

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



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Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
June 13, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The Town of Haxtun remains in good financial condition.
- The assets of the Town of Haxtun exceeded its liabilities at the close of 2016 by \$4,971,767 (net position). Of this amount \$536,415 or 11% is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the year, the Town's revenue from taxes and other revenues for governmental programs were more than the expenditures by \$13,619.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide financial statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 30 of this report.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Haxtun, assets exceed liabilities by \$4,971,767 at the close of 2016.

Net Position

Combined net position of the Town of Haxtun as of December 31, 2016 and 2015 are shown in Table 1 below.

Table 1
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 614,614	\$ 615,589	\$ 675,191	\$ 612,346	\$ 1,289,805	\$ 1,227,935
Capital assets, net	<u>3,052,833</u>	<u>2,954,684</u>	<u>1,869,925</u>	<u>1,930,581</u>	<u>4,922,758</u>	<u>4,885,265</u>
Total assets	3,667,447	3,570,273	2,545,116	2,542,927	6,212,563	6,113,200
Deferred outflows of resources	45,206	24,899	-	-	45,206	24,899
Total assets and deferred outflows of resources	<u>\$ 3,712,653</u>	<u>\$ 3,595,172</u>	<u>\$ 2,545,116</u>	<u>\$ 2,542,927</u>	<u>\$ 6,257,769</u>	<u>\$ 6,138,099</u>
Long-term debt outstanding	\$ 777,780	\$ 631,279	\$ 179,410	\$ 178,899	\$ 957,190	\$ 810,178
Other liabilities	<u>11,489</u>	<u>55,862</u>	<u>161,298</u>	<u>170,296</u>	<u>172,787</u>	<u>226,158</u>
Total liabilities	789,269	687,141	340,708	349,195	1,129,977	1,036,336
Deferred inflows of resources	156,025	143,615	-	-	156,025	143,615
Net position:						
Net investment in capital assets	2,406,186	2,389,095	1,693,823	1,739,438	4,100,009	4,128,533
Restricted	335,343	318,635	-	-	335,343	318,635
Unrestricted	<u>25,830</u>	<u>56,686</u>	<u>510,585</u>	<u>454,294</u>	<u>536,415</u>	<u>510,980</u>
Total net position	<u>2,767,359</u>	<u>2,764,416</u>	<u>2,204,408</u>	<u>2,193,732</u>	<u>4,971,767</u>	<u>4,958,148</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,712,653</u>	<u>\$ 3,595,172</u>	<u>\$ 2,545,116</u>	<u>\$ 2,542,927</u>	<u>\$ 6,257,769</u>	<u>\$ 6,138,099</u>

The largest portion of the Town of Haxtun's net position, 82%, reflects its investment in capital assets (land, buildings and equipment). The Town of Haxtun uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. In addition, a portion of the Town of Haxtun's net position, 7%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, 11%, may be used to meet the government's ongoing obligations to citizens and creditors.

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

Changes in net position

The Town's total revenue of \$2,214,737 was more than program expenses of \$2,201,118 for an increase in net position of \$13,619.

Table 2 shows the summarized revenues and expenses for 2016 and 2015.

Table 2
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program revenues						
Charges for services	\$ 43,211	\$ 45,084	\$ 1,583,893	\$ 1,575,920	\$ 1,627,104	\$ 1,621,004
Operating grants and contributions	78,962	91,922	-	-	78,962	91,922
General revenues						
Property taxes	143,298	137,708	-	-	143,298	137,708
Sales and use taxes	248,762	259,508	-	-	248,762	259,508
Specific ownership taxes	15,095	16,873	-	-	15,095	16,873
Other taxes	7,504	15,462	-	-	7,504	15,462
Interest earnings	2,723	2,013	90	54	2,813	2,067
Miscellaneous	59,935	10,131	12,264	8,600	72,199	18,731
Sale of assets	19,000	-	-	-	19,000	-
Transfers	365,000	250,000	(365,000)	(250,000)	-	-
Total revenues	983,490	828,701	1,231,247	1,334,574	2,214,737	2,163,275
Program expenses						
General government	145,310	110,102	-	-	145,310	110,102
Public safety	349,273	302,110	-	-	349,273	302,110
Public works	254,813	246,157	-	-	254,813	246,157
Culture and recreation	200,875	221,185	-	-	200,875	221,185
Interest and fiscal charges	30,276	31,371	-	-	30,276	31,371
Electric services	-	-	795,163	815,794	795,163	815,794
Water services	-	-	187,292	174,902	187,292	174,902
Sanitation services	-	-	136,796	137,476	136,796	137,476
Sewer services	-	-	101,320	96,352	101,320	96,352
Total expenses	980,547	910,925	1,220,571	1,224,524	2,201,118	2,135,449
Change in net position	2,943	(82,224)	10,676	110,050	13,619	27,826
Net position at beginning of year	2,764,416	2,984,640	2,193,732	2,083,682	4,958,148	4,930,322
Net position at end of year	\$ 2,767,359	\$ 2,764,416	\$ 2,204,408	\$ 2,193,732	\$ 4,971,767	\$ 4,958,148

Governmental Activities

Revenue for the Town's governmental activities totaled \$983,490 for 2016. Tax revenue produced 42% of these revenues. Tax revenue includes property taxes, sales and use taxes, specific ownership taxes, franchise taxes and other taxes.

Table 3
GOVERNMENTAL ACTIVITIES

	Total cost of services		Net cost of services	
	2016	2015	2016	2015
General government	\$ 145,310	\$ 110,102	\$ 122,141	\$ 78,574
Public safety	349,273	302,110	349,273	302,110
Public works	254,813	246,157	195,338	186,790
Culture and recreation	200,875	221,185	161,346	175,074
Interest and fiscal charges	30,276	31,371	30,276	31,371

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

Business-type Activities

Net position in business-type activities increased to \$2,204,408 in 2016. Business-type activities include electric, water, sewer and sanitation services.

**Table 4
BUSINESS-TYPE ACTIVITIES**

	Total cost of services		Net cost of services	
	2016	2015	2016	2015
Electric services	\$ 795,163	\$ 815,794	\$ (289,731)	\$ (251,636)
Water services	187,292	174,902	(1,239)	(19,112)
Sanitation services	136,796	137,476	(40,978)	(39,370)
Sewer services	101,320	96,352	(31,374)	(41,278)

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

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$452,927. The general, community center and other governmental funds reported fund balances of \$137,222, \$277,591, and \$38,114, respectively.

General Fund Budgetary Highlights

The actual charges to appropriations (expenditures) were \$37,227 over the final budget amounts primarily due to the overall expenses being greater than anticipated at the time of budget adoption.

Additionally, resources available for appropriation (revenues) were \$90,477 more than the final budgeted amounts primarily due to reimbursement made to the town from the Haxtun Chamber of Commerce for the director's salary, the sale of the land by the Haxtun Park, and an increase in the transfer to the General Fund from the Enterprise Funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town of Haxtun's investment in capital assets for its governmental and business-type activities as of December 31, 2016, amounts to \$4,922,758 (net of accumulated depreciation). This amount includes a broad range of capital assets, including public works equipment, electric, water, sewer, sanitation and other infrastructure.

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

Table 5
CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and land improvements	\$ 355,145	\$ 372,280	\$ 31,900	\$ 31,900	\$ 387,045	\$ 404,180
Buildings and improvements	1,569,195	1,627,145	3,182	4,515	1,572,377	1,631,660
Machinery and equipment	274,182	76,299	38,395	52,415	312,577	128,714
Infrastructure	854,311	878,960	-	-	854,311	878,960
Systems	-	-	1,796,448	1,820,372	1,796,448	1,820,372
Construction in progress	-	-	-	21,379	-	21,379
Total	<u>\$ 3,052,833</u>	<u>\$ 2,954,684</u>	<u>\$ 1,869,925</u>	<u>\$ 1,930,581</u>	<u>\$ 4,922,758</u>	<u>\$ 4,885,265</u>

Long-term debt. The Town had \$957,190 in debt outstanding at year-end consisting of outstanding notes, bonds, capital lease obligations, net pension liability and accrued compensated absences. The majority of the debt incumbency is attributed to the wastewater lagoon improvement project, and the electric back-up generator, along with the main street improvements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town of Haxtun remains in a solid viable financial condition. During 2016, the Town started a major ongoing electric rebuild project by CHS Grainland elevator, which will be completed in phases. The Town continued street and well repairs. The town is lease/purchasing a loader, and purchased a street packer and a police vehicle. The 2017 utility rates including Electric, Water, Sanitation and Sewer remain stable. The Town is not anticipating any large projects for 2017, except for a phase of the CHS Grainland elevator electric project. The airport is scheduled for pavement repairs, and the Haxtun Community Center will see some updated flooring, baseboard, and interior paint. A pickup truck will be purchased for the maintenance crew.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact Karie L. Wilson at the Town of Haxtun, 145 S Colorado Avenue, Haxtun, Colorado 80731.

Basic Financial Statements

The basic financial statements of the Town include the following:

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

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

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

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

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 409,579	\$ 423,226	\$ 832,805
Cash with county treasurer	2,200		2,200
Receivables	198,240	178,951	377,191
Inventory		73,014	73,014
Net pension asset	4,595		4,595
Capital assets, net of depreciation	3,052,833	1,869,925	4,922,758
Total assets	3,667,447	2,545,116	6,212,563
Deferred outflows of resources			
Pension deferrals	45,206		45,206
Total assets and deferred outflows of resources	\$ 3,712,653	\$ 2,545,116	\$ 6,257,769
Liabilities			
Accounts payable	\$ 7,916	\$ 77,001	\$ 84,917
Accrued interest payable	3,573	550	4,123
Customer deposits		83,747	83,747
Noncurrent liabilities			
Due within one year	62,621	15,325	77,946
Due in more than one year	715,159	164,085	879,244
Total liabilities	789,269	340,708	1,129,977
Deferred inflows of resources			
Deferred property tax revenues	149,176		149,176
Pension deferrals	6,849		6,849
Total deferred inflows of resources	156,025	-	156,025
Net position			
Net investment in capital assets	2,406,186	1,693,823	4,100,009
Restricted for:			
Emergencies	28,000		28,000
Pensions	4,595		4,595
Culture and recreation	302,748		302,748
Unrestricted	25,830	510,585	536,415
Total net position	2,767,359	2,204,408	4,971,767
Total liabilities, deferred inflows of resources and net position	\$ 3,712,653	\$ 2,545,116	\$ 6,257,769

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

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

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 145,310	\$ 19,303	\$ 3,866	
Public safety	349,273			
Public works	254,813		59,475	
Culture and recreation	200,875	23,908	15,621	
Interest and fiscal charges	30,276			
Total governmental activities	980,547	43,211	78,962	\$ -
Business-type activities				
Electric services	795,163	1,084,894		
Water services	187,292	188,531		
Sanitation services	136,796	177,774		
Sewer services	101,320	132,694		
Total business-type activities	1,220,571	1,583,893	-	-
Total	\$ 2,201,118	\$ 1,627,104	\$ 78,962	\$ -
General revenues				
Taxes				
Property taxes, levied for general purposes				
Sales and use taxes				
Specific ownership taxes				
Franchise taxes				
Severance taxes				
Unrestricted interest on investments				
Miscellaneous				
Sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year				
Net position at end of year				

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

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (122,141)		\$ (122,141)
(349,273)		(349,273)
(195,338)		(195,338)
(161,346)		(161,346)
(30,276)		(30,276)
(858,374)	\$ -	(858,374)
	289,731	289,731
	1,239	1,239
	40,978	40,978
	31,374	31,374
-	363,322	363,322
(858,374)	363,322	(495,052)
143,298		143,298
248,762		248,762
15,095		15,095
6,835		6,835
669		669
2,723	90	2,813
59,935	12,264	72,199
19,000		19,000
365,000	(365,000)	-
861,317	(352,646)	508,671
2,943	10,676	13,619
2,764,416	2,193,732	4,958,148
<u>\$ 2,767,359</u>	<u>\$ 2,204,408</u>	<u>\$ 4,971,767</u>

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

	General Fund	Community Center Fund	Other Governmental Funds	Total
Assets				
Cash and investments	\$ 100,369	\$ 270,774	\$ 38,436	\$ 409,579
Cash with county treasurer	2,131		69	2,200
Property taxes receivable	137,242		11,934	149,176
Accounts receivable	41,842	7,222		49,064
Total assets	\$ 281,584	\$ 277,996	\$ 50,439	\$ 610,019
Liabilities				
Accounts payable	\$ 7,120	\$ 405	\$ 391	\$ 7,916
Total liabilities	7,120	405	391	7,916
Deferred inflows of resources				
Deferred property tax revenues	137,242		11,934	149,176
Total deferred inflows of resources	137,242	-	11,934	149,176
Fund balance				
Restricted for emergencies	28,000			28,000
Restricted for culture and recreation		277,591	25,157	302,748
Committed to library purposes			12,957	12,957
Unassigned	109,222			109,222
Total fund balance	137,222	277,591	38,114	452,927
Total liabilities, deferred inflows of resources and fund balance	\$ 281,584	\$ 277,996	\$ 50,439	\$ 610,019

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

TOWN OF HAXTUN, COLORADO

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2016**

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

Total fund balance - governmental funds	\$ 452,927
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	3,052,833
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(3,573)
Net pension assets and deferrals used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	49,801
Long-term liabilities and pension deferrals are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(784,629)</u>
Net position of the governmental activities	<u><u>\$ 2,767,359</u></u>

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

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

	General Fund	Community Center Fund	Other Governmental Funds	Total
Revenues				
Taxes	\$ 354,033	\$ 49,753	\$ 11,511	\$ 415,297
Licenses and permits	4,307			4,307
Intergovernmental	60,994		10,793	71,787
Fines and forfeitures	9,084			9,084
Charges for services	25,170	4,650		29,820
Miscellaneous	64,104	1,147	3,944	69,195
Total revenues	517,692	55,550	26,248	599,490
Expenditures				
Current				
General government	130,955			130,955
Public safety	323,240			323,240
Public works	385,212			385,212
Culture and recreation	108,434	28,263	47,425	184,122
Debt service				
Principal retirement	68,923			68,923
Interest and fiscal charges	26,703			26,703
Total expenditures	1,043,467	28,263	47,425	1,119,155
Excess of revenues over (under) expenditures	(525,775)	27,287	(21,177)	(519,665)
Other financing sources				
Transfers in	350,000		15,000	365,000
Sale of assets	19,000			19,000
Capital lease proceeds	149,981			149,981
Total other financing sources	518,981	-	15,000	533,981
Net change in fund balance	(6,794)	27,287	(6,177)	14,316
Fund balance at beginning of year	144,016	250,304	44,291	438,611
Fund balance at end of year	\$ 137,222	\$ 277,591	\$ 38,114	\$ 452,927

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

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

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

Net change in fund balance - governmental funds	\$ 14,316
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.	98,150
In the statement of activities, certain expenses related to the pension asset and liability and related deferred inflows and outflows of resources, compensated absences and accrued interest payable, are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(28,465)
The capital lease proceeds are reported as revenue in the governmental funds, however, they are reported as a long-term liability in the statement of activities.	(149,981)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	68,923
Change in net position of governmental activities	<u>\$ 2,943</u>

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

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

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sanitation Fund	Sewer Fund
Assets				
Current assets				
Cash and investments	\$ 128,863	\$ 33,033	\$ 101,681	\$ 159,649
Inventory	64,097	5,695	1,748	1,474
Accounts receivable	130,166	20,121	16,358	12,306
Total current assets	323,126	58,849	119,787	173,429
Capital assets, net of depreciation	857,646	290,347	13,257	708,675
Total assets	\$ 1,180,772	\$ 349,196	\$ 133,044	\$ 882,104

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

Total

\$ 423,226
73,014
178,951

675,191

1,869,925

\$ 2,545,116

(continued)

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

(continued)	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sanitation Fund	Sewer Fund
Liabilities				
Current liabilities				
Accounts payable	\$ 72,405	\$ 1,094	\$ 3,297	\$ 205
Accrued interest payable				550
Customer deposits	83,747			
Current portion of long-term debt				15,325
Total current liabilities	156,152	1,094	3,297	16,080
Long-term liabilities				
Accrued compensated absences	941	776	608	983
Long-term debt				160,777
Total long-term liabilities	941	776	608	161,760
Total liabilities	157,093	1,870	3,905	177,840
Net position				
Net investment in capital assets	857,646	290,347	13,257	532,573
Unrestricted	166,033	56,979	115,882	171,691
Total net position	1,023,679	347,326	129,139	704,264
Total liabilities and net position	\$ 1,180,772	\$ 349,196	\$ 133,044	\$ 882,104

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

Total

\$ 77,001
550
83,747

15,325

176,623

3,308
160,777

164,085

340,708

1,693,823
510,585

2,204,408

\$ 2,545,116

TOWN OF HAXTUN, 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			
	Electric Fund	Water Fund	Sanitation Fund	Sewer Fund
Operating revenues				
Charges for services	\$ 1,019,920	\$ 188,531	\$ 177,774	\$ 132,694
Penalties	13,674			
Reimbursements	51,300			
Total operation revenues	1,084,894	188,531	177,774	132,694
Operating expenses				
Salaries	58,219	48,186	62,871	36,808
Employee benefits	30,447	23,899	29,685	17,679
Supplies	13,838	2,187	3,242	3,743
Repairs and maintenance	25,497	28,388	5,294	3,510
Insurance	9,534	5,187	6,212	4,280
Utilities	1,379	40,623	441	1,142
Audit and legal	1,648	1,708	1,648	1,648
Fuel and oil	2,759	490	3,121	273
Power purchased	610,736			
Water assessment fee		7,492		
Dump expense			20,113	
Miscellaneous	7,394	14,979	734	7,532
Depreciation and amortization	33,712	14,153	3,435	21,238
Total operating expenses	795,163	187,292	136,796	97,853
Operating income	289,731	1,239	40,978	34,841

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

<u>Total</u>
\$ 1,518,919
13,674
<u>51,300</u>
1,583,893
206,084
101,710
23,010
62,689
25,213
43,585
6,652
6,643
610,736
7,492
20,113
30,639
<u>72,538</u>
<u>1,217,104</u>
366,789

(continued)

TOWN OF HAXTUN, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016

(continued)	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sanitation Fund	Sewer Fund
Nonoperating revenues (expenses)				
Interest on investments	18	18	11	43
Miscellaneous revenues	8,309	2,404	1,551	
Interest and fiscal charges				(3,467)
Total nonoperating revenues (expenses)	8,327	2,422	1,562	(3,424)
Income before transfers	298,058	3,661	42,540	31,417
Transfers out	(300,000)		(65,000)	
Change in net position	(1,942)	3,661	(22,460)	31,417
Net position at beginning of year	1,025,621	343,665	151,599	672,847
Net position at end of year	<u>\$ 1,023,679</u>	<u>\$ 347,326</u>	<u>\$ 129,139</u>	<u>\$ 704,264</u>

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

Total

90
12,264
(3,467)

8,887

375,676

(365,000)

10,676

2,193,732

\$ 2,204,408

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

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sanitation Fund	Sewer Fund
Cash flows from operating activities				
Receipts from customers	\$ 1,084,652	\$ 186,347	\$ 179,017	\$ 133,907
Payments to suppliers	(708,373)	(118,944)	(68,616)	(39,397)
Payments to employees	(58,191)	(48,153)	(62,844)	(36,385)
Net cash provided by operating activities	318,088	19,250	47,557	58,125
Cash flows from noncapital financing activities				
Miscellaneous revenues	8,309	2,404	1,551	
Transfers	(300,000)		(65,000)	
Net cash provided (used) by noncapital financing activities	(291,691)	2,404	(63,449)	-
Cash flows from capital and related financing activities				
Purchase of capital assets	(11,882)			
Principal paid on capital debt				(15,041)
Interest and fiscal charges				(3,514)
Net cash used by capital and related financing activities	(11,882)	-	-	(18,555)
Cash flows from investing activities				
Interest on investments	18	18	11	43
Net cash provided by investing activities	18	18	11	43
Net increase (decrease) in cash and cash equivalents	14,533	21,672	(15,881)	39,613
Cash and cash equivalents at beginning of year	114,330	11,361	117,562	120,036
Cash and cash equivalents at end of year	\$ 128,863	\$ 33,033	\$ 101,681	\$ 159,649

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

Total

\$ 1,583,923
(935,330)
(205,573)

443,020

12,264
(365,000)

(352,736)

(11,882)
(15,041)
(3,514)

(30,437)

90

90

59,937

363,289

\$ 423,226

(continued)

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

(continued)	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Sanitation Fund	Sewer Fund
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 289,731	\$ 1,239	\$ 40,978	\$ 34,841
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	33,712	14,153	3,435	21,238
Change in assets and liabilities				
Inventory	(5,969)	5,932	294	470
Accounts receivable	(3,907)	(2,184)	1,243	1,213
Accounts payable	828	77	1,580	(60)
Accrued compensated absences	28	33	27	423
Customer deposits	3,665			
Net cash provided by operating activities	<u>\$ 318,088</u>	<u>\$ 19,250</u>	<u>\$ 47,557</u>	<u>\$ 58,125</u>

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

Total

\$ 366,789

72,538

727
(3,635)
2,425

511
3,665

\$ 443,020

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies

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

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

A.1 – Reporting entity

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

A.2 – Fund accounting

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

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

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

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

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

The following are the Town's nonmajor governmental funds:

Conservation Trust Fund – This fund was established to account for state lottery proceeds and allowable expenditures.

Library Fund – This fund was established to account for the town owned and operated public library.

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

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

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

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

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

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

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

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

A.4 – Basis of accounting

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

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

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

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

A.5 – Encumbrances

The Town does not utilize encumbrance accounting.

A.6 – Cash and cash equivalents

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

A.7 – Short-term interfund receivables/payables

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

A.8 – Receivables

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

A.9 – Inventories

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

A.10 – Capital assets

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

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

All capital assets with a unit cost greater than \$5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) will be capitalized on a prospective basis beginning in 2004.

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

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

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Buildings & Improvements	5-50 years	5-50 years
Equipment	5-20 years	5-20 years
Infrastructure	10-100 years	10-100 years

A.11 – Compensated absences

It is the policy of the Town to provide their regular employees with greater economic security by granting reasonable personal absences from work due to actual illness or personal reasons. Full-time employees eligible for these allowances receive from five to twenty days per year, with no more than five day of vacation being accumulated for carryover from year to year.

These allowances are payable at the employee’s standard rate of pay in effect at the time of usage.

A.12 – Accrued liabilities and long-term obligations

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

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note A - Summary of significant accounting policies (Continued)

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

A.13 - Net position

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

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

A.14 - Operating revenues and expenses

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

A.15 - Interfund transactions

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

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.16 – Extraordinary and special items

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

A.17 – Fund balance

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

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

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

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

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

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note B – Cash and investments

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

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of year-end, the Town had total deposits of \$788,224, of which \$250,000 was insured and \$538,224 was collateralized with securities held by the pledging institution’s trust department or agent in the Town’s name.

Investments

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

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

At year-end, the Town had the following investments:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in Colostrust	\$ 101,572	\$ 101,572	\$ -	\$ -

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note B – Cash and investments (Continued)

Credit risk – State law limits investments in commercial paper, corporate bonds and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The Town has no investment policy that would further limit its investment choices. The Town invests funds in Colotrust, a state investment pool operated under C.R.S. 24-75-701, with the Colorado Securities Commissioner having oversight authority. The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. At year-end, the Town’s investment in Colotrust was rated AAA by Standard & Poor’s.

Note C – Interfund transactions

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

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Electric Fund	\$ 300,000
General Fund	Sanitation Fund	50,000
Other Governmental Funds	Sanitation Fund	<u>15,000</u>
Totals		<u>\$ 365,000</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The Town annually transfers funds from certain of the Proprietary Funds (Electric, Water and Sewer) to provide support for various departments within the General Fund. The Town also transferred \$15,000 from the Sanitation Fund the Library Fund to provide support for the operation of the Town’s library.

