TOWN OF MANZANOLA, COLORADO

Financial Statements

December 31, 2016

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TOWN OF MANZANOLA, COLORADO

ANNUAL FINANCIAL REPORT

Board of Trustees

Town Officials

TOWN OF MANZANOLA, COLORADO

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INDEPENDENT AUDITOR'S REPORT

Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Trustees
Town of Manzanola, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 16 and 45 through 48, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Dazzio & Associates, P.C.

May 4, 2017

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Town of Manzanola, Colorado's annual financial report presents the discussion and analysis of the Town's financial performance during the fiscal year that ended on December 31, 2016. Please read it in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The Town's total net position increased $123,379 over the course of this year's operations.
- During the year, the Town's expenses for governmental programs exceeded revenues by $28,855. Revenues increased $741 and expenses increased $13,844 from prior year.
- In the Town's business-type activities, total charges for services were $202,551, which is a decrease of $3,099 from last year. Operating and capital grants and contributions decreased by $807,899. Expenses increased $2,822. Revenues exceeded expenses by $152,234.
- The General Fund reported an ending fund balance of $205,038, an increase of $10,556 from prior year.
- In 2015, The Town obtained a grant from the Colorado Water and Power Development Authority for $682,000, and was awarded a grant from the Colorado Department of Local Affairs for $600,000 to fund improvements to the Town's water system. The project was completed during 2016. The total cost of the project was $1,282,000, with $197,000 spent in 2016 in addition to $1,085,000 spent during 2014 and 2015 on the project.

Overview of Financial Statements

This annual report consists of five parts – *management's discussion and analysis* (this section), the *basic financial statements, required supplementary information*, *supplementary information* and *other information*. The basic financial statements include two kinds of statements that present different views of the Town:

The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's *overall* financial status.

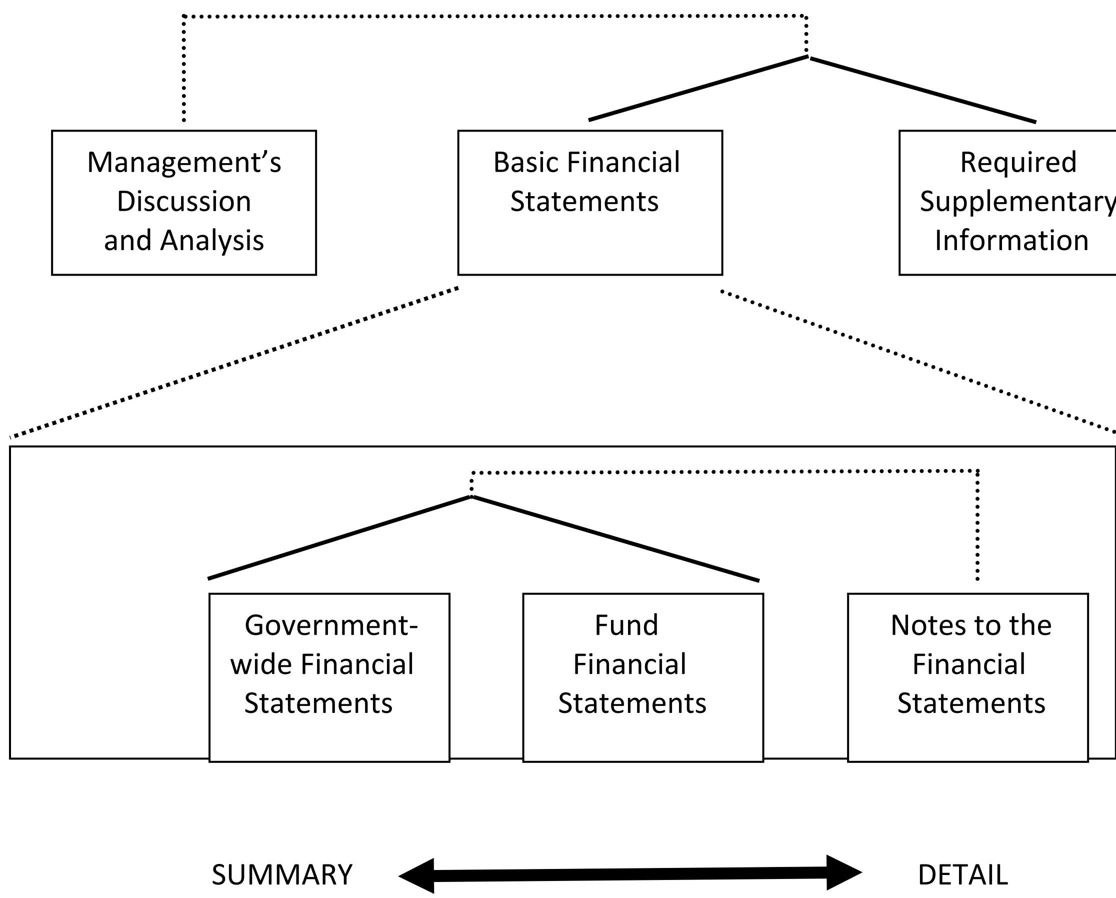
The remaining statements are *fund financial statements* that focus on *individual parts* of the Town government, reporting the Town's operations in *more detail* than the government-wide statements.

The *governmental funds* statements tell how *general government* services like public works were financed in the *short term* as well as what remains for future spending.

Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like* businesses, such as water and sewer systems.

Figure 1

Organization of the Town of Manzanola's Annual Financial Reports



The financial statements also include *notes* that explain some of the information in the financial statements and provide data that are more detailed. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and related to one another. In addition to these required elements, there are sections that provide information related to how the Town's enterprise funds performed in comparison to budget and other information on the Town's debt service requirements.

Figure 2 summarizes the major features of the Town's financial statements, including the portion of the Town government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each statement.

Figure 2

		-------------------Fund Statements-------------------	
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**
Scope	Entire Town Government	The activities of the Town that are not proprietary, such as police, public works, and parks and recreation	Activities the Town operates similar to private business: The water and sewer system
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net position • Statement of revenues, expenses, and changes in net position • Statements of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's *net position* and how they have changed.

Net position – the difference between the Town's assets and liabilities is one way to measure the Town's financial health, or *position*.

- Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the Town, additional non-financial factors need to be considered, such as changes in the Town's property tax base and the condition of the Town's roads.

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

Governmental activities – Most of the Town's basic services are included here, such as the police, public works and parks and recreation departments, and the general administration. Sales and use taxes, property taxes, and charges for services finance most of these activities.

Business–type activities – The Town charges fees to customers to recover most of the cost of certain services provided. The Town's water and sewer system are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant *funds* – not the Town as a whole. Funds are accounting devices that the Town used to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.

- The Town Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants (like the Conservation Trust Fund).

The Town has two kinds of funds:

- *Governmental funds* – Most of the Town's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided, or on the subsequent page, that explains the relationship (or differences) between them.

- *Proprietary funds* – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long and short-term financial information.

The *Town's enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

Government-wide Financial Analysis

Analysis of Net Position

Table 1 presents an analysis of the Town's net position as of December 31. The Town's assets exceeded liabilities by $3,754,204 at the close of 2016. Governmental activities make up $1,495,764 (40%) of these assets, with business-type activities making up the remaining $2,258,440 (60%). Total net position increased by $123,379 in 2016. The increase is comprised of the following:

- Total assets decreased $24,483 to $3,937,850. This was mainly due to the payment of prior year receivables associated with the water grants of $110,686; additions to the Town's capital assets of $210,551 because of additions related to the "water project." These costs were offset by $130,404 of depreciation on the capital assets.
- Total liabilities decreased $149,242 to $157,366. Accounts payable increased $113,854 due to amounts due at the end of 2015 associated with the Town's water improvements project paid in 2016. The Town made all scheduled payments on its existing long-term debt.

The Town's combined net position was $3,754,204 as follows.

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Assets						
Current Assets	$ 238,280	$ 226,348	$ 85,195	$ 201,757	$ 323,475	$ 428,105
Capital Assets	1,340,764	1,387,980	2,273,611	2,146,248	3,614,375	3,534,228
Total Assets	1,579,044	1,614,328	2,358,806	2,348,005	3,937,850	3,962,333
Liabilities						
Long-term Liabilities	51,574	59,502	71,228	98,688	122,802	158,190
Other Liabilities	5,426	5,307	29,138	143,111	34,564	148,418
Total Liabilities	57,000	64,809	100,366	241,799	157,366	306,608
Deferred Inflows of Resources	26,280	24,900	-	-	26,280	24,900
Net Position						
Net Investment in Capital Assets	1,326,380	1,364,927	2,178,268	2,021,135	3,504,648	3,386,062
Restricted	11,784	10,977	34,400	34,000	46,184	44,977
Unrestricted	157,600	148,715	45,772	51,071	203,372	199,786
Total Net Position	$ 1,495,764	$ 1,524,619	$ 2,258,440	$ 2,106,206	$ 3,754,204	$ 3,630,825

The largest portion of the Town's net position (93%) reflects its investment of $3,614,375 in capital assets. Net capital assets are reported less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, $46,184 (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $203,372 (6%) may be used to meet the Town's ongoing obligations to citizens and creditors.

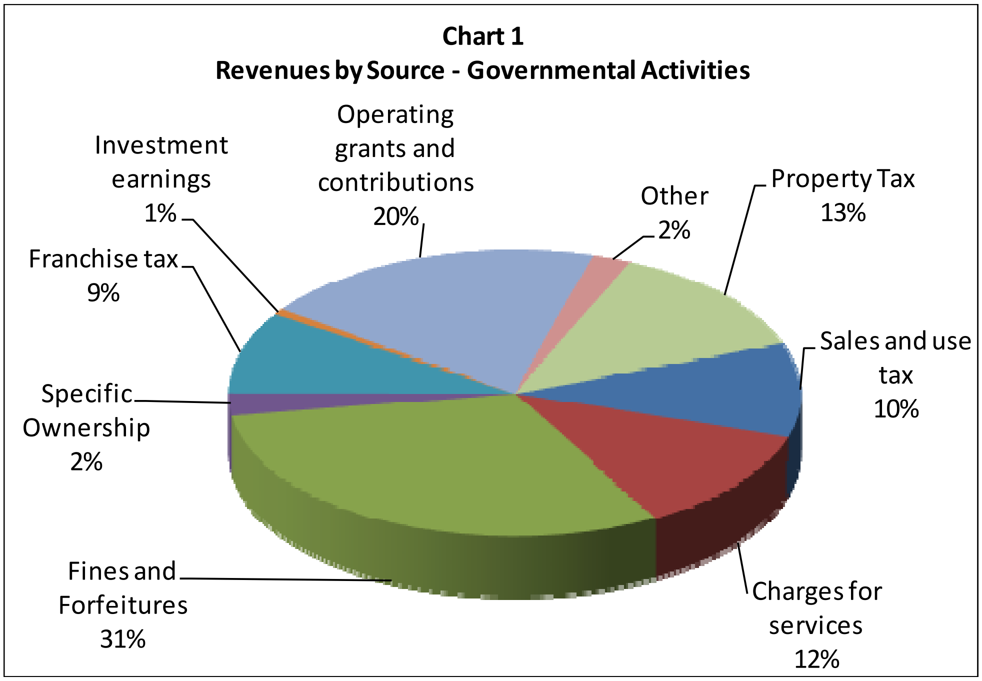
Changes in Net Position

Table 2
Changes in Net Position

As presented in Table 2 the Town's overall net position increased $123,379 during 2016. This increase is explained in the governmental and business-type activities discussion below.

	Governmental Activities		Business-type Activities		Total	
Revenues	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Program Revenues						
Permits, Fees, Fines and Charges For Services	$ 83,647	$ 66,065	$ 202,551	$ 205,650	$ 286,198	$ 271,715
Operating Grants and Contributions	38,568	35,683	5,481	60	44,049	35,743
Capital Grants and Contributions	-	21,938	196,431	1,009,751	196,431	1,031,689
General Revenues						
Taxes	70,414	64,150	-	-	70,414	64,150
Net Investment Income	1,309	1,310	-	-	1,309	1,310
Other	2,199	6,250	-	-	2,199	6,250
Total Revenues	196,137	195,396	404,463	1,215,461	600,600	1,410,857
Expenses						
General Government	32,555	33,241	-	-	32,555	33,241
Public Safety	108,090	85,452	-	-	108,090	85,452
Public Works	28,944	34,090	-	-	28,944	34,090
Health and Welfare	6,360	4,286	-	-	6,360	4,286
Parks and Recreation	45,170	43,739	-	-	45,170	43,739
Sanitation	3,873	10,340	-	-	3,873	10,340
Water	-	-	157,239	144,582	157,239	144,582
Sewer	-	-	86,930	91,169	86,930	91,169
Wastewater	-	-	8,060	13,656	8,060	13,656
Total Expenses	224,992	211,148	252,229	249,407	477,221	460,555
Change In Net Position	(28,855)	(15,752)	152,234	966,054	123,379	950,302
Net Position - Beginning	1,524,619	1,540,371	2,106,206	1,140,152	3,630,825	2,680,523
Net Position - Ending	$ 1,495,764	$ 1,524,619	$ 2,258,440	$ 2,106,206	$ 3,754,204	$ 3,630,825

Governmental Activities. Net position of governmental activities decreased $28,855 in 2016. Governmental revenues increased just $741 (0.4%) compared to 2015.



Governmental expenses increased $13,844 (6.6%) compared to 2015.

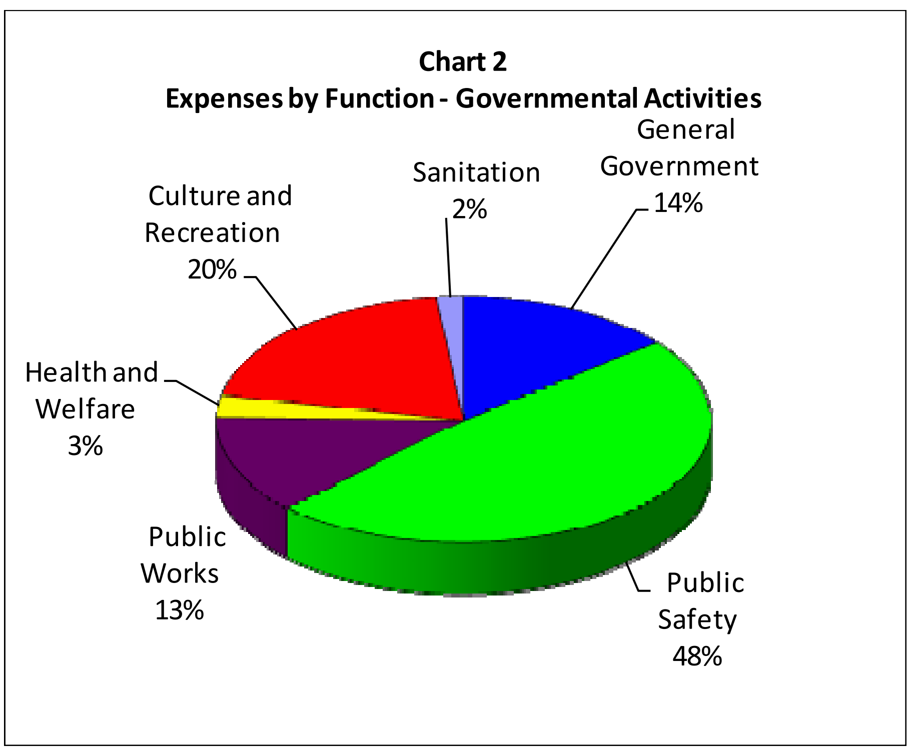


Table 3 presents the cost of each of the Town's programs – General Government, Public Safety, Public Works, Health & Welfare and Culture & Recreation – as well as each program's *net cost* (total cost less fees generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table 3
Net Cost of Services

	Total Cost of Services		Net Cost of Services	
	2016	**2015**	**2016**	**2015**
General Government	$ 32,555	$ 33,241	$ (22,926)	$ (27,296)
Public Safety	108,090	85,452	(29,243)	(79)
Public Works	28,944	34,090	(13,632)	(19,002)
Health and Welfare	6,360	4,286	(3,519)	(1,908)
Culture and Recreation	45,170	43,739	(40,454)	(39,631)
Sanitation	3,873	10,340	6,997	454
Total	$ 224,992	$ 211,148	$ (102,777)	$ (87,462)

Business-type Activities

Net position of business-type activities increased $152,234 in 2016. Revenues decreased $810,998 compared to an increase of $923,796 in 2016 and expenses increased $2,822 (1.1%) compared to 2015. Service fees decreased $3,099. The main decrease in revenues was due to recognition of capital water grant revenue in 2015 of $1,009,751 compared to $189,212 in 2016. Additionally, the Town received a $12,500 grant from the State of Colorado to perform a wastewater treatment facility study. $7,219 was spent towards the project in 2016.

The Water Fund experienced an increase in net position of $158,657 compared to an increase in 2015 of $987,452. Revenues decreased $773 and expenses increased $13,604.

The Sewer Fund experienced a decrease in net position of $9,828 compared to a decrease in 2015 of $19,257. This decrease was caused by depreciation on capital assets of $18,023.

The Wastewater Fund experienced an increase in net position of $3,405 compared to a decrease in 2015 of $2,141. The 2015 decrease was due to costs budgeted for cleaning a portion of the sewer lines in the Town.

Financial Analysis of the Town's Funds

A. Governmental funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of *spendable resources*. This information is necessary to assess the Town's financing requirements. The governmental funds reported by the Town include the General Fund and the Conservation Trust Fund. *Unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

As the Town completed the year, its governmental funds reported a combined fund balance of $211,122, an increase of $10,663 over last year. $193,920 constitutes unassigned fund balance, which is available for spending at the Town's discretion. $5,418 of the fund balance is assigned and represents the portion of the year-end fund balance which is appropriated in the 2017 budget.

The remainder of fund balance is restricted to indicate that it is not available for new spending as follows:

Restricted for Parks and Recreation	$6,084
Restricted for TABOR Emergencies	$5,700

The General Fund is the primary operating fund of the Town. At the end of 2016, unassigned fund balance of the General Fund was $193,920, while total fund balance was $205,038. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 107% of total General Fund expenditures (consistent from 101% in 2015).

The fund balance of the Town's General Fund increased $10,556 during 2016. Key factors are as follows:

- An increase in revenues of $22,071, or 13%. Key changes in revenues include increases in sales tax of $5,197, or 34%, and fines and deferral fees of $13,359, or 28%. Public safety grants associated with DUI enforcement and the Click-it-or-Ticket Program amounted to $18,540, an increase of $2,053 from 2015.

- Expenditures increased $12,067, or 7.2%, to $180,865. These increases were spread throughout the General Fund's operating budget.

B. Proprietary funds.

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

Net position of the enterprise operations at December 31, 2016 follow:

	Net Position	Change in Net Position
Water	$ 1,719,654	$ 158,657
Sewer	317,441	(9,828)
Wastewater	221,345	3,405
	$ 2,258,440	$ 152,234

Other factors concerning the finances of the enterprise funds have already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital Assets

The following table provides comparative information on the Town's capital assets for 2016 and 2015:

Table 4
Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$ 16,221	$ 16,221	$ -	$ -	$ 16,221	$ 16,221
Construction in Process	-	-	7,219	1,085,091	7,219	1,085,091
Land Improvements	1,241,578	1,280,139	-	-	1,241,578	1,280,139
Buildings and Improvements	49,383	51,370	-	-	49,383	51,370
Vehicles and Equipment	33,582	40,250	-	-	33,582	40,250
Water System	-	-	1,721,417	490,139	1,721,417	490,139
Sewer and Wastewater Systems	-	-	544,975	571,018	544,975	571,018
	$ 1,340,764	$ 1,387,980	$ 2,273,611	$ 2,146,248	$ 3,614,375	$ 3,534,228

Additional information on capital assets can be found in the notes to the financial statements (Note 4).

Long-term Debt

The following table provides comparative information on the Town's long-term debt for 2016 and 2015:

Table 5
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Capital Lease	$ 14,384	$ 18,700	$ -	$ -	$ 14,384	$ 18,700
Estimated Closure and Postclosure Costs	37,272	40,767	-	-	37,272	40,767
Water Revenue Bonds	-	-	25,918	38,918	25,918	38,918
Water Notes Payable	-	-	6,377	12,450	6,377	12,450
Sewer Notes Payable	-	-	63,048	73,745	63,048	73,745
Compensated Absences	4,466	4,353	3,110	3,345	7,576	7,698
	$ 56,122	$ 63,820	$ 98,453	$ 128,458	$ 154,575	$ 192,278

Additional information on long-term debt can be found in the notes to the financial statements (Note 5).

Next Year's Budgets and Rates

The Town budgeted for 2017 property tax revenue of $26,280, based on an assessed valuation for the Town of $986,814 and a mill levy of 26.632 mills for the General Fund.

The Town's budget for 2017 is as follows:

	Budgeted Revenue	Budgeted Expenditures	Net Increase (Decrease)
General Fund	$ 579,577	$ 584,995	$ (5,418)
Conservation Trust Fund	4,000	10,084	(6,084)
Water Fund	118,377	129,935	(11,558)
Sewer Fund	375,340	373,707	1,633
Wastewater Fund	11,400	10,840	560
Total	$ 1,088,694	$ 1,109,561	$ (20,867)

In 2016, the water project was finalized with the construction of a new water tank, electronic read meters, and fire hydrants; however, an unexplained water loss remains a priority, as Town staff continues searching to resolve the issue. Funding for this project came from a grant from the Colorado Department of Local Affairs (DOLA) for $600,000 and a loan from the Colorado Department of Public Health and Environment (CDPHE) for $682,000. The CDPHE Loan has 100% loan forgiveness.

The main priority for the Town is the sewer lagoon project. The Town has received two grants, one from DOLA in the amount of $12,500 as a 50% match for the Wastewater preliminary study that GMS, Inc. is working on. The second grant is from CDPHE for $284,800 for funding of the necessary improvements to the lagoons so that they will meet the State of Colorado regulations. This project is scheduled to begin in 2017, with GMS working to find other funding from grants or loans. The Town increased water and sewer rates in 2016 to meet the increasing costs of utilities needed to produce potable water through the water plant, as well as support State regulation improvements and to meet increased utility costs at the Wastewater Plant.

The Town is working on replacing the Beaty Street Bridge on the Catlin Canal. The funds for this project are from a DOLA grant in the amount of $80,000 and two grants from CML totaling $319,920. We will continue to work with GMS, with proposed project to be finalized in 2017 due to water running in the Catlin Canal from March 15th through November 15th.

The Town will continue to focus on Main Street beautification and replacing the park playground equipment.

Requests for Information

This financial report is designed to provide the citizens, taxpayers, customers and investors and creditors of the Town of Manzanola a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Town of Manzanola Clerk/Treasurer
P.O. Box 187
Manzanola, CO. 81058

BASIC FINANCIAL STATEMENTS

TOWN OF MANZANOLA, COLORADO

STATEMENT OF NET POSITION
December 31, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	$ 181,040	$ 62,462	$ 243,502
Receivable from County Treasurer	483	-	483
Property Taxes Receivable	26,280	-	26,280
Accounts Receivable	30,477	22,733	53,210
Capital Assets Not Being Depreciated	16,221	7,219	23,440
Capital Assets, Net of Accumulated Depreciation	1,324,543	2,266,392	3,590,935
Total Assets	1,579,044	2,358,806	3,937,850
Liabilities			
Accounts Payable	878	-	878
Accrued Interest Payable	-	1,913	1,913
Noncurrent Liabilities:			
Due Within One Year	4,548	27,225	31,773
Due In More Than One Year	51,574	71,228	122,802
Total Liabilities	57,000	100,366	157,366
Deferred Inflows of Resources			
Property Taxes	26,280	-	26,280
Net Position			
Net Investment in Capital Assets	1,326,380	2,178,268	3,504,648
Restricted			
Debt Service	-	34,400	34,400
Parks and Recreation	6,084	-	6,084
Tabor Emergencies	5,700	-	5,700
Unrestricted	157,600	45,772	203,372
Total Net Position	$ 1,495,764	$ 2,258,440	$ 3,754,204

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

		Program Revenues		
Function/Program Activities	**Expenses**	**Permits, Fees, Fines, and Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental Activities				
General Government	$ 32,555	$ 9,629	$ -	$ -
Public Safety	108,090	60,307	18,540	-
Public Works	28,944	-	15,312	-
Health and Welfare	6,360	2,841	-	-
Culture and Recreation	45,170	-	4,716	-
Sanitation	3,873	10,870	-	-
Total Governmental Activities	224,992	83,647	38,568	-
Business-type Activities				
Water	157,239	121,203	5,481	189,212
Sewer	86,930	69,883	-	7,219
Wastewater	8,060	11,465	-	-
Total Business-type Activities	252,229	202,551	5,481	196,431
Total	$ 477,221	$ 286,198	$ 44,049	$ 196,431

General Revenues:
- Property Taxes
- Specific Ownership Tax
- Sales and Use Taxes
- Franchise Tax and Other Taxes
- Unrestricted Investment Earnings
- Miscellaneous

Total General Revenues

Change In Net Position

Net Position - Beginning

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenues and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (22,926)	$ -	$ (22,926)
(29,243)	-	(29,243)
(13,632)	-	(13,632)
(3,519)	-	(3,519)
(40,454)	-	(40,454)
6,997	-	6,997
(102,777)	-	(102,777)
-	158,657	158,657
-	(9,828)	(9,828)
-	3,405	3,405
-	152,234	152,234
(102,777)	152,234	49,457
25,008	-	25,008
5,018	-	5,018
20,533	-	20,533
19,855	-	19,855
1,309	-	1,309
2,199	-	2,199
73,922	-	73,922
(28,855)	152,234	123,379
1,524,619	2,106,206	3,630,825
$ 1,495,764	$ 2,258,440	$ 3,754,204

TOWN OF MANZANOLA, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	General	Conservation Trust	Total
Assets			
Cash and Investments	$ 174,956	$ 6,084	$ 181,040
Receivable from County Treasurer	483	-	483
Property Taxes Receivable	26,280	-	26,280
Accounts Receivable	30,477	-	30,477
Total Assets	$ 232,196	$ 6,084	$ 238,280
Liabilities			
Accounts Payable	$ 878	$ -	$ 878
Deferred Inflows of Resources			
Property Taxes	26,280	-	26,280
Fund Balances			
Restricted			
Parks and Recreation	-	6,084	6,084
TABOR Emergencies	5,700	-	5,700
Assigned			
Subsequent Year's Budget	5,418	-	5,418
Unassigned	193,920	-	193,920
Total Fund Balances	205,038	6,084	211,122
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 232,196	$ 6,084	$ 238,280

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

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

Total Fund Balance - Governmental Funds		$ 211,122
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	$ 16,221	
Land Improvements, Net of $300,843 accumulated depreciation	1,241,578	
Buildings and Improvements, Net of $33,150 accumulated depreciation	49,383	
Vehicles and Equipment, Net of $157,433 accumulated depreciation	33,582	1,340,764
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.		
Balances at December 31, 2016 are:		
Capital Lease Obligation	(14,384)	
Compensated Absences	(4,466)	
Estimated Closure and Postclosure Costs	(37,272)	(56,122)
Net Position - Governmental Activities		$ 1,495,764

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

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

	General	Conservation Trust	Total
Revenues			
Taxes	$ 70,414	$ -	$ 70,414
Intergovernmental Revenue	33,852	4,716	38,568
Charges for Services	23,201	-	23,201
Licenses and Permits	139	-	139
Fines and Forfeitures	60,307	-	60,307
Net Investment Income	1,309	-	1,309
Other	2,199	-	2,199
Total Revenues	191,421	4,716	196,137
Expenditures			
Current			
General Government	32,480	-	32,480
Public Safety	103,664	-	103,664
Public Works	23,937	-	23,937
Health and Welfare	6,360	-	6,360
Culture and Recreation	1,812	4,609	6,421
Sanitation	7,368	-	7,368
Debt Service	5,244	-	5,244
Total Expenditures	180,865	4,609	185,474
Net Change in Fund Balances	10,556	107	10,663
Fund Balances - Beginning	194,482	5,977	200,459
Fund Balances - Ending	$ 205,038	$ 6,084	$ 211,122

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

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

Net Change in Fund Balance - Governmental Funds	$	10,663
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation		(47,216)
The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to the governmental funds. However, issuing debt increases long-term liabilities on the statement of net assets, so this transaction has no effect on net position.		
Principal Payment on Capital Lease Obligation		4,316
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Adjustment to compensated absences liability		(113)
Adjustment to estimated closure and postclosure costs		3,495
Change in Net Position - Governmental Activities	$	(28,855)

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2016

	Water	Sewer	Wastewater	Total
Assets				
Current assets				
Cash and Investments	$ 22,331	$ 591	$ 39,540	$ 62,462
Accounts Receivable	11,971	9,802	960	22,733
Total Current Assets	34,302	10,393	40,500	85,195
Noncurrent Assets				
Capital Assets Not Being Depreciated	-	7,219	-	7,219
Capital Assets, Net of Accumulated Depreciation	1,721,417	304,130	240,845	2,266,392
Total Assets	1,755,719	321,742	281,345	2,358,806
Liabilities				
Current Liabilities				
Accrued Interest Payable	1,890	23	-	1,913
Revenue Bonds Payable - Current	13,000	-	-	13,000
Notes Payable - Current	6,377	3,048	4,800	14,225
Total Current Liabilities	21,267	3,071	4,800	29,138
Noncurrent Liabilities				
Revenue Bonds Payable	12,918	-	-	12,918
Notes Payable	-	-	55,200	55,200
Compensated Absences	1,880	1,230	-	3,110
Total Noncurrent Liabilities	14,798	1,230	55,200	71,228
Total Liabilities	36,065	4,301	60,000	100,366
Net Position				
Net Investment in Capital Assets	1,689,122	308,301	180,845	2,178,268
Restricted for Debt Service	16,100	18,300	-	34,400
Unrestricted	14,432	(9,160)	40,500	45,772
Total Net Position	$ 1,719,654	$ 317,441	$ 221,345	$ 2,258,440

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2016

	Water	Sewer	Wastewater	Total
Operating Revenues				
Charges for Sales and Services				
Service Fees	$ 111,483	$ 69,883	$ 11,465	$ 192,831
Other	9,720	-	-	9,720
Total Operating Revenues	121,203	69,883	11,465	202,551
Operating Expenses				
Salaries and Benefits	36,874	37,426	-	74,300
System Operations	40,725	16,089	-	56,814
Water Analysis	3,427	1,679	-	5,106
Commodities and Services	6,571	4,766	40	11,377
Insurance	8,654	8,654	-	17,308
Conduit	1,973	-	-	1,973
Depreciation	57,145	18,023	8,020	83,188
Total Operating Expenses	155,369	86,637	8,060	250,066
Operating Income (Loss)	(34,166)	(16,754)	3,405	(47,515)
Nonoperating Revenues (Expenses)				
Net Investment Income	77	-	-	77
Interest Expense	(1,870)	(293)	-	(2,163)
Total Nonoperating Revenues (Expenses)	3,611	(293)	-	3,318
Income (Loss) Before Capital Contributions	(30,555)	(17,047)	3,405	(44,197)
Capital Grant Revenue	189,212	7,219	-	196,431
Change In Net Position	158,657	(9,828)	3,405	152,234
Net Position - Beginning	1,560,997	327,269	217,940	2,106,206
Net Position - Ending	$ 1,719,654	$ 317,441	$ 221,345	$ 2,258,440

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2016

	Water	Sewer	Wastewater	Total
Cash Flows from Operating Activities				
Cash Received from Customers	$ 120,684	$ 68,611	$ 11,465	$ 200,760
Cash Payments to Suppliers for Goods and Services	(61,350)	(31,188)	(40)	(92,578)
Cash Payments to Employees for Services	(36,410)	(38,125)	-	(74,535)
Other Cash Received	5,404	-	-	5,404
Net Cash Provided (Used) by Operating Activities	28,328	(702)	11,425	39,051
Cash Flows from Capital and Related Financing Activities				
Capital Grant Received	189,212	7,219	-	196,431
Acquisition and Construction of Capital Assets	(203,332)	(7,219)	-	(210,551)
Principal Paid on Long-Term Debt	(19,073)	(5,897)	(4,800)	(29,770)
Interest Paid on Long-Term Debt	(2,568)	(337)	-	(2,905)
Net Cash (Used) by Capital and Related Financing Activities	(35,761)	(6,234)	(4,800)	(46,795)
Cash Flows from Investing Activities				
Net Investment Income	77	-	-	77
Net Increase (Decrease) In Cash and Cash Equivalents	(7,356)	(6,936)	6,625	(7,667)
Cash and Cash Equivalents - Beginning	29,687	7,527	32,915	70,129
Cash and Cash Equivalents - Ending	$ 22,331	$ 591	$ 39,540	$ 62,462
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating (Loss)	$ (34,166)	$ (16,754)	$ 3,405	$ (47,515)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	57,145	18,023	8,020	83,188
Miscellaneous Nonoperating Income	5,404	-	-	5,404
Effect of Changes In Operating Assets and Liabilities:				
Accounts Receivable	(519)	(1,272)	-	(1,791)
Compensated Absences	464	(699)	-	(235)
Total Adjustments	62,494	16,052	8,020	86,566
Net Cash Provided (Used) by Operating Activities	$ 28,328	$ (702)	$ 11,425	$ 39,051

The notes to the financial statements are an integral part of this statement.

The financial statements of the Town of Manzanola, Colorado (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The following notes to the financial statements are an integral part of the Town's financial statements.

Note 1 – Definition of Reporting Entity

The Town of Manzanola, Colorado was incorporated in 1900 in Otero County and is governed by a five-member elected Board of Trustees. The Town provides police protection, public works (roads and streets), culture and recreation, sanitation, health and welfare, water, sewer and general administrative services. Fire protection is provided by the Manzanola Volunteer Fire Department.

The Town follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

Based upon the above criteria, the Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

Otero County Landfill Joint Venture

The Town is a participant along with six other entities within the County in a joint venture known as the Otero County Landfill, Inc. As a participant, the Town is responsible for a portion of closure and post closure costs of the landfill. As of December 31, 2016, the Town's share of the cost is estimated at $37,272, or approximately 1.4% of the total (see Note 5). A complete financial report may be obtained from the administrative offices of Otero County.

Note 2 – Summary of Significant Accounting Policies

The more significant accounting policies of the Town are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the activities of the Town. 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 user fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by given function or segment; fines and forfeitures; and 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 funds and major individual enterprise funds are reported in 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 *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days after year-end. Property taxes, sales taxes, franchise taxes and interest are susceptible to accrual and so have been recognized as revenues in the current period. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The Town reports the following major governmental funds:

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

The *Conservation Trust Fund* accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.

The Town reports the following major proprietary funds:

The W*ater Fund* accounts for revenues and expenses associated with providing water services to Town residents.

The S*ewer Fund* and the *Wastewater Fund* account for revenues and expenses associated with providing wastewater services to Town residents.

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

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

Proprietary funds distinguish between 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 principle ongoing operations. The principle operating revenues of the Town's enterprise funds are charges to customers for sales and services. 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. The Town's water and waste water enterprise funds recognize as capital contributions the entire portion of tap fees, as they are intended to recover the cost of the capital investment in the water and waste water distribution systems.

Pooled Cash and Investments

The Town follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

Cash and investments are presented in the basic financial statements at fair value.

For purposes of the statement of cash flows, the Town considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

Property Taxes

Property taxes are levied by the Town's Board of Trustees. Property taxes are levied by December 15 of each year and are due in full the following year. The lien date is January 1 following the levy. Taxes may be paid in two equal installments, on or before February 28 and June 15; or in full, on or before April 30. Delinquent taxpayers are notified in August and generally, sales of the tax liens on delinquent properties are held in November or December. Property taxes are collected by Otero County and then remitted, net of a 1% collection fee, to the Town.

Taxes are recorded as a receivable and a deferred inflow of resources when levied, and subsequently recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town currently capitalizes expenditures that cost more than $5,000 and have a life of one year or more. Such capital assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capital assets because their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities. Generally accepted accounting principles requires the Town to report general infrastructure assets obtained subsequent to January 1, 2004 but allows the Town to retroactively capitalize general infrastructure assets obtained prior to that date. The Town elected to not report general infrastructure assets retroactively.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed and depreciated over their remaining useful lives.

Capital assets of the Town are depreciated, using the straight-line method over their estimated useful lives:

Buildings	40 years
Land Improvements	40 years
Water and Sewer Systems	20 - 40 years
Vehicles and Equipment	5 - 10 years

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position/balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports unavailable revenue for property taxes to be collected in the subsequent period and therefore not yet available.

Compensated Absences

Vacation leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon termination, employees are paid full value for any accrued general leave earned.

It is the Town's policy to permit employees to accumulate earned but unused vacation leave benefits. All leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if it is expected to be liquidated with expendable available financial resources.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds. The balance of these deferrals is combined with the corresponding long term debt in the financial statements.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual new proceeds received, are reported as debt service expenditures.

Net Position and Fund Equity

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation

Unrestricted net position represents assets that do not have any third-party limitations on their use.

For government-wide presentation purposes, 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.

Fund Balances

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

The Town reports the following Restricted Fund Balances:

Restricted for TABOR Emergencies – Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

Restricted for Parks and Recreation – Represents the balance of funds remaining from the Conservation Trust (State Lottery) Fund proceeds.

Committed fund balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Trustees. The constraint may be removed or changed only through formal action of the Board of Trustees.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

The following fund balances are assigned:

Subsequent Year's Budget – used to account for the portion of the year-end fund balance which is appropriated in the subsequent year's budget.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the Town's practice to use the most restrictive classification first.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. An example of such an estimate that has been made by management is depreciation expense.

Note 3 –Deposits and Investments

The Town's deposits and investments are as follows at December 31, 2016:

Governmental Activities	$	180,167
Business-type Activities		63,334
	$	243,501

Deposits

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels ($250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2016, the Town's bank deposits amounting to $252,440 were both insured by federal depository insurance and collateralized with securities held by third parties but not in the Town's name, and consequently were not exposed to custodial credit risk.

Investments

The Town has not adopted a formal investment policy; however, the Town follows state statutes regarding investments. 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.

The Town generally limits its concentration of investments to obligations of the United States, certain U.S. government agency securities and Local Government Investment Pools, 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 risk disclosure requirements or subject to investment custodial credit 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.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

The Town had no investments at December 31, 2016.

Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows for the Town's governmental activities:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	$ 16,221	$ -	$ -	$ 16,221
Capital Assets Being Depreciated:				
Land Improvements	1,542,421	-	-	1,542,421
Buildings and Improvements	82,533	-	-	82,533
Vehicles and Equipment	191,015	-	-	191,015
Total Capital Assets Being Depreciated	1,815,969	-	-	1,815,969
Less Accumulated Depreciation For:				
Land Improvements	(262,282)	(38,561)	-	(300,843)
Buildings and Improvements	(31,163)	(1,987)	-	(33,150)
Vehicles and Equipment	(150,765)	(6,668)	-	(157,433)
Total Accumulated Depreciation	(444,210)	(47,216)	-	(491,426)
Total Capital Assets Being Depreciated, Net	1,371,759	(47,216)	-	1,324,543
Governmental Activities Capital Assets, Net	$ 1,387,980	$ (47,216)	$ -	$ 1,340,764

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
Public Safety	$ 4,388
Public Works	4,079
Culture & Recreation	38,749
	$ 47,216

Capital asset activity for the year ended December 31, 2016 was as follows for the Town's business-type activities:

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Construction in Process				
Water	$ 1,085,091	$ 196,928	$ (1,282,019)	$ -
Sewer	-	7,219	-	7,219
Total Capital Assets Not Being Depreciated	1,085,091	204,147	(1,282,019)	7,219
Capital Assets Being Depreciated:				
Water	1,240,819	1,288,423	-	2,529,242
Sewer	706,381	-	-	706,381
Wastewater	302,455	-	-	302,455
Total Capital Assets Being Depreciated	2,249,655	1,288,423	-	3,538,078
Less Accumulated Depreciation For:				
Water	(750,680)	(57,145)	-	(807,825)
Sewer	(384,228)	(18,023)	-	(402,251)
Wastewater	(53,590)	(8,020)	-	(61,610)
Total Accumulated Depreciation	(1,188,498)	(83,188)	-	(1,271,686)
Total Capital Assets Being Depreciated, Net	1,061,157	1,205,235	-	2,266,392
Business-type Activities Capital Assets, Net	$ 2,146,248	$ 1,409,382	$ (1,282,019)	$ 2,273,611

Note 5 – Long-term Obligations

The following is an analysis of changes in long-term debt for the year ended December 31, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Capital Lease - Tractor	$ 18,700	$ -	$ 4,316	$ 14,384	$ 4,548
Estimated Closure and Postclosure Costs	40,767	-	3,495	37,272	-
Compensated Absences	4,353	2,507	2,394	4,466	-
Total Governmental Activities	$ 63,820	$ 2,507	$ 10,205	$ 56,122	$ 4,548
Business-type Activities					
Water Fund					
Water Revenue Bonds, Series 1978	$ 38,918	$ -	$ 13,000	$ 25,918	$ 13,000
Energy/Mineral Impact Assistance Loan, 2002	12,450	-	6,073	6,377	6,377
Sewer Fund					
CWR&PDA Sewer Loan, 1997	8,945	-	5,897	3,048	3,048
Wastewater Fund					
CWR&PDA Sewer Loan, 2008	64,800	-	4,800	60,000	4,800
Compensated Absences	3,345	2,761	2,996	3,110	-
Total Business-type Activities	$128,458	$ 2,761	$ 32,766	$ 98,453	$ 27,225

A. Capital Lease

On November 7, 2014, The Town entered into a capital lease agreement for a 2015 Kubota BX25 Tractor/Loader/Backhoe. Lease payments of $2,622 are due semiannually beginning in May 2015 and ending in November 2019, with interest at 5.25%. Lease payments are made by the General Fund.

The net present value of the minimum lease payments as of December 31, 2016 follow:

Year Ending December 31,	Tractor
2017	$ 5,244
2018	5,244
2019	5,245
Minimum Lease Payments	15,733
Less: Amount representing interest	(1,349)
Present Value of Minimum Lease Payments	$ 14,384

B. Estimated Closure and Postclosure Care Costs

In 1995, the Town entered into an intergovernmental agreement with Otero County and five other municipalities within the County to form the Otero County Landfill, Inc. ('OCLI") to operate the landfill within the County. The agreement transfers the liability for closure and postclosure costs to the new organization. The Town and all participating entities are responsible for a portion of the costs based on an average of the population and assessed valuation of each entity to the total of all entities. Based on the current allocation the Town's share is approximately 1.39% of the estimated $2,679,000 in closure and postclosure costs amounting to $37,272. These amounts are based on estimates of what it would cost to perform all closure and post closure care in 2016. Actual costs may be higher due to inflation or deflation, changes in technology, or changes in applicable laws or regulations.

C. Water Revenue Bonds, Series 1978

On August 16, 1978, the Town issued Water Revenue Bonds, Series 1978 in the original principal amount of $274,000 for improvements to the water system. The bonds consist of serial bonds due annually in varying amounts from February 1, 1980 through February 1, 2018. Interest is payable semiannually at 5%. Bonds maturing on February 1, 1989 and thereafter are callable at par in inverse numerical order of maturity on February 1, 1988. The bonds are non-rated.

A provision of the 1978 Water Bond Ordinance requires the Town to establish a "Bond Reserve Account"; to be established beginning on February 1, 1979, at $1,610 per year and continue each year until the reserve account is fully funded in the amount of $16,100. Accordingly, at December 31, 2016, $16,100 of the Water Fund's net position has been restricted.

Additionally, the Bonds require the net revenues (total revenues less operating expenses) be at least 125% of the annual debt service due in any one year. During the year ended December 31, 2016, the Town complied with the rate covenant.

The bonds mature as follows:

	Principal	Interest	Total
2017	$ 13,000	$ 1,296	$ 14,296
2018	12,918	646	13,564
	$ 25,918	$ 1,942	$ 27,860

D. 2002 Water Loan

On May 3, 2002, the Town issued a loan with the Colorado Department of Local Affairs, Energy and Impact Assistance Program, in the original amount of $69,500 for improvements to the water treatment and storage facilities. The note is payable in 15 annual installments of $6,696 beginning September 1, 2003 through September 1, 2017, including interest at 5%. The loan matures as follows:

	Principal	Interest	Total
2017	$ 6,377	$ 319	$ 6,696

E. Colorado Water Resources and Power Development Authority (CWR&PDA) – 1997 Sewer Note

On June 1, 1997, the Town issued a note with the Colorado Water Resources and Power Development Authority, Water Pollution Control Revolving Loan, in the original amount of $80,360. The proceeds of the note were used to convert the existing wastewater treatment cell lagoon system to an aerated primary cell, a stabilization pond and constructed wetlands. The note is payable in semi-annual installments beginning on May 1, 1998 through May 1, 2017, including interest at 4.50%.

The note matures as follows:

	Principal	Interest	Total
2017	$ 3,048	$ 71	$ 3,119

Additionally, the note requires the Town to maintain an operations and reserve fund in an amount equal to three months of operations, excluding depreciation. Accordingly, the Town has restricted $18,300 of the Sewer Fund's net position.

The note constitutes a general obligation pledge secured by the Town's full faith and credit payable from any available moneys of the Town including but not limited to, ad valorem taxes on all taxable real property within its boundaries, unlimited as to rate in an amount sufficient to pay, annually, principal, interest and premium due on the note.

F. Colorado Water Resources and Power Development Authority (CWR&PDA) – 2008 Wastewater Note

On July 24, 2008, the Town issued a note with the Colorado Water Resources and Power Development Authority, Water Pollution Control Revolving Loan Fund, in the original amount of $96,000. The proceeds of the note were used to replace wastewater collection line segments, manholes and general wastewater treatment facility improvements. The note is noninterest bearing, payable in semi-annual installments of $2,400 beginning on November 1, 2009 through May 1, 2029.

A provision of the note with the CWR&PDA requires the net revenues (total revenues less operating expenses) be at least 110% of the annual debt service due in any one year. During the year ended December 31, 2016, the Town was in compliance with the rate covenant.

Additionally, the note requires the Town to maintain an operations and reserve fund in an amount equal to three months of operations, excluding depreciation. Accordingly, the Town has restricted $18,300 of the Sewer Fund's net position.

The Town has pledged the revenue from the operation and use of the sewer system and other legally available revenue, after the payment of operation and maintenance expenses of the system, for the repayment of the note.

The note matures as follows:

	Principal	Interest	Total
2017	$ 4,800	$ -	$ 4,800
2018	4,800	-	4,800
2019	4,800	-	4,800
2020	4,800	-	4,800
2021	4,800	-	4,800
2022-2026	24,000	-	24,000
2027-2029	12,000	-	12,000
	$ 60,000	$ -	$ 60,000

Note 6 – Risk Management

The Town of Manzanola is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; claims relating to professional liability; and natural disasters. These risks are covered by commercial insurance purchases from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage the past three years.

Note 7 – Commitments and Contingencies

Grant Programs

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Note 8 – Employee Retirement Plans

Defined Contribution Plan

All employees are covered under social security. On May 15, 1991, the Town established a SEP-IRA (Simplified Employee Pension) Plan described in Section 408(k) of the Internal Revenue Code of 1986. The plan was amended on May 21, 2007. The plan is administered by Waddell & Reed and is a single-employer defined contribution plan.

All employees are eligible to participate in the plan after 90 days of continuous employment. All contributions vest immediately. The Town contributes 6% of each employee's salary and wages to the plan. Employees are not allowed to contribute.

For the year ended December 31, 2016, the Town recognized pension expense of $7,083, equal to their required contributions.

There is no liability for benefits under the plan beyond the Town's payments.

Note 9 – Tax Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

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

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

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

On April 2, 1996, a majority of the Town's electors authorized the Town to collect, retain and expend all revenues and other funds collected during 1995 and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution, effective January 1, 1995, provided that no local tax rate or mill levy shall be increased without further voter approval.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF MANZANOLA, COLORADO

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual
Revenues					
Taxes					
Property Tax	$ 22,000	$ 22,000	$ 25,008	$ 3,008	$ 23,716
Specific Ownership Tax	4,500	4,500	5,018	518	4,821
Sales Tax	15,000	15,000	20,533	5,533	15,336
Cigarette Tax	75	75	-	(75)	26
Franchise Tax	18,000	18,000	17,775	(225)	18,072
Other Taxes	1,800	1,800	2,080	280	2,179
Subtotal Taxes	61,375	61,375	70,414	9,039	64,150
Intergovernmental					
County Road and Bridge	1,800	1,800	2,026	226	1,817
Severance Tax	-	-	3	3	60
Highway Users Tax	13,000	13,000	13,283	283	13,211
State Grants	10,000	10,000	18,540	8,540	16,487
GOCO Grants	108,324	-	-	-	-
Subtotal Intergovernmental	133,124	24,800	33,852	9,052	31,575
Charges for Services					
Sanitation	10,500	10,500	10,870	370	10,794
Mosquito Control	2,300	2,300	2,841	541	2,378
Rents	5,000	5,000	9,490	4,490	5,720
Subtotal Charges for Services	17,800	17,800	23,201	5,401	18,892
Licenses and Permits	300	300	139	(161)	225
Fines and Forfeitures					
Fines and Forfeitures	45,000	45,000	52,998	7,998	43,548
Deferral Fees	-	-	7,309	7,309	3,400
Subtotal Fines and Forfeitures	45,000	45,000	60,307	15,307	46,948
Donations	2,000	2,000	-	(2,000)	-
Net Investment Income	1,300	1,300	1,309	9	1,310
Proceeds from Sale of Assets	-	-	-	-	1,900
Miscellaneous	1,850	1,850	2,199	349	4,350
Total Revenues	262,749	154,425	191,421	36,996	169,350

(Continued)

TOWN OF MANZANOLA, COLORADO

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)
(Continued)

Expenditures Current:	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual
General Government					
Salaries and Benefits	$ 9,547	$ 9,547	$ 10,132	$ (585)	$ 10,132
Office	7,000	7,000	7,321	(321)	8,405
Insurance	9,000	9,000	6,990	2,010	8,995
County Treasurer Fees	475	475	477	(2)	454
Audit	4,000	4,000	7,000	(3,000)	4,400
Legal	550	550	167	383	90
Workers Comp Insurance	844	844	168	676	116
Donations and Contributions	350	350	225	125	450
Subtotal General Government	31,766	31,766	32,480	(714)	33,042
Public Safety					
Wages and Benefits	64,152	70,652	79,300	(8,648)	61,944
Vehicle Expenses	7,000	7,000	7,314	(314)	7,079
Judge/Legal	2,400	2,400	2,400	-	2,400
Uniforms/Training/Supplies	2,000	2,000	787	1,213	2,002
Office	500	500	1,651	(1,151)	313
Insurance	8,000	8,000	8,808	(808)	7,103
Workers Comp Insurance	2,000	2,000	1,975	25	1,352
Radio/Radar	-	-	1,429	(1,429)	1,431
Subtotal Public Safety	86,052	92,552	103,664	(11,112)	83,624
Public Works					
Wages and Benefits	5,705	5,705	3,377	2,328	5,857
Building Expense	2,500	2,500	1,670	830	2,867
Street Lighting	20,000	20,000	15,896	4,104	16,437
Street Repairs	500	500	131	369	568
Equipment Repairs	3,000	3,000	2,863	137	3,138
Public Works	2,000	2,000	-	2,000	-
Subtotal Public Works	33,705	33,705	23,937	9,768	28,867
Health and Welfare					
Cemetery	1,000	1,000	750	250	1,838
Mosquito Control	2,500	2,500	5,610	(3,110)	2,448
Subtotal Health and Welfare	3,500	3,500	6,360	(2,860)	4,286

(Continued)

TOWN OF MANZANOLA, COLORADO

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)
(Continued)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual
Culture and Recreation					
Parks	$ 109,824	$ 1,500	$ 812	$ 688	$ 2,180
Justin Vasquez Memorial Park	500	500	-	500	219
Summer Recreation	1,000	1,000	1,000	-	999
Subtotal Culture and Recreation	111,324	3,000	1,812	1,188	3,398
Sanitation					
Sanitation	11,200	11,200	7,368	3,832	9,714
Debt Service					
Capital Lease	5,244	5,244	5,244	-	5,244
Total Expenditures	282,791	180,967	180,865	102	168,175
Excess Revenues Over (Under) Expenditures	(20,042)	(26,542)	10,556	37,098	1,175
Net Change in Fund Balance	(20,042)	(26,542)	10,556	37,098	1,175
Fund Balance - Beginning	190,546	194,482	194,482	-	193,307
Fund Balance - Ending	$ 170,504	$ 167,940	$ 205,038	$ 37,098	$ 194,482

See the Independent Auditor's Report

TOWN OF MANZANOLA, COLORADO

CONSERVATION TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual
Revenues				
Lottery	$ 4,000	$ 4,716	$ 716	$ 4,108
Expenditures				
Current				
Culture and Recreation	9,869	4,609	5,260	1,592
Excess Revenues Over (Under) Expenditures	(5,869)	107	5,976	2,516
Fund Balance - Beginning	3,044	5,977	2,933	3,461
Fund Balance - Ending	$ (2,825)	$ 6,084	$ 8,909	$ 5,977

See the Independent Auditor's Report

Note 1: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds. The Enterprise funds adopt budgets on the Non-GAAP basis wherein tap fees are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenses, and depreciation expense is not budgeted. All annual appropriations lapse at fiscal year-end.

By October 15, the Budget Officer (not an elected official) of the Town submits a proposed operating budget for the fiscal year commencing the following January 1 to the Trustees (elected officials). The operating budget, for all budgeted funds, includes proposed expenditures and the means of financing.

Public hearings are held at the regular Trustee meetings to obtain taxpayer input. Prior to December 15, the budget is legally enacted through passage of a budget ordinance. Expenditures may not exceed appropriations at the fund level.

The Town Treasurer is authorized to transfer budgeted amounts within a department of any fund. The Trustees must approve revisions that change total expenditures of any fund or department within a fund.

The appropriation can only be modified upon completion of notification and publication requirements. During the year ended December 31, 2016, the Town approved one supplementary appropriation as follows:

	Original Appropriation	Additional Appropriation	Modified Appropriation
General Fund	$ 282,791	$ (101,824)	$ 180,967
Water Fund	127,879	298,060	425,939
Sewer Fund	78,021	7,219	85,240

SUPPLEMENTARY INFORMATION

TOWN OF MANZANOLA, COLORADO

WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual
Revenues					
Water Sales	$ 116,000	$ 116,000	$ 106,864	$ (9,136)	$ 108,986
Net Investment Income	75	75	77	2	60
Late Fees	-	-	4,619	4,619	4,596
Water Lease	8,394	8,394	9,720	1,326	8,394
Grant Revenues - Capital	-	290,060	189,212	(100,848)	1,009,751
Other	-	-	5,404	5,404	247
Total Revenues	124,469	414,529	315,896	(98,633)	1,132,034
Expenditures					
Salaries and Benefits	40,100	40,100	36,874	3,226	41,620
System Operations	46,100	46,100	40,725	5,375	44,554
Water Analysis	2,000	2,000	3,427	(1,427)	1,659
Commodities and Services	7,250	15,250	6,571	8,679	13,905
Insurance	9,133	9,133	8,654	479	7,375
Conduit	1,000	1,000	1,973	(973)	1,337
Capital Outlay	-	-	6,404	(6,404)	-
Water Project	-	290,060	196,928	93,132	1,002,055
Debt Principal	19,073	19,073	19,073	-	18,784
Debt Interest	3,223	3,223	1,870	1,353	2,817
Total Expenditures	127,879	425,939	322,499	103,440	1,134,106
Excess Revenues Over (Under) Expenditures	(3,410)	(11,410)	(6,603)	4,807	(2,072)
Funds Available - Beginning	36,831	21,035	21,035	-	23,107
Funds Available - Ending	$ 33,421	$ 9,625	$ 14,432	$ 4,807	$ 21,035

Funds Available is Computed as Follows:					
Current Assets			$ 34,302		$ 151,825
Less Cash Restricted for Debt Service			(16,100)		(16,100)
Current Liabilities			(23,147)		(133,763)
Add Current Portion of Long-Term Debt			19,377		19,073
			$ 14,432		$ 21,035

See the Independent Auditor's Report

TOWN OF MANZANOLA, COLORADO

SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual
Revenues					
Service Fees	$ 74,000	$ 74,000	$ 69,883	$ (4,117)	$ 71,912
Grant Revenues	-	7,219	7,219	-	-
Total Revenues	74,000	81,219	77,102	(4,117)	71,912
Expenditures					
Salaries and Benefits	35,914	35,914	37,426	(1,512)	38,320
System Operations	17,000	17,000	16,089	911	17,399
Commodities and Services	6,750	6,750	4,766	1,984	8,727
Insurance	9,133	9,133	8,654	479	6,375
Sewer Analysis	3,000	3,000	1,679	1,321	1,773
Capital Outlay	-	7,219	7,219	-	-
Debt Principal	5,897	5,897	5,897	-	5,640
Debt Interest	327	327	293	34	552
Total Expenditures	78,021	85,240	82,023	3,217	78,786
Excess Revenues Over (Under) Expenditures	(4,021)	(4,021)	(4,921)	(900)	(6,874)
Funds Available - Beginning	22,513	14,061	14,061	-	20,935
Funds Available - Ending	$ 18,492	$ 10,040	$ 9,140	$ (900)	$ 14,061

Funds Available is Computed as Follows:	Actual Amounts	2015 Actual
Current Assets	$ 10,393	$ 16,057
Current Liabilities	(4,301)	(7,893)
Add Current Portion of Long-Term Debt	3,048	5,897
	$ 9,140	$ 14,061

See the Independent Auditor's Report

TOWN OF MANZANOLA, COLORADO

WASTEWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual
Revenues				
Service Fees	$ 11,820	$ 11,465	$ (355)	$ 11,515
Expenditures				
Commodities and Services	6,000	40	5,960	5,636
Debt Principal	4,820	4,800	20	4,800
Total Expenditures	10,820	4,840	5,980	10,436
Excess Revenues Over (Under) Expenditures	1,000	6,625	5,625	1,079
Funds Available - Beginning	30,381	33,875	3,494	32,796
Funds Available - Ending	$ 31,381	$ 40,500	$ 9,119	$ 33,875

Funds Available is Computed as Follows:				
Current Assets		$ 40,500		$ 33,875
Current Liabilities		(4,800)		(4,800)
Add Current Portion of Long-Term Debt		4,800		4,800
		$ 40,500		$ 33,875

See the Independent Auditor's Report

OTHER INFORMATION

TOWN OF MANZANOLA, COLORADO

SCHEDULES OF FUTURE DEBT SERVICE REQUIREMENTS
December 31, 2016

	$274,000 Water Revenue Bonds, Series 1978 Dated August 16, 1978				$69,500 Energy/Mineral Impact Assistance Loan Water Fund - Dated September 1, 2002			
Year	Yield	Principal	Interest	Total	Rate	Principal	Interest	Total
2017	5.000	$ 13,000	$ 1,296	$ 14,296	5.000	$ 6,377	$ 319	$ 6,696
2018	5.000	12,918	646	13,564	-	-	-	-
		$ 25,918	$ 1,942	$ 27,860		$ 6,377	$ 319	$ 6,696

	$80,360 Colorado Water Resources and Power Development Authority Sewer Fund - Dated June 1, 1997				$96,000 Colorado Water Resources and Power Development Authority Sewer Fund - Dated July 24, 2008			
Year	Rate	Principal	Interest	Total	Rate	Principal	Interest	Total
2017	4.500	$ 3,048	$ 71	$ 3,119	-	$ 4,800	$ -	$ 4,800
2018	-	-	-	-	-	4,800	-	4,800
2019	-	-	-	-	-	4,800	-	4,800
2020	-	-	-	-	-	4,800	-	4,800
2021	-	-	-	-	-	4,800	-	4,800
2022	-	-	-	-	-	4,800	-	4,800
2023	-	-	-	-	-	4,800	-	4,800
2024	-	-	-	-	-	4,800	-	4,800
2025	-	-	-	-	-	4,800	-	4,800
2026	-	-	-	-	-	4,800	-	4,800
2027	-	-	-	-	-	4,800	-	4,800
2028	-	-	-	-	-	4,800	-	4,800
2029	-	-	-	-	-	2,400	-	2,400
		$ 3,048	$ 71	$ 3,119		$ 60,000	$ -	$ 60,000

TOWN OF MANZANOLA, COLORADO

Summary of Assessed Valuation, Mill Levy and Property Taxes Collected December 31, 2016

Levy Year	Collection Year	Assessed Valuation	Mills Levied	Total Levy	Current Collection	Collection Rate
2010	2011	$ 813,313	26.990	$ 21,951	$ 21,260	96.85%
2011	2012	815,603	26.990	22,013	21,891	99.45%
2012	2013	846,985	26.990	22,860	22,354	97.79%
2013	2014	864,905	26.990	23,344	23,455	100.48%
2014	2015	874,821	26.990	23,611	23,716	100.44%
2015	2016	975,212	25.543	24,910	25,008	100.39%
2016	2017	$ 986,814	26.632	$ 26,280		

Note:
Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Otero County Treasurer does not permit identification of specific year of levy.

Source: Otero County Assessor and Treasurer

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

LOCAL HIGHWAY FINANCE REPORT	City or County:
	YEAR ENDING : December 2016
This Information From The Records Of: Town of Manzanola, Otero County	Prepared By: Sylvia Watkins Phone: 719-462-5544

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	4,998
4. Miscellaneous local receipts (from page 2)	15,247
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	20,245
B. Private Contributions	
C. Receipts from State government (from page 2)	14,761
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	35,006

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	5,145
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	
c. Other	9,307
d. Total (a. through c.)	9,307
4. General administration & miscellaneous	
5. Highway law enforcement and safety	20,554
6. Total (1 through 5)	35,006
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
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)	35,006

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
0	35,006	35,006	0	0

Notes and Comments:

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalities	13,221
1. Sales Taxes		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	4,998	g. Other Misc. Receipts	
6. Total (1. through 5.)	4,998	h. Other: Road & Bridge	2,026
c. Total (a. + b.)	4,998	i. Total (a. through h.)	15,247
	(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	13,283	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	1,478	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,478	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	14,761	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			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments:

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