TOWN OF LOG LANE VILLAGE, COLORADO

FINANCIAL STATEMENTS

December 31, 2016

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October 5, 2018

Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

6140 S. Gun Club Rd, Suite K6-132
Aurora, Colorado 80016
303.835.6815
Fax: 303.997.1056

INDEPENDENT AUDITOR'S REPORT

Town Board of Trustees
Town of Log Lane Village
Log Lane Village, Colorado

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town'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 reasonable 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 Log Lane Village as of December 31, 2016, and the respective changes in financial position and cash flows, where applicable, 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 schedule – General Fund, schedule of proportionate share of the net pension liability, schedule of Town contributions and the notes to required supplementary information on pages i – viii and 31 – 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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.

Supplementary Information and Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The supplementary information and other information have 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 supplementary information and other information are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Logan and Associates, LLC

Aurora, Colorado
September 24, 2018

TOWN OF LOG LANE VILLAGE, COLORADO
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2016

As management of the Town of Log Lane Village (the "Town"), we offer readers of the Town's basic financial statements this narrative overview and analysis of the Town for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statement.

FINANCIAL HIGHLIGHTS

- The Town's assets exceed it liabilities by $4,698,733 as of December 31, 2016 an increase of $239,893 in comparison to the prior year.
- Governmental activities report combined ending fund balances of $879,574, an increase of $216,713 in comparison with the prior year.
- The Town's fund balance for the General Fund is $511,516, an increase of $64,542 in comparison to the prior year.
- Total long-term liabilities decreased by $23,116 during the 2016 fiscal year with no new debt.
- General property tax, sales tax, and other tax total is $508,435 or 78.9% of the general revenues.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The **statement of net position** presents information on all the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the differences being reported as net position. Over time, the increases or decreases in net position may serve as a useful indictor of whether the financial position of the Town is improving or deteriorating.

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

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*Business-type Activities*). The Governmental Activities of the Town include general government administration, public works, public safety, parks and recreation, library, community service and economic development. The Business-type Activities of the Town include the following utilities: water, sewer, and trash.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's fund can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *short-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financial requirements. The accounting method is called *modified accrual* accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The Town maintains one major government fund, which is the General Fund. Information for the General Fund is presented in the governmental fund balance sheet, in the governmental fund statement of revenues, expenditures, and changes in fund balances for the governmental funds.

Proprietary Funds – The Town maintains one proprietary fund. *Enterprise Funds* are used to report the same function presented as business-type activities in the government-wide financial statements. The Town uses a separate enterprise fund to account for each of its utility funds: Water and Sewer funds (major) and Trash fund (non-major).

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted previously, net position may serve over time as a useful indicator of the Town's financial position. For the year ended December 31, 2016, the Town's combined assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by $4,698,733. Of this amount, $832,978 is unrestricted and available to meet the Town's ongoing financial obligations.

By far the largest portion of net position is the investment in capital assets (net of related debt) of $3,751,974 (80% of net position). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide service to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the Town's governmental and business-type net position for 2016:

	Governmental Activities 2016	Governmental Activities 2015	Business Type Activities 2016	Business Type Activities 2015	Totals 2016	Totals 2015
ASSETS						
Current and Other Assets	$ 639,269	$ 590,755	$ 392,886	$ 512,006	$ 1,032,155	$ 1,102,761
Capital Assets	382,749	295,705	5,004,007	4,923,675	5,386,756	5,219,380
TOTAL ASSETS	1,022,018	886,460	5,396,893	5,435,681	6,418,911	6,322,141
Deferred Outflows of Resources	41,371	8,384	-	-	41,371	8,384
LIABILITIES						
Current Liabilities	26,299	66,996	10,727	83,768	37,026	150,764
Noncurrent Liabilities	79,239	83,301	1,555,932	1,555,934	1,635,171	1,639,235
Customer Deposits	-	-	11,075	-	11,075	-
TOTAL LIABILITIES	105,538	150,297	1,577,734	1,639,702	1,683,272	1,789,999
Deferred Inflow of Resources	78,277	81,686	-	-	78,277	81,686
NET POSITION						
Net Investment in Capital Assets	303,899	177,442	3,448,075	3,310,887	3,751,974	3,488,329
Restricted	33,032	52,698	80,749	154,772	113,781	207,470
Unrestricted	542,643	432,721	290,335	330,320	832,978	763,041
TOTAL NET POSITION	$ 879,574	$ 662,861	$ 3,819,159	$ 3,795,979	$ 4,698,733	$ 4,458,840

A portion of total net position, $113,781, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $832,978 (18% of net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

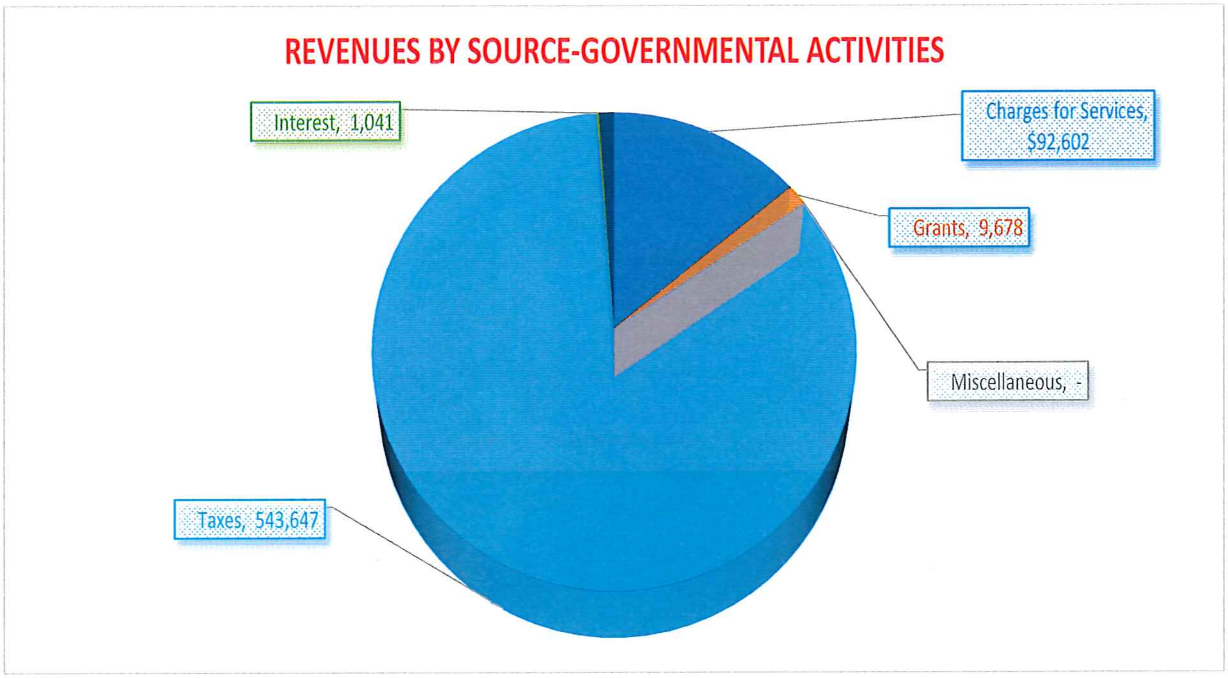
Change in Net Position

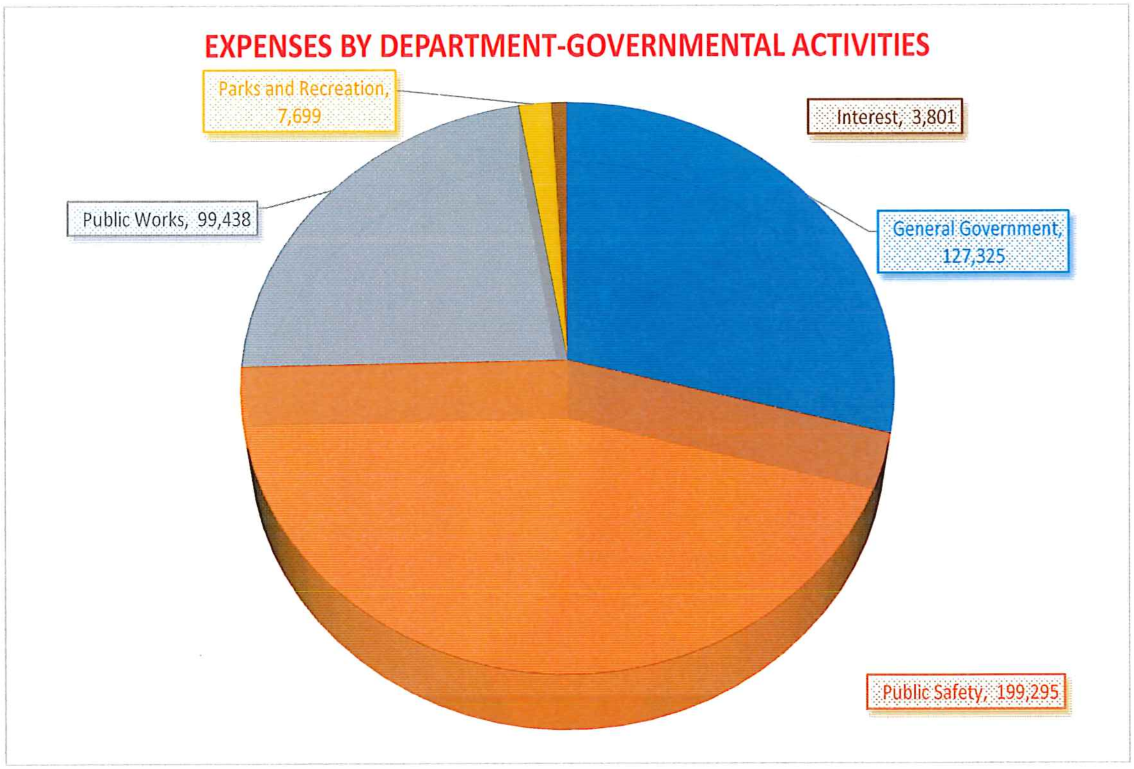
Governmental and business-type activities increased the Town's net position by $239,893 in 2016.

	Governmental Activities 2016	Governmental Activities 2015	Business Type Activities 2016	Business Type Activities 2015	Totals 2016	Totals 2015
REVENUES						
Operating Revenues						
Charges for Services	$ 92,602	$ 117,040	$ 568,122	$ 528,886	$ 660,724	$ 645,926
Grants	9,678	49,182	-	-	9,678	49,182
Miscellaneous	-	-	3,327	-	3,327	-
General Revenues						
Taxes	543,647	382,915	-	-	543,647	382,915
Interest	1,041	633	435	1,000	1,476	1,633
Miscellaneous	7,303	13,799	-	-	7,303	13,799
	654,271	563,569	571,884	529,886	1,226,155	1,093,455
EXPENSES						
General Government	127,325	68,899	-	-	127,325	68,899
Public Safety	199,295	201,326	-	-	199,295	201,326
Public Works	99,438	150,972	-	-	99,438	150,972
Parks and Recreation	7,699	4,993	-	-	7,699	4,993
Water Operations	-	-	283,987	344,253	283,987	344,253
Sewer Operations	-	-	183,297	193,750	183,297	193,750
Trash Operations	-	-	29,342	-	29,342	-
Interest	3,801	-	52,078	-	55,879	-
	437,558	426,190	548,704	538,003	986,262	964,193
Increase in Net Position	216,713	137,379	23,180	(8,117)	239,893	129,262
Net position, beginning	662,861	525,482	3,795,979	3,804,096	4,458,840	4,329,578
Ending	$ 879,574	$ 662,861	$ 3,819,159	$ 3,795,979	$ 4,698,733	$ 4,458,840

Governmental Activities

Governmental activities increased the Town's net position by $216,713





Business-type activities for the year resulted in an increase in net position of $23,180. Charges for services accounted for 99% of total revenues.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

Governmental Funds – The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year. As of the end of 2016, the Town's governmental fund reported an ending fund balance of $534,648, an increase of $67,884 in comparison with the prior year. Of the ending fund balance for the governmental fund, 7% of this total has been restricted, committed, or assigned.

The Town has one major governmental funds, which is the General Fund, and it is the primary operating fund for the Town. At the end of 2016, the unassigned fund balance of the General Fund was $496,654, while the total fund balance was $511,516. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The fund balance of the General Fund increased by $64,542 during 2016.

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

The Town has three enterprise funds: Water, Sewer and Trash Funds. At the end of 2016, these funds represented the following net position amounts:

Fund:	Water	Sewer	Trash
Unrestricted net position	$ 117,660	$ 172,116	$ 559
Total net position	$ 3,297,566	$ 521,034	$ 559
Increase (decrease) in net position	$ 10,783	$ 11,838	$ 559

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town budgeted $690,064 for 2016 expenditures. Actual expenditures were $580,049. The General Fund budget was amended by resolution to allow for a transfer of funds to the Trash Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Town's investment in capital assets for it governmental and business-type activities as of December 31, 2016, was $5,386,756. As required by GASB 34, the investment in capital assets includes land, buildings, building improvements, and equipment.

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Asets not being depreciated				
Land	$ 14,415	$ -	$ -	$ 14,415
Capital Assets, being depreciated				
Buildings and Improvements	55,043	-	-	55,043
Infrastructure	-	128,748	-	128,748
Equipment and Vehicles	544,759	10,747	-	555,506
Total Capital Assets, being depreciated	599,802	139,495	-	739,297
Less accumulated depreciation				
Buildings and Improvements	(41,315)	(2,822)	-	(44,137)
Infrastructure	-	(6,437)	-	(6,437)
Equipment and Vehicles	(293,105)	(27,284)	-	(320,389)
Total accumulated depreciation	(334,420)	(36,543)	-	(370,963)
Total Capital Assets being depreciated, net	265,382	102,952	-	368,334
Governmental Activities Capital Assets, net	$ 279,797	$ 102,952	$ -	$ 382,749

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital Asets not being depreciated				
Water Connection Right - MCQWD	$ 3,396,545			$ 3,396,545
Water Rights	4,170	-	-	4,170
	3,400,715	-	-	3,400,715
Capital Assets, being depreciated				
Water System	1,985,814	102,575	-	2,088,389
Sewer System	750,314	4,800	-	755,114
Equipment and Vehicles	-	41,250	-	41,250
Total Capital Assets, being depreciated	2,736,128	148,625	-	2,884,753
Less accumulated depreciation				
Water System	(802,765)	(47,685)	-	(850,450)
Sewer System	(410,403)	(18,545)	-	(428,948)
Equipment and Vehicles	-	(2,063)	-	(2,063)
Total accumulated depreciation	(1,213,168)	(68,293)	-	(1,281,461)
Total Capital Assets being depreciated, net	1,522,960	80,332	-	1,603,292
Business-Type Activities Capital Assets, net	$ 4,923,675	$ 80,332	$ -	$ 5,004,007

Long-term Debt

As of December 31, 2016, the Town had long-term debt as follows:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016	Due Within One Year
Governmental Activities					
Police Vehicle Loan	$ 55,756	$ -	$ 10,665	$ 45,091	$ 11,010
Police Radio Lease	42,144	-	8,385	33,759	8,170
Accrued Compensated Absences	4,455	389	4,455	389	389
Total Governmental Activities	$ 102,355	$ 389	$ 23,505	$ 79,239	$ 19,569

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016	Due Within One Year
Business-type Activities					
2004 USDA Bonds	$ 879,806	$ -	$ 15,215	$ 864,591	$ 15,906
2005 Water Loan	721,667	-	30,425	691,242	30,960
1995 Sewer Loan	11,216	-	11,216	-	-
Total Business-type Activities	$ 1,612,689	$ -	$ 56,856	$ 1,555,833	$ 46,866

REQUEST FOR INFORMATION

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

Town Clerk/Treasurer
Town of Log Lane Village
109 Maine St
Log Lane Village, CO 80705
Phone: 970-867-8027

BASIC FINANCIAL STATEMENTS

TOWN OF LOG LANE VILLAGE, COLORADO

STATEMENT OF NET POSITION
December 31, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	$ 486,639	$ 258,790	$ 745,429
Restricted Cash and Investments	-	80,749	80,749
Receivables			
Property Taxes	77,983	-	77,983
Other Governments	67,547	-	67,547
Accounts	1,799	53,347	55,146
Prepaid Expenses	4,962	-	4,962
Net Pension Asset	339	-	339
Capital Assets, Not Depreciated	14,415	3,400,715	3,415,130
Capital Assets, Depreciated Net of Accumulated Depreciation	368,334	1,603,292	1,971,626
TOTAL ASSETS	1,022,018	5,396,893	6,418,911
DEFERRED OUTLFOWS OF RESOURCES			
Related to Defined Benefit Pension Plan	41,371	-	41,371
LIABILITIES			
Accounts Payable	8,392	10,726	19,118
Accrued Liabilities	17,907	-	17,907
Customer Deposits	-	11,075	11,075
Noncurrent Liabilities			
Due in One Year	19,569	46,866	66,435
Due in More Than One Year	59,670	1,509,067	1,568,737
TOTAL LIABILITIES	105,538	1,577,734	1,683,272
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	77,983	-	77,983
Related to Defined Benefit Pension Plan	294	-	294
TOTAL DEFERRED INFLOWS OF RESOURCES	78,277	-	78,277
NET POSITION			
Net Investment in Capital Assets	303,899	3,448,074	3,751,973
Restricted for Debt Service	-	80,749	80,749
Restricted for Emergencies	9,900	-	9,900
Restricted for Parks and Recreation	23,132	-	23,132
Unrestricted, Unreserved	542,643	290,336	832,979
TOTAL NET POSITION	$ 879,574	$ 3,819,159	$ 4,698,733

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

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TOWN OF LOG LANE VILLAGE, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

		PROGRAM REVENUES		
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	$ 127,325	$ 67,778	$ -	$ -
Public Safety	199,295	24,824	-	-
Public Works	99,438	-	-	-
Parks and Recreation	7,699	-	-	9,678
Inerest on Long-Term Debt	3,801	-	-	-
Total Governmental Activities	437,558	92,602	-	9,678
Business-Type Activities				
Water	283,987	343,347	-	-
Sewer	183,297	194,874	-	-
Trash	29,342	29,901	-	-
Interest on Long-Term Debt	52,078	-	-	-
Total Business-Type Activities	548,704	568,122	-	-
Total Primary Government	$ 986,262	$ 660,724	$ -	$ 9,678

GENERAL REVENUES
Property Taxes
Sales Taxes
Franchise Taxes
Other Taxes
Interest
Miscellanous

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
$ (59,547)	$ -	$ (59,547)
(174,471)	-	(174,471)
(99,438)	-	(99,438)
1,979	-	1,979
(3,801)	-	(3,801)
(335,278)	-	(335,278)
-	59,360	59,360
-	11,577	11,577
-	559	559
-	(52,078)	(52,078)
-	19,418	19,418
(335,278)	19,418	(315,860)
85,572	-	85,572
402,351	-	402,351
19,091	-	19,091
36,633	-	36,633
1,041	435	1,476
7,303	3,327	10,630
551,991	3,762	555,753
216,713	23,180	239,893
662,861	3,795,979	4,458,840
$ 879,574	$ 3,819,159	$ 4,698,733

TOWN OF LOG LANE VILLAGE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	GENERAL FUND	NONMAJOR GOVERNMENTAL CONSERVATION TRUST FUND	TOTALS
ASSETS			
Cash and Investments	$ 463,507	$ 23,132	$ 486,639
Property Taxes Receivable	77,983	-	77,983
Due from Other Governments	67,547	-	67,547
Accounts Receivable	1,799	-	1,799
Prepaid Expenses	4,962	-	4,962
TOTAL ASSETS	615,798	23,132	638,930
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY			
LIABILITIES			
Accounts Payable	8,392	-	8,392
Accrued Liabilities	17,907	-	17,907
TOTAL LIABILITIES	26,299	-	26,299
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	77,983	-	77,983
FUND EQUITY			
Fund Balance			
Nonspendable	4,962	-	4,962
Restricted for Emergencies	9,900	-	9,900
Restricted for Parks and Recreation	-	23,132	23,132
Unassigned	496,654	-	496,654
TOTAL FUND EQUITY	511,516	23,132	534,648
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	$ 615,798	$ 23,132	$ 638,930

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

TOWN OF LOG LANE VILLAGE, COLORADO

RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2016

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

Total Fund Balances of Governmental Funds	534,648
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	382,749
Net Pension Asset is a long-term asset and therefore is not available to pay for current-period expenditures and is not reported in the governmental funds.	339
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources - difference in projected vs actual investment earnings	16,887
Deferred outflows of resources - difference in expected vs actual experience	2,738
Deferred outflows of resources - change in proportionate share of net pension liability	9,952
Deferred outflows of resources - change in assumptions or other inputs	5,317
Deferred outflows of resources - pension contributions from the measurement date	6,477
Deferred inflows of resources - difference in expected vs actual experience	(294)
Long-term liabilities and related items are not due and payable in the current period and are not reported in the funds. These include loans payable ($78,850) and accrued compensated absences ($389).	(79,239)
Net position of governmental activities	$ 879,574

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

TOWN OF LOG LANE VILLAGE, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	GENERAL FUND	NONMAJOR GOVERNMENTAL CONSERVATION TRUST FUND	TOTALS
REVENUES			
Taxes	$ 508,435	$ -	$ 508,435
Licenses and Permits	66,405	-	66,405
Fines and Forfeitures	24,824	-	24,824
Charges for Services	1,373	-	1,373
Intergovernmental	35,212	9,678	44,890
Interest	1,039	2	1,041
Miscellaneous	7,303	-	7,303
TOTAL REVENUES	644,591	9,680	654,271
EXPENDITURES			
Current			
General Government	128,698	-	128,698
Public Safety	207,705	-	207,705
Public Works	81,300	-	81,300
Parks and Recreation	-	6,338	6,338
Capital Outlay	139,495	-	139,495
Debt Service			
Principal	19,050	-	19,050
Interest	3,801	-	3,801
TOTAL EXPENDITURES	580,049	6,338	586,387
NET CHANGE IN FUND BALANCES	64,542	3,342	67,884
FUND BALANCES, Beginning	446,974	19,790	466,764
FUND BALANCES, Ending	$ 511,516	$ 23,132	$ 534,648

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

TOWN OF LOG LANE VILLAGE, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Net Changes in Fund Balances - Total Governmental Funds	$ 67,884
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay $139,495 exceeded depreciation ($36,543), in the current period.	102,952
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This includes payments of capital leases.	19,050
Some expense reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes the change in accrued compensated absences.	4,066
In the statement of activities, certain operating expenses, pension expense, 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 or due (the amounts actually paid). This amount represents the net effect of pension related amounts, including amortization of deferred outflows and deferred inflows of resources related to pensions, in the statement of activities.	22,761
Change in Net Position of Governmental Activities	$ 216,713

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

TOWN OF LOG LANE VILLAGE, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
December 31, 2016

	WATER FUND	SEWER FUND	NONMAJOR PROPRIETARY TRASH FUND	TOTALS
ASSETS				
Current Assets				
Cash and Investments	$ 108,202	$ 150,588	$ -	$ 258,790
Restricted Cash and Investments	80,749	-	-	80,749
Accounts Receivable, Net	29,359	18,640	5,348	53,347
Due from Trash Fund	-	4,789	-	4,789
Total Current Assets	218,310	174,017	5,348	397,675
Noncurrent Assets				
Capital Assets, Not Being Depreciated	3,400,715	-	-	3,400,715
Capital Assets, Net of Accumulated Depreciation	1,254,374	348,918	-	1,603,292
Total Noncurrent Assets	4,655,089	348,918	-	5,004,007
TOTAL ASSETS	4,873,399	522,935	5,348	5,401,682
LIABILITIES				
Current Liabilities				
Accounts Payable	8,825	1,901	-	10,726
Customer Deposits	11,075	-	-	11,075
Due to Sewer Fund	-	-	4,789	4,789
Loan Payable - Current Portion	46,866	-	-	46,866
Total Current Liabilities	66,766	1,901	4,789	73,456
Noncurrent Liabilities				
Loan Payable	1,509,067	-	-	1,509,067
Total Noncurrent Liabilities	1,509,067	-	-	1,509,067
TOTAL LIABILITIES	1,575,833	1,901	4,789	1,582,523
NET POSITION				
Net Investment in Capital Assets	3,099,156	348,918	-	3,448,074
Restricted for Debt Service	80,749	-	-	80,749
Unreserved	117,661	172,116	559	290,336
TOTAL NET POSITION	$ 3,297,566	$ 521,034	$ 559	$ 3,819,159

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

TOWN OF LOG LANE VILLAGE, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPES
Year Ended December 31, 2016

	WATER FUND	SEWER FUND	NONMAJOR PROPRIETARY TRASH FUND	TOTALS
OPERATING REVENUES				
Charges for Services	$ 336,650	$ 180,743	$ 29,901	$ 547,294
Connection and Late Fees	6,697	14,131	-	20,828
Miscellaneous	3,327	-	-	3,327
TOTAL OPERATING REVENUES	346,674	194,874	29,901	571,449
OPERATING EXPENSES				
Operations and Maintenance	185,223	118,425	29,342	332,990
Administrative and General	50,214	45,129	-	95,343
Depreciation	48,550	19,743	-	68,293
TOTAL OPERATING EXPENSES	283,987	183,297	29,342	496,626
OPERATING INCOME	62,687	11,577	559	74,823
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	17	418	-	435
Interest Expense	(51,921)	(157)	-	(52,078)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(51,904)	261	-	(51,643)
CHANGE IN NET POSITION	10,783	11,838	559	23,180
NET POSITION, Beginning	3,286,783	509,196	-	3,795,979
NET POSITION, Ending	$ 3,297,566	$ 521,034	$ 559	$ 3,819,159

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

TOWN OF LOG LANE VILLAGE, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
Year Ended December 31, 2016
Increase (Decrease) in Cash and Cash Equivalents

	WATER FUND	SEWER FUND	NONMAJOR PROPRIETARY TRASH FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	$ 358,318	$ 183,334	$ 24,553	$ 541,652
Cash Received from Others	3,327	-	-	3,327
Cash Paid to Suppliers	(186,467)	(134,709)	(29,342)	(321,176)
Cash Paid to Employees	(55,044)	(34,532)	-	(89,576)
Net Cash Provided (Used) by Operating Activities	120,134	14,093	(4,789)	134,227
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments made by Other Funds	-	(4,789)	4,789	(4,789)
Purchase of Capital Assets	(119,875)	(28,750)	-	(148,625)
Loan Payments	(45,640)	(11,216)	-	(56,856)
Interest Payments	(56,304)	(200)	-	(56,504)
Net Cash Provided (Used) by Capital and Related Financing Activities	(221,819)	(44,955)	4,789	(266,774)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	17	418	-	435
Net Cash Provided (Used) by Investing Activities	17	418	-	435
Net Decrease in Cash and Cash Equivalents	(101,668)	(30,444)	-	(132,112)
CASH AND CASH EQUIVALENTS, Beginning	290,619	181,032	-	471,651
CASH AND CASH EQUIVALENTS, Ending	$ 188,951	$ 150,588	$ -	$ 339,539
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income	$ 62,687	$ 11,577	$ 559	$ 74,823
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation and Amortization	48,550	19,743	-	68,293
Changes in Assets and Liabilities				
Accounts Receivable	3,896	(11,540)	(5,348)	(7,644)
Accounts Payable	416	(5,687)		
Accrued Liabilities	(6,490)	-		
Customer Deposits	11,075	-	-	11,075
Total Adjustments	57,447	2,516	(5,348)	71,724
Net Cash Provided (Used) by Operating Activities	$ 120,134	$ 14,093	$ (4,789)	$ 146,547

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Town of Log Lane Village (the "Town") is a political subdivision of the State of Colorado governed by a seven-member Board of Trustees elected by the residents. The Town is a full service local government entity providing public safety, public works, parks and recreation services, water services, sewer services and trash services.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the Town's more significant accounting policies follows.

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of the criteria, no additional organizations were included within the Town's reporting entity.

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 nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. 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

The statement of net position reports all financial, capital and debt resources of the Town. The difference between assets plus deferred outflows, and liabilities plus deferred inflows of the Town is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses and allocated indirect expenses of a given function or segment are offset by program revenues.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Direct expenses are those that are clearly identifiable with a specific function or segment. 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 and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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 financial statements. Revenues are recorded when earned and expenses are recorded when the 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 revenue as soon as all eligibility requirements imposed by the granting agency have been met.

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 collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenue and interest associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Grants and similar items are recorded as revenues when all eligibility requirements are met, including any time requirements. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenues are considered to be measurable and available only when cash is received by the Town.

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, are recorded only when payment is due.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Operating expenses for 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 or capital contributions.

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

The Town reports the following major governmental fund in the fund financial statements:

General Fund – The General Fund is used to account for the general operations and specific programs of the Town.

The Town also reports the following nonmajor governmental fund:

Conservation Trust Fund – The Conservation Trust Fund is a special revenue fund that accounts for lottery revenues received and spent on recreational programs.

The Town reports the following major proprietary funds:

Water Fund – The Water Fund accounts for the financial activities associated with providing water services.

Sewer Fund – The Sewer Fund accounts for the financial activities associated with providing sewer services.

The Town also reports the following nonmajor governmental fund:

Trash Fund – The Trash Fund accounts for the financial activities associated with providing trash services.

Assets, Liabilities, Fund Balance/Net Position

Cash and Investments – Cash equivalents include investments with original maturities of three months or less. Investments are reported at fair value.

Due to/from Other Funds – During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified in the fund financial statements as due to/from other funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Fund Balance/Net Position

Other Governments Receivables and Accounts Receivable – Other governments receivables and accounts receivable are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets – Capital assets, which include property, plant, buildings and related improvements, equipment, vehicles, and all infrastructure owned by the Town, are reported in the applicable government-wide or business-type activities columns of the government-wide financial statements and the proprietary funds in the fund 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 asset lives are not capitalized.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives.

Land Improvements	15 – 25 years
Buildings and Improvements	20 – 40 years
Infrastructure	25 – 55 years
Collection and Distribution Systems	5 – 40 years
Equipment and Vehicles	3 – 10 years

General infrastructure assets acquired prior to January 1, 2002 are not being reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure acquired subsequent to January 1, 2002.

Customer Deposits – The Town requires water customers to pay a deposit for water services, to be held by the Town.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position reports a separate section for *deferred outflows of resources*. This separate financial statement classification represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expenses) until then. The Town has an item related to pension actuarial activity and the change in proportion of pension participation in relation to the pension plan as a whole at December 31, 2016.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Fund Balance/Net Position (Continued)

In addition to liabilities, the balance sheet – governmental funds and statement of financial position reports a separate section for *deferred inflows of resources*. This separate financial statement classification represents an acquisition of fund balance or net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until then. The Town has an item related to property taxes levied in the current year to be collected in the following year and an item related to pension actuarial activity and the change in proportion of pension participation in relation to the pension plan as a whole at December 31, 2016.

Compensated Absences - Employees of the Town are allowed to accumulate unused vacation and sick time. Beginning in 2015, employees with less than 5 years of service are allowed to accumulate up to 40 hours of unused vacation. Employees with more than 5 years of service are allowed to accumulate up to 80 hours of unused vacation time. Employees will be paid for all accrued vacation time upon separation of employment. There is no maximum limit on accumulated sick time. However, unused sick time is not paid upon separation of employment. Therefore, no liability for accumulated sick time is reported in the financial statements. Accrued vacation time is recognized as current salary costs when earned in the proprietary funds and when due in the governmental funds. A long-term liability is reported in the government-wide financial statements for the accrued vacation time.

Long-Term Debt - In the government-wide financial statements, and the proprietary funds 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 statement of net position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Debt premiums and discounts are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. In the government-wide and proprietary funds, debt premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Net Position – In the government-wide and proprietary fund financial statements, net position is restricted when constraints placed on the net position are externally imposed.

- Net Investment in Capital Assets – this classification is intended to report the portion of net position which is associated with non-liquid, capital assets less outstanding debt related to those capital assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

- Restricted Net Position – this classification includes liquid assets which have third party limitations on their use.
- Unrestricted Net Position – this classification includes assets that do not have any third party limitation on their use.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact. The Town had nonspendable resources related to prepaid expenses at December 31, 2016.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town had classified emergency reserves as being restricted because State statute requires this restriction. In addition, the Town had restricted an amount for unspent conservation trust fund monies a December 31, 2016.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority, the Town Board of Trustees. The constraint may be removed or changed only through formal action of the Town Board of Trustees. The Town had no committed resources at December 31, 2016.
- Assigned – This classification includes amounts that are constrained by the Town's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Town Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts. The Town had no assigned resources at December 31, 2016.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The Town has not established a formal policy for its use of restricted and unrestricted fund balance. However, if both the restricted and unrestricted fund balances are available the Town uses restricted fund balance first, followed by committed, assigned and unassigned.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources are reported at December 31.

Pensions

The Town participates in the Fire and Police Statewide Defined Benefit Plan ("FPSDBP") administered by the Fire and Police Pension Association of Colorado ("FPPA"). The net pension liability, 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 FPSDBP 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.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2016, follows:

Petty Cash	$ 655
Cash Deposits	777,098
Investments	48,425
Total	$ 826,178

Cash and Investments are reported in the financial statements as follows:

Cash and Investments	$ 745,429
Restricted Cash and Investments	80,749
Total	$ 826,178

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to $250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2016, the Town had bank deposits totaling $828,332 of which $307,258 were FDIC insured and $521,074 were collateralized with securities held by the financial institutions' agents but not in the Town's name.

Investments

The Town does not have a formal investment policy; however, the Town follows state statutes regarding investments. The Town generally limits its concentration risk of investments to Local Government Investment Pools, obligations of the United States and certain U. S. government agency securities, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the Town is not subject to concentration of risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees. Such actions are generally associated with a debt service reserve or sinking fund requirements.

NOTE 2: CASH AND INVESTMENTS (Continued)

State statutes specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following.

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

At December 31, 2016, the Town had the following investments:

	Maturity	2016
Colorado Liquid Government Asset Trust (COLOTRUST)	Weighted Average under 60 days	$ 48,425

The Town invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS +. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rates commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTUST is rated AAAm by Standard & Poor's. COLOTRUST records its investments at fair value and the Town records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. The Town does not have a policy for managing credit risk or interest rate risk.

NOTE 2: CASH AND INVESTMENTS (Continued)

Restricted Cash and Investments

Restricted cash and investments consist of debt service reserve of $54,640 and, operations and maintenance reserve of $26,109 related to the outstanding bonds and loans in the Water Fund.

NOTE 3: INTERFUND BALANCES

At December 31, 2016, the Sewer Fund temporarily subsidized the negative cash balance of the Trash Fund by $4,789.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, is summarized below:

	Balances 12/31/2015	Additions	Deletions	Balances 12/31/2016
Governmental Activities:				
Capital Assets, not being depreciated				
Land	$ 14,415	$ -	$ -	$ 14,415
Total Capital Assets, not being depreciated	14,415	-	-	14,415
Capital Assets, being depreciated				
Buildings	55,043	-	-	55,043
Infrastructure	-	128,748	-	128,748
Equipment and Vehicles	544,759	10,747	-	555,506
Total Capital Assets, being depreciated	599,802	139,495	-	739,297
Less accumulated depreciation				
Buildings	(41,315)	(2,822)	-	(44,137)
Infrastructure	-	(6,437)	-	(6,437)
Equipment and Vehicles	(293,105)	(27,284)	-	(320,389)
Total accumulated depreciation	(334,420)	(36,543)	-	(370,963)
Total Capital Assets, being depreciated, net	265,382	102,952	-	368,334
Governmental Activities Capital Assets, net	**$ 279,797**	**$ 102,952**	**$ -**	**$ 382,749**

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

General Government	$ 2,693
Public Safety	14,351
Public Works	18,138
Culture and Recreation	1,361
Total	$ 36,543

NOTE 4: CAPITAL ASSETS (Continued)

	Balances 12/31/2015	Additions	Deletions	Balances 12/31/2016
Business-type Activities:				
Capital Assets, not being depreciated				
Water Connection Right - MCQWD	$ 3,396,545	$ -	$ -	$ 3,396,545
Water Rights	4,170	-	-	4,170
Total Capital Assets, not being depreciated	3,400,715	-	-	3,400,715
Capital Assets, being depreciated				
Water System	1,985,814	102,575	-	2,088,389
Sewer System	750,314	4,800	-	755,114
Equipment and Vehicles	-	41,250	-	41,250
Total Capital Assets, being depreciated	2,736,128	148,625	-	2,884,753
Less accumulated depreciation				
Water System	(802,765)	(47,685)	-	(850,450)
Sewer System	(410,403)	(18,545)	-	(428,948)
Equipment and Vehicles	-	(2,063)	-	(2,063)
Total accumulated depreciation	(1,213,168)	(68,293)	-	(1,281,461)
Total Capital Assets, being depreciated, net	1,522,960	80,332	-	1,603,292
Business-type Activities Capital Assets, net	**$ 4,923,675**	**$ 80,332**	**$ -**	**$ 5,004,007**

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

Water Fund	$ 48,550
Sewer Fund	19,743
Total	$ 68,293

The water connection right – MCQWD shown above represents the tap fee to the Morgan County Water District to connect to their system.

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2016.

	Balance 12/31/2015	Additions	Deletions	Balance 12/31/2016	Due Within One Year
Govenmental Activities					
Police Vehicle Loan	$ 55,756	$ -	$ 10,665	$ 45,091	$ 11,010
Police Radio Lease	42,144	-	8,385	33,759	8,170
Accrued Compensated Absences	4,455	389	4,455	389	389
	$ 102,355	**$ 389**	**$ 23,505**	**$ 79,239**	**$ 19,569**

NOTE 5: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

Police Vehicle Loan
During 2015, the Town entered into a $56,645 loan for the purchase of two police vehicles. Principal and interest payments are due monthly on the 15th, through November 2020. Interest accrues at 3.14% per annum

Future Debt Service Requirements

Year Ended December 31	Principal	Interest	Total
2017	$ 11,010	$ 1,563	$ 12,573
2018	11,360	1,862	13,222
2019	11,722	669	12,391
2020	10,999	190	11,189
Total	$ 45,091	$ 4,284	$ 49,375

Police Radios Capital Lease
During 2015, the Town has entered into a capital lease agreement in the amount of $42,955 to purchase 10 police radios and accessories. The Town is required to make monthly lease payments of $811, through October 2020. The lease bears interest at 5.10% per annum. Capital assets totaling $42,955 less accumulated depreciation of $4,295 are reported in the financial statements under this lease agreement.

Following is a schedule of future minimum lease payments required under the outstanding capital lease at December 31, 2016.

Year Ended December 31	
2017	$ 9,732
2018	9,732
2019	9,732
2020	8,845
Total Minimum Lease Payments	38,041
Less: Interest	(4,282)
Present Value of Future Minimum Lease Payments	$ 33,759

Business-type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2016.

NOTE 5: LONG-TERM DEBT (Continued)

Business-type Activities

	Balance 12/31/2015	Additions	Deletions	Balance 12/31/2016	Due Within One Year
Business-type Activities					
2004 USDA Bonds	$ 879,906	$ -	$ 15,215	$ 864,691	$ 15,906
2005 Water Loan	721,667	-	30,425	691,242	30,960
1995 Sewer Loan	11,216	-	11,216	-	-
	$ 1,612,789	**$ -**	**$ 56,856**	**$ 1,555,933**	**$ 46,866**

Water Bonds

During 2004, the Town issued $1,000,000 Rural Development Bonds through the U.S. Department of Agriculture (USDA), Office of Rural Development for the purpose of providing additional funding for the water system improvements and connection charges. Principal and interest payments are due semi-annually on June 10 and December 10 through 2045. Interest accrues at 4.50% per annum. The bond ordinance requires the establishment of water rates in order to generate revenues equal to operating expenses plus 120% of debt service. In addition, the Town is required to establish a debt reserve of $56,640, which is included in restricted cash and investments at December 31, 2016.

Future Debt Service Requirements

Year Ended December 31	Principal	Interest	Total
2017	$ 15,906	$ 38,734	$ 54,640
2018	16,618	38,022	54,640
2019	17,357	37,283	54,640
2020	18,130	36,510	54,640
2021	18,937	35,703	54,640
2022 – 2026	108,107	165,093	273,200
2027 – 2031	134,408	138,792	273,200
2032 – 2036	167,109	106,091	273,200
2037 – 2045	160,352	15,724	176,076
Total	$ 864,691	$ 677,385	$ 1,542,076

Water Loan

During 2005, the Town entered into a $1,000,000 loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA), for funding the Town's connection charges to the Morgan County Quality Water District's water system. Principal and interest payments of $21,461 are due semi-annually on May 1 and November 1, through May 1, 2035. The loan bears interest of 1.75% per annum. The loan requires the establishment of water rates in ordere to generate revenues equal to operating expenses plus 110% of debt service. In addition, the loan requires an operation and maintenance reserve of three months operating expenses. At December 31, 2016, the Town restricted cash and investments of $26,109 for the operation and maintenance reserve.

NOTE 5: LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

The CWRPDA water loan is payable solely from revenues of the Town's water utility system, after deducting operation and maintenance costs. During the year ended December 31, 2016, net revenues of $395,224 were available to pay annual debt service of $42,922. Remaining debt service at December 31, 2016 was $814,209.

Future Debt Service Requirements

Year Ended December 31	Principal	Interest	Total
2017	$ 30,960	$ 11,962	$ 42,922
2018	31,504	11,418	42,922
2019	32,058	10,864	42,922
2020	32,621	10,301	42,922
2021	33,194	9,728	42,922
2022 – 2026	174,931	39,677	214,608
2027 – 2031	190,855	23,753	214,608
2032 – 2035	165,119	5,268	170,387
Total	$ 691,242	$ 122,971	$ 814,213

Sewer Loan

During 1995, the Town entered into a $250,000 loan agreement with the CWRPDA to finance the cost of connecting the Town's sewer systems to the City of Fort Morgan's sewer treatment facility. The loan was paid-in-full during the year ended December 31, 2016.

NOTE 6: PUBLIC ENTITY RISK POOL

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

NOTE 6: PUBLIC ENTITY RISK POOL (Continued)

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA.

It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of entity.

NOTE 7: PENSION PLANS

Police Officers Statewide Defined Benefit Pension Plan

Plan description. The FPPA Statewide Defined Benefit Pension Plan (the "Plan") is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980 and as of December 31, 2015 has 212 participating employer fire and police departments.

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

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

Benefits provided. The annual normal retirement benefit is 2% 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% 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% or the Consumer Price Index.

NOTE 7: PENSION PLANS (Continued)

Police Officers Statewide Defined Benefit Pension Plan (Continued)

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% 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% of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

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

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

Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20.5% of base salary through 2015. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24%.

The Town and employees have made contributions as a percentage of regular pay to this plan as follows: 2014 – 8% Town and 8% employee; 2015 – 8% Town and 8.5% employee; 2016 – 8% Town and 9% employee. Contributions to the Plan from the Town were $6,477, $5,071 and $2,619 for the years ended December 31, 2016, 2015 and 2014, respectively.

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

At December 31, 2016, the Town reported a net pension liability (asset) of ($389) for its proportionate share of the net pension liability (asset).

NOTE 7: PENSION PLANS (Continued)

Police Officers Statewide Defined Benefit Pension Plan (Continued)

The net pension asset was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2015, the Town's proportion was 0.01920%, which was an increase of 0.0051% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Town recognized a decrease in pension expense of ($22,761). At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ 2,738	$ (294)
Changes in assumptions or other inputs	5,317	-
Net difference between projected and actual earnings on pension plan investments	16,887	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	9,952	-
Contributions subsequent to the measurement date	6,477	N/A
Total	$ 41,371	$ (294)

$6,477 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

NOTE 7: PENSION PLANS (Continued)

Police Officers Statewide Defined Benefit Pension Plan (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,		
2017	$	6,262
2018		6,262
2019		6,260
2020		5,947
2021		1,961
Thereafter		7,908

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation, based on a date of January 1, 2016, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial method	Entry Age Normal
Amortization method	Level % of Payroll, Open
Amortization period	30 years
Investment rate of return	7.50%, including 3% inflation
Projected salary increases	4.%0 – 14.0%
Cost of living adjustment	0.0%

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment projected with Scale AA, 40 percent multiplier for off-duty mortality 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 5 years the FPPA's Board of Directors, in accordance with best practices, reviews it economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roder, 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, 2016 and were used in the rollforward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

NOTE 7: PENSION PLANS (Continued)

Police Officers Statewide Defined Benefit Pension Plan (Continued)

Asset Class	Target Allocation	Long-term Expected Rate of Return
Global Equity	37.00%	6.50%
Equity Long/Short	10.00%	4.70%
Illiquid Alternatives	20.00%	8.00%
Fixed Income	16.00%	1.50%
Absolute Return	11.00%	4.10%
Managed Futures	4.00%	3.00%
Cash	2.00%	0.00%
Total	100.00%	

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

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

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.50%, as well as what the Town's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

NOTE 7: PENSION PLANS (Continued)

Police Officers Statewide Defined Benefit Pension Plan (Continued)

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionare share of the net pension liability (asset)	$ 47,420	$ (339)	$ (39,953)

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

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

NOTE 8: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to the Town. Revenue in excess of the fiscal spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

The Town's management believes it is in compliance with the provisions of the Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

In November 1999, voters within the Town authorized the Town to collect, retain and expend the full amount of revenues from all sources during 1998, as well as the full amount of all revenues generated by all sources for each subsequent year. This election authorized the spending of such revenues in each year without limitation under Article X, Section 20 of the State Constitution.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2016, the emergency reserve of $9,900 was reported as restricted net position and fund balance in the Governmental Activities and General Fund, respectively.

NOTE 8: COMMITMENTS AND CONTINGENCIES (Continued)

Litigation

The Town was named as a defendant in a lawsuit, which was settled by the Town's insurance carrier subsequent to year end in 2018.

Claims and Judgments

The Town participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. At December 31, 2016, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the Town.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LOG LANE VILLAGE, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Taxes	$ 523,649	$ 523,649	$ 508,435	$ (15,214)
Licenses and Permits	101,300	101,300	66,405	(34,895)
Fines and Forfeitures	18,400	18,400	24,824	6,424
Charges for Services	3,100	3,100	1,373	(1,727)
Intergovernmental	30,715	30,715	35,212	4,497
Interest	500	500	1,039	539
Miscellaneous	12,400	12,400	7,303	(5,097)
TOTAL REVENUES	690,064	690,064	644,591	(45,473)
EXPENDITURES				
Current				
General Government	80,606	80,606	128,698	(48,092)
Public Safety	284,653	284,653	207,705	76,948
Public Works	236,532	236,532	81,300	155,232
Capital Outlay	63,533	63,533	139,495	(75,962)
Debt Service				
Principal	24,740	24,740	19,050	5,690
Interest	-	-	3,801	(3,801)
TOTAL EXPENDITURES	690,064	690,064	580,049	110,015
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	64,542	64,542
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(34,050)	-	34,050
NET CHANGE IN FUND BALANCE	-	(34,050)	64,542	98,592
FUND BALANCE, Beginning	469,968	469,968	446,974	(22,994)
FUND BALANCE, Ending	$ 469,968	$ 435,918	$ 511,516	$ 75,598

See the accompanying Independent Auditor's Report.

TOWN OF LOG LANE VILLAGE, COLORADO

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FPPA - STATEWIDE DEFINED BENEFIT PLAN - POLICE
Last Ten Years*

	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.01920%	0.01410%	0.00754%
Proportionate Share of the Net Pension Liability (Asset)	$ (389)	$ (15,908)	$ (6,739)
Covered Employee Payroll	$ 80,963	$ 63,388	$ 32,738
Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll	-0.48%	-25.10%	-20.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.10%	106.83%	105.83%
Total Pension Liability	$ 1,846,961,999	$ 1,652,901,084	$ 1,533,631,141
Plan Fiduciary Net Position	1,848,724,853	1,765,758,630	1,623,049,809
Net Pension Liability	$ (1,762,854)	$ (112,857,546)	$ (89,418,668)

* - The amounts presented for each fiscal year were determined as of 12/31.

NOTE: Information for the prior seven years was not available to report.

See the accompanying Independent Auditor's Report.

TOWN OF LOG LANE VILLAGE, COLORADO

SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
FPPA - STATEWIDE DEFINED BENEFIT PLAN - POLICE
Last Ten Fiscal Years

	2016	2015	2014
Contractually Required Contribution	$ 6,477	$ 5,071	$ 2,619
Contributions in Relation to the Contractually Required Contribution	6,477	5,071	2,619
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered employee payroll	$ 80,963	$ 63,388	$ 32,738
Contributions as a Percentage of Covered Employee Payroll	8.00%	8.00%	8.00%

NOTE: Information for the prior seven years was not available to report.

See the accompanying Independent Auditor's Report.

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are legally adopted for all funds of the Town. Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis. Capital outlay and long-term debt principal are budgeted as expenditures and depreciation is not budgeted.

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

- In September, Management submits to the Town Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

- Public hearings are conducted to obtain taxpayer and public comments.

- Prior to December 31, the budget is legally enacted through passage of an ordinance.

- Budgets amended by the Town Board of Trustees during the year have been presented in the budgetary comparison schedules for each fund amended.

- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures must be approved by the Town Board of Trustees.

- All budget appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

Legal Compliance

For the year ended December 31, 2016, the Conservation Trust and Sewer Funds actual expenditures and transfers out exceeded budgeted expenditures and transfers out by $335 and $5,827, respectively. These may be violations of State statutes.

NOTE 2: DEFINED BENEFIT PENSION PLANS

FPPA POLICE AND FIRE STATEWIDE DEFINED BENEFIT PLANS

Changes in Plan Provisions. The plan provisions have not changed since the prior valuation. The member contribution rate increased in 2016 as a result of member election.

Benefit Adjustments. Benefits to members and beneficiaries may be increased annually on October 1. The amount is based on the FPPA Board of Directors discretion and can range from 0% to 3%. Benefit adjustment may begin once the retired member has been receiving retirement benefits for at least 12 calendar months to October 1.

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

SUPPLEMENTARY INFORMATION

TOWN OF LOG LANE VILLAGE, COLORADO

CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Lottery Revenues	$ 6,000	$ 9,678	$ 3,678
Interest	3	2	(1)
TOTAL REVENUES	6,003	9,680	3,677
EXPENDITURES			
Parks and Recreation	6,003	6,338	(335)
TOTAL EXPENDITURES	6,003	6,338	(335)
NET CHANGE IN FUND BALANCE	-	3,342	3,342
FUND BALANCE, Beginning	14,242	19,790	5,548
FUND BALANCE, Ending	$ 14,242	$ 23,132	$ 8,890

See the accompanying Independent Auditor's Report.

TOWN OF LOG LANE VILLAGE, COLORADO

WATER FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	$ 324,500	$ 324,500	$ 336,650	$ 12,150
Connection and Late Fees	10,200	10,200	6,697	(3,503)
Investment Income	300	300	17	(283)
Miscellaneous	-	-	3,327	3,327
TOTAL REVENUES	335,000	335,000	346,691	11,691
EXPENDITURES				
Operations and Maintenance	171,265	246,765	185,223	61,542
Administration and General	56,173	56,173	50,214	5,959
Capital Outlay	10,000	10,000	(119,875)	129,875
Debt Service				
Principal	-	-	45,640	(45,640)
Interest	97,562	97,562	51,921	45,641
TOTAL EXPENDITURES	335,000	410,500	213,123	197,377
NET INCOME, Budget Basis	$ -	$ (75,500)	133,568	$ 209,068
GAAP BASIS ADJUSTMENTS				
Capital Outlay			(119,875)	
Depreciation			(48,550)	
Principal Paid on Long-Term Debt			45,640	
NET INCOME, GAAP Basis			10,783	
NET POSITION, Beginning			3,286,783	
NET POSITION, Ending			$ 3,297,566	

See the accompanying Independent Auditor's Report.

TOWN OF LOG LANE VILLAGE, COLORADO

SEWER FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	$ 173,000	$ 173,000	$ 180,743	$ 7,743
Late Fees	15,000	15,000	14,131	(869)
Investment Income	150	150	418	268
TOTAL REVENUES	188,150	188,150	195,292	7,142
EXPENDITURES				
Operations and Maintenance	125,622	135,322	118,425	16,897
Administration and General	50,968	50,968	45,129	5,839
Capital Outlay	-	-	28,750	(28,750)
Debt Service				
Principal	11,560	11,560	11,216	344
Interest	-	-	157	(157)
TOTAL EXPENDITURES	188,150	197,850	203,677	(5,827)
NET INCOME, Budget Basis	$ -	$ (9,700)	(8,385)	$ 1,315
GAAP BASIS ADJUSTMENTS				
Capital Outlay			28,750	
Depreciation			(19,743)	
Principal Paid on Long-term Debt			11,216	
NET INCOME, GAAP Basis			11,838	
NET POSITION, Beginning			509,196	
NET POSITION, Ending			$ 521,034	

See the accompanying Independent Auditor's Report.

TOWN OF LOG LANE VILLAGE, COLORADO

TRASH FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	$ -	$ -	$ 29,901	$ 29,901
Transfers In	-	34,050	-	(34,050)
TOTAL REVENUES	-	34,050	29,901	(4,149)
EXPENDITURES				
Operations and Maintenance	-	34,050	29,342	4,708
TOTAL EXPENDITURES	-	34,050	29,342	4,708
NET INCOME, Budget Basis	$ -	$ -	559	$ 559
NET POSITION, Beginning			-	
NET POSITION, Ending			$ 559	

See the accompanying Independent Auditor's Report.

OTHER INFORMATION

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

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Log Lane Village
	YEAR ENDING : December 2016
This Information From The Records Of Town of Log Lane Village:	Prepared By: Bobbie Mesmer Phone: 970-867-8027

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES / III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		**A. Local highway disbursements:**	
1. Local highway-user taxes		1. Capital outlay (from page 2)	128,748
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	81,875
2. General fund appropriations	98,665	b. Snow and ice removal	4,309
3. Other local imposts (from page 2)	91,199	c. Other - lighting	
4. Miscellaneous local receipts (from page 2)	2,278	d. Total (a. through c.)	86,184
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)	214,932
b. Bonds - Refunding Issues		**B. Debt service on local obligations:**	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	192,142	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government		2. Notes:	
(from page 2)	22,790	a. Interest	
D. Receipts from Federal Government		b. Redemption	
(from page 2)	0	c. Total (a. + b.)	0
E. Total receipts (A.7 + B + C + D)	214,932	3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	214,932

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	214,932	214,932		0

Notes and Comments:

FORM FHWA-536 (Rev. 1-05) PREVIOUS EDITIONS OBSOLETE (Next Page)

See the accompanying Independent Auditor's Report.

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2016

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments	0	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalities	
1. Sales Taxes	87,930	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	3,269	g. Other Misc. Receipts	2,278
6. Total (1. through 5.)	91,199	h. Other	
c. Total (a. + b.)	91,199	i. Total (a. through h.)	2,278
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	22,790	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify) - Road & Bridge		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	22,790	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		128,748	128,748
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	128,748	128,748
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	128,748	128,748
			(Carry forward to page 1)

Notes and Comments:

FORM FHWA-536 (Rev.1-05) PREVIOUS EDITIONS OBSOLETE

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