u>	<u>Current Year Deferred Additions</u>	<u>Current Year Amortization</u>	<u>Unamortized Balance 12/31/16</u>
<i>Sewer Fund:</i>				
Loss on Refunding	\$ 32,004	\$ -	\$ (10,333)	\$ 21,671
Total Business-Type Deferred Charges	<u>\$ 32,004</u>	<u>\$ -</u>	<u>\$ (10,333)</u>	<u>\$ 21,671</u>

*NOTE 5 - LONG-TERM OBLIGATIONS*

Changes in the Town's long-term obligations during the fiscal year ended December 31, 2016 are as follows:

	<u>Balances 01/01/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances 12/31/16</u>	<u>Amounts Due Within One Year</u>
<i>GOVERNMENTAL ACTIVITIES</i>					
<u>Notes/Leases:</u>					
- COP	\$2,336,441	\$ -	\$ (79,501)	\$2,256,940	\$ 79,501
- COP Premium	14,820	-	(1,259)	13,561	1,224
- NE Nat'l. Bank	41,920	-	(41,920)	-	-
- TCF Finance	<u>119,274</u>	<u>-</u>	<u>(31,425)</u>	<u>87,849</u>	<u>31,083</u>
<i>GOVERNMENTAL LONG-TERM OBLIGATIONS</i>					
	<u>\$2,512,455</u>	<u>\$ -</u>	<u>\$ (154,105)</u>	<u>\$ 2,358,350</u>	<u>\$ 111,808</u>

Total compensated absences for governmental activities, consisting of accrued vacation and sick pay, in the amount of \$238,366 have been accrued on the financial statements and are not anticipated to be satisfied in the current period.

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 5 - LONG-TERM OBLIGATIONS (continued)*

	Balances 01/01/16	Additions	Reductions	Balances 12/31/16	Amounts Due Within One Year
<i>BUSINESS-TYPE ACTIVITIES</i>					
<u>Notes/Leases:</u>					
COP	\$ 308,559	\$ -	\$ (10,499)	\$ 298,060	\$ 10,499
COP Premium	2,326	-	(198)	2,128	192
CWCB Loan	480,098	2,209,633	-	2,689,731	-
<u>Bonds:</u>					
Series 2009	1,690,000	-	(305,000)	1,385,000	315,000
Bond Premium/ Discount	(7,250)	-	2,041	(5,209)	(1,843)
 <i>BUSINESS-TYPE LONG-TERM OBLIGATIONS</i>					
	<u>\$ 2,473,733</u>	<u>\$ 2,209,633</u>	<u>\$ (313,656)</u>	<u>\$ 4,369,710</u>	<u>\$ 323,848</u>

Total compensated absences for business-type activities, consisting of accrued vacation and sick pay, in the amount of \$88,551 has been accrued on the financial statements and are not anticipated to be satisfied in the current period.

The premium on the Series 2010 Certificates of Participation is being accreted over the term of the certificates. Since the obligation is being carried in both the Town's governmental and business type activities, the current year accretion in the amount of \$1,457 has been allocated as \$1,259 and \$198 to the governmental and business type activities, respectively.

The premium on the Series 2009 Sewer Revenue Refunding Bonds is being accreted over the term of the note and the remaining unamortized OID on the 2000 sewer bonds that were refinanced in 2009 are being amortized over the term of the note. The total current year net (accretion)/amortization in the amount of \$2,041 is included in the business type activities of the Sewer Utility function.

*Governmental Activities:*

A. Financing Lease - Series 2010 Certificates of Participation UMB Bank

The Town entered into a financing lease agreement dated January 14, 2010 in the amount of \$3,150,000 with UMB Bank N.A., Denver, Colorado. The Certificates of Participation, Series 2010 evidencing undivided interests in the right to receive certain revenues from the Town were used for the acquisition of the Cotton Ranch Golf Course, a separate parcel of land within the Town, and to finance the Town's participation in the construction of the new library with the Library District pursuant to an Intergovernmental Agreement.

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 5 - LONG-TERM OBLIGATIONS (continued)*

*Governmental Activities (continued):*

A. Financing Lease - Series 2010 Certificates of Participation UMB Bank (continued):

The COP's interest rates range from 4% to 5% with interest payable on June 1 and December 1, and principal payments due December 1 until the year 2034. The leased property consists of approximately 18,389 square feet, gross area, of the Gypsum, Colorado Town Hall Building, including the 13,308 square foot Town Hall portion and the 5,081 square foot Public Library portion. The lease is subject to annual appropriations by the Town.

The Certificates maturing in the year 2018 and thereafter are subject to optional redemption prior to their respective maturity dates, in whole or in part in such order as may be determined by the Town on December 1, 2017 and on any interest payment date, thereafter, at an amount equal to the principal amount of each Certificate so redeemed plus accrued interest thereon to the redemption date. Mandatory sinking fund redemption requirement in 2020, 2028 and 2034 are included in the debt service schedules below.

The obligation is being carried in the Town's governmental and business type activities. The \$3,150,000 of debt has been allocated to the following funds based on the values of the assets purchased with the proceeds.

Governmental Activities	\$ 2,782,528
Business Type Activities	<u>367,472</u>
Total Certificates of Participation	<u>\$ 3,150,000</u>

The annual requirements to amortize the Governmental Activities portion of the Series 2010 financed debt are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 79,501	\$ 109,402	\$ 188,903
2018	83,918	106,222	190,140
2019	88,334	102,865	191,199
2020	92,751	99,332	192,083
2021	97,168	95,621	192,789
2022-2026	560,922	400,596	961,518
2027-2031	274,341	244,465	968,806
2032-2034	<u>530,005</u>	<u>53,884</u>	<u>583,889</u>
Total Certificates Payable – Governmental Activities	<u>\$ 2,256,940</u>	<u>\$1,212,387</u>	<u>\$ 3,469,327</u>

The debt service payments are included in the Parks and Recreation Fund.