Note D – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Receivables</u>
Property taxes	\$ 149,176	\$ -	\$ 149,176
Other accounts	<u>49,064</u>	<u>178,951</u>	<u>228,015</u>
Total	<u>\$ 198,240</u>	<u>\$ 178,951</u>	<u>\$ 377,191</u>

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note D – Receivables (Continued)

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

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 39,940	\$ -	\$ -	\$ 39,940
Total capital assets, not being depreciated	39,940	-	-	39,940
Capital assets, being depreciated:				
Land improvements	421,738	-	-	421,738
Buildings	2,338,241	-	-	2,338,241
Infrastructure	985,958	-	-	985,958
Equipment and furniture	344,754	232,330	(26,400)	550,684
Total capital assets, being depreciated	<u>4,090,691</u>	<u>232,330</u>	<u>(26,400)</u>	<u>4,296,621</u>
Total capital assets	4,130,631	232,330	(26,400)	4,336,561
Less accumulated depreciation for:				
Land improvements	(89,398)	(17,135)	-	(106,533)
Buildings	(711,096)	(57,950)	-	(769,046)
Infrastructure	(106,998)	(24,649)	-	(131,647)
Equipment and furniture	<u>(268,456)</u>	<u>(34,446)</u>	26,400	<u>(276,502)</u>
Total accumulated depreciation	<u>(1,175,948)</u>	<u>(134,180)</u>	26,400	<u>(1,283,728)</u>
Governmental activities capital assets, net	<u>\$ 2,954,683</u>	<u>\$ 98,150</u>	<u>\$ -</u>	<u>\$ 3,052,833</u>

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note E – Capital assets (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 31,900	\$ -	\$ -	\$ 31,900
Construction in progress	<u>21,379</u>	<u>11,883</u>	<u>(33,262)</u>	<u>-</u>
Total capital assets, not being depreciated	53,279	11,883	(33,262)	31,900
Capital assets, being depreciated				
Buildings	68,318	-	-	68,318
Systems	3,678,244	-	33,262	3,711,506
Equipment	<u>313,423</u>	<u>-</u>	<u>-</u>	<u>313,423</u>
Total capital assets, being depreciated	<u>4,059,985</u>	<u>-</u>	<u>33,262</u>	<u>4,093,247</u>
Total capital assets	4,113,264	11,883	-	4,125,147
Less accumulated depreciation for:				
Buildings	(63,803)	(1,333)	-	(65,136)
Systems	(1,857,873)	(57,185)	-	(1,915,058)
Equipment	<u>(261,008)</u>	<u>(14,020)</u>	<u>-</u>	<u>(275,028)</u>
Total accumulated depreciation	<u>(2,182,684)</u>	<u>(72,538)</u>	<u>-</u>	<u>(2,255,222)</u>
Business-type activities capital assets, net	<u>\$ 1,930,580</u>	<u>\$ (60,655)</u>	<u>\$ -</u>	<u>\$ 1,869,925</u>

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

Governmental activities	
General government	\$ 15,393
Public safety	35,089
Public works	54,801
Culture and recreation	<u>28,897</u>
Total governmental activities	<u>\$ 134,180</u>
Business-type activities	
Electric	\$ 33,712
Water	14,153
Sanitation	3,435
Sewer	<u>21,238</u>
Total business-type activities	<u>\$ 72,538</u>

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note F -- Long-term debt

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental Activities					
Bond payable	\$ 565,589	\$ -	\$ (45,420)	\$ 520,169	\$ 43,632
Capital lease	-	149,981	(23,503)	126,478	18,989
Net pension liability	102,986	24,931	-	127,917	-
Compensated absences	4,254	-	(1,038)	3,216	-
Total	<u>\$ 672,829</u>	<u>\$ 174,912</u>	<u>\$ (69,961)</u>	<u>\$ 777,780</u>	<u>\$ 62,621</u>

The compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The Town believes that the current portion of compensated absences is negligible and is therefore not reported.

Bonds payable

General obligation bonds payable consist of the following individual issue:

\$750,000 general obligation bonds, dated April 26, 2011, due in monthly installments beginning in fiscal year 2011 of \$6,010; fixed monthly interest rate of 4.9%, payable monthly on the first of each month.

\$ 520,169

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

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 43,632	\$ 22,481	\$ 66,113
2018	49,883	22,240	72,123
2019	52,383	19,740	72,123
2020	55,008	17,115	72,123
2021	57,765	14,358	72,123
2022-2025	<u>261,498</u>	<u>26,995</u>	<u>288,493</u>
Total	<u>\$ 520,169</u>	<u>\$ 122,929</u>	<u>\$ 643,098</u>

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note F – Long-term debt (Continued)

Capital lease obligations

Caterpillar wheel loader – The Town has entered into an annually renewable lease and purchase option agreement for the acquisition of a new 926M Caterpillar wheel loader. The Town has capitalized \$149,981 of assets under this capital lease. This lease, dated March 18, 2016, requires annual payments of \$23,502 with a fixed interest rate of 3.20%, with final payment due April 29, 2022.

The following is a schedule by years of future minimum lease payments under the capital lease above, together with the present value of the net minimum lease payments at year-end:

<u>Year ended December 31,</u>	<u>Debt service requirement</u>
2017	\$ 23,502
2018	23,502
2019	23,502
2020	23,502
2021	23,502
2022	<u>24,054</u>
Total minimum lease payments	141,564
Less amount representing interest	<u>(15,086)</u>
Present value of future net minimum lease payments	<u>\$ 126,478</u>

	<u>Beginning Balances</u>	<u>Adjustments/ Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Business-type activities					
Notes payable	\$ 191,143	\$ -	\$ (15,041)	\$ 176,102	\$ 15,325
Compensated absences	<u>2,797</u>	<u>511</u>	<u>-</u>	<u>3,308</u>	<u>-</u>
Total	<u>\$ 193,940</u>	<u>\$ 511</u>	<u>\$ (15,041)</u>	<u>\$ 179,410</u>	<u>\$ 15,325</u>

Note payable – The Town has entered into a \$305,041 note agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) dated November 1, 2007, due in semi-annual installments of \$9,277 through 2027. The agreement provides for the disbursement of funds at the Town’s request to facilitate the construction of a sanitary sewer relief line. The agreement requires semi-annual payments of principal, interest and administrative fees due May 1st and November 1st of each year.

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note F – Long-term debt (Continued)

The loan agreement contains various covenants including the establishment and maintenance of an operations and maintenance reserve fund in an amount equal to three months of operation and maintenance expenses as set forth in the annual budget for the current fiscal year. Based on the current annual budget, three months of operations and maintenance expenses totaled \$38,776 which the Town has funded with unobligated fund balances. The Town must also maintain water rates, fees and other charges that will cover operation and maintenance expenses and at least 110% of debt service for the calendar year. The Town believes it is in compliance with the covenants as set forth in the loan agreement.

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

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 15,325	\$ 3,230	\$ 18,555
2018	15,613	2,942	18,555
2019	15,907	2,648	18,555
2020	16,207	2,348	18,555
2021	16,512	2,043	18,555
2022-2026	87,346	5,429	92,775
2027	<u>9,192</u>	<u>86</u>	<u>9,278</u>
Total	<u>\$ 176,102</u>	<u>\$ 18,726</u>	<u>\$ 194,828</u>

Note G – Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased workman’s compensation insurance through the Colorado Compensation Insurance Association to provide protection against losses from employees while on the job. The Town has affiliated with the Colorado Intergovernmental Risk Sharing Agency (CIRSA) to provide protection against losses incurred related to property, casualty, and general liability claims. CIRSA is a separate legal entity established by member municipalities pursuant to the provisions of the Colorado Revised Statutes and the Colorado Constitution. The purposes of CIRSA are to provide members defined liability and property coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees, or officers. The Town makes an annual contribution to CIRSA for its insurance coverage. For the year, the Town’s financial contribution to CIRSA was \$63,188. Contingent liability claims for

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note G - Risk management (Continued)

the coverage have not been recognized to date after reviewing claim history and the remoteness of potential loss in excess of actual contributions by the Town. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note H - Pension Plans

Statewide Defined Benefit Plan

Summary of significant accounting policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Defined Benefit Plan and additions to/deductions from Fire & Police Statewide Defined Benefit Plan's fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the pension plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980 and as of December 31, 2014 has 212 participating employer fire and police departments.

Employers once had the option to elect to withdraw from the Plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at www.fppaco.org.

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

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

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result their Separate Retirement Account (SRA) has two components; the standard SRA and the reentry SRA. The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Fire & Police Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.60 percent.

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

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

A member may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds.

Contributions. The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for this Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership.

Members of this Plan and their employers are contributing at the rate of 8.5 percent and 8 percent, respectively, of base salary for a total contribution rate of 16.5 percent through 2015. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20 percent of base salary through 2015. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent.

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

Contributions to the Plan from the Town were \$4,789.

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

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

At December 31, 2016 the Town reported an asset of \$220 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension asset was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2015, the Town’s proportion was .0125 percent, which was the same as its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Town recognized pension expense (income) of \$3,362. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 11,220	\$ -
Changes in assumptions or other inputs	3,462	
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,977	28
Contributions subsequent to measurement date	4,789	
Difference between expected and actual experience	<u>1,782</u>	<u>261</u>
Totals	<u>\$ 23,230</u>	<u>\$ 289</u>

\$4,789 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

Year Ended December 31, _____	Amount
2017	\$ 3,642
2018	3,642
2019	3,642
2020	3,363
2021	767
Thereafter	<u>3,096</u>
Totals	<u>\$ 18,152</u>

Actuarial assumptions. The total pension asset in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2016
Actuarial method	Entry age normal
Amortization method	Level percent of payroll, open
Amortization period	30 years
Long-term investment rate of return *	7.50 percent
Projected salary increases*	4.0 – 14.0 percent
Cost of living adjustment	0.0 percent
*Includes inflation at	2.5 percent

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

At least every five years the FPPA’s Board of Directors reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the rollforward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2015, are summarized in the above table.

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

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

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

	1% Decrease <u>(6.50%)</u>	Current Discount <u>(7.50)</u>	1% Increase <u>(8.50)</u>
Proportionate share of the net pension liability (asset)	\$ <u>30,877</u>	\$ <u>(220)</u>	\$ <u>(26,014)</u>

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

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

Payables to the pension plan

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

Haxtun Volunteer Fire Department Pension Fund

Summary of significant accounting policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Haxtun Volunteer Fire Department Pension Fund and additions to/deductions from Haxtun Volunteer Fire Department Pension Fund’s net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the pension plan

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

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

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

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

Inactive plan members or beneficiaries currently receiving benefits	22
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>29</u>
Total	<u>51</u>

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

Contributions. Contribution requirements of the plan are established under Title 31, Article 30 of the Colorado Revised Statutes. The plan is noncontributory regarding participants. Contributions to the plan for the year ended December 31, 2016 included \$4,243 from the State of Colorado matching funds and \$2,460 from the Town.

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

At December 31, 2016 the Town reported a net pension asset of \$4,375. The net pension asset was measured as of December 31, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2015.

For the year ended December 31, 2016, the Town recognized pension expense (income) of \$428. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 8,527
Contributions subsequent to measurement date	2,460
Difference between expected and actual experience	<u>1,219</u>
Totals	<u>\$ 12,206</u>

\$2,460 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31, —</u>	<u>Amount</u>
2017	\$ 2,667
2018	2,667
2019	2,488
2020	<u>1,924</u>
Totals	<u>\$ 9,746</u>

Actuarial assumptions. The total pension asset in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2015, are summarized in the above table.

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

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

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

	1% Decrease (6.50%)	Current Discount (7.50)	1% Increase (8.50)
Net pension liability (asset)	\$ 12,549	\$ (4,375)	\$ (18,621)

The longterm rate of return used was 7.50 percent. The municipal bond rate used was 3.57 percent. The single discount rate for the plans was 7.50 percent.

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

Payables to the pension plan

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

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

Town of Haxtun Old Hire Police Pension Fund

Summary of significant accounting policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town of Haxtun Old Hire Police Pension Fund and additions to/deductions from Town of Haxtun Old Hire Police Pension Fund's net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the pension plan

Plan administration. The Town contributes to the Police Old Hire Pension Plan which is an affiliated local plan of the Public Employees Retirement System (PERS), an agent multiple-employer defined benefit pension plan administered by the Fire and Police Pension Association (FPPA) of Colorado. The pension plan provides retirement benefits, postretirement death and disability benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Currently the plan's membership consists of one retired member. The Town has elected to affiliate with FPPA to manage the pension plan's assets for plan administration and investment purposes only. The FPPA Board of Directors is responsible for formulating official rules and regulations to implement state statutes governing fire and police pensions. These statutes may be found in Title 31, Article 30.5 of the *Colorado Revised Statutes (CRS)*, as amended. The FPPA issues a publicly available financial report that includes financial statements and required supplementary information for Public Employee Retirement System (PERS) Affiliated Local Plans that can be obtained at www.fppaco.org.

Benefits provided. The plan provides normal retirement and certain post-retirement death and disability benefits. Any police officer who has both reached the age of 55 and completed 20 years of active service or, upon completing 25 years of active service, if earlier, shall be eligible for a monthly pension benefit equal to one-half of the average monthly salary received one year before retirement. The plan also provides a post-retirement death and disability benefit to the surviving spouse of a deceased retired police officer in the amount of one-half of the monthly pension the officer was entitled to receive prior to death.

Contributions. The authority for establishing and amending the plan's funding policy is governed by Title 31, Article 30.5 of the *CRS*, as amended. The Town contributed \$9,342 to the plan in accordance with actuarially determined requirements based on the January 1, 2016 valuation. No contributions are required of plan members.

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

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

At December 31, 2016 the Town reported a net pension liability of \$127,917. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

For the year ended December 31, 2016, the Town recognized pension expense (income) of \$27,855. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 427	\$ 6,560
Contributions subsequent to measurement date	<u>9,342</u>	<u>-</u>
Totals	<u>\$ 9,769</u>	<u>\$ 6,560</u>

\$9,342 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31, ___</u>	<u>Amount</u>
2017	\$ (1,498)
2018	(1,498)
2019	(1,497)
2020	<u>(1,640)</u>
Totals	<u>\$ (6,133)</u>

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

Actuarial assumptions. The total pension asset in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level dollar open
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.50%
Retirement age	Any remaining actives are assumed to retire immediately

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

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2007 – December 31, 2011. As a result of the 2011 actuarial experience study, the main actuarial factor changes were:

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

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

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan’s target asset allocation as of December 31, 2015, are summarized in the above table.

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

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

	1% Decrease (6.50%)	Current Discount (7.50)	1% Increase (8.50)
Net pension liability	\$ 152,636	\$ 127,917	\$ 106,592

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

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Town of Haxtun Old Hire Police Pension Fund financial report.

Payables to the pension plan

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

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note H – Pension Plans (Continued)

Defined Contribution Plan

The Town contributes to the Colorado County Officials and Employees Retirement Plan (the Plan), a defined contribution plan administered by the Colorado County Officials and Employees Retirement Association (CCOERA).

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Town Council. The Town's contribution is a minimum of 3 percent of covered salary, but may be increased beyond this amount. All eligible employees are required to contribute an amount equal to the contribution by the Town. For the year employee contributions totaled \$8,558, and the Town recognized pension expense of \$8,558.

Employees are immediately vested in their own contributions, Town contributions, and earnings on those contributions.

Note I – Commitments and contingencies

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the Town under specified voting requirements by the entire electorate. In November, 1995, the voters of the Town approved a ballot initiative permitting the Town to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of TABOR. However, the Town has made certain interpretations of TABOR's language in order to determine its compliance. The Town has reserved funds in the General Fund in the amount of \$28,000 for the emergency reserve.

TOWN OF HAXTUN, COLORADO
Notes to Financial Statements

Note I - Commitments and contingencies

Colorado local government budget laws

Expenditures in the General and Conservation Trust Funds exceeded appropriations by \$37,227 and \$728, respectively, which may be a violation of local government budget laws.

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Required Supplementary Information

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

- Schedule of the Town's Proportionate Share of the Net Pension Asset – Fire & Police Statewide Defined Benefit Plan
- Schedule of Town Contributions – Fire & Police Statewide Defined Benefit Plan
- Schedule of Changes in the Town's Net Pension Liability/(Asset) and Related Ratios – Haxtun Volunteer Fire Department Pension Fund
- Schedule of Town Contributions – Haxtun Volunteer Fire Department Pension Fund
- Schedule of Changes in the Town's Net Pension Liability/(Asset) and Related Ratios – Town of Haxtun Old Hire Police Pension Fund
- Schedule of Town Contributions – Town of Haxtun Old Hire Police Pension Fund
- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Community Center Fund

TOWN OF HAXTUN, COLORADO
Schedule of the Town's Proportionate Share of the Net Pension Asset ¹
Fire & Police Statewide Defined Benefit Plan
December 31, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension asset	0.0125032%	0.0125307%	0.0098015%
Town's proportionate share of the net pension asset	\$ 220	\$ 14,142	\$ 8,764
Town's covered-employee payroll	\$ 59,862	\$ 60,950	\$ 56,524
Town's proportionate share of the net pension asset as a percentage of its covered-employee payroll	0.4%	23.2%	15.5%
Plan fiduciary net position as a percentage of the total pension liability	100.1%	106.8%	105.8%

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

TOWN OF HAXTUN, COLORADO
Schedule of Town Contributions ¹
Fire & Police Statewide Defined Benefit Plan
December 31, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,789	\$ 4,876	\$ 4,522
Contributions in relation to the contractually required contribution	<u>(4,789)</u>	<u>(4,876)</u>	<u>(4,522)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 59,862	\$ 60,950	\$ 56,524
Contributions as a percentage of covered-employee payroll	8.00%	8.00%	8.00%

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

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

	2015	2014
Total pension liability		
Service cost	\$ 1,126	\$ 1,174
Interest on the total pension liability	11,979	11,819
Benefit changes	-	-
Differences between expected and actual experience	-	2,152
Assumption changes	-	-
Benefit payments	(13,200)	(12,762)
Net change in total pension liability	(95)	2,383
Total pension liability - beginning	165,654	163,271
Total pension liability - ending (a)	<u>\$ 165,559</u>	<u>\$ 165,654</u>
Plan fiduciary net position		
Employer contributions	\$ 6,583	\$ 4,714
Pension plan net investment income	3,049	10,784
Benefit payments	(13,200)	(12,762)
Pension plan administrative expenses	(1,565)	(634)
State of Colorado supplemental discretionary payment	4,243	4,243
Net change in plan fiduciary net position	(890)	6,345
Plan fiduciary net position - beginning	170,824	164,479
Plan fiduciary net position - ending (b)	<u>\$ 169,934</u>	<u>\$ 170,824</u>
Town's net pension liability/(asset) - ending (a) - (b)	<u>\$ (4,375)</u>	<u>\$ (5,170)</u>
Plan fiduciary net position as a percentage of the total pension liability	102.64%	103.12%
Covered-employee payroll	N/A	N/A
Town's net pension liability as a percentage of covered-employee payroll	N/A	N/A

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

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

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2015	\$ 1,869	\$ 10,826	\$ (8,957)	N/A	N/A
2014	1,869	8,957	(7,088)	N/A	N/A

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

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

TOWN OF HAXTUN, COLORADO

Schedule of Changes in the Town's Net Pension Liability/(Asset) and Related Ratios ¹

Town of Haxtun Old Hire Police Pension Fund

Last 10 Fiscal Years

	2015	2014
Total pension liability		
Service cost	\$ -	\$ -
Interest on the total pension liability	18,196	18,432
Benefit changes	-	-
Differences between expected and actual experience	4,942	-
Assumption changes	13,153	-
Benefit payments	(21,785)	(21,358)
Net change in total pension liability	14,506	(2,926)
Total pension liability - beginning	253,314	256,240
Total pension liability - ending (a)	<u>\$ 267,820</u>	<u>\$ 253,314</u>
Plan fiduciary net position		
Employer contributions	\$ 9,342	\$ 8,892
Employee contributions	-	-
Pension plan net investment income	2,595	10,379
Benefit payments	(21,785)	(21,358)
Pension plan administrative expenses	(577)	(3,123)
Net change in plan fiduciary net position	(10,425)	(5,210)
Plan fiduciary net position - beginning	150,328	155,538
Plan fiduciary net position - ending (b)	<u>\$ 139,903</u>	<u>\$ 150,328</u>
Town's net pension liability/(asset) - ending (a) - (b)	<u>\$ 127,917</u>	<u>\$ 102,986</u>
Plan fiduciary net position as a percentage of the total pension liability	52.24%	59.34%
Covered-employee payroll	N/A	N/A
Town's net pension liability as a percentage of covered-employee payroll	N/A	N/A

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

TOWN OF HAXTUN, COLORADO
Schedule of Town Contributions ¹
Town of Haxtun Old Hire Police Pension Fund
Last 10 Fiscal Years

<u>FY Ending December 31,</u>	<u>Actuarially Determined Contribution *</u>	<u>Actual Contribution *</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actuarial Contribution as a % of Covered Payroll</u>
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2014	\$ 9,342	\$ 9,342	\$ -	N/A	N/A
2014	8,892	8,892	-	N/A	N/A

* Actuarially determined contribution is net of employee contributions. Actual contribution is from the employer only and does not include employee amounts.

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

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

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 368,485	\$ 368,485	\$ 354,033	\$ (14,452)
Licenses and permits	3,000	3,000	4,307	1,307
Intergovernmental	56,330	56,330	60,994	4,664
Fines and forfeitures	7,700	7,700	9,084	1,384
Charges for services	23,000	23,000	25,170	2,170
Miscellaneous	37,700	37,700	64,104	26,404
Total revenues	496,215	496,215	517,692	21,477
Expenditures				
Current				
General government	117,020	117,020	130,955	(13,935)
Public safety	347,790	347,790	323,240	24,550
Public works	329,700	329,700	385,212	(55,512)
Culture and recreation	139,600	139,600	108,434	31,166
Debt service				
Principal retirement	45,420	45,420	68,923	(23,503)
Interest and fiscal charges	26,710	26,710	26,703	7
Total expenditures	1,006,240	1,006,240	1,043,467	(37,227)
Excess of revenues over (under) expenditures	(510,025)	(510,025)	(525,775)	(15,750)
Other financing sources				
Transfers in	300,000	300,000	350,000	50,000
Sale of assets			19,000	19,000
Capital lease proceeds			149,981	149,981
Total other financing sources	300,000	300,000	518,981	218,981
Net change in fund balance	\$ (210,025)	\$ (210,025)	(6,794)	\$ 203,231
Fund balance at beginning of year			144,016	
Fund balance at end of year			<u>\$ 137,222</u>	

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

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales tax	\$ 50,000	\$ 50,000	\$ 49,753	\$ (247)
Rent income	4,500	4,500	4,650	150
Grants and contributions	2,000	2,000	1,001	(999)
Miscellaneous			146	146
Total revenues	56,500	56,500	55,550	(950)
Expenditures				
Current				
Salaries	9,500	9,500	4,857	4,643
Employee benefits	1,400	1,400	1,023	377
Insurance and bonds	1,850	1,850	1,692	158
Repairs and maintenance	5,000	5,000	1,630	3,370
County clerk fee	350	350	321	29
Utilities	12,500	12,500	10,720	1,780
Audit and legal	800	800	907	(107)
Supplies	5,000	5,000	4,415	585
Miscellaneous	2,000	2,000	2,698	(698)
Capital outlay	4,000	4,000		4,000
Total expenditures	42,400	42,400	28,263	14,137
Net change in fund balance	\$ 14,100	\$ 14,100	27,287	\$ 13,187
Fund balance at beginning of year			250,304	
Fund balance at end of year			\$ 277,591	

TOWN OF HAXTUN, COLORADO
Notes to the Required Supplementary Information

Note A – Budgetary data

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

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

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

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

TOWN OF HAXTUN, COLORADO
Notes to the Required Supplementary Information

Note B - Factors affecting trends in amounts reported in the pension schedules - Fire & Police Statewide Defined Benefit Plan

Changes in plan provisions. The plan provisions have not changed since the prior valuation. The member contribution rates will increase in 2016 as a result of the member election.

Benefit adjustments. Benefits to members and beneficiaries may be increased annually on October 1. The amount is based on the Fire & Police Pension Association Board of Directors and can range from 0 percent to 3 percent. Benefit adjustment may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Changes of assumptions. Beginning in the January 1, 2014 actuarial valuation, the married assumption for active members was increased from 80 percent to 85 percent to reflect the passage of the Colorado Civil Union Act.

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Other Supplementary Information

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

Such statements and schedules include:

- General Fund – Budgetary Comparison Schedules – Revenues and Expenditures
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Proprietary Funds

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General Fund

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

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

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Taxes				
Property taxes	\$ 139,885	\$ 139,885	\$ 131,834	\$ (8,051)
Specific ownership taxes	18,000	18,000	15,095	(2,905)
Penalties and interest on taxes	600	600	591	(9)
Franchise taxes	8,000	8,000	6,835	(1,165)
Sales taxes	200,000	200,000	199,009	(991)
Severance taxes	2,000	2,000	669	(1,331)
Total taxes	368,485	368,485	354,033	(14,452)
Licenses and permits	3,000	3,000	4,307	1,307
Intergovernmental				
Motor vehicle assessments	4,500	4,500	4,955	455
Cigarette taxes	1,000	1,000	1,168	168
Highway users tax	38,330	38,330	40,752	2,422
Road and bridge	12,500	12,500	13,768	1,268
Mineral lease			351	351
Total intergovernmental	56,330	56,330	60,994	4,664
Fines and forfeitures	7,700	7,700	9,084	1,384
Charges for services				
Rabies control	5,000	5,000	5,912	912
Swimming pool	8,000	8,000	9,193	1,193
Concession stand	10,000	10,000	10,065	65
Total charges for services	23,000	23,000	25,170	2,170
Miscellaneous				
Interest on investments	1,500	1,500	2,609	1,109
Refunds and reimbursements	26,200	26,200	28,114	1,914
Donations	3,000	3,000	3,515	515
Miscellaneous	7,000	7,000	29,866	22,866
Total miscellaneous	37,700	37,700	64,104	26,404
Total revenues	\$ 496,215	\$ 496,215	\$ 517,692	\$ 21,477

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

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
General government				
Salaries	\$ 35,120	\$ 35,120	\$ 51,294	\$ (16,174)
Employee benefits	13,900	13,900	14,625	(725)
Supplies	7,500	7,500	5,729	1,771
Maintenance	500	500	28	472
Utilities	8,000	8,000	6,912	1,088
Travel	3,500	3,500	1,275	2,225
Insurance	5,800	5,800	6,393	(593)
Reporting and publishing	1,500	1,500	1,023	477
Audit and legal	7,000	7,000	4,549	2,451
Dues	12,500	12,500	12,086	414
County treasurer fees	5,000	5,000	2,924	2,076
Miscellaneous	11,700	11,700	24,117	(12,417)
Capital outlay	5,000	5,000		5,000
Total general government	117,020	117,020	130,955	(13,935)
Public safety				
Police				
Salaries	143,000	143,000	133,191	9,809
Employee benefits	64,000	64,000	66,633	(2,633)
Life and disability insurance	3,500	3,500	3,113	387
Education	5,000	5,000		5,000
Pension contribution	15,000	15,000	4,789	10,211
Maintenance	3,000	3,000	5,105	(2,105)
Fuel and oil	7,500	7,500	4,304	3,196
Insurance	19,200	19,200	17,523	1,677
Utilities	8,000	8,000	8,071	(71)
Supplies	12,500	12,500	9,240	3,260
Travel and training	4,000	4,000	3,121	879
Miscellaneous	7,050	7,050	7,189	(139)
Audit and legal	2,000	2,000	2,345	(345)
Capital outlay	32,000	32,000	34,985	(2,985)
Total police	325,750	325,750	299,609	26,141

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Fire				
Salaries	550	550	1,301	(751)
Employee benefits	250	250	23	227
Firemen's allotment	240	240	480	(240)
Pension contribution	2,400	2,400	2,460	(60)
Maintenance	4,000	4,000	1,434	2,566
Insurance	4,200	4,200	3,712	488
Utilities	5,000	5,000	6,368	(1,368)
Supplies	3,000	3,000	5,903	(2,903)
Miscellaneous	2,400	2,400	1,950	450
Total fire	22,040	22,040	23,631	(1,591)
Total public safety	347,790	347,790	323,240	24,550
Public works				
Highways and streets				
Salaries	64,500	64,500	59,666	4,834
Employee benefits	28,500	28,500	25,341	3,159
Utilities	21,050	21,050	16,741	4,309
Maintenance and supplies	87,700	87,700	79,270	8,430
Fuel and oil	10,000	10,000	6,755	3,245
Insurance	6,000	6,000	6,534	(534)
Miscellaneous	7,000	7,000	1,734	5,266
Capital outlay	100,000	100,000	185,201	(85,201)
Total highways and streets	324,750	324,750	381,242	(56,492)
Airport				
Salaries	950	950	1,038	(88)
Employee benefits	450	450	339	111
Maintenance and supplies	500	500	255	245
Fuel and oil	250	250	163	87
Insurance	2,500	2,500	1,990	510
Miscellaneous	300	300	185	115
Total airport	4,950	4,950	3,970	980
Total public works	329,700	329,700	385,212	(55,512)

(continued)

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

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Culture and recreation				
Recreation programs				
Salaries	33,500	33,500	30,807	2,693
Employee benefits	6,850	6,850	4,838	2,012
Utilities	12,600	12,600	13,750	(1,150)
Maintenance and supplies	19,300	19,300	16,448	2,852
Insurance	3,150	3,150	2,143	1,007
Miscellaneous	9,300	9,300	4,918	4,382
Total recreation programs	84,700	84,700	72,904	11,796
Parks				
Salaries	9,300	9,300	11,930	(2,630)
Employee benefits	4,050	4,050	4,301	(251)
Utilities	2,500	2,500	2,414	86
Maintenance and supplies	11,500	11,500	106	11,394
Fuel and oil	1,500	1,500	1,024	476
Insurance	2,000	2,000	892	1,108
Miscellaneous	1,000	1,000	100	900
Capital outlay	18,000	18,000	12,144	5,856
Total parks	49,850	49,850	32,911	16,939
Fishing lake				
Salaries	1,000	1,000	980	20
Employee benefits	400	400	166	234
Utilities	800	800	582	218
Maintenance and supplies	1,600	1,600	2	1,598
Fuel and oil	50	50	96	(46)
Insurance	1,200	1,200	679	521
Miscellaneous			114	(114)
Total fishing lake	5,050	5,050	2,619	2,431
Total culture and recreation	139,600	139,600	108,434	31,166

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Debt service				
Principal retirement	45,420	45,420	68,923	(23,503)
Interest and fiscal charges	26,710	26,710	26,703	7
Total debt service	72,130	72,130	95,626	(23,496)
Total expenditures	\$ 1,006,240	\$ 1,006,240	\$ 1,043,467	\$ (37,227)

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Budgetary Comparison Schedules – Nonmajor Governmental Funds

The Town reports the following nonmajor governmental funds:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Conservation Trust Fund – This fund was established to account for state lottery proceeds and allowable expenditures.
- Library Fund – This fund was established to account for the town owned and operated public library.

TOWN OF HAXTUN, COLORADO
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2016

	Conservation Trust Fund	Library Fund	Total
Assets			
Cash and investments	\$ 25,157	\$ 13,279	\$ 38,436
Cash with county treasurer		69	69
Property taxes receivable		11,934	11,934
Total assets	\$ 25,157	\$ 25,282	\$ 50,439
Liabilities			
Accounts payable		\$ 391	\$ 391
Total liabilities	\$ -	391	391
Deferred inflows of resources			
Deferred property tax revenues		11,934	11,934
Total deferred inflows of resources	-	11,934	11,934
Fund balance			
Restricted for culture and recreation	25,157		25,157
Committed to library purposes		12,957	12,957
Total fund balance	25,157	12,957	38,114
Total liabilities, deferred inflows of resources and fund balance	\$ 25,157	\$ 25,282	\$ 50,439

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

	Conservation Trust Fund	Library Fund	Total
Revenues			
Taxes		\$ 11,511	\$ 11,511
Intergovernmental revenue	\$ 10,793		10,793
Earnings on investments	73	41	114
Miscellaneous		3,830	3,830
Total revenues	10,866	15,382	26,248
Expenditures			
Current			
Culture and recreation	10,728	36,697	47,425
Total expenditures	10,728	36,697	47,425
Excess of revenues over (under) expenditures	138	(21,315)	(21,177)
Other financing sources			
Transfers in		15,000	15,000
Net change in fund balance	138	(6,315)	(6,177)
Fund balance at beginning of year	25,019	19,272	44,291
Fund balance at end of year	<u>\$ 25,157</u>	<u>\$ 12,957</u>	<u>\$ 38,114</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$ 7,000	\$ 7,000	\$ 10,793	\$ 3,793
Interest on investments	50	50	73	23
Total revenues	7,050	7,050	10,866	3,816
Expenditures				
Current				
Culture and recreation	10,000	10,000	10,728	(728)
Total expenditures	10,000	10,000	10,728	(728)
Net change in fund balance	\$ (2,950)	\$ (2,950)	138	\$ 3,088
Fund balance at beginning of year			25,019	
Fund balance at end of year			\$ 25,157	

TOWN OF HAXTUN, COLORADO
Library Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property tax	\$ 11,469	\$ 11,469	\$ 11,464	\$ (5)
Delinquent taxes and interest			47	47
Interest on investments	30	30	41	11
Grants and contributions	1,000	5,700	3,827	(1,873)
Miscellaneous	50	50	3	(47)
Total revenues	12,549	17,249	15,382	(1,867)
Expenditures				
Current				
Salaries	17,220	17,220	17,059	161
Employee benefits	1,525	1,525	1,373	152
Books	3,500	8,200	6,459	1,741
Insurance and bonds	2,300	2,300	2,168	132
Repairs and maintenance	300	300	40	260
County treasurer fee	350	350	230	120
Utilities	4,900	4,900	4,040	860
Supplies	2,100	2,100	2,684	(584)
Audit	80	80	907	(827)
Miscellaneous	2,200	2,200	1,737	463
Total expenditures	34,475	39,175	36,697	2,478
Excess of revenues over (under) expenditures	(21,926)	(21,926)	(21,315)	611
Other financing sources				
Transfers in	20,000	20,000	15,000	(5,000)
Net change in fund balance	\$ (1,926)	\$ (1,926)	(6,315)	\$ (4,389)
Fund balance at beginning of year			19,272	
Fund balance at end of year			<u>\$ 12,957</u>	

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Budgetary Comparison Schedules – Proprietary Funds

The Town reports the following major proprietary funds:

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

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

TOWN OF HAXTUN, COLORADO
Electric Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 1,045,500	\$ 1,045,500	\$ 1,019,920	\$ (25,580)
Penalties	14,000	14,000	13,674	(326)
Reimbursements	51,300	51,300	51,300	-
Total operating revenues	1,110,800	1,110,800	1,084,894	(25,906)
Operating expenses				
Salaries	55,000	55,000	58,219	(3,219)
Employee benefits	30,700	30,700	30,447	253
Supplies	9,500	9,500	13,838	(4,338)
Repairs and maintenance	260,000	260,000	25,497	234,503
Insurance	10,500	10,500	9,534	966
Utilities	1,800	1,800	1,379	421
Audit and legal	2,500	2,500	1,648	852
Fuel and oil	15,000	15,000	2,759	12,241
Power purchased	650,000	650,000	610,736	39,264
Miscellaneous	10,250	10,250	7,394	2,856
Depreciation	25,000	25,000	33,712	(8,712)
Capital outlay	10,000	10,000	11,883	(1,883)
Total operating expenses	1,080,250	1,080,250	807,046	273,204
Operating income	30,550	30,550	277,848	247,298
Nonoperating revenues				
Interest on investments	20	20	18	(2)
Miscellaneous	23,000	23,000	8,309	(14,691)
Total nonoperating revenues	23,020	23,020	8,327	(14,693)
Net income before transfers	53,570	53,570	286,175	232,605

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Transfers out	(200,000)	(200,000)	(300,000)	(100,000)
Change in net position	<u>\$ (146,430)</u>	<u>\$ (146,430)</u>	(13,825)	<u>\$ 132,605</u>
Adjustments to GAAP Basis				
Add capital outlay			<u>11,883</u>	
Change in net position - GAAP Basis			(1,942)	
Net position at beginning of year			<u>1,025,621</u>	
Net position at end of year			<u>\$ 1,023,679</u>	

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

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 236,000	\$ 236,000	\$ 188,531	\$ (47,469)
Operating expenses				
Salaries	52,000	52,000	48,186	3,814
Employee benefits	26,100	26,100	23,899	2,201
Supplies	9,500	9,500	2,187	7,313
Repairs and maintenance	65,000	65,000	28,388	36,612
Insurance	6,000	6,000	5,187	813
Utilities	27,450	27,450	40,623	(13,173)
Audit and legal	2,000	2,000	1,708	292
Fuel and oil	1,000	1,000	490	510
Water assessment fee	8,000	8,000	7,492	508
Miscellaneous	14,425	14,425	14,979	(554)
Depreciation	5,000	5,000	14,153	(9,153)
Capital outlay	5,000	5,000		5,000
Total operating expenses	221,475	221,475	187,292	34,183
Operating income	14,525	14,525	1,239	(13,286)
Nonoperating revenues				
Interest on investments	20	20	18	(2)
Miscellaneous	1,500	1,500	2,404	(904)
Total nonoperating revenues	1,520	1,520	2,422	902
Net income before transfers	16,045	16,045	3,661	(12,384)
Transfers out	(70,000)	(70,000)		70,000
Change in net position	\$ (53,955)	\$ (53,955)	3,661	\$ 57,616
Net position at beginning of year			343,665	
Net position at end of year			\$ 347,326	

TOWN OF HAXTUN, COLORADO
Sanitation Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 175,900	\$ 175,900	\$ 177,774	\$ 1,874
Operating expenses				
Salaries	70,000	70,000	62,871	7,129
Employee benefits	32,000	32,000	29,685	2,315
Supplies	3,500	3,500	3,242	258
Repairs and maintenance	14,000	14,000	5,294	8,706
Insurance	7,150	7,150	6,212	938
Utilities	500	500	441	59
Audit and legal	2,000	2,000	1,648	352
Fuel and oil	5,000	5,000	3,121	1,879
Dump expense	22,000	22,000	20,113	1,887
Miscellaneous	2,300	2,300	734	1,566
Depreciation	3,500	3,500	3,435	65
Capital outlay	5,000	5,000		5,000
Appropriated reserves	9,570			-
Total operating expenses	176,520	166,950	136,796	30,154
Operating income	(620)	8,950	40,978	32,028
Nonoperating revenues				
Interest on investments	20	20	11	(9)
Miscellaneous	600	600	1,551	951
Total nonoperating revenues	620	620	1,562	942
Net income before transfers	-	9,570	42,540	32,970
Transfers out		(53,750)	(65,000)	(11,250)
Change in net position	\$ -	\$ (44,180)	(22,460)	\$ 21,720
Net position at beginning of year			151,599	
Net position at end of year			\$ 129,139	

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

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 132,050	\$ 132,050	\$ 132,694	\$ 644
Operating expenses				
Salaries	39,500	39,500	36,808	2,692
Employee benefits	20,200	20,200	17,679	2,521
Supplies	4,500	4,500	3,743	757
Repairs and maintenance	8,500	8,500	3,510	4,990
Insurance	5,000	5,000	4,280	720
Utilities	2,600	2,600	1,142	1,458
Audit and legal	2,000	2,000	1,648	352
Fuel and oil	1,000	1,000	273	727
Miscellaneous	3,250	3,250	7,532	(4,282)
Depreciation and amortization	20,000	20,000	21,238	(1,238)
Capital outlay	5,000	5,000		5,000
Total operating expenses	111,550	111,550	97,853	13,697
Operating income	20,500	20,500	34,841	14,341
Nonoperating revenues (expenses)				
Interest on investments	20	20	43	23
Principal paid on long-term debt	(14,500)	(14,500)	(15,041)	(541)
Interest and fiscal charges	(4,055)	(4,055)	(3,467)	588
Total nonoperating revenues (expenses)	(18,535)	(18,535)	(18,465)	70
Net income before transfers	1,965	1,965	16,376	14,411
Transfers out	(50,000)	(50,000)		50,000
Change in net position	\$ (48,035)	\$ (48,035)	16,376	\$ 64,411
Adjustments to GAAP Basis				
Add principal on long-term debt			15,041	
Change in net position - GAAP Basis			31,417	
Net position at beginning of year			672,847	
Net position at end of year			\$ 704,264	

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

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

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Haxtun
	YEAR ENDING : December 2016
This Information From The Records Of (example - City of _ or County of _) Town of Haxtun	Prepared By: Karie L. Wilson Phone: *(970)774-6104

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	74,106
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations	135,592	b. Snow and ice removal	0
3. Other local imposts (from page 2)	128,367	c. Other	2,467
4. Miscellaneous local receipts (from page 2)	6,668	d. Total (a. through c.)	2,467
5. Transfers from toll facilities		4. General administration & miscellaneous	34,447
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	133,191
a. Bonds - Original Issues		6. Total (1 through 5)	244,211
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	26,703
7. Total (1 through 6)	270,627	b. Redemption	45,420
B. Private Contributions		c. Total (a. + b.)	72,123
C. Receipts from State government (from page 2)	45,707	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	316,334	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	72,123
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	316,334

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

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	574,672	0	45,420	529,252
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	316,334	316,334	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	472
b. Other local imposts:		b. Traffic Fines & Penalties	6,196
1. Sales Taxes	99,504	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	28,863	g. Other Misc. Receipts	
6. Total (1. through 5.)	128,367	h. Other	
c. Total (a. + b.)	128,367	i. Total (a. through h.)	6,668
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	40,752	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	4,955	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	4,955	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	45,707	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: