

cPa DIXON, WALLER & CO., INC.

TOWN OF LA VETA, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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DIXON, WALLER & CO., INC.

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FINANCIAL STATEMENTS
December 31, 2016

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TOWN OF LA VETA, COLORADO
ROSTER OF OFFICIALS
December 31, 2016

Doug Brgoch	Mayor
Dale Davis	Mayor Pro-Tem
Mickey Schmidt	Mayor Pro-Tem
Shane Clouse	Trustee
Marilyn Russell	Trustee
Al Coffey	Trustee

FINANCIAL SECTION

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

Independent Auditor's Report

To the Honorable Mayor and
the Board of Trustees
Town of La Veta,
La Veta, 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 La Veta, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend data on pages i through vii and 34 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of La Veta's basic financial statements. The other schedules and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules and state required schedules 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. In our opinion, the other schedules and state required schedules are fairly stated, in all material respect, in relation to the basic financial statements as a whole.



Trinidad, Colorado
June 15, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of La Veta
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2016

As management of the Town of La Veta, we offer readers of the Town of La Veta's financial statements this narrative overview and analysis of the financial activities of the Town of La Veta for the fiscal year ended December 31, 2016. The focus of the information is on the primary government (general) fund. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town of La Veta's financial statements, which follow this narrative.

The Town of La Veta has adopted a new financial reporting model promulgated by the Government Accounting Standards Board (GASB). In accordance with GASB Statement No. 34, Basic Financial Statement and Management Discussion and Analysis for State and Local Governments, the Town of La Veta is not required to restate prior periods for purposes of providing comparative information. However, in future years, when prior year information is available, a comparative analysis of the government wide information will be presented.

Financial Highlights

- The assets of the Town of La Veta exceeded its liabilities at the close of the fiscal year by \$6,769,821 (net assets).
- The government's total net position increased by \$186,003 primarily due to increases in the government and business type activities net assets.
- As of the close of the current fiscal year, the Town of La Veta's governmental funds reported combined ending fund balances of \$731,958 a decrease of \$201,228 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$347,002 for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of La Veta's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of La Veta.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net assets and how they have changed. Net position is the difference between the Town's total assets and total liabilities. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes, county and town taxes, cigarette tax, motor fuel tax, highway user tax, franchise taxes, business, contractor and liquor licensing fees, court and traffic fines, and leases finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include water and sewer services offered by the Town of La Veta. The final category is the component unit.

Town of La Veta
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2016

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of La Veta, like all other governmental entities in Colorado, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of La Veta can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – The Town of La Veta has two proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of La Veta uses enterprise funds to account for its water operations and sewer operation. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of La Veta's progress in funding its obligation to provide pension benefits to its police force.

Government-Wide Financial Analysis

The government-wide financial statements for the fiscal year ended December 31, 2004 are the beginning of a new era in financial reporting for the Town of La Veta and many other units of government across the United States.

Town of La Veta
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2016

Prior to this year, the Town of La Veta maintained their governmental and proprietary fund groups as two separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net position of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the Town of La Veta. These statements were basically the equivalent of the fund financial statements that appeared in the report with fiduciary funds and two account groups, the long-term debt and the general fixed assets, added in.

The changes in the financial statement reporting model are mandated by the Governmental Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in the Town of La Veta's financial reports as well as those of many other units of government. While other units of government were required to implement these changes for the fiscal year ended June 30, 2002 or 2003, the Town of La Veta was required to implement Statement 34 as of December 31, 2004.

Because of the new reporting model, comparative data for all facets of this report are not available. When comparative numbers are accessible, they have been included, such as with net assets. Future years' reports will have more comparative data that will allow more opportunities for comparative analysis.

NET POSITION	<u>2016</u> Governmental Activities	<u>2015</u> Governmental Activities	<u>2016</u> Business Type Activities	<u>2015</u> Business Type Activities	<u>Total</u>	
					<u>2016</u>	<u>2015</u>
ASSETS						
Current and Other Assets	967,181	1,017,477	1,390,975	1,482,268	2,358,156	2,499,745
Capital Assets - Net	1,612,177	1,498,056	4,671,401	4,565,476	6,283,578	6,063,532
Total Assets	2,579,358	2,515,533	6,062,376	6,047,744	8,641,734	8,563,277
Deferred Outflows	18,888	5,642	-	-	18,888	
LIABILITIES						
Current and Other Liabilities	158,419	3,508	150,371	321,790	308,790	325,298
Long Term Liabilities	4,147	3,365	1,530,324	1,609,014	1,534,471	1,612,379
Total Liabilities	162,566	6,873	1,680,695	1,930,804	1,843,261	1,937,677
Deferred Inflows	47,540	47,424	-	-	47,540	
NET POSITION						
Invested in capital assets, Net of Related Debt	1,612,177	1,498,056	3,083,583	2,916,465	4,695,760	4,414,521
Restricted for:						
Recreation	19,725	15,451	-	-	19,725	15,451
Tabor Reserve	16,800	16,900	-	-	16,800	16,900
Unrestricted	739,438	936,471	1,298,098	1,200,475	2,037,536	2,136,946
	2,388,140	2,466,878	4,381,681	4,116,940	6,769,821	6,583,818

Town of La Veta
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2016

Changes in Net Position

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>Total</u>	
	<u>Governmental</u>	<u>Governmental</u>	<u>Business Type</u>	<u>Business Type</u>	<u>2016</u>	<u>2015</u>
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>		
Revenues						
Property taxes	45,570	46,638	-	-	45,570	46,638
Specific ownership taxes	4,772	4,987	-	-	4,772	4,987
Sales and Use Taxes	407,639	383,238	-	-	407,639	383,238
Fanchise Taxes	28,451	28,437	-	-	28,451	28,437
Earnings on investments	1,485	2,392	1,791	1,938	3,276	4,330
Other Revenues	39,595	22,810	29,000	712	68,595	23,522
Charges for services	30,085	66,463	513,508	520,702	543,593	587,165
Operating Grants	16,265	9,732	-	8,774	16,265	18,506
Capital Grants	46,878	-	176,369	540,768	223,247	540,768
Transfers	-	-	-	-	-	-
TOTAL REVENUES	<u>620,740</u>	<u>564,697</u>	<u>720,668</u>	<u>1,072,894</u>	<u>1,341,408</u>	<u>1,637,591</u>
Expenses						
Administrative	155,312	150,183	-	-	155,312	150,183
Public Works	349,213	172,477	-	-	349,213	172,477
Public Safety	89,039	68,188	-	-	89,039	68,188
Community Service	105,914	75,217	-	-	105,914	75,217
Sewer Fund	-	-	155,563	118,355	155,563	118,355
Water Fund	-	-	300,364	309,931	300,364	309,931
Transfers	-	-	-	-	-	-
TOTAL EXPENSES	<u>699,478</u>	<u>466,065</u>	<u>455,927</u>	<u>428,286</u>	<u>1,155,405</u>	<u>894,351</u>
Increase (Decrease in Net Position)	<u>(78,738)</u>	<u>98,632</u>	<u>264,741</u>	<u>644,608</u>	<u>186,003</u>	<u>743,240</u>

Town of La Veta
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2016

Governmental Activities

The following table shows the Town's major functions. It also shows the net costs (total cost less revenues generated by activities).

Governmental Activities by Major Function	2016		2015	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Administrative	155,312	(86,767)	150,183	(117,470)
Public Works	349,213	(349,213)	172,477	(133,662)
Public Safety	89,039	(86,743)	68,188	(65,253)
Community Service	105,914	(83,527)	75,217	(73,485)
Total	699,478	(606,250)	466,065	(389,870)

- Most of the Town's costs, however, were financed by Town and State taxpayers. This portion of governmental activities was financed with \$50,342 local property and specific ownership taxes, and \$1,485 investment earnings and other miscellaneous revenue, and donations.

Business-Type Activities

Business-type activities are made up the water and sewer funds. These programs had revenues of \$720,668 and expenses of \$455,927.

Financial Analysis of the Town's Funds

General Fund Budgetary Highlights

The Town's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

Highlights of the executed budget are as follows:

- Actual revenues in the General Fund were \$1,043,216 lower than anticipated.
- Total expenditures of the General Fund were \$755,745 lower than budget.
- The Town must maintain a 3% emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At December 31, 2016 Town's TABOR reserve amounted to \$16,800.

Town of La Veta
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2016

Capital Assets and Debt Administration

Capital Assets

The Town's net investment in capital assets for its governmental and business-type activities as of December 31, 2016 amounts to \$6,283,578.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	828,044	-	-	828,044
Capital Assets Being Depreciated:				
Buildings	829,288	3,789		833,077
Equipment	430,826	42,150	-	472,976
Site Improvements	715,493	150,749		866,242
Total Capital Assets Being Depreciated	1,975,607	196,688	-	2,172,295
Less Accumulated Depreciation for:				
Buildings	463,275	28,773		492,048
Equipment	398,002	15,245	-	413,247
Site Improvements	444,318	38,549		482,867
Total Accumulated Depreciation	1,305,595	82,567	-	1,388,162
Governmental Activities Capital Assets , Net	1,498,056	114,121	-	1,612,177
<u>Business-Type Activities</u>				
Capital Assets not Being Depreciated:				
Land, Equity, Water Rights	520,712	-	-	520,712
Construction in Progress		127,933	-	127,933
Total Capital Assets not Being Depreciated:	520,712	127,933	-	648,645
Capital Assets Being Depreciated:				
Buildings & Systems	6,225,336	152,978	-	6,378,314
Total Capital Assets Being Depreciated	6,225,336	152,978	-	6,378,314
Less Accumulated Depreciation for:				
Systems & Buildings	2,180,572	174,986		2,355,558
Total Accumulated Depreciation	2,180,572	174,986		2,355,558
<u>Business-Type Activities Capital Assets, Net</u>	4,565,476	105,925	-	4,671,401

Town of La Veta
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2016

Long-Term Debt

At year-end, the Town had \$1,587,817 in water loans

CHANGES IN LONG TERM DEBT	Beg Bal <u>1/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	End Bal <u>12/31/2016</u>
Water Fund				
Note Payable - Colorado Water Resource	949,014	-	32,475	916,539
	-			-
Colorado Water Conservation Board Loan	326,497	-	9,219	317,278
Sewer				
Water Pollution Revolving Fund Loan	256,500	-	13,500	243,000
Water Pollution Revolving Fund Loan	117,000	-	6,000	111,000
	-			-
	<u>1,649,011</u>	<u>-</u>	<u>61,194</u>	<u>1,587,817</u>

Economic Factors Bearing on the Town's Future

The Town of La Veta, like many other small municipalities depend on tourism, in part, to provide sales tax revenues to help provide public service and public safety services. These revenues change dependent on conditions within the local area and sometimes the state. When required the Town's management, the Board of Trustees, provide direction as to necessary expenditures to provide a continuing balance in funds received and those available for expenditures, allowing for an adequate cash flow.

To make projections of revenues for the general fund is difficult when there is a certain dependency on tourism. The Board of Trustees continues to review actual revenues and make required adjustments throughout the year to stay within the financial capability of the Town.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town of La Veta's finances for all those with an interest in the Town. Questions concerning any of the information provided in the report or requests for additional information should be address to:

Town of La Veta
c/o Town Clerk
P. O. Box 174
La Veta, CO 81055

BASIC FINANCIAL STATEMENTS

TOWN OF LA VETA, COLORADO
STATEMENT OF NET POSITION
December 31, 2016

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and Investments	829,378	1,262,121	2,091,499
Accounts Receivable - Net	78,665	43,238	121,903
Interfund Receivable	-	51,291	51,291
Grants Receivable	-	22,215	22,215
Property Tax Receivable	47,332	-	47,332
Prepaid Assets	11,630	-	11,630
Inventory	-	12,110	12,110
Net Pension Asset	176	-	176
Capital Assets	3,000,339	7,026,959	10,027,298
Accumulated Depreciation	(1,388,162)	(2,355,558)	(3,743,720)
<u>Total Assets</u>	<u>2,579,358</u>	<u>6,062,376</u>	<u>8,641,734</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Contributions Subsequent to Pension Measurement Date	5,736	-	5,736
Pension Outflows	13,152	-	13,152
<u>Total Deferred Outflow of Resources</u>	<u>18,888</u>	<u>-</u>	<u>18,888</u>
<u>LIABILITIES</u>			
Accounts Payable	107,128	82,371	189,499
Interfund Payable	51,291	-	51,291
Accrued Salaries and Benefits	-	-	-
Accrued Interest Payable	-	5,917	5,917
Noncurrent Liabilities:			
Due Within One Year	-	62,083	62,083
Due In More Than One Year	-	1,525,735	1,525,735
Compensated Absences	4,147	4,589	8,736
<u>Total Liabilities</u>	<u>162,566</u>	<u>1,680,695</u>	<u>1,843,261</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Property Taxes	47,332	-	47,332
Pension Inflows	208	-	208
<u>Total Deferred Inflow of Resources</u>	<u>47,540</u>	<u>-</u>	<u>47,540</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,612,177	3,083,583	4,695,760
Restricted for:			
Recreation	19,725	-	19,725
Tabor Reserve	16,800	-	16,800
Unrestricted	739,438	1,298,098	2,037,536
<u>Total Net Position</u>	<u>2,388,140</u>	<u>4,381,681</u>	<u>6,769,821</u>

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

TOWN OF LA VETA, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

Program Revenues					Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital		Business	
	Expenses	Services	Grants & Contributions	Grants & Contributions	Governmental Activities	Type Activities	Total
Functions:							
<u>Governmental Activities</u>							
Administrative	155,312	21,667	-	46,878	(86,767)	-	(86,767)
Public Works	349,213	-	-	-	(349,213)	-	(349,213)
Public Safety	89,039	2,296	-	-	(86,743)	-	(86,743)
Community Service	<u>105,914</u>	<u>6,122</u>	<u>16,265</u>	<u>-</u>	<u>(83,527)</u>	<u>-</u>	<u>(83,527)</u>
<u>Total Governmental Activities</u>	<u>699,478</u>	<u>30,085</u>	<u>16,265</u>	<u>46,878</u>	<u>(606,250)</u>	<u>-</u>	<u>(606,250)</u>
<u>Business Type Activities</u>							
Sewer Fund	155,563	175,149	-	104,737	-	124,323	124,323
Water Fund	<u>300,364</u>	<u>338,359</u>	<u>-</u>	<u>71,632</u>	<u>-</u>	<u>109,627</u>	<u>109,627</u>
<u>Total Business Type Activities</u>	<u>455,927</u>	<u>513,508</u>	<u>-</u>	<u>176,369</u>	<u>-</u>	<u>233,950</u>	<u>233,950</u>
<u>Total Primary Government</u>	<u>1,155,405</u>	<u>543,593</u>	<u>16,265</u>	<u>223,247</u>	<u>(606,250)</u>	<u>233,950</u>	<u>(372,300)</u>
<u>General Revenues:</u>							
Property Taxes					45,570	-	45,570
Specific Ownership Taxes					4,772	-	4,772
Sales and Use Taxes					407,639	-	407,639
Franchise Taxes					28,451	-	28,451
Earnings on Investments					1,485	1,791	3,276
Other Revenues					39,595	29,000	68,595
Transfers					<u>-</u>	<u>-</u>	<u>-</u>
<u>Total General Revenues and Transfers</u>					<u>527,512</u>	<u>30,791</u>	<u>558,303</u>
Change in Net Position					(78,738)	264,741	186,003
Net Position – Beginning					<u>2,466,878</u>	<u>4,116,940</u>	<u>6,583,818</u>
Net Position – Ending					<u>2,388,140</u>	<u>4,381,681</u>	<u>6,769,821</u>

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

TOWN OF LA VETA, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	General	Museum Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS:</u>				
Cash and Equivalents	662,572	166,806	-	829,378
Accounts Receivable	36,329	13,040	-	49,369
Property Tax Receivable	47,332	-	-	47,332
Due From Other Funds	10,000	-	-	10,000
Prepaid Assets	11,630	-	-	11,630
Interest Receivable	-	-	-	-
<u>Total Assets</u>	<u>767,863</u>	<u>179,846</u>	<u>-</u>	<u>947,709</u>
<u>LIABILITIES:</u>				
Accounts Payable	107,128	-	-	107,128
Accrued Salaries	-	-	-	-
Due To Other Funds	<u>51,291</u>	<u>10,000</u>	<u>-</u>	<u>61,291</u>
<u>Total Liabilities</u>	<u>158,419</u>	<u>10,000</u>	<u>-</u>	<u>168,419</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Property Taxes	<u>47,332</u>	<u>-</u>	<u>-</u>	<u>47,332</u>
<u>FUND BALANCES:</u>				
Nonspendable:				
Prepaid Assets	11,630	-	-	11,630
Restricted:				
Recreation	19,725	-	-	19,725
Emergencies	16,800	-	-	16,800
Committed:				
Streets and Sidewalks	165,537	-	-	165,537
Park and Trees	1,418	-	-	1,418
Assigned				
Museum	-	169,846	-	169,846
Unassigned	<u>347,002</u>	<u>-</u>	<u>-</u>	<u>347,002</u>
<u>Total Fund Balances</u>	<u>562,112</u>	<u>169,846</u>	<u>-</u>	<u>731,958</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>	<u>767,863</u>	<u>179,846</u>	<u>-</u>	<u>947,709</u>

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

TOWN OF LA VETA, COLORADO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2016

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

<u>Total Fund Balance – Governmental Funds</u>	731,958
Receivables are recognized at the fund level for revenue available within sixty days of year end. However, receivables in the statement of net position include all revenues earned for the period.	29,296
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$3,000,339 and the accumulated depreciation is \$1,388,162.	1,612,177
Property tax revenue is recognized when earned (claim to resources established) rather than when “available”. All of the deferred property tax revenue is not available.	-
The Town’s portion of the net pension asset for FPPA reported on the statement of net position is not reported as an asset in the funds.	176
Deferred flows for contributions made toward the net pension asset from January 1, 2016 until December 31, 2016 is not reported in the funds.	5,736
Deferred pension flows for differences in projected and actual activity are not reported in the funds.	12,944
Compensated absences are not reported as a liability in the funds	<u>(4,147)</u>
<u>Total Net Position – Governmental Activities</u>	<u>2,388,140</u>

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

TOWN OF LA VETA, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	<u>General</u>	<u>Museum Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>				
Taxes	403,974	81,592	-	485,566
Licenses and Permits	9,915	-	-	9,915
Charges for Services	11,218	6,122	-	17,340
Fines and Forfeits	2,346	-	-	2,346
Rent and Lease	24,491	-	-	24,491
Grants and Donations	47,364	16,265	-	63,629
Other	<u>13,692</u>	<u>2,916</u>	-	<u>16,608</u>
<u>Total Revenues</u>	<u>513,000</u>	<u>106,895</u>	<u>-</u>	<u>619,895</u>
<u>EXPENDITURES:</u>				
Administrative	145,399	-	-	145,399
Public Works	494,852	-	-	494,852
Public Safety	96,499	-	-	96,499
Community Service	<u>18,995</u>	<u>65,378</u>	-	<u>84,373</u>
<u>Total Expenditures</u>	<u>755,745</u>	<u>65,378</u>	<u>-</u>	<u>821,123</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(242,745)</u>	<u>41,517</u>	<u>-</u>	<u>(201,228)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(242,745)</u>	<u>41,517</u>	<u>-</u>	<u>(201,228)</u>
<u>FUND BALANCES – Beginning</u>	<u>804,857</u>	<u>128,329</u>	<u>-</u>	<u>933,186</u>
<u>FUND BALANCES - Ending</u>	<u>562,112</u>	<u>169,846</u>	<u>-</u>	<u>731,958</u>

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

TOWN OF LA VETA, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

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

<u>Net Change in Fund Balances – Total Governmental Funds</u>	(201,228)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays more than \$5,000	196,688	
Depreciation expense	<u>(82,567)</u>	114,121

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid).

During the year, compensated absences increased by this amount.	(782)
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Revenue is recognized at the fund level for resources available within sixty days of year end. However, revenue in the statement of activities includes all revenues earned for the period. This is the net affect of the revenue difference for the year.

845

The statement of activities reports net pension obligation which is not reported in the fund financial statements.

Change in net pension asset	(4,824)	
Deferred flows from net pension activity	<u>13,130</u>	

<u>Change in Net Position of Governmental Activities</u>	<u>(78,738)</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF LA VETA, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2016

	<u>Business Type Activities- Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and Equivalents	509,561	752,560	1,262,121
Accounts Receivable	13,135	33,503	46,638
Allowance for Uncollectible Accounts	(1,000)	(2,400)	(3,400)
Grant Receivable	15,302	6,913	22,215
Due From Other Funds	51,291	-	51,291
Inventory	775	11,335	12,110
<u>Total Current Assets</u>	<u>589,064</u>	<u>801,911</u>	<u>1,390,975</u>
<u>Property, Plant & Equipment</u>			
Capital Assets	2,183,603	4,843,356	7,026,959
Less Accumulated Depreciation	(603,857)	(1,751,701)	(2,355,558)
<u>Net Capital Assets</u>	<u>1,579,746</u>	<u>3,091,655</u>	<u>4,671,401</u>
<u>TOTAL ASSETS</u>	<u>2,168,810</u>	<u>3,893,566</u>	<u>6,062,376</u>
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Accounts Payable	67,343	15,028	82,371
Compensated Absences	2,058	2,531	4,589
Accrued Interest Payable	-	5,917	5,917
Due To Other Funds	-	-	-
Notes Payable – Current	19,500	42,583	62,083
<u>Total Current Liabilities</u>	<u>88,901</u>	<u>66,059</u>	<u>154,960</u>
<u>Noncurrent Liabilities</u>			
Note Payable	334,500	1,191,235	1,525,735
<u>TOTAL LIABILITIES</u>	<u>423,401</u>	<u>1,257,294</u>	<u>1,680,695</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,225,746	1,857,837	3,083,583
Unrestricted	519,663	778,435	1,298,098
<u>TOTAL NET POSITION</u>	<u>1,745,409</u>	<u>2,636,272</u>	<u>4,381,681</u>

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

TOWN OF LA VETA, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2016

	<u>Business Type Activities- Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Totals</u>
<u>Operating Revenues</u>			
Charges for Services	175,149	333,689	508,838
Connects	-	3,000	3,000
Miscellaneous	-	1,670	1,670
<u>Total Operating Revenues</u>	<u>175,149</u>	<u>338,359</u>	<u>513,508</u>
<u>Operating Expenses</u>			
Water Sample and Testing	2,338	5,154	7,492
Administration	1,954	13,002	14,956
Water & Sewer – Salaries	58,779	73,753	132,532
Water and Sewer Repairs and Supplies	4,334	21,278	25,612
Payroll Taxes and Employee Benefits	15,532	16,774	32,306
Fuel	732	765	1,497
Miscellaneous	-	3,210	3,210
Utilities	5,738	10,580	16,318
Engineering	-	9,202	9,202
Legal and Audit Fees	5,129	8,828	13,957
Depreciation	61,027	113,959	174,986
Bad Debts	-	-	-
<u>Total Operating Expenses</u>	<u>155,563</u>	<u>276,505</u>	<u>432,068</u>
<u>Operating Income</u>	<u>19,586</u>	<u>61,854</u>	<u>81,440</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest Income	793	998	1,791
Contributions - Grants	104,737	71,632	176,369
Tap Fees	12,000	17,000	29,000
Interest Expense	-	(23,859)	(23,859)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>117,530</u>	<u>65,771</u>	<u>183,301</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>137,116</u>	<u>127,625</u>	<u>264,741</u>
<u>Operating Transfers</u>			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
<u>Total Operating Transfers</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Change in Net Position</u>	<u>137,116</u>	<u>127,625</u>	<u>264,741</u>
<u>TOTAL NET POSITION, Beginning</u>	<u>1,608,293</u>	<u>2,508,647</u>	<u>4,116,940</u>
<u>TOTAL NET POSITION, Ending</u>	<u>1,745,409</u>	<u>2,636,272</u>	<u>4,381,681</u>

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

TOWN OF LA VETA, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2016

	<u>Business Type Activities-Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Totals</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from Customers	176,608	338,914	515,522
Payments to Employees	(81,153)	(97,293)	(178,446)
Payments to Vendors	(19,358)	(76,091)	(95,449)
<u>NET CASH PROVIDED BY (USED FOR)</u> <u>OPERATING ACTIVITIES</u>	<u>76,097</u>	<u>165,530</u>	<u>241,627</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Repayment of Interfund Loans	-	-	-
<u>NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>CASH FLOWS FROM CAPITAL AND</u> <u>RELATED FINANCING ACTIVITIES</u>			
Purchase of Fixed Assets	(318,477)	(138,444)	(456,921)
Contributions from Grants	228,204	71,537	299,741
Proceeds from Loan	-	-	-
Interest Paid on Debt	-	(27,438)	(27,438)
Principal Paid on Debt	(19,500)	(41,693)	(61,193)
Tap Fees	12,000	17,000	29,000
<u>NET CASH FROM CAPITAL AND</u> <u>RELATED FINANCING ACTIVITIES</u>	<u>(97,773)</u>	<u>(119,038)</u>	<u>(216,811)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest Earnings	793	998	1,791
<u>NET CASH FROM INVESTING ACTIVITIES</u>	<u>793</u>	<u>998</u>	<u>1,791</u>
<u>NET INCREASE (DECREASE) IN CASH AND</u> <u>CASH EQUIVALENTS</u>	<u>(20,883)</u>	<u>47,490</u>	<u>26,607</u>
<u>CASH AND CASH EQUIVALENTS – Beginning of Year</u>	<u>530,444</u>	<u>705,070</u>	<u>1,235,514</u>
<u>CASH AND CASH EQUIVALENTS – End of Year</u>	<u>509,561</u>	<u>752,560</u>	<u>1,262,121</u>
<u>RECONCILIATION OF CASH FLOWS FROM</u> <u>OPERATING ACTIVITIES</u>			
Operating Income (Loss)	19,586	61,854	81,440
<u>Adjustments to Reconcile Net Income to Net Cash</u> <u>Provided by Operating Activities</u>			
Depreciation	61,027	113,959	174,986
(Increase) Decrease in Inventory	117	(7,603)	(7,486)
(Increase) Decrease in Receivables	1,459	555	2,014
(Increase) Decrease in Due From Other Funds	-	-	-
Increase (Decrease) in Accounts Payable	750	3,531	4,281
Increase (Decrease) in Accrued Salaries & Benefits Payable	(6,842)	(6,766)	(13,608)
<u>NET CASH PROVIDED BY (USED FOR)</u> <u>OPERATING ACTIVITIES</u>	<u>76,097</u>	<u>165,530</u>	<u>241,627</u>

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

TOWN OF LA VETA, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FIDUCIARY FUNDS
December 31, 2016

	Pension Trust Fund
<u>ASSETS</u>	
Cash and Investments	19,736
Interest Receivable	<u>-</u>
<u>Total Assets</u>	<u>19,736</u>
<u>LIABILITIES</u>	
Deposits Held for Others	<u>-</u>
<u>Total Liabilities</u>	<u>-</u>
<u>NET POSITION</u>	
<u>Held in Trust for Pension Benefits</u>	<u>19,736</u>

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

TOWN OF LA VETA, COLORADO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FIDUCIARY FUNDS
Year Ended December 31, 2016

	Pension Trust Fund
<u>ADDITIONS</u>	
Earnings on Investments	<u>42</u>
<u>DEDUCTIONS</u>	
Capital Outlay	<u>-</u>
<u>CHANGE IN NET POSITION</u>	42
<u>Held in Trust for Pension Benefits:</u>	
Net Position – Beginning of Year	19,694
Net Position – End of Year	<u>19,736</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The reporting entity, for financial purposes, is defined as the primary government (the Town of La Veta) and its component units. The Town has no component units; the financial statements are comprised of the funds and account groups more fully described in subsequent information contained in the footnotes.

The accounting policies of the Town of La Veta conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

B. Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the Town's legally separate *component units* for which the Town is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF LA VETA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *general fund* is the Town's primary operating fund. It accounts for all financial resources of general government, except those required to be accounted for in another fund.

The *museum special revenue fund* accounts for all financial activity related to the operation of the museum.

The Town reports the following major proprietary funds:

The *sewer fund* accounts for the activities of the Town's sewage disposal and treatment system.

The *water fund* accounts for the activities of Town's water distribution and treatment system.

Additionally, the government reports the following fund types.

Police Pension Trust Fund (health & safety) uses its resources for public safety expenditures.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

TOWN OF LA VETA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

D. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	5-30
Building & Plant	15-40

E. Budgets and Budgetary Accounting

The Town has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them.

TOWN OF LA VETA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting (continued)

2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4. The budget for the General and Museum Funds are presented on a GAAP Basis, while budgets for the Enterprise Funds are presented on a Non-GAAP Basis.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Museum Fund and Enterprise Funds. All encumbrances lapse at the end of the year.

G. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. The costs of inventories are recorded as expenditures when they are used.

H. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits Amounts

Accumulated unpaid vacation, sick pay, and other employee benefits amounts should be accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts would not be accrued in governmental funds (using the modified accrual basis of accounting). Accrued vacation and sick leave payable has been reflected in the financial statements of the Proprietary Funds and in the statement of net position for all governmental fund types.

I. Property Taxes

Property taxes represent ad valorem taxes levied by the Town, which are payable to the County Treasurer, and are recognized as revenue by the Town in the year for which they are levied.

Property taxes are levied in December for collection in the subsequent year.

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid without penalty in either of two ways: (a) Full payment by April 30, or (b) First half must be paid by last day of February, and second half must be paid by June 15.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF LA VETA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows the Town of La Veta considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. This includes cash, cash equivalents, and restricted cash.

L. Investments

Investments consist of certificates of deposit with a maturity date of over three months at the time of purchase.

M. Accounts Receivable & Allowance for Uncollectibles

The Town writes off bad debts when accounts are deemed uncollectible. Receivables are reviewed annually to determine accounts that should be written off.

N. Contraband

Per Colorado Contraband Forfeiture Act (CRS 16-13-501-511), proceeds received from the seizure of contraband must be used for the specific purposes of law enforcement activities. These proceeds are exempt from the appropriation process. The Town of La Veta received no proceeds during 2016.

O. Reserves

Article X, Section 20 of the Constitution of the State of Colorado requires the Town to establish Emergency Reserves (see Note 7). \$16,800 of the fund balance has been reserved in compliance with this requirement.

P. Supplemental Disclosures of Cash Flow Information

	<u>Water Fund</u>	<u>Sewer Fund</u>
Cash Paid for Interest	27,438	-
Cash Paid for Income Taxes	-	-

Q. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Long-Term Obligations (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

R. GASB Statement No. 54

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

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

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

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The Town's Committed Fund Balance is fund balance reporting required by the Town Council, either because of a Town Council Policy in the Town Council Policy Manual, or because of motions that passed at Town Council meetings.

TOWN OF LA VETA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. GASB Statement No. 54 (Continued)

Assigned Fund Balance Policy:

The Town's Assigned Fund Balance is fund balance reporting occurring by Town Council Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

The Town's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Museum Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>			
Prepaid Assets	11,630	-	11,630
<u>Restricted:</u>			
Emergencies	16,800	-	16,800
Recreation	19,725	-	19,725
<u>Committed:</u>			
Streets and Sidewalks	165,537	-	165,537
Park and Trees	1,418	-	1,418
<u>Assigned:</u>			
Museum	-	169,846	169,846
<u>Unassigned</u>	<u>347,002</u>	<u>-</u>	<u>347,002</u>
<u>Total Fund Balances</u>	<u>562,112</u>	<u>169,846</u>	<u>731,958</u>

S. Deferred Outflows / Inflows of Resources

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

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

TOWN OF LA VETA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 ACCOUNTS RECEIVABLE

Accounts receivable in the governmental funds are stated at gross. The accounts receivable in the enterprise funds are adjusted by an estimated allowance, and represent amounts receivable from Enterprise Fund customers. The Town's ability to file liens against property owners and the policy of discontinuing service to delinquent accounts results in probable collectibility of these accounts receivable.

NOTE 3 CASH AND DEPOSITS

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 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 at least equal 102% of the uninsured deposits.

At December 31, 2016, the Town's cash deposits had a bank balance and a corresponding carrying balance as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Insured (FDIC)	250,000	250,000
Uninsured, collateralized under the Public Deposit Protection Act (See Above)	<u>1,865,163</u>	<u>1,853,179</u>
Sub-Total	<u>2,115,163</u>	<u>2,103,179</u>
Cash on Hand	-	350
Cash with County Treasurer	<u>-</u>	<u>7,706</u>
Total Cash	<u>2,115,163</u>	<u>2,111,235</u>

As presented above, deposits with a bank balance of \$1,865,163 and a carrying balance of \$1,853,179 as of December 31, 2016 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

TOWN OF LA VETA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
<u>Capital Assets Not Being Depreciated:</u>				
Land	<u>828,044</u>	<u>-</u>	<u>-</u>	<u>828,044</u>
<u>Capital Assets Being Depreciated:</u>				
Buildings	829,288	3,789	-	833,077
Equipment	430,826	42,150	-	472,976
Site Improvements	<u>715,493</u>	<u>150,749</u>	<u>-</u>	<u>866,242</u>
<u>Total Capital Assets Being Depreciated</u>	<u>1,975,607</u>	<u>196,688</u>	<u>-</u>	<u>2,172,295</u>
<u>Less Accumulated Depreciation for:</u>				
Buildings	463,275	28,773	-	492,048
Equipment	398,002	15,245	-	413,247
Site Improvements	<u>444,318</u>	<u>38,549</u>	<u>-</u>	<u>482,867</u>
<u>Total Accumulated Depreciation</u>	<u>1,305,595</u>	<u>82,567</u>	<u>-</u>	<u>1,388,162</u>
<u>Governmental Activities Capital Activities Net</u>	<u>1,498,056</u>	<u>114,121</u>	<u>-</u>	<u>1,612,177</u>
<u>Business-Type Activities</u>				
<u>Capital Assets Not Being Depreciated:</u>				
Land, Equity, Water Rights	520,712	-	-	520,712
Construction in Progress	<u>-</u>	<u>127,933</u>	<u>-</u>	<u>127,933</u>
<u>Total Capital Assets Not Being Depreciated</u>	<u>520,712</u>	<u>127,933</u>	<u>-</u>	<u>648,645</u>
<u>Capital Assets Being Depreciated:</u>				
Buildings & Systems	<u>6,225,336</u>	<u>152,978</u>	<u>-</u>	<u>6,378,314</u>
<u>Total Capital Assets Being Depreciated</u>	<u>6,225,336</u>	<u>152,978</u>	<u>-</u>	<u>6,378,314</u>
<u>Less Accumulated Depreciation for:</u>				
Systems and Buildings	<u>2,180,572</u>	<u>174,986</u>	<u>-</u>	<u>2,355,558</u>
<u>Total Accumulated Depreciation</u>	<u>2,180,572</u>	<u>174,986</u>	<u>-</u>	<u>2,355,558</u>
<u>Business – Type Activities Capital Assets, Net</u>	<u>4,565,476</u>	<u>105,925</u>	<u>-</u>	<u>4,671,401</u>

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

<u>Governmental Activities:</u>	
Administrative	9,131
Public Works	51,049
Public Safety	846
Community Service	<u>21,541</u>
<u>Total Depreciation Expense – Governmental Activities</u>	<u>82,567</u>
<u>Business-Type Activities</u>	
Water	113,959
Sewer	<u>61,027</u>
<u>Total Depreciation Expense – Business Type Activities</u>	<u>174,986</u>

TOWN OF LA VETA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 CHANGES IN LONG-TERM DEBT

The following is a schedule of long-term debt for all funds for the year ended December 31, 2016:

	<u>Balance</u> <u>1/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2016</u>	<u>Current</u> <u>Portion</u>
<u>Water Fund</u>					
Note Payable – Colorado Water Resource	949,014	-	32,475	916,539	33,087
Colorado Water Conservation Board Loan	326,497	-	9,219	317,278	9,496
<u>Sewer Fund</u>					
Water Pollution Revolving Fund Loan	256,500	-	13,500	243,000	13,500
Water Pollution Revolving Fund Loan	<u>117,000</u>	<u>-</u>	<u>6,000</u>	<u>111,000</u>	<u>6,000</u>
	<u>1,649,011</u>	<u>-</u>	<u>61,194</u>	<u>1,587,817</u>	<u>62,083</u>

NOTES PAYABLE

Note Payable –Colorado Water Resources and Power Authority

On April 11, 2008 the Town of La Veta entered into a loan agreement with Colorado Water Resources and Power Development Authority for the purpose of improving the Town's water system. The total amount available through the loan is \$1,134,000 at an interest rate of 1.875% and a term of 30 years. The loan is being drawn down as the project progresses. The first payment on the loan will be on November 1, 2009 based on an amortization schedule reflecting the total amount borrowed. The Town had drawn down the entire \$1,134,000 of the loan as of December 31, 2012.

Below is a summary of payments due:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	33,087	17,031	50,118
2018	33,710	16,408	50,118
2019	34,346	15,772	50,118
2020	34,992	15,125	50,117
2021	35,652	14,466	50,118
2022-2026	188,589	62,001	250,590
2027-2031	207,034	43,555	250,589
2032-2036	227,283	23,307	250,590
2037-2039	<u>121,846</u>	<u>3,448</u>	<u>125,294</u>
	<u>916,539</u>	<u>211,113</u>	<u>1,127,652</u>

As a condition of the CWR & PDA debts, the Town must certify to the Authority the following information:

1. Compliance with rate covenant – the rate covenant requires that fees charged and collected be at least sufficient each year to pay the sum of amounts required to pay operating and maintenance expenses (as defined) of \$186,405 in 2016, 110% of the debt service on the loans of \$35,721 in 2016, debt reserve payment of \$0 in 2016, subordinate lien debt service of \$0 in 2016, and other debt service payable from the above fees of \$0 in 2016. The \$222,126 total requirement of the covenant was exceeded by fees of \$332,789 for the year ended December 31, 2016.

TOWN OF LA VETA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 CHANGES IN LONG-TERM DEBT (Continued)

NOTES PAYABLE (Continued)

2. Compliance with operations and maintenance reserve covenant -- the reserve requirement is estimated to be approximately \$46,600 at December 31, 2016 based on Exhibit F of the loan agreement. The Town had a maintained reserve account of \$65,296 at December 31, 2016.
3. Lien representation -- the property pledged for this debt, except as disclosed to the Authority in writing, is free and clear of any pledge, lien, charge or encumbrance.

Colorado Water Conservation Board Loan

The Town of La Veta secured a construction loan of \$344,139 from the Colorado Water Conservation Board for the La Veta Lake north dam project. The terms of the loan call for 30 annual payments of \$19,014 at 3% beginning September, 2014.

Below is a summary of payments due:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	9,496	9,518	19,014
2018	9,781	9,233	19,014
2019	10,074	8,940	19,014
2020	10,377	8,637	19,014
2021	10,688	8,326	19,014
2022	11,009	8,005	19,014
2023	11,338	7,676	19,014
2024	11,679	7,335	19,014
2025	12,029	6,985	19,014
2026	12,390	6,624	19,014
2027	12,762	6,252	19,014
2028	13,145	5,869	19,014
2029	13,539	5,475	19,014
2030	13,945	5,069	19,014
2031	14,364	4,650	19,014
2032	14,795	4,219	19,014
2033	15,238	3,776	19,014
2034	15,696	3,318	19,014
2035	16,166	2,848	19,014
2036	16,651	2,363	19,014
2037	17,151	1,863	19,014
2038	17,665	1,349	19,014
2039	18,195	819	19,014
2040	9,105	273	9,378
	<u>317,278</u>	<u>129,422</u>	<u>446,700</u>

TOWN OF LA VETA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 CHANGES IN LONG-TERM DEBT (Continued)

NOTES PAYABLE (Continued)

Sewer Note Payable – Colorado Water Resources and Power Authority

On April 23, 2014 the Town of La Veta entered into a loan agreement with Colorado Water Resources and Power Development Authority for the purpose of improving the Town's sewer system. The total amount available through the loan is \$270,000 at an interest rate of 0% and a term of 20 years. The loan is being drawn down as the project progresses. The first payment on the loan will be on May 1, 2015 based on an amortization schedule reflecting the total amount borrowed.

Below is a summary of payments due:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	13,500	-	13,500
2018	13,500	-	13,500
2019	13,500	-	13,500
2020	13,500	-	13,500
2021	13,500	-	13,500
2022	13,500	-	13,500
2023	13,500	-	13,500
2024	13,500	-	13,500
2025	13,500	-	13,500
2026	13,500	-	13,500
2027	13,500	-	13,500
2028	13,500	-	13,500
2029	13,500	-	13,500
2030	13,500	-	13,500
2031	13,500	-	13,500
2032	13,500	-	13,500
2033	13,500	-	13,500
2034	<u>13,500</u>	<u>-</u>	<u>13,500</u>
	<u>243,000</u>	<u>-</u>	<u>243,000</u>

TOWN OF LA VETA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 CHANGES IN LONG-TERM DEBT (Continued)

NOTES PAYABLE (Continued)

Sewer Note Payable – Colorado Water Resources and Power Authority

On January 23, 2015 the Town of La Veta entered into a loan agreement with Colorado Water Resources and Power Development Authority for the purpose of improving the Town's sewer system. The total amount available through the loan is \$120,000 at an interest rate of 0% and a term of 20 years. The loan is being drawn down as the project progresses. The first payment on the loan will be on November 1, 2015 based on an amortization schedule reflecting the total amount borrowed. The Town had drawn down \$106,299 of the loan as of December 31, 2015.

Below is a summary of payments due:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	6,000	-	6,000
2018	6,000	-	6,000
2019	6,000	-	6,000
2020	6,000	-	6,000
2021	6,000	-	6,000
2022	6,000	-	6,000
2023	6,000	-	6,000
2024	6,000	-	6,000
2025	6,000	-	6,000
2026	6,000	-	6,000
2027	6,000	-	6,000
2028	6,000	-	6,000
2029	6,000	-	6,000
2030	6,000	-	6,000
2031	6,000	-	6,000
2032	6,000	-	6,000
2033	6,000	-	6,000
2034	6,000	-	6,000
2035	<u>3,000</u>	<u>-</u>	<u>3,000</u>
	<u>111,000</u>	<u>-</u>	<u>111,000</u>

NOTE 6 PENSION PLANS

FPPA Statewide Defined Benefit Plan

The Town participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension fund administered by the FPPA. The net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Eligible employees of the Town are provided with pensions through SWDB. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://fppaco.org>.

FPPA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

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

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

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

TOWN OF LA VETA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 PENSION PLANS (Continued)

Members of the SWDB plan and their employers are contributing at the rate of 8 percent of base salary for a total contribution rate of 16 percent through 2014. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Employer contributions recognized by the SWDB from the Town were \$3,874 for the year ended December 31, 2016.

At December 31, 2016, the Town reported an asset of \$176 for its proportionate share of the net pension asset of SWDB. The net pension asset was measured as of December 31, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2016. The collective total pension asset as of December 31, 2014 is based upon the January 1, 2015 actuarial valuation.

At December 31, 2015, the Town's proportion was 0.00998 percent, which was an increase of 0.00556 percent from its proportion measured as of December 31, 2014.

At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to the SWDB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	8,962	-
Difference between actual and expected experience	1,424	(208)
Changes in assumptions	2,766	-
The employer's contributions to the plan subsequent to the measurement date of the collective net pension liability	5,736	-
Total	18,888	(208)

The deferred outflows and deferred inflows related to pensions are included with total deferred outflows and total deferred inflows on the statement of net position. Deferred outflows of resources of \$5,736 related to FPPA pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase in the net pension asset in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF LA VETA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 PENSION PLANS (Continued)

For the years ending December 31,	Amounts recognized in Pension Expense
2016	\$ 2,727
2017	\$ 2,727
2018	\$ 2,727
2019	\$ 2,504
2020	\$ 430
Thereafter	\$ 1,829

The January 1, 2015 actuarial valuation was used to determine the Actuarially Determined Contribution for the fiscal year ending December 31, 2015. The valuation used the following actuarial assumption and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Asset Valuation Method	5-Year Smoothed Market
Long-term Investment Rate of Return*	7.5%
Projected Salary Increases	4.0% - 14.0%
Cost of Living Adjustments (COLA)	0.0%

* Includes inflation at 3.0%

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

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2011 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the Fire & Police Pension Association's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future.

The assumption changes were effective for actuarial valuations beginning January 1, 2012. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2012.

Effective with the January 1, 2013 valuations, the Board adopted a five-year smoothing methodology in the determination of the actuarial value of assets. Beginning in the January 1, 2014 valuations, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

TOWN OF LA VETA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 PENSION PLANS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0%
Total	100.00%	

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

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

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

TOWN OF LA VETA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 PENSION PLANS (Continued)

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net pension asset to changes in the Single Discount Rate, the following presents the plan's net pension asset, calculated using a Single Discount Rate of 7.5%, as well as what the plan's net pension asset would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension (asset) liability	24,668	(176)	(20,784)

Pension plan fiduciary net position. Detailed information about the SWDB's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at www.coFPPA.org/investments/FPPA-financial-reports.

Volunteer Firefighters

The FPPA administers an agent multiple-employer PERS. The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at:

http://www.fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20cafr.pdf

NOTE 7 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These Reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1996 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TOWN OF LA VETA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 7 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS (Continued)

TABOR requires, with certain exceptions, voters approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

The Town's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits (and qualification as an Enterprise) will require judicial interpretation.

On April 2, 1996, the authorized voters of the Town of La Veta voted to authorize the Town to collect, retain and expend all revenues and other funds collected from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, provided that no local tax rate or mill levy shall be increased without further voter approval.

NOTE 8 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The Town maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9 CONTINGENCIES

There are no contingent liabilities payable at December 31, 2016.

NOTE 10 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

	<u>Items Eliminated</u>	
	<u>Due To</u>	<u>Due From</u>
General Fund	-	10,000
Museum Fund	10,000	-

TOWN OF LA VETA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 11 PENSION TRUST FUND

The balance remaining in the Pension Trust Fund is from prior years contributions for people who are no longer eligible or who never met the vesting requirements to receive pension benefits. The Town currently has no employees receiving benefits through this fund and will not in the future as the police retirement is now funded through FPPA. The Town can request permission to use these collective contributions for current and future requirements.

NOTE 12 CHANGE IN COMPENSATED ABSENCES

Below are the changes in compensated absences by fund for the year ended December 31, 2016.

<u>Fund</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
General	3,365	782	-	4,147
Water	9,297	-	6,766	2,531
Sewer	8,900	-	6,842	2,058
	<u>21,562</u>	<u>782</u>	<u>13,608</u>	<u>8,736</u>

NOTE 13 INTERFUND BALANCES AND TRANSFERS

	<u>Due From</u>	<u>Due To</u>
General Fund	10,000	51,291
Museum Fund	-	10,000
Water Fund	-	-
Sewer Fund	51,291	-
	<u>61,291</u>	<u>61,291</u>

Due To and Due From balances are the result of operating expenditures being paid on behalf of other funds. These amounts are expected to be repaid within the year.

NOTE 14 DEFINED CONTRIBUTION PLAN

All Town employees not eligible for FPPA participate in the Towns 401K plan which is managed by Vanguard. The Town contributes 4% for all employees who do not contribute individually to the plan and 6% for all employees who do make a contribution. There is no waiting period for employees to participate and there are no vesting terms or forfeitures associated with the plan. During 2016, employees contributed \$2,086 to the plan which was appropriately funded by the Town recognizing \$9,947 in pension expense for the year. There was no employer liability outstanding related to this plan at December 31, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Museum Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Pension Trend Data

TOWN OF LA VETA, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>REVENUES</u>				
Taxes	368,150	368,150	403,974	35,824
Licenses and Permits	7,500	7,500	9,915	2,415
Charges for Services	1,200	1,200	11,218	10,018
Fines and Forfeits	7,100	7,100	2,346	(4,754)
Rent and Lease	25,566	25,566	24,491	(1,075)
Grants and Donations	818,000	818,000	47,364	(770,636)
Other	<u>328,700</u>	<u>328,700</u>	<u>13,692</u>	<u>(315,008)</u>
<u>TOTAL REVENUES</u>	<u>1,556,216</u>	<u>1,556,216</u>	<u>513,000</u>	<u>(1,043,216)</u>
<u>EXPENDITURES</u>				
Administrative	637,015	637,015	145,399	491,616
Public Works	1,101,729	1,101,729	494,852	606,877
Public Safety	100,262	100,262	96,499	3,763
Community Service	<u>10,065</u>	<u>10,065</u>	<u>18,995</u>	<u>(8,930)</u>
<u>TOTAL EXPENDITURES</u>	<u>1,849,071</u>	<u>1,849,071</u>	<u>755,745</u>	<u>1,093,326</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(292,855)</u>	<u>(292,855)</u>	<u>(242,745)</u>	
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In (Out)	-	-	-	-
Proceeds from Debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Other Financing Sources Uses</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</u>	<u>(292,855)</u>	<u>(292,855)</u>	<u>(242,745)</u>	
<u>FUND BALANCE, January 1</u>	<u>840,032</u>	<u>840,032</u>	<u>804,857</u>	
<u>FUND BALANCE, December 31</u>	<u>547,177</u>	<u>547,177</u>	<u>562,112</u>	

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

TOWN OF LA VETA, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MUSEUM FUND
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Taxes	72,000	72,000	81,592	9,592
Charges for Services	-	-	6,122	6,122
Donations	-	-	16,265	16,265
Other	86,000	86,000	2,916	(83,084)
<u>Total Revenues</u>	<u>158,000</u>	<u>158,000</u>	<u>106,895</u>	<u>(51,105)</u>
<u>EXPENDITURES:</u>				
Administrative	-	-	-	-
Public Works	-	-	-	-
Public Safety	-	-	-	-
Community Service	155,981	155,981	65,378	90,603
Capital Outlay	-	-	-	-
<u>Total Expenditures</u>	<u>155,981</u>	<u>155,981</u>	<u>65,378</u>	<u>90,603</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>2,019</u>	<u>2,019</u>	<u>41,517</u>	
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>2,019</u>	<u>2,019</u>	<u>41,517</u>	
<u>FUND BALANCES - Beginning</u>	<u>-</u>	<u>-</u>	<u>128,329</u>	
<u>FUND BALANCES - Ending</u>	<u>2,019</u>	<u>2,019</u>	<u>169,846</u>	

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

TOWN OF LA VETA, COLORADO
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION ASSET OF THE STATEWIDE DEFINED BENEFIT PLAN –
A COST SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN ADMINISTERED BY
THE FIRE & POLICE PENSION ASSOCIATION
As of DECEMBER 31, 2016*

	<u>2015</u>
Town's proportion of the net pension asset	.0000998%
Town's proportionate share of the net pension asset	\$ 176
Town's covered-employee payroll	\$ 48,425
Town's proportionate share of the net pension asset as a percentage of its covered employee payroll	.363%
Plan fiduciary net position as a percentage of the total pension asset	135.47%

* The amounts presented for the year shown above were determined as of and for the calendar year ended December 31, 2015 (the Plan's measurement period) occurring within the Town's fiscal years ended December 31, 2016 and 2015 in accordance with Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

TOWN OF LA VETA, COLORADO
SCHEDULE OF TOWN CONTRIBUTIONS TO THE STATEWIDE DEFINED BENEFIT PLAN –
A COST SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN ADMINISTERED BY
THE FIRE & POLICE PENSION ASSOCIATION
As of DECEMBER 31, 2016

	<u>2016</u>
Contractually required contribution	\$ 3,874
Contributions in relation to the contractually required contribution	<u>\$ 3,874</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered-employee payroll	\$ 48,425
Contributions as a percentage of covered-employee payroll	8%

OTHER SCHEDULES

Enterprise Funds – Budget Schedules

TOWN OF LA VETA, COLORADO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET (NON-GAAP BASIS) AND ACTUAL
WATER UTILITY FUND
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
<u>OPERATING REVENUES</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Water and Sales	330,000	330,000	333,689	3,689
Water Connects	-	-	3,000	3,000
Miscellaneous	297,131	297,131	1,670	(295,461)
<u>Total Operating Revenue</u>	<u>627,131</u>	<u>627,131</u>	<u>338,359</u>	<u>(288,772)</u>
<u>OPERATING EXPENDITURES</u>				
Water Sample & Testing	13,000	13,000	5,154	7,846
Administration	7,400	7,400	13,002	(5,602)
Water - Salaries	76,432	76,432	73,753	2,679
Repairs and Supplies	81,100	81,100	21,278	59,822
Payroll Taxes & Employee Benefits	21,284	21,284	16,774	4,510
Fuel	2,000	2,000	765	1,235
Miscellaneous	3,200	3,200	3,210	(10)
Utilities	16,000	16,000	10,580	5,420
Engineering	30,000	30,000	9,202	20,798
Legal & Audit Fees	7,100	7,100	8,828	(1,728)
Depreciation	96,000	96,000	113,959	(17,959)
Bad Debts	-	-	-	-
Contingency Fund	297,131	297,131	-	297,131
<u>Total Operating Expenditures</u>	<u>650,647</u>	<u>650,647</u>	<u>276,505</u>	<u>374,142</u>
<u>OPERATING INCOME</u>	<u>(23,516)</u>	<u>(23,516)</u>	<u>61,854</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Water Taps	10,000	10,000	17,000	7,000
Interest Income	1,000	1,000	998	(2)
Contributions – Grants	68,000	68,000	71,632	3,632
Proceeds From Debt	-	-	-	-
Capital Outlay	(141,000)	(141,000)	(145,906)	(4,906)
Debt Principal	(41,694)	(41,694)	(41,693)	1
Interest Expense	(27,438)	(27,438)	(23,859)	3,579
<u>Total Other Revenues (Expenses)</u>	<u>(131,132)</u>	<u>(131,132)</u>	<u>(121,828)</u>	<u>9,304</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>(154,648)</u>	<u>(154,648)</u>	<u>(59,974)</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In (Out)	-	-	-	
<u>Total Operating Transfers</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>NET INCOME (LOSS) – (NON-GAAP)</u>	<u>(154,648)</u>	<u>(154,648)</u>	<u>(59,974)</u>	
<u>Reconciling Items to Changes in Net Position</u>				
Capital Outlay	-	-	145,906	
Debt Proceeds	-	-	-	
Debt Principal	-	-	41,693	
<u>Total Reconciling Items</u>	<u>-</u>	<u>-</u>	<u>187,599</u>	
<u>CHANGE IN NET POSITION</u>	<u>(154,648)</u>	<u>(154,648)</u>	<u>127,625</u>	
<u>NET POSITION, January 1</u>	<u>938,560</u>	<u>938,560</u>	<u>2,508,647</u>	
<u>NET POSITION, December 31</u>	<u>783,912</u>	<u>783,912</u>	<u>2,636,272</u>	

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

TOWN OF LA VETA, COLORADO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET (NON-GAAP BASIS) AND ACTUAL
SEWER UTILITY FUND
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>OPERATING REVENUES</u>				
Sewer Sales	130,000	130,000	175,149	45,149
Sewer Connects	-	-	-	-
Miscellaneous	317,100	317,100		(317,100)
<u>Total Operating Revenue</u>	<u>447,100</u>	<u>447,100</u>	<u>175,149</u>	<u>(271,951)</u>
<u>OPERATING EXPENDITURES</u>				
Sample & Testing	1,800	1,800	2,338	(538)
Administration	4,400	4,400	1,954	2,446
Salaries	62,109	62,109	58,779	3,330
Repairs and Supplies	6,000	6,000	4,334	1,666
Payroll Taxes & Employee Benefits	15,892	15,892	15,532	360
Fuel	2,000	2,000	732	1,268
Miscellaneous	5,000	5,000	-	5,000
Utilities	8,000	8,000	5,738	2,262
Engineering	35,000	35,000	-	35,000
Legal and Audit Fees	3,600	3,600	5,129	(1,529)
Depreciation	23,400	23,400	61,027	(37,627)
Contingency	269,000	269,000	-	269,000
<u>Total Operating Expenditures</u>	<u>436,201</u>	<u>436,201</u>	<u>155,563</u>	<u>280,638</u>
<u>OPERATING INCOME (LOSS)</u>	<u>10,899</u>	<u>10,899</u>	<u>19,586</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Sewer Taps	5,000	5,000	12,000	7,000
Interest Income	700	700	793	93
Contributions – Grants	-	-	104,737	104,737
Capital Outlay	-	-	-	-
Debt Principal	(16,500)	(16,500)	(19,500)	(3,000)
Proceeds from Debt	-	-	-	-
<u>Total Other Revenues (Expenses)</u>	<u>(10,800)</u>	<u>(10,800)</u>	<u>98,030</u>	<u>108,830</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>99</u>	<u>99</u>	<u>117,616</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
<u>Total Operating Transfers</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET INCOME (LOSS) – (NON-GAAP)</u>	<u>99</u>	<u>99</u>	<u>117,616</u>	
<u>Reconciling Items to Changes in Net Position</u>				
Capital Outlay	-	-	-	-
Debt Proceeds	-	-	-	-
Debt Principal	-	-	19,500	
<u>Total Reconciling Items</u>	<u>-</u>	<u>-</u>	<u>19,500</u>	
<u>CHANGES IN NET POSITON</u>	<u>99</u>	<u>99</u>	<u>137,116</u>	
<u>NET POSITION, January 1</u>	<u>619,633</u>	<u>619,633</u>	<u>1,608,293</u>	
<u>NET POSITION, December 31</u>	<u>619,732</u>	<u>619,732</u>	<u>1,745,409</u>	

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

TOWN OF LA VETA, COLORADO
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST - BUDGET AND ACTUAL
Year Ended December 31, 2016

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>ADDITIONS</u>			
Earnings on Investments	20	42	22
Other	<u>8,329</u>	<u>-</u>	<u>(8,329)</u>
<u>Total Additions</u>	<u>8,349</u>	<u>42</u>	<u>(8,307)</u>
<u>DEDUCTIONS</u>			
Capital Outlay	-	-	-
Other	<u>8,349</u>	<u>-</u>	<u>8,349</u>
<u>Total Deductions</u>	<u>8,349</u>	<u>-</u>	<u>8,349</u>
CHANGES IN NET POSITION	-	42	
NET POSITION HELD IN TRUST FOR PENSION BENEFITS:			
NET POSITION – BEGINNING OF YEAR	<u>-</u>	<u>19,694</u>	
NET POSITION – END OF YEAR	<u>-</u>	<u>19,736</u>	

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

STATE REQUIRED SCHEDULES

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

LOCAL HIGHWAY FINANCE REPORT		STATE: <u>Colorado</u>
		YEAR ENDING (mm/yy): <u>12/2016</u>
This Information From The Records Of: <u>Town of La Veta</u>		Prepared By: <u>Laurie Erwin</u>

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE				
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES	III. EXPENDITURES FOR ROAD AND STREET PURPOSES
ITEM	AMOUNT
A. Receipts from local sources:	A. Local highway expenditures:
1. Local highway-user taxes	1. Capital outlay (from page 2)
a. Motor Fuel (from Item I.A.5.)	2. Maintenance:
b. Motor Vehicle (from Item I.B.5.)	3. Road and street services:
c. Total (a.+b.)	a. Traffic control operations
2. General fund appropriations	b. Snow and ice removal
3. Other local imposts (from page 2)	c. Other
4. Miscellaneous local receipts (from page 2)	d. Total (a. through c.)
5. Transfers from toll facilities	4. General administration & miscellaneous
6. Proceeds of sale of bonds and notes:	5. Highway law enforcement and safety
a. Bonds - Original Issues	6. Total (1 through 5)
b. Bonds - Refunding Issues	B. Debt service on local obligations:
c. Notes	1. Bonds:
d. Total (a. + b. + c.)	a. Interest
7. Total (1 through 6)	b. Redemption
B. Private Contributions	c. Total (a. + b.)
C. Receipts from State government (from page 2)	2. Notes:
D. Receipts from Federal Government (from page 2)	a. Interest
E. Total receipts (A.7 + B + C + D)	b. Redemption
	c. Total (a. + b.)
	3. Total (1.c + 2.c)
	C. Payments to State for highways
	D. Payments to toll facilities
	E. Total expenditures (A.6 + B.3 + C + D)

IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				
1. Bonds (Refunding Portion)				
B. Notes (Total)				

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: <u>Colorado</u> YEAR ENDING (mm/yy): <u>12/2016</u> 0	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	431.00
b. Other local imposts:		b. (Specify) <u>Traffic fines</u>	1,200.00
1. Sales Taxes	40,417.00	c. (Specify)	
2. (Specify) <u>Specific Ownership</u>	4,816.00	d. (Specify)	
3. (Specify)		e. (Specify)	
4. (Specify)		f. (Specify)	
5. (Specify)		g. (Specify)	
6. Total (1. through 5.)		h. (Specify)	
c. Total (a. + b.)	45,733.00	i. Total (a. through h.)	1,631.00
(Carry forward to page 1)	45,733.00	(Carry forward to page 1)	1,631.00
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	44,341.00	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. (Specify) <u>Motor Vehicle</u>	5,330.00	c. HUD	
c. (Specify)		d. (Specify)	
d. (Specify)		e. (Specify)	
e. (Specify)		f. (Specify)	
f. Total (a. through e.)	5,330.00	g. Total (a. through f.)	
4. Total (1. + 2. + 3.f)	49,671.00	3. Total (1. + 2.g)	
(Carry forward to page 1)	49,671.00	(Carry forward to page 1)	
III. EXPENDITURES 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			
b. Engineering Costs			
c. Construction:			
(1). New Facilities			
(2). Capacity Improvements			
(3). System Preservation			
(4). System Enhancement And Operation		77,019	
(5). Total Construction (1)+(2)+(3)+(4)		77,019	
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)		77,019	
	(Carry forward to page 1)		
Notes and Comments:			