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 5 - LONG-TERM OBLIGATIONS (continued)*

*Governmental Activities (continued):*

**B. Lease Payable - Nebraska National Bank**

The Town entered into a lease purchase agreement dated October 31, 2010 in the amount of \$265,951 with Nebraska National Bank, subject to annual appropriation, interest rate of 4.25% with thirty (30) seasonal payments of \$8,650 due in the months of April through September until 2016. The agreement provided for lease-purchase of seventy (70) 2010 Club Car Precedent golf carts capitalized in general fixed assets at a cost of \$265,951 with current year depreciation of \$0 and accumulated depreciation in the amount of \$265,951. Expenditures for payments made on this lease are reflected as lease expense for golf course operations in the Parks and Recreation Fund. Final payment on the lease was made in 2016.

**Lease Payable – TCF Equipment Finance**

The Town entered into a lease purchase agreement effective January 1, 2015 in the amount of \$149,567 with TCF Equipment Finance, subject to annual appropriation, interest rate of 3.39% with sixty (60) monthly payments of \$2,714 until 2019. The agreement provided for lease-purchase of three rotary mowers capitalized in general fixed assets at a cost of \$149,567 with current year depreciation of \$29,913 and accumulated depreciation in the amount of \$59,826. Expenditures for payments made on this lease are reflected as lease expense for golf course operations in the Parks and Recreation Fund. The annual debt service requirements to maturity are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 30,048	\$ 2,514	\$ 32,562
2018	31,083	1,479	32,562
2019	<u>26,718</u>	<u>418</u>	<u>27,136</u>
Total Lease Payable –	<u>\$ 87,849</u>	<u>\$ 4,411</u>	<u>\$ 92,260</u>
Total Leases Payable - Governmental Activities	<u>\$ 87,849</u>	<u>\$ 4,411</u>	<u>\$ 92,260</u>

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 5 - LONG-TERM OBLIGATIONS (continued)*

*Business-Type Activities:*

A. Intergovernmental Loans - CWCB

The Town entered into a loan agreement dated July 14, 2009 between the Department of Natural Resources Colorado Water Conservation Board (CWCB) and the Town of Gypsum Water Activity Enterprises for the reconstruction of the LEDE Ditch & Reservoir upgrades. The Colorado Water Conservation Board has approved a loan with a maximum amount of \$2,689,731 for 90% of the project costs and a 1% loan service charge with interest at 4.50% per annum and a repayment term of 30 years. At December 31, 2016 the project was substantially complete and the remaining funds of 2,209,633 were drawn by the Town. In total the Town has drawn \$2,689,731 on the loan which is secured by water user charges and fees. The loan is a 30 year loan maturing January 1, 2047 and is payable in annual installments (beginning January 1, 2018) of \$165,127. As part of the debt covenants a reserve account in the amount of one – tenth the annual payment (\$16,513) has been created. The obligation is carried in the Water Utility Enterprise business type activity and is \$2,689,731 as of December 31, 2016. The Town’s annual debt service is as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ -	\$ -
2018	44,089	121,038	165,127
2019	46,073	119,054	165,127
2020	48,146	116,981	165,127
2021	50,312	114,814	165,126
2022-2026	287,632	538,001	825,633
2027-2031	358,442	467,191	825,633
2032-2036	446,684	378,950	825,634
2037-2041	556,650	268,984	825,634
2042-2046	693,687	131,947	825,634
2047	158,016	7,111	165,127
	<u>\$ 2,689,731</u>	<u>\$ 2,264,071</u>	<u>\$ 4,953,802</u>

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 5 - LONG-TERM OBLIGATIONS (continued)*

*Business-type Activities (continued):*

**B. Financing Lease Payable- Series 2010 Certificates of Participation UMB Bank -**

As described above, the Town has entered into a financing agreement with UMB Bank on January 14, 2010 for the acquisition of Cotton Ranch Golf Course and other property within the Town Limits and the construction cost share of the Public Library. The original debt obligation in the amount of \$367,472 represents the Water Fund's portion of \$3,150,000 of debt proceeds directly related to the cost of the water rights received in the purchase of the Cotton Ranch Golf Course which have been capitalized in the Water Utility enterprise activity. The obligation is being carried in the Town's Water Utility enterprise business type activity. The annual requirements to amortize the Business-type portion of the Series 2010 debt are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 10,499	\$ 14,448	\$ 24,947
2018	11,082	14,028	25,110
2019	11,666	13,585	25,251
2020	12,249	13,118	25,367
2021	12,832	12,629	25,461
2022-2026	74,078	52,904	126,982
2027-2031	95,659	32,285	127,944
2032-2034	69,995	7,116	77,111
Total Certificates Payable – Business-type Activities	<u>\$ 298,060</u>	<u>\$ 160,113</u>	<u>\$ 458,173</u>

**C. Sewer Revenue Refunding Bonds, Series 2009**

The Town issued \$3,355,000 of Sewer Revenue Refunding Bonds dated November 17, 2009 for the purpose of refunding the District's outstanding Sewer Revenue Refunding Bonds, Series 2000, and paying the costs of issuance. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$193,318. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized and charged to operations through the year 2020 using the effective-interest method. The Town completed the advance refunding to reduce its total debt service payments through December 1, 2020 by \$684,027 and obtain an economic gain (difference between the present values of the old and new debt service payments) of \$291,919.

Interest rates range from 2.25% to 4.00% payable semiannually on June 1 and December 1, with annual principal payments through December 1, 2020, unless the bonds are redeemed earlier. The bonds are subject to redemption prior to maturity at the option of the Town, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, on December 1, 2015 and on any payment date thereafter upon payment of par and accrued interest, without a redemption premium. The bonds are sewer revenue bonds, payable solely from net revenues derived by the Town from operation of the wastewater treatment system. Current year net revenues (as defined in the bond issue) in the Sewer Fund were \$646,939 compared to the debt service requirement in the amount of \$370,400.

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 5 - LONG-TERM OBLIGATIONS (continued)*

*Business-type Activities (continued):*

C. Sewer Revenue Refunding Bonds, Series 2009 - continued

The obligation is carried in the Town's Sewer Utility enterprise business-type activity. The Town's annual debt service is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 315,000	\$ 55,400	\$ 370,400
2018	350,000	42,800	392,800
2019	350,000	28,800	378,800
2020	<u>370,000</u>	<u>14,800</u>	<u>384,800</u>
Total Bonds Payable – Business Type Activities	<u>\$ 1,385,000</u>	<u>\$ 141,800</u>	<u>\$ 1,526,800</u>

*NOTE 6 - OPERATING LEASE COMMITMENTS*

The Town leases four vehicles under separate four year operating leases, subject to annual appropriation. Monthly payments are \$484 on one lease expiring February 17, 2017, \$515 for one lease expiring February 20, 2017 and \$472 each for two leases expiring November 23, 2018. Rent expense amounted to \$23,319 during 2016. Future minimum lease payments of the Town's long-term operating leases are as follows:

2017	\$ 13,332
2018	<u>10,388</u>
Total	<u>\$ 23,720</u>

*NOTE 7 - DEFERRED COMPENSATION PLAN*

In 1998 the Town adopted a Deferred Compensation Plan (Plan) within the scope of Section 457 of the Internal Revenue Code. The Colorado County Officials and Employees Retirement Association (CCOERA) administer the Plan. All assets of the Plan are held in the CCOERA Deferred Compensation Plan Trust (Trust) for the exclusive benefit of participants and their beneficiaries. CCOERA is trustee of the Trust. The Plan is funded through employee contributions and the Town has no legal obligation for paying benefits. All regular, permanent and full-time employees of the Town are eligible to participate in the Plan. Eligible employees may participate in the Plan on the first day of the month following commencement of employment with the Town.

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 8 - MONEY PURCHASE PENSION PLAN*

In 1998 the Town adopted a defined contribution Money Purchase Pension Plan (Plan) within the scope of Section 401(a) of the Internal Revenue Code to provide retirement benefits exclusively for the participants and their beneficiaries. The Colorado County Officials and Employees Retirement Association (CCOERA) is the Trustee for plan assets held in the CCOERA Money Purchase Pension Plan Trust (Trust). Pension expense is recognized equal to contributions that the terms of the plan require in return for employee service in that year, as reduced by forfeitures under the plan. There are no forfeiture provisions from employee accounts under the plan beyond vesting as described in the following paragraph, and the Town has no legal obligation for paying benefits.

Full-time employees become eligible after six months of service with the Town and are required, as a condition of employment, to participate in the Plan immediately upon eligibility. Through payroll withholdings remitted to CCOERA, employees contribute 7% of regular compensation which totaled \$166,199 during the year. The Town contributes a matching 7% of eligible compensation which was \$166,199 during the current fiscal year. Total covered payroll for the year subject to participation was \$2,374,273 compared to total payroll of \$2,854,847. Participants are 33 1/3% vested in employer contributions each year with 100% vesting after three years. The Town has no other liability under the plan.

Additional information can be obtained from the separately issued CCOERA financial statements by contacting CCOERA at 1666 South University Boulevard, Denver, CO 80210 or (303) 698-0313.

*NOTE 9 - COMMITMENTS*

- A. Cost Recovery Agreements Water and Sewer Taps – The Town has entered into subdivision improvement agreements with various land developers. Some of the agreements contain provisions that provide for payments to the developers for portions of water and sewer tap fees that will be collected by the Town. No obligations exist and a liability is not recorded until the Town actually collects the tap fees.
- B. The Town entered into an agreement dated October 23, 2012, with COSTCO Wholesale Corporation for five years starting in 2013 in exchange for COSTCO’s decision to continue to operate the COSTCO facility within the Town’s boundaries. The facility will provide substantial benefit to the Town and public such as increased employment, long-term taxed based growth and related economic benefits, as well as increased development occupancy and design quality to the Airport Gateway development within the Town. Under the agreement, the Town is to provide an annual sales tax rebate of a portion of the sales tax attributable to the COSTCO facility. The 2016 rebate was \$293,133. There is one calendar years remaining on this agreement.

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 10 - CONTINGENCIES*

During the normal course of business, the Town incurs claims and other assertions against it from various agencies and individuals. Management of the Town and their legal representatives consider the majority of claims or assertions to be without merit and believe the outcome will not materially affect the fairness of the presentation of the financial statements at December 31, 2016.

Litigation concerning a Petition in Condemnation has resulted in a claim in the amount of \$165,878.50 for fees and costs. The Town has objected to this claim and is waiting on the Court to set a hearing.

*NOTE 11 - RISK MANAGEMENT*

The Town is exposed to the risk of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; or acts of God.

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

There is no current or long-term debt outstanding and the above liabilities include reserves for incurred claims and an estimated liability for incurred but not reported claims at December 31, 2016. No claim or judgment liability has been recorded in the Town's financial statements as the risk of liability is pooled with other members under CIRSA. The Town's settled claims have not exceeded their insurance coverage in any of the last three years. Additional information may be obtained from separately issued CIRSA financial statements by contacting CIRSA at 950 South Cherry Street, Suite 800, Denver, CO 80246 or (303) 757-5475.

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 12- INTERGOVERNMENTAL AGREEMENTS*

Gypsum Community Recreation Center Agreement

The Town and Western Eagle County Metropolitan Recreation District entered into an agreement for the construction, ownership and operation of a community recreation facility located in Gypsum, Colorado. The District is responsible for the operation and maintenance of the community recreation center and the Town retains full fee simple title to the community center and community center site. In 2016, the Recreation Center encountered a surplus in operations; therefore, as stated in the agreement, a contribution equal to one-half of the operating deficit, \$0 was made to the District during the fiscal year ended December 31, 2016, and is reflected in the General Fund.

*NOTE 13 - COMPLIANCE*

A. TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which imposes several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. In 1994, the Town's electorate voted to allow the Town to collect, retain, and expend revenues notwithstanding any of TABOR's restrictions.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding voter approved debt service). The required reserve at December 31, 2016 is \$270,000.

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the Amendment. However, the entity has made certain interpretations of the Amendment's language in order to determine its compliance.

B. Sewer Revenue Bond Covenants

The Town was in compliance with both the rate covenant and the minimum reserve fund covenant.

C. Certificates of Participation Series 2010 Financing Lease Covenants

The Town was in compliance with the minimum reserve fund requirements.

D. Colorado Water Conservation Board Loan Covenants

The Town was in compliance with the minimum reserve fund requirements.

E. Aviation Fuel Sales Tax

The Aviation Fuel Tax Calculation Report and tracking of related revenue and expenditures has been prepared by management and is in compliance with the FAA Revenue Use Policy. No liabilities exist at December 31, 2016.

**TOWN OF GYPSUM, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

*NOTE 13 - COMPLIANCE (continued)*

F. Contraband

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

*NOTE 14 - SUBSEQUENT EVENTS*

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

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULES FOR THE  
GENERAL FUND AND SPECIAL REVENUE FUNDS

**TOWN OF GYPSUM, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Taxes	\$ 6,575,625	\$ 6,595,640	\$ 6,609,242	\$ 13,602
Licenses and Permits	46,200	54,947	51,606	(3,341)
Intergovernmental	365,000	374,000	374,725	725
Charges for Services	45,800	68,610	73,833	5,223
Community Development	344,150	1,191,976	1,716,854	524,878
Miscellaneous	169,553	194,889	196,043	1,154
Sale of Fixed Assets	-	-	-	-
Interest	5,020	20,020	23,065	3,045
	<u>7,551,348</u>	<u>8,500,082</u>	<u>9,045,368</u>	<u>545,286</u>
<u>Expenditures:</u>				
General Government	1,588,159	1,657,613	1,622,970	34,643
Community Development	912,825	981,520	943,815	37,705
Public Safety	905,875	900,875	904,263	(3,388)
Streets and Public Works	1,849,900	1,725,750	1,430,137	295,613
Culture and Recreation	853,145	877,014	748,985	128,029
Economic Development	515,050	545,520	497,661	47,859
Capital Outlay	563,780	1,500,930	1,953,261	(452,331)
	<u>7,188,734</u>	<u>8,189,222</u>	<u>8,101,092</u>	<u>88,130</u>
Excess Revenues Over (Under) Expenditures	362,614	310,860	944,276	633,416
<u>Other Financing Sources and (Uses):</u>				
Transfers from Other Funds	4,934	6,004	6,005	1
Transfers (to) Other Funds	<u>(1,319,000)</u>	<u>(1,319,000)</u>	<u>(1,319,000)</u>	<u>-</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(951,452)	(1,002,136)	(368,719)	633,417
Fund Balances – Beginning	<u>2,399,779</u>	<u>2,821,401</u>	<u>3,428,941</u>	<u>607,540</u>
Fund Balances – Ending	<u>\$ 1,448,327</u>	<u>\$ 1,819,265</u>	<u>\$ 3,060,222</u>	<u>\$ 1,240,957</u>

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Intergovernmental	\$ 33,000	\$ 33,000	\$ 37,892	\$ 4,892
Interest	<u>300</u>	<u>700</u>	<u>709</u>	<u>9</u>
Total Revenues	<u>33,300</u>	<u>33,700</u>	<u>38,601</u>	<u>4,901</u>
<u>Expenditures:</u>				
Culture and Recreation:				
Capital Outlay	<u>206,034</u>	<u>322,609</u>	<u>322,609</u>	<u>-</u>
Total Expenditures	<u>206,034</u>	<u>322,609</u>	<u>322,609</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures	(172,734)	(288,909)	(284,008)	4,901
Fund Balances – Beginning	<u>172,734</u>	<u>294,726</u>	<u>294,725</u>	<u>(1)</u>
Fund Balances – Ending	<u>\$ -</u>	<u>\$ 5,817</u>	<u>\$ 10,717</u>	<u>\$ 4,900</u>

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

**TOWN OF GYPSUM, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND - PARKS AND RECREATION FUND**  
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>				
Charges for Services	\$ 699,500	\$ 746,987	\$ 738,226	\$ (8,761)
Interest	50	200	2,532	2,332
Sale of Assets	-	2,700	2,700	-
<b>Total Revenues</b>	<b>699,550</b>	<b>749,887</b>	<b>743,458</b>	<b>(6,429)</b>
<u>Expenditures:</u>				
Golf Course Operations	1,069,016	1,118,765	992,519	126,246
Capital Outlay	20,000	721,583	665,789	55,794
Debt Service:				
Debt Payor Fees	2,250	2,250	1,500	750
Principal	79,501	79,501	79,501	-
Interest	112,582	112,582	112,582	-
<b>Total Expenditures</b>	<b>1,283,349</b>	<b>2,034,681</b>	<b>1,851,891</b>	<b>182,790</b>
Excess Revenues Over (Under) Expenditures	(583,799)	(1,284,794)	(1,108,433)	176,361
<u>Other Financing Sources and (Uses):</u>				
Transfer from Other Funds	1,319,000	1,319,000	1,319,000	-
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	735,201	34,206	210,567	176,361
Fund Balances – Beginning	24,913	44,430	56,572	12,142
Fund Balances – Ending	<u>\$ 760,114</u>	<u>\$ 78,636</u>	<u>\$ 267,139</u>	<u>\$ 188,503</u>

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

OTHER SUPPLEMENTAL INFORMATION

*GOVERNMENTAL FUNDS*

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES &amp; OTHER FINANCING SOURCES:</b>				
<b>GENERAL GOVERNMENT:</b>				
<u>Taxes</u>				
General Property	\$ 595,625	\$ 595,640	\$ 593,718	\$ (1,922)
Specific Ownership	27,000	27,000	28,205	1,205
Franchise	230,000	250,000	243,941	(6,059)
Sales and Use	5,030,000	5,030,000	5,022,572	(7,428)
Real Estate Transfer	675,000	675,000	703,291	28,291
Cigarette	18,000	18,000	17,515	(485)
Total Taxes	6,575,625	6,595,640	6,609,242	13,602
<u>Licenses and Permits</u>				
Liquor and Business	46,200	54,947	51,606	(3,341)
TOTAL LICENSES AND PERMITS	46,200	54,947	51,606	(3,341)
<u>Intergovernmental Revenues</u>				
Highway Users Tax	245,000	250,000	260,262	10,262
County Road and Bridge Tax	90,000	90,000	78,974	(11,026)
Motor Vehicle Tax	30,000	34,000	35,489	1,489
TOTAL INTERGOVERNMENTAL	365,000	374,000	374,725	725
<u>Administrative Charges</u>				
Reimbursements and Rentals	6,500	6,710	10,259	3,549
Miscellaneous Admin Charges	39,300	61,900	63,574	1,674
TOTAL ADMINISTRATIVE CHARGES	45,800	68,610	73,833	5,223
<b>COMMUNITY DEVELOPMENT:</b>				
Variance and Subdivision	4,250	17,956	25,431	7,475
Building Permits	172,200	227,850	237,223	9,373
Impact fees	22,700	196,987	198,998	2,011
Reimbursed Professional Fees	100,000	130,000	144,004	14,004
Grant - DOLA	-	332,433	283,625	(48,808)
Capital Contribution	-	127,650	777,650	650,000
Grant - CPW	-	114,100	-	(114,100)
Community Enhancement Fund	45,000	45,000	49,923	4,923
TOTAL COMMUNITY DEV CHARGES	344,150	1,191,976	1,716,854	524,878
<b>MISCELLANEOUS REVENUES:</b>				
Municipal Court - Violations	43,000	35,350	35,236	(114)
Special Events	83,150	98,081	98,082	1
Miscellaneous	43,403	61,458	62,725	1,267
Sale of Fixed Assets	-	-	-	-
Interest Income	5,020	20,020	23,065	3,045
TOTAL MISC/OTHER REVENUES	174,573	214,909	219,108	4,199
<b>OTHER FINANCING SOURCES:</b>				
Transfers In	4,934	6,004	6,005	1
TOTAL OTHER FINANCING SOURCES	4,934	6,004	6,005	1
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>				
	\$ 7,556,282	\$ 8,506,086	\$ 9,051,373	\$ 545,287

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
<b>GENERAL GOVERNMENT:</b>				
Salaries	\$ 505,500	\$ 516,400	\$ 530,466	\$ (14,066)
Payroll Taxes	39,750	40,000	39,461	539
Employee Benefits	160,160	160,000	130,190	29,810
Office Supplies	12,000	12,000	12,891	(891)
Utilities and Telephone	71,150	82,459	78,024	4,435
Professional Services	289,000	330,100	350,516	(20,416)
Auto and Travel	17,500	17,500	13,985	3,515
Equipment and Ground Maintenance	71,030	71,030	75,320	(4,290)
Professional Development	15,000	15,000	15,040	(40)
Council Compensation	27,600	27,600	27,600	-
Economic and Public Relations	14,500	16,500	16,183	317
Publications	7,500	7,500	5,853	1,647
Insurance	170,100	160,000	159,990	10
Community Support/Contributions	144,669	158,169	128,167	30,002
County Treasurer's Fees	17,500	17,500	14,730	2,770
Miscellaneous	<u>25,200</u>	<u>25,855</u>	<u>24,554</u>	<u>1,301</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<u>1,588,159</u>	<u>1,657,613</u>	<u>1,622,970</u>	<u>34,643</u>
<b>COMMUNITY DEVELOPMENT:</b>				
Salaries	458,900	475,700	479,023	(3,323)
Payroll Taxes	36,600	36,600	36,241	359
Employee Benefits	117,825	151,000	133,303	17,697
Supplies	8,000	8,000	5,248	2,752
Professional Services	255,500	278,620	252,281	26,339
Auto and Travel	8,400	7,900	6,740	1,160
Equipment Maintenance	3,500	3,500	8,906	(5,406)
Professional Development	4,150	3,000	2,230	770
Wildlife Mitigation	3,900	3,000	2,967	33
Miscellaneous	<u>16,050</u>	<u>14,200</u>	<u>16,876</u>	<u>(2,676)</u>
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<u>912,825</u>	<u>981,520</u>	<u>943,815</u>	<u>37,705</u>
<b>PUBLIC SAFETY:</b>				
Law Enforcement Contract	826,875	826,875	826,875	-
Animal Control Contract	24,000	24,000	24,553	(553)
Municipal Court Expenses	35,000	35,000	43,671	(8,671)
Equipment Maintenance	15,000	10,000	8,135	1,865
Utilities	1,500	1,500	1,029	471
Miscellaneous	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>905,875</u>	<u>900,875</u>	<u>904,263</u>	<u>(3,388)</u>

(continued on next page)

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

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>(continued)</i>				
<b>STREETS AND PUBLIC WORKS:</b>				
Salaries	\$ 578,000	\$ 578,000	\$ 569,085	\$ 8,915
Payroll Taxes	45,100	45,300	42,990	2,310
Employee Benefits	229,900	226,950	210,585	16,365
Supplies	12,000	12,000	5,746	6,254
Utilities	40,200	44,200	44,413	(213)
Road and Bridge Maintenance	250,000	250,000	173,374	76,626
Street Lighting Maintenance	60,100	62,100	58,757	3,343
Building and Grounds Maintenance	65,000	65,000	73,570	(8,570)
Equipment Maintenance	85,000	78,000	80,159	(2,159)
Auto and Travel	6,700	6,700	6,138	562
Miscellaneous	477,900	357,500	165,320	192,180
<b>TOTAL STREETS AND PUBLIC WORKS</b>	<u>1,849,900</u>	<u>1,725,750</u>	<u>1,430,137</u>	<u>295,613</u>
<b>CULTURE AND RECREATION:</b>				
Salaries	207,200	213,000	220,397	(7,397)
Payroll Taxes	17,928	18,028	17,685	343
Employee Benefits	61,870	74,870	67,004	7,866
Parks Maintenance	67,500	82,520	69,777	12,743
Amphitheater	10,950	11,950	10,686	1,264
Golf Course Facility Maintenance	60,147	60,147	4,740	55,407
Mosquito Control	18,250	18,250	18,250	-
Special Events	357,800	346,749	339,788	6,961
Subsidy to WECMRD	50,000	50,000	-	50,000
Miscellaneous	1,500	1,500	658	842
<b>TOTAL CULTURE AND RECREATION</b>	<u>853,145</u>	<u>877,014</u>	<u>748,985</u>	<u>128,029</u>
<b>ECONOMIC DEVELOPMENT:</b>				
Enhancement Fund Reserve	45,000	45,000	-	45,000
Wildlife Mitigation	2,000	2,000	-	2,000
Sales Tax Rebate	295,000	295,000	293,133	1,867
Sales Tax Settlement	-	20,640	20,639	1
Recycling Center	4,200	4,200	4,200	-
Economic Development	168,850	178,680	179,689	(1,009)
<b>TOTAL ECONOMIC DEVELOPMENT</b>	<u>515,050</u>	<u>545,520</u>	<u>497,661</u>	<u>47,859</u>
<b>CAPITAL OUTLAY:</b>				
General Government	100,730	257,867	945,626	(687,759)
Community Development	20,500	20,500	17,432	3,068
Public Safety	10,500	10,500	-	10,500
Streets and Public Works	233,600	235,100	190,096	45,004
Culture and Recreation	198,450	976,963	800,107	176,856
<b>TOTAL CAPITAL OUTLAY</b>	<u>563,780</u>	<u>1,500,930</u>	<u>1,953,261</u>	<u>(452,331)</u>
<b>OTHER FINANCING USES:</b>				
Transfers to Other Funds	1,319,000	1,319,000	1,319,000	-
<b>TOTAL OTHER FINANCING USES</b>	<u>1,319,000</u>	<u>1,319,000</u>	<u>1,319,000</u>	<u>-</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 8,507,734</u>	<u>\$ 9,508,222</u>	<u>\$ 9,420,092</u>	<u>\$ 88,130</u>

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

**TOWN OF GYPSUM, COLORADO**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL**  
**PARKS AND RECREATION FUND**  
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>General Revenues</u>				
Interest Income	\$ 50	\$ 200	\$ 2,532	\$ 2,332
Sale of Assets	-	2,700	2,700	-
Total General Revenues	<u>50</u>	<u>2,900</u>	<u>5,232</u>	<u>2,332</u>
<b>GOLF COURSE ACTIVITIES:</b>				
<u>Charges for Services</u>				
Annual Passes	125,000	125,000	112,747	(12,253)
Beverage Cart Sales	500	500	418	(82)
Cart Rentals	50,000	56,013	56,258	245
Green Fees	350,000	386,000	388,565	2,565
Merchandise Sales	60,000	76,930	76,493	(437)
Restaurant Rental	35,000	25,000	27,066	2,066
Utility Reimbursement	29,000	15,000	14,406	(594)
Other Revenue	50,000	62,544	62,273	(271)
Total Charges for Services	<u>699,500</u>	<u>746,987</u>	<u>738,226</u>	<u>(8,761)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers from Other Funds	<u>1,319,000</u>	<u>1,319,000</u>	<u>1,319,000</u>	-
Total Other Financing Sources	<u>1,319,000</u>	<u>1,319,000</u>	<u>1,319,000</u>	-
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>				
	<u>\$ 2,018,550</u>	<u>\$ 2,068,887</u>	<u>\$ 2,062,458</u>	<u>\$ (6,429)</u>

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

**TOWN OF GYPSUM, COLORADO**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL**  
**PARKS AND RECREATION FUND**  
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>GOLF COURSE ACTIVITIES:</b>				
<u>Pro Shop</u>				
Salaries	\$ 210,000	\$ 210,000	\$ 184,683	\$ 25,317
Taxes	13,100	13,100	13,692	(592)
Benefits	50,600	54,600	47,664	6,936
Dues and Permits	5,500	5,500	4,874	626
Education	1,500	1,500	493	1,007
Supplies	18,200	18,340	12,599	5,741
Resale Items	66,000	73,500	72,579	921
Repairs and Maintenance	4,000	8,500	7,848	652
Total Pro Shop	<u>368,900</u>	<u>385,040</u>	<u>344,432</u>	<u>40,608</u>
<u>Driving Range</u>				
Supplies	19,500	23,000	16,599	6,401
Total Driving Range	<u>19,500</u>	<u>23,000</u>	<u>16,599</u>	<u>6,401</u>
<u>Cart Department</u>				
Salaries	42,000	48,300	48,225	75
Taxes	2,880	4,000	3,689	311
Benefits	120	150	145	5
Supplies	750	750	386	364
Repairs and Maintenance	10,720	11,020	8,543	2,477
Capital Lease	42,516	46,000	45,936	64
Total Cart Department	<u>98,986</u>	<u>110,220</u>	<u>106,924</u>	<u>3,296</u>
<u>Course and Maintenance</u>				
Salaries	219,000	219,100	198,596	20,504
Taxes	16,900	16,900	15,193	1,707
Benefits	45,500	45,500	37,850	7,650
Dues and Permits	1,267	1,267	1,093	174
Education	750	750	713	37
Supplies	53,750	54,300	49,806	4,494
Repairs and Maintenance	58,000	55,500	38,053	17,447
Equipment Rental	1,500	1,500	1,224	276
Utilities	32,000	46,000	27,902	18,098
Capital Lease	32,563	32,563	35,276	(2,713)
Total Course and Maintenance	<u>461,230</u>	<u>473,380</u>	<u>405,706</u>	<u>67,674</u>

(continued on next page)

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

**TOWN OF GYPSUM, COLORADO**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL**  
**PARKS AND RECREATION FUND**  
For the Year Ended December 31, 2016

(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Administration</u>				
Advertising and Promotion	\$ 40,250	\$ 40,250	\$ 38,139	\$ 2,111
Benefits	7,200	6,125	6,125	-
Bank Charges	13,300	13,300	12,582	718
Office Supplies & Dues	12,450	13,050	10,411	2,639
Equipment Repairs and Maintenance	8,000	9,700	12,565	(2,865)
Utilities	35,000	40,300	35,840	4,460
Miscellaneous	1,500	1,700	1,623	77
Operating Lease	1,200	1,200	1,051	149
Total Administration	<u>118,900</u>	<u>125,625</u>	<u>118,336</u>	<u>7,289</u>
<u>Facility Expenses</u>				
Facility Repairs and Maintenance	<u>1,500</u>	<u>1,500</u>	<u>522</u>	<u>978</u>
Total Facility	<u>1,500</u>	<u>1,500</u>	<u>522</u>	<u>978</u>
TOTAL GOLF COURSE EXPENDITURES	<u>1,069,016</u>	<u>1,118,765</u>	<u>992,519</u>	<u>126,246</u>
CAPITAL OUTLAY:				
Golf Course	<u>20,000</u>	<u>721,583</u>	<u>665,789</u>	<u>55,794</u>
TOTAL CAPITAL OUTLAY	<u>20,000</u>	<u>721,583</u>	<u>665,789</u>	<u>55,794</u>
DEBT SERVICE:				
Debt Payor Fees	2,250	2,250	1,500	750
Principal	79,501	79,501	79,501	-
Interest	<u>112,582</u>	<u>112,582</u>	<u>112,582</u>	<u>-</u>
TOTAL DEBT SERVICES	<u>194,333</u>	<u>194,333</u>	<u>193,583</u>	<u>750</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 1,283,349</u>	<u>\$ 2,034,681</u>	<u>\$ 1,851,891</u>	<u>\$ 182,790</u>

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

OTHER SUPPLEMENTAL INFORMATION

*PROPRIETARY (ENTERPRISE) FUNDS*

**TOWN OF GYPSUM, COLORADO**  
**SCHEDULE OF BUDGETARY BASED REVENUES AND EXPENDITURES**  
**- BUDGET TO ACTUAL - WATER ENTERPRISE FUND**  
For the Year Ended December 31, 2016

	Water Enterprise Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Service Fees	\$ 1,000,000	\$ 1,070,000	\$ 1,085,768	\$ 15,768
Other Revenues	20,636	29,059	29,508	449
Tap Fees	175,000	322,500	320,267	(2,233)
Developer Contributions	-	10,810	10,810	-
Dedication Fees	100,000	283,143	140,130	(143,013)
Interest Income	3,000	6,000	7,853	1,853
CWCB Loan Proceeds	-	2,183,002	2,209,633	26,631
CO River Water Grant	-	-	37,500	37,500
<b>Total Budgetary Based Revenues</b>	<b>1,298,636</b>	<b>3,904,514</b>	<b>3,841,469</b>	<b>(63,045)</b>
<b>Expenditures:</b>				
<b>System Operations:</b>				
Salaries	317,000	317,000	294,873	22,127
Payroll Taxes	23,050	23,050	23,326	(276)
Employee Benefits	99,850	98,800	93,706	5,094
Utilities	28,050	36,950	40,557	(3,607)
Operating Supplies	30,950	36,550	35,165	1,385
Repairs and Maintenance	110,500	110,800	42,492	68,308
System Component Upgrades	22,500	22,500	26,879	(4,379)
Water Purchase	15,000	15,000	14,201	799
Eagle River Monitoring	9,000	9,000	9,000	-
Miscellaneous	6,750	7,990	5,505	2,485
<b>Administration:</b>				
Salaries	51,200	55,250	56,533	(1,283)
Payroll Taxes	4,130	4,130	4,208	(78)
Employee Benefits	17,800	17,800	15,475	2,325
Office and Billing	5,000	6,500	6,583	(83)
Dues and Permits	2,600	2,700	2,666	34
Professional Services	150,000	150,000	95,827	54,173
<b>Debt Services:</b>				
Principal	10,499	10,499	10,499	-
Interest	14,868	14,868	14,868	-
Capital Outlay/Noncap Outlay	77,500	1,129,648	946,457	183,191
<b>Total Budgetary Based Expenditures</b>	<b>996,247</b>	<b>2,069,035</b>	<b>1,738,820</b>	<b>330,215</b>
<b>Budgetary Based Net Income (Loss)</b>	<b>302,389</b>	<b>1,835,479</b>	<b>2,102,649</b>	<b>267,170</b>
<b>Beginning Available Funds</b>	<b>2,318,380</b>	<b>650,818</b>	<b>685,047</b>	<b>34,229</b>
<b>Ending Available Funds</b>	<b>\$ 2,620,769</b>	<b>\$ 2,486,297</b>	<b>\$ 2,787,696</b>	<b>\$ 301,399</b>

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

**TOWN OF GYPSUM, COLORADO**  
**SCHEDULE OF BUDGETARY BASED REVENUES AND EXPENDITURES**  
**- BUDGET TO ACTUAL - SEWER ENTERPRISE FUND**  
For the Year Ended December 31, 2016

	Sewer Enterprise Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Service Fees	\$ 808,000	\$ 815,050	\$ 829,930	\$ 14,880
Tap Fees	200,000	377,020	379,120	2,100
Interest Income	1,500	10,000	9,449	(551)
Other Revenues	1,200	1,243	783	(460)
<b>Total Budgetary Based Revenues</b>	<b>1,010,700</b>	<b>1,203,313</b>	<b>1,219,282</b>	<b>15,969</b>
<b>Expenditures:</b>				
System Operations:				
Salaries	197,564	200,564	163,185	37,379
Payroll Taxes	13,250	13,350	12,616	734
Employee Benefits	53,950	53,950	47,641	6,309
Utilities	82,800	89,300	83,947	5,353
Operating Supplies	18,850	18,900	16,918	1,982
Repairs and Maintenance	146,500	153,000	139,011	13,989
Miscellaneous	14,500	4,500	2,075	2,425
Administration:				
Salaries	34,100	35,200	35,733	(533)
Payroll Taxes	2,700	2,710	2,693	17
Employee Benefits	11,050	11,050	9,566	1,484
Office and Billing	5,000	6,000	6,575	(575)
Dues and Permits	2,500	2,500	-	2,500
Professional Services	3,500	8,500	15,566	(7,066)
Miscellaneous	2,000	2,000	602	1,398
Debt Services:				
Principal	305,000	305,000	305,000	-
Interest	67,975	67,975	67,850	125
Capital Outlay	810,000	60,000	70,604	(10,604)
<b>Total Budgetary Based Expenditures</b>	<b>1,771,239</b>	<b>1,034,499</b>	<b>979,582</b>	<b>54,917</b>
<b>Budgetary Based Net Income (Loss)</b>	<b>(760,539)</b>	<b>168,814</b>	<b>239,700</b>	<b>70,886</b>
<b>Beginning Available Funds</b>	<b>1,888,408</b>	<b>1,861,144</b>	<b>1,874,586</b>	<b>13,442</b>
<b>Ending Available Funds</b>	<b>\$ 1,127,869</b>	<b>\$ 2,029,958</b>	<b>\$ 2,114,286</b>	<b>\$ 84,328</b>

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

**TOWN OF GYPSUM, COLORADO**  
**SCHEDULE OF BUDGETARY BASED REVENUES AND EXPENDITURES**  
**- BUDGET TO ACTUAL - SANITATION ENTERPRISE FUND**  
For the Year Ended December 31, 2016

	Sanitation Enterprise Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>				
Service Fees	\$ 307,700	\$ 308,040	\$ 306,329	\$ (1,711)
Interest Income	75	900	1,033	133
Total Budgetary Based Revenues	<u>307,775</u>	<u>308,940</u>	<u>307,362</u>	<u>(1,578)</u>
<u>Expenditures:</u>				
System Operations:				
Salaries	55,900	55,900	58,874	(2,974)
Payroll Taxes	4,550	4,550	4,472	78
Employee Benefits	26,500	25,900	25,846	54
Supplies	27,250	27,250	24,237	3,013
Repairs and Maintenance	22,500	27,000	22,954	4,046
Landfill Fees	70,000	81,500	77,971	3,529
Administration:				
Salaries	24,690	27,225	26,398	827
Payroll Taxes	1,980	1,980	1,962	18
Employee Benefits	8,150	8,150	7,642	508
Office and Billing	5,000	6,000	6,395	(395)
Capital Outlay	170,000	-	-	-
Total Budgetary Based Expenditures	<u>416,520</u>	<u>265,455</u>	<u>256,751</u>	<u>8,704</u>
Budgetary Based Net Income (Loss)	(108,745)	43,485	50,611	(7,126)
Beginning Available Funds	<u>149,898</u>	<u>170,418</u>	<u>170,419</u>	<u>(1)</u>
Ending Available Funds	<u>\$ 41,153</u>	<u>\$ 213,903</u>	<u>\$ 221,030</u>	<u>\$ (7,127)</u>

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

OTHER SUPPLEMENTAL INFORMATION

*FIDUCIARY FUNDS*

**TOWN OF GYPSUM, COLORADO**  
**STATEMENT OF CHANGES IN FIDUCIARY CASH BALANCES – BUDGETARY BASIS**  
**AGENCY FUND – SPRING CREEK SID**  
For the Year Ended December 31, 2016

	Spring Creek SID			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<u>ADDITIONS:</u>				
Special Assessments	\$ -	\$ -	\$ -	\$ -
Interest Income	-	12	12	-
Total Additions	-	12	12	-
<u>DEDUCTIONS:</u>				
Misc. – Account Closure	4,934	6,005	6,005	-
Total Deductions	4,934	6,005	6,005	-
Net Change in Fiduciary Cash Balances – Budgetary Basis	(4,934)	(5,993)	(5,993)	-
Beginning Cash Balance	4,934	5,993	5,993	-
Ending Cash Balance	\$ -	\$ -	\$ -	\$ -

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

**TOWN OF GYPSUM, COLORADO**  
**STATEMENT OF CHANGES IN FIDUCIARY CASH BALANCES – BUDGETARY BASIS**  
**AGENCY FUND – GYPSUM RECREATION CENTER CAPITAL COMMITTEE**  
For the Year Ended December 31, 2016

Gypsum Recreation Center Capital Committee

*[NOTE: The Town of Gypsum does not  
adopt a budget for this agency fund]*

	<u>Actual</u>
<u>ADDITIONS:</u>	
Contributions from Town of Gypsum	\$ <u>50,000</u>
Total Additions	<u>50,000</u>
<u>DEDUCTIONS:</u>	
Capital Repairs & Maintenance	<u>107,890</u>
Total Deductions	<u>107,890</u>
Net Change in Fiduciary Funds Held on Behalf of Entity	(57,890)
Beginning Fiduciary Funds Held on Behalf of Entity	<u>131,904</u>
Ending Fiduciary Funds Held on Behalf of Entity	<u>\$ 74,014</u>

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

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

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: Gypsum
	YEAR ENDING : December 2016

This Information From The Records Of Town of Gypsum, Colorado	Prepared By: Phone: Mark Silverthorn 970-524-1725
---	---

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	549,344
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	0
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	59,514
2. General fund appropriations	2,055,774	b. Snow and ice removal	151,897
3. Other local imposts (from page 2)	107,179	c. Other	0
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	211,411
5. Transfers from toll facilities	0	4. General administration & miscellaneous	861,909
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	836,040
a. Bonds - Original Issues	0	6. Total (1 through 5)	2,458,704
b. Bonds - Refunding Issues	0	<b>B. Debt service on local obligations:</b>	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	2,162,953	b. Redemption	0
<b>B. Private Contributions</b>	0	c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	295,751	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	0
<b>E. Total receipts (A.7 + B + C + D)</b>	2,458,704	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	0
		<b>D. Payments to toll facilities</b>	0
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	2,458,704

**IV. LOCAL HIGHWAY DEBT STATUS**  
(Show all entries at par)

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	2,458,704	2,458,704	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:  
Colorado  
YEAR ENDING:  
December 2015

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes & Use Tax	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	107,179	g. Other Misc. Receipts	0
6. Total (1. through 5.)	107,179	h. Other Road & Bridge Tax	0
c. Total (a. + b.)	107,179	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	260,262	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	35,489	d. Federal Transit Admin	0
d. Other (Specify)	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	35,489	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	295,751	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	0	62,979	62,979
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	486,365	486,365
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	486,365	486,365
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	549,344	549,344
			(Carry forward to page 1)

Notes and Comments: