Annual Financial Report

Town of Kersey

Kersey, Colorado

For the Year Ended December 31, 2016

Tim Chavies & Associates, Inc.

Certified Public Accountants
1707 61st Avenue, Suite 101
Greeley, Colorado 80634
(970) 356-2284 / Fax (970) 353-9701

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Kersey
Kersey, Colorado

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 Kersey, State of Colorado 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Kersey, State of Colorado 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 on pages 3-7 and budgetary comparison information on pages 30-39 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 inquires, 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 of Kersey, State of Colorado's basic financial statements. The combining nonmajor fund financial statements on pages 40-41, the budgetary comparisons on pages 42-51 and the local highway finance report on pages 52-53 are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor fund financial statement are the responsibility of management and were derived from and relate 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 by us. In our opinion, based on our audit, the procedures performed as described above, the combining nonmajor financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The budgetary comparisons and local highway finance report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Tim Chavies & Associates, Inc.

Tim Chavies & Associates, Inc.
Certified Public Accountants

Greeley, Colorado
July 20, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

This section of Town of Kersey, State of Colorado's (the "Town") 2016 annual financial report presents management's discussion and analysis of the Town's financial performance for the year ended December 31, 2016. The Management Discussion and Analysis ("MD&A") should be read in conjunction with the Town's financial statements, including the notes to financial statements and supplemental information that immediately follow this section.

ORGANIZATION AND PURPOSE

The Town was incorporated in 1908 as a political subdivision of the State of Colorado and operated under a Town Board form of government. The following services are provided by the Town: public safety, public works (streets, trash, communicable disease control, street lighting), parks and recreation, water and sewer service and general administration.

FINANCIAL HIGHLIGHTS

The property tax revenue for 2016 was generated from taxable property with the 2015 gross total assessed value certification of $9,707,670 in Weld County, Colorado. The Town established a mill levy of 17.205 for the General Fund. Other significant matters are as follows:

- The net position of the Town increased by $239,548 during 2016, compared to prior year increase of $586,971. The 2016 increase is due to an increase of property taxes, sales taxes, capital assets and grant money received.

- The Town capitalized $708,294 of capital assets, and recorded depreciation of $415,913 during 2016. In 2015 the Town capitalized $673, 767 and recorded depreciation of $428,789.

- The Town made debt payments of $126,194 during 2016, compared to $120,545 in 2015.

- The Town had the ability to purchase 20 units of CBT water in 2016 for future development within the town such as a lot without water attached or commercial development.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Town's financial statements are comprised of three components, government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

Government-Wide Financial Statements are comprised of the Statement of Net Position and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the Town's finances utilizing the full accrual method of accounting, in a manner similar to the private-sector business.

The Statement of Net Position presents information on all of the Town's assets, deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets and long-term liabilities with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net assets 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include the General Fund, Street Fund, Conservation Trust Fund and Capital Fund. The business-type activities of the Town include the Water Fund and Sewer Fund. The Town does not have any component units.

Fund Financial Statements focus on current available resources and are organized and operated on the basis of funds. 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. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual basis of accounting, which focuses on near-term inflow and outflow of spendable resources, as well as on balances on spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements. The Town maintains four governmental funds (General, Street, Conservation Trust and Capital).

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. These funds are used to account for services in which the Town charges customers a fee. The Town maintains two proprietary funds (Water and Sewer).

The Town does not have any **Fiduciary Funds.**

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide, business-type activities and fund financial statements.

Other Information includes certain required supplementary information containing budgetary comparison schedules of revenues, expenditures and changes in fund balances for all funds.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Condensed financial information from the **Statement of Net Position** at December 31, 2016:

	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 2,405,865	$ 473,657	$ 2,879,522
Capital assets, net	1,248,676	5,552,888	6,801,564
Total Assets	**3,654,541**	**6,026,545**	**9,681,086**
Total Deferred Outflows	**-**	**-**	**-**
Current liabilities	77,452	142,623	220,075
Long-term debt outstanding	18,303	1,079,293	1,097,596
Total Liabilities	**95,755**	**1,221,916**	**1,317,671**
Unearned revenues - property taxes	**363,242**	**-**	**363,242**
Total Deferred Inflows	**363,242**	**-**	**363,242**
Net investment in capital assets	1,196,487	4,365,611	5,562,098
Restricted for Tabor	28,848	-	28,848
Restricted for operations & maintenance	-	55,571	55,571
Unrestricted	1,970,209	383,447	2,353,656
Total Net Position	**$ 3,195,544**	**$ 4,804,629**	**$ 8,000,173**

The restricted portion of net assets ($84,419) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($2,353,656) may be used to meet the Town's obligations to citizens and creditors.

Condensed financial information from the **Statement of Activities** at December 31, 2016:

Revenues	Governmental Activities	Business-Type Activities	Total
Program Revenues:			
Charges for services	$ 80,743	$ 801,049	$ 881,792
General Revenues:			
Taxes	880,652	-	880,652
Licenses and permits	39,766	-	39,766
Intergovermental revenues	144,105	-	144,105
Fines and forfeitures	92,451	-	92,451
Earnings on investment	3,978	5,160	9,138
Other	(172,882)	262,381	89,499
Total Revenues	**1,068,813**	**1,068,590**	**2,137,403**
Expenses:			
General government	197,885	-	197,885
Public safety	407,622	-	407,622
Public works	422,989	-	422,989
Parks and recreation	67,590	-	67,590
Other	50,415	-	50,415
Water	-	352,059	352,059
Sewer	-	399,295	399,295
Total Expenses	**1,146,501**	**751,354**	**1,897,855**
Change in Net Position	**(77,688)**	**317,236**	**239,548**
Net Position - beginning	3,273,232	4,487,393	7,760,625
Net Position - ending	**$ 3,195,544**	**$ 4,804,629**	**$ 8,000,173**

Net position increased to $8,000,173, an increase of $239,548 from 2015. The increase was affected by the Town capital assets, grants, property tax and sales tax increases.

FINANCIAL ANALYSIS OF THE FUNDS

Governmental funds: The Town's functions are reported in the General Fund, Street Fund, Conservation Trust Fund and Capital Fund. The focus of these funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the Town's net resources available for spending at the end of its fiscal year.

As of December 31, 2016, the Town's governmental funds reported combined ending fund balances of $2,017,360, an increase of $38,088 in comparison with 2015. Approximately 98.57% of this total amount ($1,988,512) constitutes *unrestricted* fund balance, which is available for spending at the government's discretion. The reminder of the fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed for encumbrances or Tabor.

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

Fiduciary funds: As mentioned earlier, the Town does not have any of these types of funds.

Budgetary Highlights

The budgets are prepared in accordance with accounting principles generally accepted in the United States of America. Budget and actual comparison schedules are provided in the other supplementary information section of this report. The budget and actual comparison schedules show the original adopted budget, the final revised budget, actual results, and variance between the final budget and actual results for all funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets (Net of Depreciation)

	Governmental Activities	Business-Type Activities	Total
Land	$ 313,980	$ 4,826	$ 318,806
Water rights	-	2,283,665	2,283,665
Utility system	-	5,417,698	5,417,698
Equipment	717,867	314,126	1,031,993
Buildings and improvements	700,644	-	700,644
Streets and improvements	4,810,483	-	4,810,483
Total Capital Assets	**6,542,974**	**8,020,315**	**14,563,289**
Less: Accumulated depreciation	(5,294,298)	(2,467,427)	(7,761,725)
Net Capital Assets	**$ 1,248,676**	**$ 5,552,888**	**$ 6,801,564**

Capital assets – net of depreciation increased $289,645 during 2016 due to capital outlay (assets acquired) less depreciation (See Note 5 for further discussion).

DEBT ADMINISTRATION

The Town has outstanding debt obligations with the Colorado Water Resources and Power Development Authority, Kansas State Bank of Manhattan and Colorado East Bank & Trust. As of December 31, 2016, the debt was $1,239,466 compared to $1,365,660 in 2015, a decrease of $126,194 (See Note 7 for further discussion).

ECONOMIC FACTORS

- Through the budget, the Board of Trustees sets the direction of the Town, allocates and establishes priorities.

- The Town continues to see growth in lodging tax and sales tax revenue with the increased business at the local hotel. Additional property will be annexed in 2017 to further increase this revenue.

- The detached single-family homes were built in 2016, which will increase property tax and bring families to Town as well.

- Although the Town saw some growth and potential additional revenue from commercial and residential building in 2016, it is essential that municipal programs be continually monitored and that conservative spending continues.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the Town's finances for those who have an interest in the Town. If you have any questions about the report or need additional financial information, please contact Town Clerk at 332 Third Street, Kersey, Colorado 80644. Phone (970) 353-1681.

BASIC FINANCIAL STATEMENTS

TOWN OF KERSEY, COLORADO

Statement of Net Position

Government-Wide

December 31, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash on hand and in checking	$ 1,454,664	$ (544,717)	$ 909,947
Cash on deposit - county treasurer	1,277	-	1,277
Cash in money market account	476,242	313,671	789,913
Total Cash	1,932,183	(231,046)	1,701,137
Certificates of deposit	14,352	653,451	667,803
Colotrust	3,689	-	3,689
Investment account	-	-	-
Total Investments	18,041	653,451	671,492
Property taxes receivable	363,242	-	363,242
Accounts receivable	92,305	50,249	142,554
Accrued interest receivable	94	1,003	1,097
Prepaid expenses	-	-	-
Total Current Assets	2,405,865	473,657	2,879,522
Capital Assets:			
Land	313,980	4,826	318,806
Water rights	-	2,283,665	2,283,665
Utility system	-	5,417,698	5,417,698
Equipment	717,867	314,126	1,031,993
Buildings and improvements	700,644	-	700,644
Streets and improvements	4,810,483	-	4,810,483
Total Capital Assets	6,542,974	8,020,315	14,563,289
Less: accumulated depreciation	(5,294,298)	(2,467,427)	(7,761,725)
Net Capital Assets	1,248,676	5,552,888	6,801,564
Total Assets	3,654,541	6,026,545	9,681,086
DEFERRED OUTFLOWS			
Grant expenditures paid in advance of meeting timing requirements	-	-	-
LIABILITIES			
Current Liabilities:			
Accounts payable	17,292	15,785	33,077
Payroll taxes payable	6,849	-	6,849
Accrued interest payable	1,122	8,222	9,344
Current portion of long-term debt	52,189	118,616	170,805
Total Current Liabilities	77,452	142,623	220,075
Long Term Liabilities:			
Compensated absences	18,303	10,632	28,935
Loan payable - KS state bank	-	-	-
Loan payable - Colorado east bank & trust	52,189	-	52,189
Loan payable - Colorado east bank & trust	-	95,570	95,570
Note payable - CWRPDA loan	-	39,996	39,996
Note payable - CWRPDA loan	-	1,051,711	1,051,711
Less: portion due within one year	(52,189)	(118,616)	(170,805)
Total Long Term Liabilities	18,303	1,079,293	1,097,596
Total Liabilities	95,755	1,221,916	1,317,671
DEFERRED INFLOWS			
Unearned revenue - property taxes	363,242	-	363,242
NET POSITION			
Net investment in capital assets	1,196,487	4,365,611	5,562,098
Restricted for Tabor	28,848	-	28,848
Restricted for operations and maintenance	-	55,571	55,571
Unrestricted	1,970,209	383,447	2,353,656
Total Net Position	$ 3,195,544	$ 4,804,629	$ 8,000,173

See accompanying notes to the basic financial statements

TOWN OF KERSEY, COLORADO

Statement of Activities

Government-Wide

December 31, 2016

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Contributions	Net (Expense) Revenue and Changes in Net Assets — Primary Government: Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities:						
General government	$ (197,885)	$ -	$ -	$ (197,885)	$ -	**$ (197,885)**
Public safety	(407,622)	-	-	(407,622)	-	**(407,622)**
Public works	(422,989)	62,396	-	(360,593)	-	**(360,593)**
Parks and recreation	(67,590)	18,347	-	(49,243)	-	**(49,243)**
Health and welfare	(4,830)	-	-	(4,830)	-	**(4,830)**
Legislative	(12,539)	-	-	(12,539)	-	**(12,539)**
Judicial	(10,137)	-	-	(10,137)	-	**(10,137)**
Library	(6,412)	-	-	(6,412)	-	**(6,412)**
Seniors	(3,823)	-	-	(3,823)	-	**(3,823)**
Interest on debt	(12,674)	-	-	(12,674)	-	**(12,674)**
Total Governmental Activities	(1,146,501)	80,743	-	(1,065,758)	-	**(1,065,758)**
Business-Type Activities:						
Water fund	(352,059)	397,509	-	-	45,450	**45,450**
Sewer fund	(399,295)	403,540	-	-	4,245	**4,245**
Total Business-Type Activities	(751,354)	801,049	-	-	49,695	**49,695**
Total Primary Government	$ (1,897,855)	$ 881,792	$ -	(1,065,758)	49,695	**(1,016,063)**
General Revenues:						
Taxes				880,652	-	**880,652**
Licenses and permits				39,766	-	**39,766**
Intergovernmental revenue				144,105	-	**144,105**
Fines and forfeitures				92,451	-	**92,451**
Miscellaneous income				44,622	-	**44,622**
Sale of assets				11,863	(700)	**11,163**
Earnings on investments				3,978	5,160	**9,138**
Grants				30,640	-	**30,640**
Transfers				(263,081)	263,081	**-**
Contributions				3,074	-	**3,074**
Total General Revenues				988,070	267,541	**1,255,611**
Change in Net Position				(77,688)	317,236	**239,548**
Net Position-beginning of year				3,273,232	4,487,393	**7,760,625**
Net Position-End of Year				$ 3,195,544	$ 4,804,629	**$ 8,000,173**

See accompanying notes to the basic financial statements

TOWN OF KERSEY, COLORADO

Balance Sheet

Governmental Funds

December 31, 2016

	General	Street	Nonmajor	Total
ASSETS				
Current Assets:				
Cash on hand and in checking	$ 926,165	$ 335,969	$ 192,530	**$ 1,454,664**
Cash on deposit - county treasurer	(134)	1,411	-	**1,277**
Cash in money market account	298,526	37,565	140,151	**476,242**
Total Cash	1,224,557	374,945	332,681	**1,932,183**
Certificates of deposit	-	-	14,352	**14,352**
Colotrust	3,689	-	-	**3,689**
Investment account	-	-	-	**-**
Total Investments	3,689	-	14,352	**18,041**
Property taxes receivable	363,242	-	-	**363,242**
Accounts receivable	72,345	19,960	-	**92,305**
Accrued interest receivable	64	-	30	**94**
Due from other funds	-	-	-	**-**
Total Current Assets	1,663,897	394,905	347,063	**2,405,865**
Total Assets	1,663,897	394,905	347,063	**2,405,865**
DEFERRED OUTFLOWS				
Grant expenditures paid in advance of meeting timing requirements	-	-	-	**-**
Total Assets & Deferred Outflows	$ 1,663,897	$ 394,905	$ 347,063	**$ 2,405,865**
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 15,161	$ 2,131	$ -	**$ 17,292**
Payroll taxes payable	6,849	-	-	**6,849**
Accrued interest payable	1,122	-	-	**1,122**
Due to other funds	-	-	-	**-**
Total Current Liabilities	23,132	2,131	-	**25,263**
Total Liabilities	23,132	2,131	-	**25,263**
DEFERRED INFLOWS				
Unearned revenue - property taxes	363,242	-	-	**363,242**
Total Liabilities & Deferred Inflows	386,374	2,131	-	**388,505**
FUND BALANCE				
Non-spendable	-	-	-	**-**
Restricted - tabor	28,848	-	-	**28,848**
Committed	-	-	-	**-**
Assigned	-	-	-	**-**
Unassigned	1,248,675	392,774	347,063	**1,988,512**
Total Fund Balance	1,277,523	392,774	347,063	**2,017,360**
Total Fund Balance, Liabilities & Deferred Inflows	$ 1,663,897	$ 394,905	$ 347,063	**$ 2,405,865**

Reconciliation of the Balance Sheet to the Statement of Net Position		
Total Governmental Fund Balance		**$ 2,017,360**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Capital assets	6,542,974	
Less: accumulated depreciation	(5,294,298)	**1,248,676**
Long-term liabilities, including capital leases, are not due and payable in the current period, therefore, they are not reported in the funds:		
Loan payable	(52,189)	
Compensated absences	(18,303)	**(70,492)**
Net Position of Governmental Activities		**$ 3,195,544**

See accompanying notes to the basic financial statements

TOWN OF KERSEY, COLORADO

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

December 31, 2016

	General	Street	Nonmajor	Total
Revenues:				
Taxes	$ 641,823	$ 213,046	$ 25,783	**$ 880,652**
Licenses and permits	39,766	-	-	**39,766**
Intergovernmental revenue	59,936	66,988	17,181	**144,105**
Charges for services	62,396	-	-	**62,396**
Parks and recreation	18,347	-	-	**18,347**
Judicial	92,451	-	-	**92,451**
Earnings on investments	1,783	787	1,408	**3,978**
Miscellaneous revenues	21,814	15,908	6,900	**44,622**
Total Revenues	938,316	296,729	51,272	**1,286,317**
Expenditures:				
General government	179,561	10,360	-	**189,921**
Public safety	348,698	-	-	**348,698**
Public works	57,220	222,420	-	**279,640**
Parks and recreation	53,125	-	4,741	**57,866**
Health and welfare	4,830	-	-	**4,830**
Legislative	12,539	-	-	**12,539**
Judicial	10,137	-	-	**10,137**
Library	6,412	-	-	**6,412**
Seniors	3,823	-	-	**3,823**
Capital outlay	92,247	13,974	-	**106,221**
Total Expenditures	768,592	246,754	4,741	**1,020,087**
Excess (Deficiency) of Revenues over Expenditures	169,724	49,975	46,531	**266,230**
Other Financing Sources (Uses):				
Sale of assets	7,900	5,999	-	**13,899**
Contributions	3,074	-	-	**3,074**
Grants	30,640			**30,640**
Interest expense	(12,674)	-	-	**(12,674)**
Transfers in	2,600	-	(2,600)	**-**
Transfers out	(130,541)	(66,770)	(65,770)	**(263,081)**
Total Other Financing Sources (Uses)	(99,001)	(60,771)	(68,370)	**(228,142)**
Net Change in Fund Balance	70,723	(10,796)	(21,839)	**38,088**
Fund Balance - beginning of year	1,206,800	403,570	368,902	**1,979,272**
Fund Balance - End of Year	$ 1,277,523	$ 392,774	$ 347,063	**$ 2,017,360**

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities:

Net Change in Fund Balance - Total Governmental Funds		**$ 38,088**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate to those expenditures over the life of the assets.		
Capital assets sold	**(2,036)**	
Capital asset purchases	**106,221**	
Depreciation expense	**(227,403)**	
The net effect of transactions involving capital assets (sales, trade-ins)		**(123,218)**
Loan proceeds provide current financial resources to the governmental funds and repayment of debt principal is an expenditure in the governmental funds, but the proceeds increase and repayment reduces long-term liabilities in the statement to net position:		
Long-term debt payments		**11,485**
Some expenses reported in statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Change in compensated absences		**(4,043)**
Change in Net Position of Governmental Activities		**$ (77,688)**

TOWN OF KERSEY, COLORADO

Statement of Net Position

Proprietary Funds

December 31, 2016

	Business-Type Activities		
	Water	Sewer	Total
ASSETS			
Current Assets:			
Cash on hand and in checking	$ (346,975)	$ (197,742)	**$ (544,717)**
Cash on deposit - county treasurer	-	-	**-**
Cash in money market account	139,130	174,541	**313,671**
Total Cash	(207,845)	(23,201)	**(231,046)**
Certificates of deposit	262,702	390,749	**653,451**
Investment account	-	-	**-**
Total Investments	262,702	390,749	**653,451**
Accounts receivable	18,365	31,884	**50,249**
Accrued interest receivable	335	668	**1,003**
Prepaid expenses	-	-	**-**
Due from other funds	-	-	**-**
Total Current Assets	73,557	400,100	**473,657**
Capital Assets:			
Land	600	4,226	**4,826**
Water rights	2,283,665	-	**2,283,665**
Utility system	2,069,679	3,348,019	**5,417,698**
Equipment	102,099	212,027	**314,126**
Total Capital Assets	4,456,043	3,564,272	**8,020,315**
Less: Accumulated depreciation	(917,843)	(1,549,584)	**(2,467,427)**
Net Capital Assets	3,538,200	2,014,688	**5,552,888**
Total Assets	3,611,757	2,414,788	**6,026,545**
DEFERRED OUTFLOWS			
Grant expenditures paid in advance of meeting timing requirements	-	-	**-**
Total Assets & Deferred Outflows	3,611,757	2,414,788	**6,026,545**
LIABILITIES			
Current Liabilities:			
Accounts payable	8,513	7,272	**15,785**
Payroll taxes payable	-	-	**-**
Accrued interest payable	1,875	6,347	**8,222**
Due to other funds	-	-	**-**
Current portion of long-term debt	18,294	100,322	**118,616**
Total Current Liabilities	28,682	113,941	**142,623**
Long Term Liabilities:			
Compensated absences	5,725	4,907	**10,632**
Loan payable - Colorado east	95,570	-	**95,570**
Note payable - CWRPDA loan	-	39,996	**39,996**
Note payable - CWRPDA loan	-	1,051,711	**1,051,711**
Less: portion due within one year	(18,294)	(100,322)	**(118,616)**
Total Long Term Liabilities	83,001	996,292	**1,079,293**
Total Liabilities	111,683	1,110,233	**1,221,916**
DEFERRED INFLOWS			
Unearned revenue	-	-	**-**
Total Liabilities & Deferred Inflows	111,683	1,110,233	**1,221,916**
NET POSITION			
Net investment in capital assets	3,442,630	922,981	**4,365,611**
Restricted for operations and maintenance	-	55,571	**55,571**
Unrestricted:			
Designated for subsequent year's expenditures	-	-	**-**
Undesignated	57,444	326,003	**383,447**
Total Net Position	$ 3,500,074	$ 1,304,555	**$ 4,804,629**

See accompanying notes to the basic financial statements

TOWN OF KERSEY, COLORADO

Statement of Revenues, Expenses, and Changes in Net Assets

Proprietary Funds

December 31, 2016

	Business-Type Activities		
	Water	Sewer	Total
Operating Revenues:			
Charges for services	$ 397,509	$ 387,540	**$ 785,049**
Other operating revenues	-	16,000	**16,000**
Total Operating Revenues	397,509	403,540	**801,049**
Operating Expenses:			
General	35,169	32,677	**67,846**
Administrative	57,529	45,565	**103,094**
System operations	191,128	157,992	**349,120**
Depreciation	66,111	122,399	**188,510**
Total Operating Expenses	349,937	358,633	**708,570**
Operating Income (Loss)	47,572	44,907	**92,479**
Non-operating Revenues (Expenses)			
Earnings on investments	1,997	3,163	**5,160**
Miscellaneous revenues	-	-	**-**
Interest expense	(2,122)	(40,662)	**(42,784)**
Proceeds from sale of assets	-	(700)	**(700)**
Total Non-operating Revenues (Expenses)	(125)	(38,199)	**(38,324)**
Income (Loss) before contributions and transfers	47,447	6,708	**54,155**
Contributions	-	-	**-**
Transfers In (Out)	263,081	-	**263,081**
Change in Net Position	310,528	6,708	**317,236**
Total Net Position - beginning of year	3,189,546	1,297,847	**4,487,393**
Total Net Position - End of Year	$ 3,500,074	$ 1,304,555	**$ 4,804,629**

TOWN OF KERSEY, COLORADO

Statement of Cash Flows

Proprietary Funds

December 31, 2016

	Business-Type Activities		
	Water	Sewer	Total
Cash Flows From Operating Activities:			
Cash received from customers	$ 601,578	$ 397,431	**$ 999,009**
Cash payments to employees	(84,954)	(70,336)	**(155,290)**
Cash payments to suppliers	(199,961)	(161,180)	**(361,141)**
Internal activity - payments to other funds	-	-	**-**
Net Cash Flows From Operating Activities	316,663	165,915	**482,578**
Cash Flows From Non-capital Financing Activities:			
Operating transfers in	263,081	-	**263,081**
Operating transfers out	-	-	**-**
Grants	-	-	**-**
Net Cash Flows From Non-capital Financing Activities	263,081	-	**263,081**
Cash Flows From Capital and Related Financing Activities:			
Acquisition of capital assets	(590,822)	(11,251)	**(602,073)**
Proceeds from long-term debt	-	-	**-**
Contributions	-	-	**-**
Capital lease obligation payments	-	-	**-**
Principal payments on long-term debt	(17,910)	(96,799)	**(114,709)**
Interest payments on long-term debt	(2,122)	(40,662)	**(42,784)**
Net Cash Flows From Capital and Related Financing Activities	(610,854)	(148,712)	**(759,566)**
Cash Flows From Investing Activities:			
Interest on investments	1,997	3,163	**5,160**
Change in investments	(1,562)	15,173	**13,611**
Net Cash Flows From Investing Activities	435	18,336	**18,771**
Net Increase (Decrease) in Cash and Cash Equivalents	(30,675)	35,539	**4,864**
Cash and Cash Equivalents - January 1	(177,170)	(58,740)	**(235,910)**
Cash and Cash Equivalents - December 31	$ (207,845)	$ (23,201)	**$ (231,046)**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	$ 47,572	$ 44,907	**$ 92,479**
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	66,111	122,399	**188,510**
Changes in assets and liabilities:			
Receivables	204,069	(6,109)	**197,960**
Prepaid expenses	-	-	**-**
Due from other funds	-	-	**-**
Payables and other accrued expenses	(1,089)	4,718	**3,629**
Due to other funds	-	-	**-**
Net Cash Flows From Operating Activities	$ 316,663	$ 165,915	**$ 482,578**

See accompanying notes to the basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Kersey, Colorado, was incorporated in 1908, as a statutory town as defined by the current 1973 Colorado Revised Statutes. The statutes provide that the Mayor is the chief administrative officer and that the Board of Trustees shall be the policy-making authority. The following services are currently offered by the Town: General government, public safety, and public works (streets, trash, communicable disease control, street lighting), parks and recreation, and water and sewer service.

The financial statements of the Town of Kersey, Colorado (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the Town are described below.

Reporting Entity

The reporting entity consists of only the Town, a primary government that is a general purpose local government. This primary government has a separately elected governing body and it is legally separate, as well as financially independent of other state and local governments. The primary government may appoint a simple majority of the organization's governing board or have the ability to impose its will on the organization. A component unit may be a financial benefit or burden to the primary government and which is a legally separate organization of which the elected officials of the primary government are financially accountable. The Town does not have any component units.

New Accounting Pronouncements

GASB Statement No 72, *Fair Value Measurement and Application.* This statement addresses accounting and financial reporting issues related to fair value measurement. The Town implemented this statement for year ended December 31, 2016 and had no impact to the Town's financial statements.

GASB Statement No 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No 68, and Amendments to Certain Provisions of GASB 67 and 68.* This statement gives guidance to extend the approach to accounting and financial reporting for pension under GASB No 68 to all pensions. In addition, this statement clarifies certain provisions of GASB Statement Nos 67 and 68. The Town has no pension plans, therefore, for year ended December 31, 2016 implementation had no impact to the Town's financial statements.

GASB Statement No 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* This statement identifies the hierarchy of generally accepted accounting principles (GAAP) in the context of the current governmental reporting environment. The Town implemented this statement for year ended December 31, 2016 and had no impact to the Town's financial statements.

GASB Statement No 77, *Tax Abatement Disclosures.* This statement addresses financial reporting issued relating to tax abatement agreements. The Town has no tax abatements, therefore, for year ended December 31, 2016 implementation had no impact to the Town's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (continued)

GASB Statement No 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Plans.* This statement addresses an issue relating to the availability of data relating to multiple-employer defined benefit plans that arose during the implementation of GASB Statement No 68. The Town has no pension plans, therefore, for year ended December 31, 2016 implementation had no impact to the Town's financial statements.

GASB Statement No 79, *Certain External Investment Pools and Pool Participants.* This statement addresses accounting and financial reporting for certain external investment pools and their participants. Changes in regulatory provisions referenced in previous GASB statements are the impetus for this statement. The Town has no external investment pools, therefore, for year ended December 31, 2016 implementation had no impact to the Town's financial statements.

Basic Financial Statements

Government-wide financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Government-wide financial statements consist of Statement of Net Position and Statement of Activities. The Statement of Net Position includes assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Town.

In addition to the government-wide financial statements, the Town has prepared the fund financial statements using the modified accrual basis of accounting and the current financial resources measurement focus. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal year.

The Town reports the following major and non-major **Governmental Funds**:

- **General Fund (major)** is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Street Fund (major)** is a special revenue fund of the Town. It is funded by sales tax, specific ownership tax, highway user's tax, motor vehicle fees and various other revenue sources. The expenditures represent the cost of maintaining the Town's streets.
- **Conservation Trust Fund (nonmajor) and Capital Projects Fund (nonmajor)** are special revenue fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

The Town reports the following major **Proprietary Funds**:

- **Water Fund (major)** provides water services to the Town citizens and accounts for operations that are financed in a manner similar to private business enterprises.
- **Sewer Fund (major)** provides sewer services to the Town citizens and accounts for operations that are financed in a manner similar to private business enterprises.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements (continued)

Required supplementary information includes Management's Discussion and Analysis which includes an analytical overview of the Town's financial activities. In addition, budgetary comparison schedules are presented for all funds that compare the adopted and modified budget with actual results.

The Town does not have any **Fiduciary Funds.**

Budgets and Budgetary Accounting:

An annual budget and appropriation resolutions is adopted by the Town in accordance with the Colorado State Statutes. The budget for all funds is prepared on a basis consistent with generally accepted accounting principles (GAAP), except that bond and loan proceeds are treated as other financing sources and debt service principal payments and capital outlays are treated as expenditures.

Budgeted amounts are as originally adopted or as increased by supplemental appropriations. Budget appropriations lapse at year-end. Budgetary comparisons with actual revenues and expenditures are included as required supplemental information for the General and Street funds and as other supplemental information for the Conservation Trust Fund, Capital Projects Fund, Water Fund, and the Sewer Fund. The following is a summary of the original, total revisions and revised budgets for those funds with amended budgets in year 2016:

Governmental Funds	Original Budget	Total Revisions	Revised Budget
General Fund	$ 840,557	$ -	$ 840,557
Street Fund	288,614	-	288,614
Conservation Trust Fund	20,300	-	20,300
Capital Projects Fund	5,000	-	5,000
Business-Type:			
Water Fund	323,632	62,306	385,938
Sewer Fund	356,208	6,727	362,935
Total Funds	$ 1,834,311	$ 69,033	$ 1,903,344

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

- On or before August 25, the Weld County Assessor submits to the Town the new assessed valuation and other amounts needed to compute the statutory property tax revenue limit.
- On or before October 15, the Budget Committee submits to the Town Board of Trustees a proposed operating budget for the following fiscal year commencing January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- On or before December 15, the Town certifies the mill levy to the Board of County Commissioners.
- On or before December 22, the Board of County Commissioners certifies the levy against the assessed valuation on all taxable properties.
- Prior to December 31, the Town legally adopts the budget.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (continued)

The Town incurred expenditures in excess of appropriations in the General Fund, Streets Fund, Capital Fund, Water Fund and Sewer Fund for the year ended December 31, 2016, which may be in violation of the Local Government Budget Law.

Designated for Subsequent Year's Expenditures

Designated fund balance is the portion of the fund balance that is appropriated in the succeeding year's budget.

Compensated Absences

The Town reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Under the terms of the Town's personnel policies, Town employees are granted vacation, sick and compensatory time in varying amounts, depending upon the length of continuous service the employee has given the Town. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation time at their current rate of pay. The liability for vested or accumulated vacation leave is recorded as compensated absences payable in the funds.

Amounts of vested or accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements. The Town has recorded a liability of $28,935 at December 31, 2016. There is no accrual in the fund financial statements.

Cash and Cash Equivalents

For purposes of the basic financial statements and the statement of cash flows, the Town considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

The Town pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Town's investments.

Investments

Investments are reported at fair value which is determined using selected basis. Short-term investments are reported at cost, which approximates fair value. Securities trades on exchanges are valued using quoted market prices. Non-participating contracts such as certificates of deposits are reported at cost. Cash deposits and money market investments that mature within one year or less are reported at carrying amount, which reasonably estimates fair value. Investment pools are reported at fair value, which is determined by the fair value per share of the pool's underlying asset portfolio.

Inventory

Inventory is generally stated at cost in the Water Fund and Sewer Fund, applying the first-in, first-out inventory flow method.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the governmental-wide financial statements. The Town records its property and equipment at historical cost. Contributed capital assets are valued at their estimated fair value on the date donated. Maintenance and repairs are charged to current period operating expenses, whereas additions and improvements are capitalized. Upon retirement or other disposition of property and equipment, the costs and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in operations. Interest costs relating to construction are capitalized. During year ended December 31, 2016, no interest was capitalized. The Town's capitalization level is $500 for capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Water rights	5 to 30
Buildings and improvements	5 to 20
Machinery and equipment	5 to 20
Utility systems	30 to 40

As a result of Statement No. 34, the Town is accounting for infrastructure and capital assets on its financial statements. The government-wide financial statements include those assets that were completed during the fiscal year-end, considered construction in progress or purchased or constructed in prior years.

The Town has elected to capture infrastructure assets with the implementation of Statement No. 34 (the retroactive approach).

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Receivables

Receivables are considered fully collectible and therefore are reported at their gross value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. (1) Nonspendable fund balance cannot be spent because of its form. (2) Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. (3) Committed fund balance is a limitation imposed by the Town's board through approval of resolutions. (4) Assigned fund balance is a limitation imposed by a designee of the Town's board. (5) Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted fund balances are available for use, it is the Town's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Article X, Section 20, of the Colorado Constitution contains several limitations, including raising revenue, spending abilities and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Town believes that it is in compliance with the requirements of the amendment. However, the Town has made certain interpretations of the amendment's language in order to determine its compliance.

The amendment excludes from its provisions Enterprises. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than ten percent of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. On April 7, 1998, voters approved Ordinance 1-1998 regarding the Town's retention of revenues collected in excess of the fiscal spending limits for 1998, also to be effective for all years thereafter. In addition, voters approved to allow the Town to maintain its operating mill levy at 17.205 mills in 2008 (for 2009 collection) and for a period not to exceed 10 years, qualifying as a TABOR voter approved revenue change and, if applicable, an authorized exception to the statutory 5.5% tax revenue growth limitation. Then in 2016, voters approved to extend operating mill levy for another period not to exceed 10 years. Considering the above interpretation of TABOR, the governing board believes that it is in compliance with its fiscal requirements for the year December 31, 2016.

The Amendment requires that Emergency Reserves be established. The reserves must be at least three percent of the fiscal year spending (excluding bonded debt service). The Town is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

Cash and cash investments are carried at cost. The Town authorized investment of funds in federally insured bank accounts or local government pools. Maturities must be five years or less. This authorization is in compliance with restrictions set forth by the State of Colorado statutes.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulators. Amounts on deposit in excess of federal insurance levels ($250,000 for 2016) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

Total cash deposits at December 31, 2016 were as follows:

	Governmental Activities	Business-Type Activities	Total
Cash on hand and in checking	$ 1,454,664	$ (544,717)	$ 909,947
Cash on deposit - county treasurer	1,277	-	1,277
Cash in money market account	476,242	313,671	789,913
Total Cash Deposits	$ 1,932,183	$ (231,046)	$ 1,701,137

The State Regulatory Commissions for banks are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which a political subdivision may invest, which include:

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

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)
Investments (continued)
Total investments at December 31, 2016 were as follows:

	Governmental Activities	Business-Type Activities	Total
Certificates of deposit	$ 14,352	$ 653,451	$ 667,803
Cash in Colotrust	3,689	-	3,689
Investment account	-	-	-
Total Investments	$ 18,041	$ 653,451	$ 671,492

Maturities of investments at December 31, 2016 were as follows:

	Investment Maturities in Years				
	Less than 1	1 to 5	6 to 10	More than 10	Total
Certificates of Deposit	$ 531,514	$ 136,289	$ -	$ -	$ 667,803
Cash in Colotrust	3,689	-	-	-	3,689
Investment account	-	-	-	-	-
Total Investments	$ 535,203	$ 136,289	$ -	$ -	$ 671,492

The Town's policy is to hold investments until maturity.

During year ended December 31, 2016, the Town invested funds in the Colorado Local Government Liquid Asset Trust (COLOTRUST), a local government investment pool. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The Trust is exempt from registration with the Securities and Exchange Commission. The investment pool is rated AAAm by Standard and Poor's and operates similar to a money market fund with a share value equal to $1.00 and a maximum weighted average maturity of 60 days. Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). For more information on COLOTRUST call (303) 864-7474 or go to www.colotrust.com.

Custodial Credit Risk is the risk that, in the event of the failure of the issuer or counterparty, the Town will not be able to recover the value of its investment (or related collateral securities that are held by an outside party). The Town had no custodial credit risk for its investments at December 31, 2016.

Interest Rate Risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The Town investment portfolio does not contain investments that exceed the five-year limitation imposed by Colorado Statutes.

Credit Risk is the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The Town's investment policy follows Colorado Revised State Statues.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town has no such policy limiting how much can be with one financial institution due to the Colorado Public Deposit Protection Act (PDPA).

Foreign Currency Risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. The Town has no policy for foreign currency risk since all are in the form of certificates of deposit.

Summary

Total cash deposits and investments at December 31, 2016 are as follows:

	Governmental Activities	Business-Type Activities	Total
Cash Deposits	$ 1,932,183	$ (231,046)	$ 1,701,137
Investments	18,041	653,451	671,492
Total Cash Deposits & Investments	$ 1,950,224	$ 422,405	$ 2,372,629

Investment Income:

	Governmental Activities	Business-Type Activities	Total
Interest income	$ 3,978	$ 5,160	$ 9,138
Net increase (decrease) in the fair value of investments	-	-	-
Total Investment Income	$ 3,978	$ 5,160	$ 9,138

The net increase (decrease) in the fair value of investments represents the difference in fair value from one year to the next.

NOTE 4 - PROPERTY TAXES RECEIVABLE

Under Colorado law, all property taxes become due and payable in the calendar year following that in which they are levied. Property taxes levied by the General Fund in the current year, 2016, to be collected in the subsequent year, 2017 are accrued as a receivable as of December 31, 2016 and offset by an unearned revenue account.

NOTE 4 - PROPERTY TAXES RECEIVABLE (CONTINUED)
The Town's property tax calendar for 2016 is as follows:

Lien Date	January 1, 2016
Levy Date	November 1, 2016
Tax bills mailed	January 1, 2017
First installment due	February 28, 2017
Second installment due	June 15, 2017
If paid in full, due	April 30, 2017
Tax sale – delinquent taxes	November 15, 2017

NOTE 5 – CAPITAL ASSETS
The following is a summary of capital assets for the Governmental Activities as of December 31, 2016:

	Beg Balance	Additions	Retirements	End Balance
Governmental Activities				
Non-Depreciable Assets:				
Land	$ 255,946	$ 58,034	$ -	$ 313,980
Depreciable Assets:				
Buildings and improvements	700,644	-	-	700,644
Street and improvements	4,810,483	-	-	4,810,483
Equipment	686,554	48,187	(16,874)	717,867
Totals at Historical Cost	6,453,627	106,221	(16,874)	6,542,974
Less: Accumulated Depreciation for:				
Buildings and improvements	(420,555)	(15,797)	-	(436,352)
Street and improvements	(4,227,995)	(130,404)	-	(4,358,399)
Equipment	(433,183)	(81,202)	14,838	(499,547)
Total Accumulated Depreciation	(5,081,733)	(227,403)	14,838	(5,294,298)
Governmental Activities Capital Assets - Net	$ 1,371,894	$ (121,182)	$ (2,036)	$ 1,248,676

Depreciation expense was charged to Governmental Activities as follows:	
General government	$ 15,406
Public safety	58,924
Public works	143,349
Health and welfare	-
Parks and recreation	9,724
Total Depreciation Expense - Governmental Activities	$ 227,403

NOTE 5 – CAPITAL ASSETS (CONTINUED)

The following is a summary of capital assets for the Business-Type Activities as of December 31, 2016:

	Beg Balance	Additions	Retirements	End Balance
Business-Type Activities				
Non-Depreciable Assets:				
Land	$ 4,826	$ -	$ -	$ 4,826
Water rights	1,721,890	561,775	-	2,283,665
Depreciable Assets:				
Utility system	5,390,525	27,173	-	5,417,698
Equipment	314,865	13,125	(13,864)	314,126
Totals at Historical Cost	7,432,106	602,073	(13,864)	8,020,315
Less: Accumulated Depreciation for:				
Utility system	(2,088,976)	(165,606)	-	(2,254,582)
Equipment	(203,105)	(22,904)	13,164	(212,845)
Total Accumulated Depreciation	(2,292,081)	(188,510)	13,164	(2,467,427)
Business-Type Activities				
Capital Assets - Net	$ 5,140,025	$ 413,563	$ (700)	$ 5,552,888

Depreciation expense was charged to Business-Type Activities as follows:	
Water fund	$ 66,111
Sewer fund	122,399
Total Depreciation Expense - Business-Type Activities	$ 188,510

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

A summary of interfund activities at December 31, 2016 were as follows:

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
Governmental Activities				
General Fund	$ -	$ -	$ 2,600	$ 130,541
Street Fund	-	-	-	66,770
Conservation Trust Fund	-	-	-	2,600
Capital Fund	-	-	-	65,770
Total Governmental Activities	-	-	2,600	265,681
Business-Type Activities				
Water Fund	-	-	263,081	-
Sewer Fund	-	-	-	-
Total Business-Type Activities	-	-	263,081	-
Total	$ -	$ -	$ 265,681	$ 265,681

NOTE 7 – LONG-TERM DEBT

Note Payable – CWRPDA

On December 29, 1999, the Town executed a loan with the Colorado Water Resources and Power Development Authority in the amount of $163,000. The loan proceeds will be used for upgrades to the sewer system. The terms of the loan require bi-annual payments of $6,239, including interest at a 4.50% annual rate, with final payment due May 1, 2020. Both the principal and interest thereon are payable solely from net revenues (gross revenues less operations and maintenance expenses) of the sewer system. The balance due to the Colorado Water Resources and Power Development Authority as of December 31, 2016 was $39,996.

Note Payable – CWRPDA

On February 1, 2006, the Town executed a loan with the Colorado Water Resources and Power Development Authority in the amount of $1,800,000. The loan proceeds will be used for upgrades to the sewer system. The terms of the loan require bi-annual payments of $62,778, including interest at a 3.50% annual rate, with final payment due November 1, 2026. Both the principal and interest thereon are payable solely from net revenues (gross revenues less operations and maintenance expenses) of the sewer distribution system. The balance due to the Colorado Water Resources and Power Development Authority as of December 31, 2016 was $1,051,711.

Note Payable – Kansas State Bank

On February 15, 2013, the Town executed a loan with Kansas State Bank of Manhattan in the amount of $33,300. The loan proceeds were used to purchase two (2) 2011 Ford Crown Victoria's for the police department. The terms of the loan require an annual payment of $11,888, including interest at a 3.51% annual rate, with the first payment due March 1, 2014 and final payment due March 1, 2016. The balance due to the Kansas State Bank as of December 31, 2016 was $0. This note was paid in full during 2016.

Note Payable – Colorado East Bank & Trust

On January 31, 2014, the Town executed a loan with Colorado East Bank & Trust in the amount of $131,000. The loan proceeds were used to replace old meters with radio read water meters. The terms of the loan require an annual payment of $20,383, including interest at a 2.15% annual rate, with the first payment due February 1, 2015 and final payment due February 1, 2021. The balance due to the Colorado East Bank & Trust as of December 31, 2016 was $95,570.

Note Payable – Colorado East Bank & Trust

On January 12, 2015, the Town executed a loan with Colorado East Bank & Trust in the amount of $68,238. The loan proceeds were used to purchase two (2) vehicles for the police department. The terms of the loan require two payments totaling $68,238, including interest at a 2.15% annual rate, with the first payment due January 13, 2016 and final payment due January 14, 2017. The balance due to the Colorado East Bank & Trust as of December 31, 2016 was $52,189.

NOTE 7 – LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Debt

	12/31/2015	Additions	Reductions	12/31/2016	Due Within One Year
Governmental Activities:					
Kansas State Bank	$ 11,485	$ -	$ (11,485)	$ -	$ -
Colorado East Bank & Trust	52,189	-	-	52,189	52,189
Total Governmental Activities	63,674	-	(11,485)	52,189	52,189
Business-Type Activities:					
CWR&PDA Loan - 1999	50,326	-	(10,330)	39,996	10,799
CWR&PDA Loan - 2006	1,138,180	-	(86,469)	1,051,711	89,523
Colorado East Bank & Trust	113,480	-	(17,910)	95,570	18,294
Total Business-Type Activities	1,301,986	-	(114,709)	1,187,277	118,616
Total	$ 1,365,660	$ -	$ (126,194)	$ 1,239,466	$ 170,805

NOTE 8 – DEBT SERVICE REQUIREMENTS

Summary of debt service requirements with principal and interest to maturity:

	Governmental Activities		**Business-Type Activities**		**Total**	
Payment Dates	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 52,189	$ 1,495	$ 118,616	$ 39,805	$ 170,805	$ 41,300
2018	-	-	122,673	35,745	122,673	35,745
2019	-	-	126,866	31,552	126,866	31,552
2020	-	-	124,969	27,210	124,969	27,210
2021	-	-	122,798	23,141	122,798	23,141
2022-2026	-	-	571,355	56,423	571,355	56,423
Totals	$ 52,189	$ 1,495	$ 1,187,277	$ 213,876	$ 1,239,466	$ 215,371

NOTE 9 – DEBT SERVICE COMPLIANCE AND ACCOUNTABILITY

Restricted Net Assets

Certain resources set aside for the repayment of Sewer Fund debt are classified as “restricted” on the Statement of Net Position because their use is limited by applicable bond covenants. The “operations and maintenance” account is used to report resources set aside to subsidize potential deficiencies from the Town’s operation that could adversely affect debt service payments. The Town’s loan covenants require certain reservations of the Sewer Fund net position. The restricted position as of December 31, 2016 was as follows:

	2016
Reserved for Operations and Maintenance	$ 55,571
Total Reserved Net Position	$ 55,571

NOTE 9 – DEBT SERVICE COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Rate Maintenance

The Town is required to establish, maintain and enforce rates and charges for services rendered by the water distribution system to create revenue sufficient to pay maintenance and operations expenses of the system and to cover 1.10 times the annual debt service of the existing Sewer Fund revenue debt. The calculations for system payment requirements due in 2016 are computed as follows:

	2016
Net Revenues:	
Operating revenue	$ 403,540
Earnings on investments	3,163
Total Revenues	406,703
Less: Operating expenses (excluding depreciation)	(236,234)
Net Revenues	170,469
Debt Service Requirements:	
Colorado Water Resources and Power Development Authority	138,035
Debt service requirements times 1.10	1.10
Total Debt Service Requirements	151,839
Excess (Deficit) of Net Revenues over Requirements	18,630

The Town was in compliance with the debt service requirement for 2016.

NOTE 10 - 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 subcontractors; and natural disasters. The Town purchases commercial insurance for most risks of loss. As of December 31, 2016, the Town did not have any liabilities in excess of insurance limits. Claims have not exceeded insurance coverage in the prior three years.

NOTE 11 – CONTINGENCIES

The Town had no material pending or threatened litigation, claims, and assessments. Furthermore, the Town is unaware of any unasserted possible claims or assessments that are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification No. 450 as of December 31, 2016.

NOTE 12 – RETIREMENT PLAN

Plan Description

Town employees may voluntarily contribute to the Voluntary Investment Program (457 Plan), an Internal Revenue Code Section 457 defined contribution plan administered by the ICMA-RC.

Funding Policy

The 457 Plan is funded by voluntary member contributions up to a maximum limit set by the IRS ($18,000 for the calendar year 2016). Catch-up contributions up to $5,500 for the calendar year 2016 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRS Section 414(v). The Town contributes 3% of the employee's salary into this plan. The Town's cost under the Plan as of December 31, 2016 was $15,559.

NOTE 13 – SUBSEQUENT EVENTS
The Town has evaluated events and transactions occurring subsequent to the end of the fiscal year for potential recognition or disclosure through July 20, 2017, the date on which the financial statements issued, and did not identify any events or transactions that would have a material impact on the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

Schedule of Revenues

Budget to Actual - ***General Fund***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				
Non-GAAP Budgetary Basis	Original Budget	Final Budget	**Actual**	Variance - Favorable (Unfavorable)	**2015** Actual
Taxes:					
General property taxes	$ 167,020	$ 167,020	**$ 162,044**	$ (4,976)	$ 144,438
Interest on delinquent taxes	250	250	**324**	74	350
Sales tax	600,000	600,000	**403,108**	(196,892)	534,260
Franchise tax	55,000	55,000	**54,354**	(646)	52,871
Lodging tax	46,200	46,200	**21,993**	(24,207)	13,195
Total Taxes	868,470	868,470	**641,823**	(226,647)	745,114
Licenses, Permits and Fees:					
Amusement machine tax	325	325	**75**	(250)	325
Employment occupation tax	2,000	2,000	**1,500**	(500)	1,000
Business license	3,000	3,000	**2,525**	(475)	3,300
Liquor license	675	675	**1,104**	429	650
Mosquito control fee	6,000	6,000	**5,759**	(241)	5,708
Animal license	1,800	1,800	**1,430**	(370)	1,490
Impound fee	840	840	**560**	(280)	280
Development fee	2,500	2,500	**-**	(2,500)	-
Building permits	30,000	30,000	**26,813**	(3,187)	40,154
Total Licenses, Permits and Fees	47,140	47,140	**39,766**	(7,374)	52,907
Intergovernmental Revenues:					
Cigarette taxes	4,000	4,000	**5,013**	1,013	5,671
Severance tax	100,000	100,000	**54,923**	(45,077)	99,026
Transfers in	-	-	**-**	-	-
Grants	-	-	**-**	-	-
Total Intergovernmental Revenues	104,000	104,000	**59,936**	(44,064)	104,697
Charges for Services:					
Refuse collection charge	66,048	66,048	**62,396**	(3,652)	57,455
Late fees	3,250	3,250	**-**	(3,250)	(3,250)
Total Charges for Services	69,298	69,298	**62,396**	(6,902)	54,205
Parks and Recreation:					
Baseball registration	1,750	1,750	**2,843**	1,093	1,975
Basketball registration	5,000	5,000	**3,690**	(1,310)	4,245
Soccer registration	2,500	2,500	**2,000**	(500)	2,805
Swimming registration	1,750	1,750	**1,815**	65	1,155
Youth volleyball	5,500	5,500	**4,222**	(1,278)	4,215
Flag football	1,000	1,000	**420**	(580)	1,242
Summer activities	400	400	**1,257**	857	525
United way	2,000	2,000	**1,600**	(400)	1,242
Miscellaneous rec programs	400	400	**500**	100	425
Total Parks and Recreation	20,300	20,300	**18,347**	(1,953)	17,829

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TOWN OF KERSEY, COLORADO

Schedule of Revenues

Budget to Actual - ***General Fund (continued)***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				
Non-GAAP Budgetary Basis	Original Budget	Final Budget	**Actual**	Variance - Favorable (Unfavorable)	**2015** Actual
Judicial:					
Fines and forfeitures	80,000	80,000	**74,521**	(5,479)	63,118
SOE fees	1,500	1,500	**705**	(795)	1,209
Court costs	3,870	3,870	**1,695**	(2,175)	1,769
Traffic calming surcharge	12,188	12,188	**7,930**	(4,258)	7,129
Surcharge	9,000	9,000	**7,600**	(1,400)	6,277
Total Judicial	106,558	106,558	**92,451**	(14,107)	79,502
Earnings on Investments:					
Earnings on investments	1,500	1,500	**1,952**	452	1,791
Net Increase (decrease) in the fair market of investments	-	-	**(169)**	(169)	(477)
Total Earnings on Investments	1,500	1,500	**1,783**	283	1,314
Miscellaneous Revenues:					
Donations	2,489	2,489	**3,074**	585	2,445
Miscellaneous revenues	5,500	5,500	**21,734**	16,234	58,007
Insurance proceeds	-	-	**-**	-	17,935
Park tree fund	1,650	1,650	**-**	(1,650)	6,758
Building rental	300	300	**80**	(220)	145
Contributions	-	-	**-**	-	-
Sale of assets	-	-	**7,900**	7,900	-
Loan proceeds	-	-	**-**	-	68,238
Grant proceeds	-	-	**30,640**	30,640	-
Total Miscellaneous Revenue	9,939	9,939	**63,428**	53,489	153,528
Total Revenue	$ 1,227,205	$ 1,227,205	**$ 979,930**	$ (247,275)	$ 1,209,096

TOWN OF KERSEY, COLORADO

Schedule of Expenditures

Budget to Actual - ***General Fund***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				
Non-GAAP Budgetary Basis	Original Budget	Final Budget	**Actual**	Variance - Favorable (Unfavorable)	**2015** Actual
General Government:					
General:					
Workmen's compensation	$ 7,708	$ 7,708	**$ 7,712**	$ (4)	$ 9,231
Auditing	1,921	1,921	**1,921**	-	2,038
Bank charges	600	600	**102**	498	535
Credit card charges	3,000	3,000	**1,832**	1,168	2,497
Treasurer's fee	1,522	1,522	**1,673**	(151)	1,448
Insurance	10,502	10,502	**13,063**	(2,561)	10,203
Professional services	-	-	**-**	-	-
IT services	2,500	2,500	**152**	2,348	1,320
Copier lease	1,889	1,889	**-**	1,889	1
Total General	29,642	29,642	**26,455**	3,187	27,273
Administrative:					
Salaries	55,136	55,136	**91,427**	(36,291)	58,502
Payroll taxes	4,100	4,100	**6,768**	(2,668)	4,472
Health insurance	9,115	9,115	**12,273**	(3,158)	8,438
Dental insurance	1,154	1,154	**1,307**	(153)	1,073
AFLAC coverage	2,040	2,040	**1,500**	540	1,974
Life insurance	130	130	**(247)**	377	(140)
Short-term disability insurance	550	550	**295**	255	276
Long-term disability insurance	400	400	**632**	(232)	(55)
E 457 retirement contribution	1,550	1,550	**3,458**	(1,908)	1,613
Cont. education, seminars, training	2,000	2,000	**327**	1,673	964
Administrative transfer	(14,400)	(14,400)	**(7,200)**	(7,200)	(14,400)
Legal services	6,000	6,000	**11,253**	(5,253)	5,587
Publishing	1,500	1,500	**2,426**	(926)	2,434
Web publishing	113	113	**258**	(145)	113
Dues and subscriptions	800	800	**1,096**	(296)	1,406
Miscellaneous	1,000	1,000	**5,122**	(4,122)	2,456
Postage	600	600	**1,015**	(415)	404
Professional services	5,200	5,200	**5,338**	(138)	5,848
Repairs and maintenance - building	1,500	1,500	**1,564**	(64)	161
Repairs and maintenance - equip/mach	300	300	**-**	300	179
Repairs and maintenance - office equip	600	600	**119**	481	-
Supplies - general	1,500	1,500	**4,402**	(2,902)	1,372
Supplies - office	1,200	1,200	**2,085**	(885)	1,470
Telephone expense	900	900	**976**	(76)	818
Travel and meetings	900	900	**555**	345	988
Utility expense	4,500	4,500	**2,271**	2,229	2,601
Total Administrative	88,388	88,388	**149,020**	(60,632)	88,554
Elections:					
Legal services	200	200	**665**	(465)	-
Publishing	600	600	**425**	175	-
Election judges	200	200	**260**	(60)	-
Meals	50	50	**35**	15	-
Supplies - general	1,750	1,750	**1,695**	55	-
Total Elections	2,800	2,800	**3,080**	(280)	-

(continued on next page)

Schedule of Expenditures

*Budget to Actual - **General Fund (continued)***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				
Non-GAAP Budgetary Basis	Original Budget	Final Budget	**Actual**	Variance - Favorable (Unfavorable)	**2015** Actual
General Government: (continued)					
Planning and Zoning:					
Legal services	2,000	2,000	**123**	1,877	-
Publishing	200	200	**-**	200	-
Professional services	5,800	5,800	**857**	4,943	1,178
Recording fees	200	200	**26**	174	-
Supplies - general	150	150	**-**	150	-
Total Planning and Zoning	8,350	8,350	**1,006**	7,344	1,178
Total General Government	129,180	129,180	**179,561**	(50,381)	117,005
Public Safety:					
Police:					
Salaries	228,277	228,277	**211,572**	16,705	191,855
Holiday pay	5,131	5,131	**-**	5,131	-
Payroll taxes	16,242	16,242	**15,122**	1,120	13,492
Health insurance	42,546	42,546	**38,859**	3,687	35,406
Dental insurance	3,571	3,571	**4,708**	(1,137)	3,605
AFLAC coverage	5,000	5,000	**1,326**	3,674	3,139
Life insurance	414	414	**1,032**	(618)	357
Short-term disability insurance	1,563	1,563	**814**	749	1,304
Long-term disability insurance	1,353	1,353	**785**	568	1,015
E 457 retirement contribution	5,921	5,921	**6,174**	(253)	5,621
Cont. education, seminars, training	4,000	4,000	**2,875**	1,125	2,277
Publishing	-	-	**-**	-	328
Clothing and uniforms	2,500	2,500	**2,583**	(83)	5,009
Crime prevention	500	500	**217**	283	393
Juvenile assessment center	1,200	1,200	**1,111**	89	1,017
Dues and subscriptions	200	200	**185**	15	310
Gas, oil, diesel fuel, etc.	23,000	23,000	**10,541**	12,459	12,931
Investigations	5,000	5,000	**3,940**	1,060	3,751
Weld county communications	4,760	4,760	**4,760**	-	300
Postage	160	160	**88**	72	85
Professional services	3,000	3,000	**1,887**	1,113	2,982
Record management	2,000	2,000	**100**	1,900	11,938
Repairs and maintenance - building	3,000	3,000	**110**	2,890	679
Repairs and maintenance - equip/mach	7,500	7,500	**2,551**	4,949	1,338
Repairs and maintenance - office equip	1,400	1,400	**452**	948	-
Repairs and maintenance - vehicles	6,000	6,000	**6,432**	(432)	27,249
Supplies - general	3,000	3,000	**6,477**	(3,477)	2,842
Supplies - office	1,500	1,500	**1,792**	(292)	2,201
Telephone expense	4,500	4,500	**5,435**	(935)	6,163
Travel and meetings	200	200	**30**	170	389
Utility expense	1,200	1,200	**904**	296	846
Total Police	384,638	384,638	**332,862**	51,776	338,822
Other Protection					
Publishing	125	125	**150**	(25)	(50)
Animal shelter fees	2,500	2,500	**516**	1,984	3,884
Supplies - general	100	100	**64**	36	81
Building inspection fees	25,000	25,000	**15,106**	9,894	33,716
Total Other Protection	27,725	27,725	**15,836**	11,889	37,631
Total Public Safety	412,363	412,363	**348,698**	63,665	376,453

(continued on next page)

Schedule of Expenditures

*Budget to Actual - **General Fund (continued)***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				
Non-GAAP Budgetary Basis	Original Budget	Final Budget	**Actual**	Variance - Favorable (Unfavorable)	**2015** Actual
Public Works:					
Sanitation					
Administrative transfer	5,400	5,400	**2,700**	2,700	5,400
Operation transfer	3,500	3,500	**1,750**	1,750	3,500
Auditing	859	859	**859**	-	834
Publishing	100	100	**-**	100	-
Postage	500	500	**488**	12	618
Trash collection	50,000	50,000	**49,693**	307	48,995
Clean-up day roll operations	-	-	**1,730**	(1,730)	-
Total Sanitation	60,359	60,359	**57,220**	3,139	59,347
Total Public Works	60,359	60,359	**57,220**	3,139	59,347
Parks and Recreation:					
Parks:					
Salaries	13,943	13,943	**10,288**	3,655	10,351
Payroll taxes	760	760	**747**	13	772
Health insurance	2,201	2,201	**2,220**	(19)	2,315
Dental insurance	175	175	**229**	(54)	170
AFLAC coverage	85	85	**-**	85	-
Life insurance	15	15	**13**	2	14
Short-term disability insurance	60	60	**52**	8	57
Long-term disability insurance	50	50	**38**	12	43
E 457 retirement contribution	200	200	**235**	(35)	236
Total Parks	17,489	17,489	**13,822**	3,667	13,958
Recreation:					
Salaries - part-time	19,817	19,817	**10,054**	9,763	11,852
Payroll taxes	680	680	**888**	(208)	907
Cont. education, seminar, training	500	500	**35**	465	298
Publishing	150	150	**75**	75	342
Web publishing	113	113	**113**	-	113
Dues and subscriptions	100	100	**-**	100	-
Officials	200	200	**123**	77	1,053
Postage	200	200	**84**	116	85
IT services	700	700	**565**	135	2,438
Building rental fees	4,000	4,000	**4,000**	-	4,000
Baseball - supplies and fees	500	500	**6,303**	(5,803)	2,126
Basketball - supplies and fees	2,500	2,500	**3,659**	(1,159)	5,283
Supplies - concession	100	100	**30**	70	39
Supplies - general	3,300	3,300	**(1,033)**	4,333	406
Supplies - office	400	400	**488**	(88)	410
Soccer - supplies and fees	1,200	1,200	**4,104**	(2,904)	3,303
Flag football - supplies and fees	600	600	**493**	107	1,434
Volleyball - supplies and fees	1,500	1,500	**4,433**	(2,933)	3,516
Summer activities	1,200	1,200	**2,137**	(937)	1,168
Winter/Spring activities	200	200	**8**	192	138
Adult activities	250	250	**-**	250	-
Swim classes	1,300	1,300	**1,512**	(212)	952
Telephone expense	400	400	**1,165**	(765)	1,233
Travel and meetings	100	100	**67**	33	-
Total Recreation	40,010	40,010	**39,303**	707	41,096
Total Parks and Recreation	57,499	57,499	**53,125**	4,374	55,054

(continued on next page)

Schedule of Expenditures

Budget to Actual - ***General Fund (continued)***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

Non-GAAP Budgetary Basis	2016 Original Budget	2016 Final Budget	2016 **Actual**	2016 Variance - Favorable (Unfavorable)	**2015** Actual
Health and Welfare:					
Chemicals	4,830	4,830	**4,830**	-	4,760
Total Health and Welfare	4,830	4,830	**4,830**	-	4,760
Legislative:					
Payroll taxes	425	425	**436**	(11)	299
Legal services	7,000	7,000	**5,396**	1,604	6,201
Publishing	500	500	**-**	500	577
Mayor and trustee fees	7,200	7,200	**4,975**	2,225	4,700
Public relations	300	300	**680**	(380)	79
Supplies - office	300	300	**385**	(85)	338
Travel and meetings	250	250	**367**	(117)	294
Donation	600	600	**300**	300	300
Total Legislative	16,575	16,575	**12,539**	4,036	12,788
Judicial:					
Legal services	7,000	7,000	**8,530**	(1,530)	7,851
Municipal judge	4,200	4,200	**-**	4,200	-
Dues and subscriptions	30	30	**-**	30	20
Jail billing	200	200	**-**	200	-
Juror fees	100	100	**-**	100	-
Postage	250	250	**322**	(72)	96
Professional services	900	900	**825**	75	1,003
Supplies - office	300	300	**460**	(160)	363
Total Judicial	12,980	12,980	**10,137**	2,843	9,333
Library:					
Salaries	-	-	**-**	-	-
Payroll taxes	-	-	**-**	-	-
Professional services	-	-	**-**	-	-
Building rent	3,000	3,000	**3,000**	-	3,000
Repairs and maintenance - building	3,000	3,000	**872**	2,128	1,187
Repairs and maintenance - office equip	-	-	**-**	-	-
Supplies - general	-	-	**-**	-	-
Supplies - office	-	-	**-**	-	-
Telephone expense	-	-	**339**	(339)	-
Utility expense	3,800	3,800	**2,201**	1,599	4,153
Total Library	9,800	9,800	**6,412**	3,388	8,340
Seniors:					
Salaries	4,954	4,954	**1,556**	3,398	-
Payroll taxes	149	149	**-**	149	-
Repairs and maintenance - building	3,000	3,000	**782**	2,218	1,126
Supplies - general	400	400	**1,485**	(1,085)	-
Utility expense	1,700	1,700	**-**	1,700	1,585
Total Seniors	10,203	10,203	**3,823**	6,380	2,711
Capital Outlay					
General government	37,400	37,400	**59,908**	(22,508)	-
Public safety - police	29,368	29,368	**12,783**	16,585	21,337
Parks and recreation	60,000	60,000	**19,556**	40,444	107,372
Total Capital Outlay	126,768	126,768	**92,247**	34,521	128,709
Debt Service					
Principal	-	-	**11,485**	(11,485)	27,145
Interest	-	-	**1,189**	(1,189)	1,898
Total Capital Outlay	-	-	**12,674**	(12,674)	29,043
Total Expenditures	$ 840,557	$ 840,557	**$ 781,266**	$ 59,291	$ 803,543

TOWN OF KERSEY, COLORADO

Reconciliation of Budgetary Basis to GAAP Basis

*Budget to Actual - **General Fund***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				
Non-GAAP Budgetary Basis	Original Budget	Final Budget	**Actual**	Variance - Favorable (Unfavorable)	**2015** Actual
Revenues:					
Taxes	$ 868,470	$ 868,470	**$ 641,823**	$ (226,647)	$ 745,114
Licenses and permits	47,140	47,140	**39,766**	(7,374)	52,907
Intergovernmental revenues	104,000	104,000	**59,936**	(44,064)	104,697
Charges for services	69,298	69,298	**62,396**	(6,902)	54,205
Parks and recreation	20,300	20,300	**18,347**	(1,953)	17,829
Judicial	106,558	106,558	**92,451**	(14,107)	79,502
Earnings on investments	1,500	1,500	**1,783**	283	1,314
Miscellaneous revenues	9,939	9,939	**63,428**	53,489	153,528
Total Revenues	1,227,205	1,227,205	**979,930**	(247,275)	1,209,096
Transfers In:					
Street Fund	-	-	**-**	-	-
Conservation Trust Fund	-	-	**2,600**	2,600	-
Capital Fund	-	-	**-**	-	-
Total Transfers In	-	-	**2,600**	2,600	-
Total Revenues and Transfers	1,227,205	1,227,205	**982,530**	(244,675)	1,209,096
Expenditures:					
General government	129,180	129,180	**179,561**	(50,381)	117,005
Public safety	412,363	412,363	**348,698**	63,665	376,453
Public works	60,359	60,359	**57,220**	3,139	59,347
Parks and recreation	57,499	57,499	**53,125**	4,374	55,054
Health and welfare	4,830	4,830	**4,830**	-	4,760
Legislative	16,575	16,575	**12,539**	4,036	12,788
Judicial	12,980	12,980	**10,137**	2,843	9,333
Library	9,800	9,800	**6,412**	3,388	8,340
Seniors	10,203	10,203	**3,823**	6,380	2,711
Capital outlay	126,768	126,768	**92,247**	34,521	128,709
Debt service	-	-	**12,674**	(12,674)	29,043
Total Expenditures	840,557	840,557	**781,266**	59,291	803,543
Transfers Out:					
Street Fund	-	-	**-**	-	25,000
Conservation Trust Fund	-	-	**-**	-	-
Capital Fund	-	-	**-**	-	-
Water Fund	-	-	**130,541**	(130,541)	180,000
Sewer Fund	-	-	**-**	-	40,000
Total Transfers Out	-	-	**130,541**	(130,541)	245,000
Total Expenditures and Transfers	840,557	840,557	**911,807**	(71,250)	1,048,543
Excess (Deficit) of Revenues and Transfers over Expenditures and Transfers	$ 386,648	$ 386,648	**70,723**	$ (315,925)	160,553
Reconciliation of Budgetary Basis to GAAP Basis:					
Capital asset purchases capitalized			**92,247**		128,709
Depreciation expense			**(84,054)**		(79,783)
Long term debt - payments			**11,485**		27,145
Long term debt - proceeds			**-**		(68,238)
Capital lease obligations			**-**		1
Compensated absences			**(4,043)**		(6,398)
Change in Net Position			**$ 86,358**		$ 161,989

TOWN OF KERSEY, COLORADO

Schedule of Revenues

Budget to Actual - ***Street Fund***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

Non-GAAP Budgetary Basis	2016 Original Budget	2016 Final Budget	2016 Actual	2016 Variance - Favorable (Unfavorable)	2015 Actual
Taxes:					
Motor vehicle sales and use tax	$ 5,000	$ 5,000	$ 988	$ (4,012)	$ 1,124
Sales tax	250,000	250,000	201,570	(48,430)	267,150
Specific ownership tax	12,000	12,000	10,488	(1,512)	9,631
Total Taxes	267,000	267,000	213,046	(53,954)	277,905
Intergovernmental Revenues:					
Highway users tax	49,361	49,361	51,618	2,257	52,766
Motor vehicles registration fee	5,000	5,000	8,362	3,362	6,995
County road and bridge	7,098	7,098	7,008	(90)	7,715
Total Intergovernmental Revenues	61,459	61,459	66,988	5,529	67,476
Earnings on Investments:					
Earnings on investments	600	600	787	187	676
Net Increase (decrease) in the fair market of investments	-	-	-	-	-
Total Earnings on Investments	600	600	787	187	676
Miscellaneous Revenues:					
Streets reimbursements	50	50	179	129	1,750
Traffic calming surcharge	3,500	3,500	2,947	(553)	2,345
Other income	-	-	12,782	12,782	-
Grants	-	-	-	-	-
Contributions	-	-	-	-	-
Sale of assets	-	-	5,999	5,999	-
Total Miscellaneous Revenue	3,550	3,550	21,907	18,357	4,095
Total Revenues	$ 332,609	$ 332,609	$ 302,728	$ (29,881)	$ 350,152

TOWN OF KERSEY, COLORADO

Schedule of Expenditures

Budget to Actual - ***Street Fund***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				
Non-GAAP Budgetary Basis	Original Budget	Final Budget	**Actual**	Variance - Favorable (Unfavorable)	**2015** Actual
General Government:					
General:					
Workmen's compensation	$ 1,962	$ 1,962	**$ 1,962**	$ -	$ 2,221
Auditing	859	859	**859**	-	834
Legal services	2,000	2,000	**612**	1,388	517
Publishing	400	400	**747**	(347)	211
Professional services	800	800	**-**	800	975
IT services	2,000	2,000	**1,050**	950	1,463
Copier lease	1,889	1,889	**-**	1,889	-
Total General	9,910	9,910	**5,230**	4,680	6,221
Administrative:					
Administrative fee allocation	9,000	9,000	**4,495**	4,505	8,990
Professional services	-	-	**-**	-	4,106
Repairs and maintenance	200	200	**268**	(68)	191
Supplies - office	300	300	**367**	(67)	370
Total Administrative	9,500	9,500	**5,130**	4,370	13,657
Total General Government	19,410	19,410	**10,360**	9,050	19,878
Public Works:					
Operations:					
Salaries	44,354	44,354	**37,090**	7,264	42,957
Payroll taxes	2,756	2,756	**2,653**	103	3,205
Health insurance	10,222	10,222	**9,436**	786	10,578
Dental insurance	842	842	**960**	(118)	843
AFLAC coverage	136	136	**9**	127	60
Life insurance	80	80	**53**	27	73
Short-term disability insurance	297	297	**229**	68	296
Long-term disability insurance	231	231	**171**	60	229
E 457 retirement coverage	1,331	1,331	**1,085**	246	1,280
Cont. education, seminars, training	100	100	**130**	(30)	32
Administrative transfer	(1,165)	(1,165)	**(583)**	(582)	(1,165)
Clothing and uniforms	670	670	**672**	(2)	460
Gas, oil, diesel fuel, etc.	3,500	3,500	**2,323**	1,177	2,854
Lease	-	-	**-**	-	11,468
Repairs and maintenance - building	1,000	1,000	**513**	487	205
Repairs and maintenance - equip/mach	3,450	3,450	**1,350**	2,100	3,900
Repairs and maintenance - signs	3,000	3,000	**1,093**	1,907	2,638
Repairs and maintenance - streets	2,500	2,500	**19,160**	(16,660)	3,150
Repairs and maintenance - vehicles	3,000	3,000	**2,148**	852	2,287
Street improvements	150,000	150,000	**116,363**	33,637	147,749
Street cleaning	8,000	8,000	**2,780**	5,220	1,721
Street lights	17,000	17,000	**19,064**	(2,064)	15,380
Supplies - general	1,800	1,800	**2,885**	(1,085)	1,658
Telephone expense	1,000	1,000	**852**	148	1,031
Travel and meetings	200	200	**80**	120	92
Utility expense	1,900	1,900	**1,904**	(4)	2,099
Total Operations	256,204	256,204	**222,420**	33,784	255,080
Total Public Works	256,204	256,204	**222,420**	33,784	255,080
Capital Outlay	13,000	13,000	**13,974**	(974)	11,450
Total Capital Outlay	13,000	13,000	**13,974**	(974)	11,450
Total Expenditures	$ 288,614	$ 288,614	**$ 246,754**	$ 41,860	$ 286,408

Reconciliation of Budgetary Basis to GAAP Basis

*Budget to Actual - **Street Fund***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

Non-GAAP Budgetary Basis	2016 Original Budget	2016 Final Budget	2016 Actual	2016 Variance - Favorable (Unfavorable)	2015 Actual
Revenues:					
Taxes	$ 267,000	$ 267,000	**$ 213,046**	$ (53,954)	$ 277,905
Licenses and permits	-	-	**-**	-	-
Intergovernmental revenues	61,459	61,459	**66,988**	5,529	67,476
Charges for services	-	-	**-**	-	-
Parks and recreation	-	-	**-**	-	-
Judicial	-	-	**-**	-	-
Earnings on investments	600	600	**787**	187	676
Miscellaneous revenues	3,550	3,550	**21,907**	18,357	4,095
Total Revenues	332,609	332,609	**302,728**	(29,881)	350,152
Transfers In:					
General Fund	-	-	**-**	-	25,000
Conservation Trust Fund	-	-	**-**	-	-
Capital Fund	-	-	**-**	-	-
Total Transfers In	-	-	**-**	-	25,000
Total Revenues and Transfers	332,609	332,609	**302,728**	(29,881)	375,152
Expenditures:					
General government	19,410	19,410	**10,360**	9,050	19,878
Public safety	-	-	**-**	-	-
Public works	256,204	256,204	**222,420**	33,784	255,080
Parks and recreation	-	-	**-**	-	-
Health and welfare	-	-	**-**	-	-
Legislative	-	-	**-**	-	-
Judicial	-	-	**-**	-	-
Library	-	-	**-**	-	-
Seniors	-	-	**-**	-	-
Capital outlay	13,000	13,000	**13,974**	(974)	11,450
Total Expenditures	288,614	288,614	**246,754**	41,860	286,408
Transfers Out:					
General Fund	-	-	**-**	-	-
Conservation Trust Fund	-	-	**-**	-	-
Water Fund	-	-	**66,770**	66,770	-
Total Transfers Out	-	-	**66,770**	66,770	-
Total Expenditures and Transfers	288,614	288,614	**313,524**	108,630	286,408
Excess (Deficit) of Revenues and Transfers over Expenditures and Transfers	$ 43,995	$ 43,995	**(10,796)**	$ 78,749	88,744
Reconciliation of Budgetary Basis to GAAP Basis:					
Capital asset purchases capitalized			**13,974**		11,450
Capital assets sold			**(2,036)**		-
Depreciation expense			**(143,349)**		(178,036)
Capital lease obligations			**-**		11,474
Change in Net Position			**$ (142,207)**		$ (66,368)

OTHER SUPPLEMENTAL INFORMATION

TOWN OF KERSEY, COLORADO

Combining Balance Sheet

Governmental Funds - Nonmajor

December 31, 2016

	Conservation Trust	Capital	Total Nonmajor
ASSETS			
Current Assets:			
Cash on hand and in checking	$ (27,813)	$ 220,343	**$ 192,530**
Cash on deposit - county treasurer	-	-	**-**
Cash in money market account	102,586	37,565	**140,151**
Total Cash	74,773	257,908	**332,681**
Certificates of deposit	14,352	-	**14,352**
Investment account	-	-	**-**
Total Investments	14,352	-	**14,352**
Property taxes receivable	-	-	**-**
Accounts receivable	-	-	**-**
Accrued interest receivable	30	-	**30**
Prepaid expenses	-	-	**-**
Due from other funds	-	-	**-**
Total Current Assets	89,155	257,908	**347,063**
Total Assets	89,155	257,908	**347,063**
DEFERRED OUTFLOWS			
Grant expenditures paid in advance of meeting timing requirements	-	-	**-**
Total Assets & Deferred Outflows	$ 89,155	$ 257,908	**$ 347,063**
LIABILITIES			
Current Liabilities:			
Accounts payable	$ -	$ -	**$ -**
Payroll taxes payable	-	-	**-**
Accrued interest payable	-	-	**-**
Due to other funds	-	-	**-**
Total Current Liabilities	-	-	**-**
Total Liabilities	-	-	**-**
DEFERRED INFLOWS			
Unearned revenue	-	-	**-**
Total Liabilities & Deferred Inflows	-	-	**-**
FUND BALANCE			
Non-spendable	-	-	**-**
Restricted	-	-	**-**
Committed	-	-	**-**
Assigned	-	-	**-**
Unassigned	89,155	257,908	**347,063**
Total Fund Balance	89,155	257,908	**347,063**
Total Fund Balance, Liabilities & Deferred Inflows	$ 89,155	$ 257,908	**$ 347,063**

Reconciliation of the Balance Sheet to the Statement of Net Assets

Total Governmental Fund Balance		**$ 347,063**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Capital assets	-	
Less: accumulated depreciation	-	**-**
Long-term liabilities, including capital leases, are not due and payable in the current period, therefore, they are not reported in the funds:		
Capital leases	-	
Compensated absences	-	**-**
Net Position of Governmental Activities		**$ 347,063**

TOWN OF KERSEY, COLORADO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds - Nonmajor

December 31, 2016

	Conservation Trust	Capital	Total Nonmajor
Revenues:			
Taxes	$ -	$ 25,783	**$ 25,783**
Licenses and permits	-	-	**-**
Intergovernmental revenue	17,181	-	**17,181**
Charges for services	-	-	**-**
Parks and recreation	-	-	**-**
Judicial	-	-	**-**
Earnings on investments	970	438	**1,408**
Miscellaneous revenues	-	6,900	**6,900**
Total Revenues	18,151	33,121	**51,272**
Expenditures:			
Current:			
General government	-	-	**-**
Public safety	-	-	**-**
Public works	-	-	**-**
Parks and recreation	4,741	-	**4,741**
Health and welfare	-	-	**-**
Legislative	-	-	**-**
Judicial	-	-	**-**
Library	-	-	**-**
Seniors	-	-	**-**
Capital outlay	-	-	**-**
Total Expenditures	4,741	-	**4,741**
Excess (Deficiency) of Revenues over Expenditures	13,410	33,121	**46,531**
Other Financing Sources (Uses):			
Sale of assets	-	-	**-**
Contributions	-	-	**-**
Transfers in	(2,600)	-	**(2,600)**
Transfers out	-	(65,770)	**(65,770)**
Total Other Financing Sources (Uses)	(2,600)	(65,770)	**(68,370)**
Net Change in Fund Balance	10,810	(32,649)	**(21,839)**
Fund Balance - beginning of year	78,345	290,557	**368,902**
Fund Balance - End of Year	$ 89,155	$ 257,908	**$ 347,063**

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities:

Net Change in Fund Balance - Total Governmental Funds		**$ (21,839)**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized	-	
Depreciation expense	-	
		-
Change in Net Position of Governmental Activities		**$ (21,839)**

TOWN OF KERSEY, COLORADO

Budgetary Comparison Schedule

Budget to Actual - ***Conservation Trust Fund***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				
Non-GAAP Budgetary Basis	Original Budget	Final Budget	**Actual**	Variance - Favorable (Unfavorable)	**2015** Actual
Revenues:					
Intergovernmental Revenue:					
State lottery funds	$ 15,000	$ 15,000	**$ 17,181**	$ 2,181	$ 14,548
Total Intergovernmental Revenue	15,000	15,000	**17,181**	2,181	14,548
Earnings on Investment:					
Earnings on investments	300	300	**970**	670	282
Net increase (decrease) in fair value of investments	-	-	**-**	-	-
Total Earnings on Investment	300	300	**970**	670	282
Miscellaneous Revenues:					
Park fees	-	-	**-**	-	-
Total Miscellaneous Revenues	-	-	**-**	-	-
Total Revenues	15,300	15,300	**18,151**	2,851	14,830
Expenditures:					
Parks:					
Chemicals	1,800	1,800	**468**	1,332	1,560
Professional services	-	-	**-**	-	-
Repairs and maintenance - building	800	800	**106**	694	1,048
Repairs and maintenance - equip	3,250	3,250	**2,668**	582	4,057
Repairs and maintenance - turf	2,000	2,000	**759**	1,241	937
Tree trimming	-	-	**-**	-	-
Park Equipment	1,250	1,250	**-**	1,250	959
Supplies - general	700	700	**740**	(40)	850
Supplies - office	-	-	**-**	-	-
Capital outlay	10,000	10,000	**-**	10,000	-
Total Parks	19,800	19,800	**4,741**	15,059	9,411
Community Center:					
Repairs and maintenance - building	500	500	**-**	500	-
Repairs and maintenance - equip	-	-	**-**	-	-
Supplies - general	-	-	**-**	-	-
Supplies - office	-	-	**-**	-	-
Total Parks	500	500	**-**	500	-
Total Expenditures	20,300	20,300	**4,741**	15,559	9,411
Transfers (In) Out:					
General Fund	(5,000)	(5,000)	**2,600**	(7,600)	-
Total Transfers (In) Out	(5,000)	(5,000)	**2,600**	(7,600)	-
Total Expenditures and Transfers	15,300	15,300	**7,341**	7,959	9,411
Excess (Deficit) of Revenues Over Expenditures and Transfers	$ -	$ -	**10,810**	$ 10,810	5,419
Reconciliation of Budgetary Basis to GAAP Basis:					
Capital asset purchases capitalized			**-**		-
Depreciation expense			**-**		-
Change in Net Position			**$ 10,810**		$ 5,419

Budgetary Comparison Schedule

Budget to Actual - ***Capital Fund***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				
Non-GAAP Budgetary Basis	Original Budget	Final Budget	**Actual**	Variance - Favorable (Unfavorable)	**2015** Actual
Revenues:					
Taxes:					
Use tax	$ 35,000	$ 35,000	**$ 25,783**	$ (9,217)	$ 16,760
Total Taxes	35,000	35,000	**25,783**	(9,217)	16,760
Earnings on Investment:					
Earnings on investments	400	400	**438**	38	675
Net increase (decrease) in fair value of investments	-	-	**-**	-	-
Total Earnings on Investment	400	400	**438**	38	675
Miscellaneous Revenues:					
Road development fees	575	575	**3,150**	2,575	575
Drainage fees	300	300	**1,200**	900	300
Park fees	850	850	**2,550**	1,700	850
Total Miscellaneous Revenues	1,725	1,725	**6,900**	5,175	1,725
Total Revenues	37,125	37,125	**33,121**	(4,004)	19,160
Expenditures:					
Park planning	-	-	**-**	-	-
Capital Outlay:					
Equipment	-	-	**-**	-	-
Projects	-	-	**-**	-	-
Vehicles & machinery	-	-	**-**	-	-
Total Expenditures	-	-	**-**	-	-
Transfers (In) Out:					
General Fund	-	-	**-**	-	-
Water Fund	5,000	5,000	**65,770**	(60,770)	-
Total Transfers (In) Out	5,000	5,000	**65,770**	(60,770)	-
Total Expenditures and Transfers	5,000	5,000	**65,770**	(60,770)	-
Excess (Deficit) of Revenues Over Expenditures and Transfers	$ 32,125	$ 32,125	**(32,649)**	$ (64,774)	19,160
Reconciliation of Budgetary Basis to GAAP Basis:					
Capital asset purchases capitalized			**-**		-
Depreciation expense			**-**		-
Change in Net Position			**$ (32,649)**		$ 19,160

Schedule of Revenues

*Budget to Actual - **Water Fund***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

Non-GAAP Budgetary Basis	2016 Original Budget	2016 Final Budget	2016 Actual	2016 Variance - Favorable (Unfavorable)	2015 Actual
Operating Revenues:					
Water sales	$ 318,301	$ 318,301	**$ 302,326**	$ (15,975)	$ 297,075
Tap fees	7,000	7,000	**28,000**	21,000	38,000
Bulk water sales	500	500	**11,855**	11,355	772
Water purchased	-	-	**29,500**	29,500	59,000
Hydrant fees	1,500	1,500	**3,130**	1,630	2,980
Late fees	9,000	9,000	**11,940**	2,940	12,365
Meter charges	2,500	2,500	**1,600**	(900)	2,975
Miscellaneous	650	650	**9,158**	8,508	-
Total Operating Revenues	339,451	339,451	**397,509**	58,058	413,167
Earnings on Investment:					
Earnings on investments	1,700	1,700	**1,997**	297	2,352
Net Increase (decrease) in the fair market of investments	-	-	**-**	-	-
Total Earnings on Investment	1,700	1,700	**1,997**	297	2,352
Miscellaneous Revenues:					
Transfer from other funds	-	-	**263,081**	263,081	180,000
Contributions from customers	-	-	**-**	-	-
Contributions from subdividers	-	-	**-**	-	-
Sale of assets	-	-	**-**	-	-
Loan proceeds	-	-	**-**	-	-
Grants	-	-	**-**	-	200,000
Total Miscellaneous Revenues	-	-	**263,081**	263,081	380,000
Total Revenues	$ 341,151	$ 341,151	**$ 662,587**	$ 321,436	$ 795,519

TOWN OF KERSEY, COLORADO

Schedule of Expenditures

*Budget to Actual - **Water Fund***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

Non-GAAP Budgetary Basis	2016 Original Budget	2016 Final Budget	2016 **Actual**	2016 Variance - Favorable (Unfavorable)	**2015** Actual
Operating Expenditures:					
General:					
Workmen's compensation	$ 2,803	$ 2,803	**$ 3,053**	$ (250)	$ 3,172
Auditing	3,289	3,289	**3,289**	-	3,193
Bank charges	300	300	**268**	32	180
Credit card charges	2,500	2,500	**1,832**	668	2,497
Legal services	600	600	**1,799**	(1,199)	413
Publishing	1,000	1,000	**2,430**	(1,430)	1,010
Web publishing	113	113	**113**	-	113
Insurance	15,543	15,543	**15,587**	(44)	13,395
Dues and subscriptions	500	500	**317**	183	291
Professional services	7,000	7,000	**5,354**	1,646	25,228
IT Services	2,500	2,500	**1,127**	1,373	1,633
Copier lease	1,889	1,889	**-**	1,889	-
Total General	38,037	38,037	**35,169**	2,868	51,125
Administrative:					
Salaries	36,167	36,167	**39,236**	(3,069)	36,095
Payroll taxes	2,558	2,558	**2,919**	(361)	2,754
Health insurance	6,241	6,241	**6,345**	(104)	5,780
Dental insurance	792	792	**680**	112	792
AFLAC coverage	4,076	4,076	**2,999**	1,077	3,939
Life insurance	80	80	**51**	29	75
Short-term disability insurance	229	229	**217**	12	228
Long-term disability insurance	175	175	**167**	8	177
E 457 retirement contribution	1,085	1,085	**1,153**	(68)	1,070
Cont. education, seminars, training	500	500	**142**	358	183
Dues and subscriptions	400	400	**761**	(361)	1,109
Postage	900	900	**1,073**	(173)	974
Professional services	2,500	2,500	**125**	2,375	148
Repairs and maintenance	500	500	**804**	(304)	248
Supplies - office	500	500	**723**	(223)	602
Travel and meetings	300	300	**134**	166	256
Total Administrative	57,003	57,003	**57,529**	(526)	54,430

(continued on next page)

TOWN OF KERSEY, COLORADO

Schedule of Expenditures

*Budget to Actual - **Water Fund (continued)***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				
Non-GAAP Budgetary Basis	Original Budget	Final Budget	**Actual**	Variance - Favorable (Unfavorable)	**2015** Actual
Operating Expenditures:					
System Operations:					
Salaries	56,411	56,411	**45,718**	10,693	56,676
Payroll taxes	3,513	3,513	**3,344**	169	4,078
Health insurance	12,898	12,898	**11,841**	1,057	13,332
Dental insurance	1,067	1,067	**1,204**	(137)	1,067
AFLAC coverage	50	50	**9**	41	60
Life insurance	91	91	**67**	24	93
Short-term disability insurance	376	376	**288**	88	376
Long-term disability insurance	289	289	**215**	74	291
E 457 retirement coverage	1,692	1,692	**1,368**	324	1,629
Cont. education, seminars, training	100	100	**80**	20	32
Pre-employment exam	-	-	**-**	-	-
Administrative transfer	(1,165)	(1,165)	**(583)**	(582)	(1,165)
Clothing and uniforms	670	670	**668**	2	434
Gas, oil, diesel fuel, etc.	3,600	3,600	**2,285**	1,315	2,501
Lease backhoe	-	-	**-**	-	-
Postage	400	400	**105**	295	197
Professional services	500	500	**7**	493	4,902
Repairs and maintenance - building	500	500	**50**	450	129
Repairs and maintenance - equip/mach	1,000	1,000	**431**	569	812
Repairs and maintenance - hydrant	500	500	**-**	500	-
Repairs and maintenance - office equip	300	300	**139**	161	92
Repairs and maintenance - valve box	1,500	1,500	**-**	1,500	535
Repairs and maintenance - vehicles	1,000	1,000	**1,390**	(390)	971
Repairs and maintenance - water lines	3,000	3,000	**515**	2,485	3,429
Repairs and maintenance - water tower	3,500	3,500	**-**	3,500	2,400
Supplies - general	1,000	1,000	**624**	376	679
Telephone expense	1,800	1,800	**1,661**	139	1,845
Travel and meetings	500	500	**114**	386	401
Utility expense	4,000	4,000	**4,266**	(266)	3,687
Water (potable) - testing	3,500	3,500	**3,431**	69	3,651
Water assessments	12,000	12,000	**19,001**	(7,001)	15,407
Water usage	90,000	90,000	**92,890**	(2,890)	82,988
Total System Operation & Maintenance	204,592	204,592	**191,128**	13,464	201,529
Total Operating Expenditures	299,632	299,632	**283,826**	15,806	307,084
Non-Operating Expenditures:					
Capital Outlay	24,000	86,306	**590,822**	(504,516)	437,757
Debt Service:					
Principal	-	-	**17,910**	(17,910)	-
Interest	-	-	**2,122**	(2,122)	2,072
Total Non-Operating Expenditures	24,000	86,306	**610,854**	(524,548)	439,829
Total Expenditures	$ 323,632	$ 385,938	**$ 894,680**	$ (508,742)	$ 746,913

TOWN OF KERSEY, COLORADO

Reconciliation of Budgetary Basis to GAAP Basis

*Budget to Actual - **Water Fund***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				
Non-GAAP Budgetary Basis	Original Budget	Final Budget	**Actual**	Variance - Favorable (Unfavorable)	**2015** Actual
Revenues:					
Operating revenues	$ 339,451	$ 339,451	**$ 397,509**	$ 58,058	$ 413,167
Earnings on investment	1,700	1,700	**1,997**	297	2,352
Miscellaneous revenues	-	-	**263,081**	263,081	380,000
Total Revenues	341,151	341,151	**662,587**	321,436	795,519
Expenditures:					
General	38,037	38,037	**35,169**	2,868	51,125
Administrative	57,003	57,003	**57,529**	(526)	54,430
System operations	204,592	204,592	**191,128**	13,464	201,529
Non-operating expenditures	24,000	86,306	**610,854**	(524,548)	439,829
Total Expenditures	323,632	385,938	**894,680**	(508,742)	746,913
Excess (Deficiency) of Revenues over Expenditures	$ 17,519	$ (44,787)	**(232,093)**	$ (187,306)	48,606
Reconciliation of Budgetary Basis to GAAP Basis:					
Capital assets purchases capitalized			**590,822**		437,757
Capital assets sold			**-**		-
Depreciation expense			**(66,111)**		-
Capital lease obligation payments			**-**		1,009
Long-term debt - proceeds			**-**		-
Long-term debt - payments			**17,910**		-
Change in Net Position			**$ 310,528**		$ 487,372

Schedule of Revenues

Budget to Actual - ***Sewer Fund***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				
Non-GAAP Budgetary Basis	Original Budget	Final Budget	**Actual**	Variance - Favorable (Unfavorable)	**2015** Actual
Operating Revenues:					
Sewer service	$ 379,072	$ 379,072	**$ 387,540**	$ 8,468	$ 382,184
Tap fees	4,000	4,000	**16,000**	12,000	14,000
Late fees	6,000	6,000	**-**	(6,000)	-
Miscellaneous	-	-	**-**	-	1,000
Total Operating Revenues	389,072	389,072	**403,540**	14,468	397,184
Earnings on Investment:					
Earnings on investments	2,500	2,500	**3,599**	1,099	5,609
Net Increase (decrease) in the fair market of investments	-	-	**(436)**	(436)	(1,226)
Total Earnings on Investment	2,500	2,500	**3,163**	663	4,383
Miscellaneous Revenues:					
Transfer from other funds	-	-	**-**	-	40,000
Contributions from customers	-	-	**-**	-	-
Contributions from subdividers	-	-	**-**	-	-
Sale of assets	-	-	**-**	-	-
Grants	-	-	**-**	-	8,522
Total Miscellaneous Revenues	-	-	**-**	-	48,522
Total Revenues	$ 391,572	$ 391,572	**$ 406,703**	$ 15,131	$ 450,089

Schedule of Expenditures

Budget to Actual - ***Sewer Fund***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				
Non-GAAP Budgetary Basis	Original Budget	Final Budget	**Actual**	Variance - Favorable (Unfavorable)	**2015** Actual
Operating Expenditures:					
General:					
Workmen's compensation	$ 1,542	$ 1,542	**$ 1,792**	$ (250)	$ 1,745
Auditing	4,095	4,095	**4,272**	(177)	3,976
Bank charges	500	500	**318**	182	255
Credit card charges	2,500	2,500	**1,832**	668	2,497
Legal services	1,500	1,500	**770**	730	132
Publishing	1,000	1,000	**2,515**	(1,515)	713
Web publishing	113	113	**113**	-	113
Insurance	15,963	15,963	**16,008**	(45)	13,757
Dues and subscriptions	100	100	**37**	63	11
Professional services	2,500	2,500	**3,543**	(1,043)	18,663
IT Services	2,000	2,000	**1,477**	523	1,633
Copier lease	1,889	1,889	**-**	1,889	-
Total General	33,702	33,702	**32,677**	1,025	43,495
Administrative:					
Salaries	29,368	29,368	**31,827**	(2,459)	29,064
Payroll taxes	1,992	1,992	**2,362**	(370)	2,219
Health insurance	4,783	4,783	**4,867**	(84)	4,429
Dental insurance	600	600	**510**	90	586
AFLAC coverage	2,040	2,040	**1,500**	540	1,974
Life insurance	75	75	**36**	39	54
Short-term disability insurance	183	183	**174**	9	181
Long-term disability insurance	147	147	**135**	12	142
E 457 retirement contribution	881	881	**934**	(53)	863
Cont. education, seminars, training	250	250	**32**	218	183
Dues and subscriptions	400	400	**761**	(361)	534
Postage	550	550	**662**	(112)	648
Professional services	-	-	**125**	(125)	-
Repairs and maintenance	500	500	**731**	(231)	271
Supplies - office	500	500	**760**	(260)	700
Travel and meetings	200	200	**149**	51	234
Total Administrative	42,469	42,469	**45,565**	(3,096)	42,082

(continued on next page)

TOWN OF KERSEY, COLORADO

Schedule of Expenditures

Budget to Actual - ***Sewer Fund (continued)***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				
Non-GAAP Budgetary Basis	Original Budget	Final Budget	**Actual**	Variance - Favorable (Unfavorable)	**2015** Actual
Operating Expenditures:					
System Operations:					
Salaries	46,692	46,692	**38,509**	8,183	46,965
Payroll taxes	2,895	2,895	**2,818**	77	3,372
Health insurance	10,850	10,850	**10,070**	780	11,239
Dental insurance	890	890	**1,026**	(136)	891
AFLAC coverage	100	100	**9**	91	60
Life insurance	111	111	**56**	55	76
Short-term disability insurance	312	312	**244**	68	313
Long-term disability insurance	239	239	**181**	58	241
E 457 retirement coverage	1,400	1,400	**1,152**	248	1,348
Cont. education, seminars, training	500	500	**80**	420	272
Pre-employment exam	-	-	**-**	-	-
Administrative transfer	(1,166)	(1,166)	**(580)**	(586)	(1,160)
Chemicals	-	-	**770**	(770)	-
Clothing and uniforms	670	670	**668**	2	435
Gas, oil, diesel fuel, etc.	3,600	3,600	**2,487**	1,113	2,872
Lease backhoe	-	-	**-**	-	-
Postage	300	300	**190**	110	197
Professional services	10,000	10,000	**9,957**	43	27,968
Repairs and maintenance - building	500	500	**2,221**	(1,721)	180
Repairs and maintenance - equip/mach	2,000	2,000	**1,438**	562	948
Repairs and maintenance - office equip	-	-	**17**	(17)	-
Repairs and maintenance - sewer lines	100	100	**-**	100	199
Repairs and maintenance - sewer plant	15,000	15,000	**11,276**	3,724	10,944
Repairs and maintenance - vehicles	2,000	2,000	**1,382**	618	936
Sewer discharge permit	3,000	3,000	**2,590**	410	2,315
Sewer testing	2,000	2,000	**7,550**	(5,550)	2,303
Sludge removal	11,000	17,727	**18,588**	(861)	10,881
Supplies - general	1,000	1,000	**934**	66	1,184
Chemicals - treatment	3,000	3,000	**16,240**	(13,240)	15,559
Telephone expense	3,359	3,359	**3,433**	(74)	3,790
Travel and meetings	150	150	**29**	121	401
Utility expense	27,500	27,500	**24,657**	2,843	26,342
Total System Operation & Maintenance	148,002	154,729	**157,992**	(3,263)	171,071
Total Operating Expenditures	224,173	230,900	**236,234**	(5,334)	256,648
Non-Operating Expenditures:					
Capital Outlay	11,000	11,000	**11,251**	(251)	95,851
Debt Service:					
Principal	96,799	96,799	**96,799**	-	93,400
Interest	24,236	24,236	**40,662**	(16,426)	44,081
Total Non-Operating Expenditures	132,035	132,035	**148,712**	(16,677)	233,332
Total Expenditures	$ 356,208	$ 362,935	**$ 384,946**	$ (22,011)	$ 489,980

TOWN OF KERSEY, COLORADO

Reconciliation of Budgetary Basis to GAAP Basis

*Budget to Actual - **Sewer Fund***

Year Ended December 31, 2016

With Comparative Actual Amounts For the Year Ended December 31, 2015

	2016				
Non-GAAP Budgetary Basis	Original Budget	Final Budget	**Actual**	Variance - Favorable (Unfavorable)	**2015** Actual
Revenues:					
Operating revenues	$ 389,072	$ 389,072	**$ 403,540**	$ 14,468	$ 397,184
Earnings on investment	2,500	2,500	**3,163**	663	4,383
Miscellaneous revenues	-	-	**-**	-	48,522
Total Revenues	391,572	391,572	**406,703**	15,131	450,089
Expenditures:					
General	33,702	33,702	**32,677**	1,025	43,495
Administrative	42,469	42,469	**45,565**	(3,096)	42,082
System operations	148,002	154,729	**157,992**	(3,263)	171,071
Non-operating expenditures	132,035	132,035	**148,712**	(16,677)	233,332
Total Expenditures	356,208	362,935	**384,946**	(22,011)	489,980
Excess (Deficiency) of Revenues over Expenditures	$ 35,364	$ 28,637	**21,757**	$ (6,880)	(39,891)
Reconciliation of Budgetary Basis to GAAP Basis:					
Capital assets purchases capitalized			**11,251**		95,851
Capital assets sold			**(700)**		-
Depreciation expense			**(122,399)**		(120,739)
Capital lease obligation payments			**-**		1,009
Long-term debt - proceeds			**-**		-
Long-term debt - payments			**96,799**		93,400
Change in Net Position			**$ 6,708**		$ 29,630

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

Financial Planning 02/01
Form # 350-050-36

LOCAL HIGHWAY FINANCE REPORT	City or County: **TOWN OF KERSEY, COLORADO**
	YEAR ENDING : **December 2016**
This Information From The Records Of (example - City of _ or County of _) Prepared By: / Phone:	**JULIE PIPER, TOWN CLERK** / ***(970) 353-1681**

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	0
3. Other local imposts (from page 2)	235,269
4. Miscellaneous local receipts (from page 2)	530
5. Transfers from toll facilities	0
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	0
b. Bonds - Refunding Issues	0
c. Notes	0
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	235,799
B. Private Contributions	0
C. Receipts from State government (from page 2)	59,980
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	295,779

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	12,100
2. Maintenance:	203,296
3. Road and street services:	
a. Traffic control operations	0
b. Snow and ice removal	0
c. Other **Street Lighting**	17,627
d. Total (a. through c.)	17,627
4. General administration & miscellaneous	22,591
5. Highway law enforcement and safety	0
6. Total (1 through 5)	255,614
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	0
b. Redemption	0
c. Total (a. + b.)	0
2. Notes:	
a. Interest	0
b. Redemption	0
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	0
D. Payments to toll facilities	0
E. Total disbursements (A.6 + B.3 + C + D)	255,614

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
413,577	295,779	255,614	453,742	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	0	a. Interest on investments	530
b. Other local imposts:		b. Traffic Fines & Penalities	0
1. Sales Taxes	201,101	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	34,168	g. Other Misc. Receipts	0
6. Total (1. through 5.)	235,269	h. Other	0
c. Total (a. + b.)	235,269	i. Total (a. through h.)	530
	(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	51,618	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	8,362	d. Federal Transit Admin	0
d. Other (Specify)	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	8,362	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	59,980	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	0	0
b. Engineering Costs	0	0	0
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	0	0
(4). System Enhancement & Operation	0	12,100	12,100
(5). Total Construction (1) + (2) + (3) + (4)	0	12,100	12,100
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	12,100	12,100
			(Carry forward to page 1)

Notes and Comments: