Town of Marble, Colorado

Financial Statements

December 31, 2016

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Financial Statements
December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Marble, Colorado

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

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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Marble 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.

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Other Matters

The Town has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements. Our opinions on the basic financial statements are not affected by the missing information.

The budgetary comparison information in section D is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The budgetary comparison information found in Section E and listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The budgetary comparison information found in Section F is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
May 1, 2017

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Town of Marble, Colorado
Statement of Net Position
December 31, 2016

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	264,015	36,183	300,198
Accounts receivable	5,718	-	5,718
Due (to)/from other fund	130	(130)	-
Property tax receivable	22,688	-	22,688
Capital assets, net	1,500	-	1,500
Total Assets	294,051	36,053	330,104
Liabilities:			
Accounts payable	10,239	-	10,239
Accrued interest payable	-	13,534	13,534
Refundable deposits	3,199	-	3,199
Long-term liabilities:			
Due within one year	-	8,113	8,113
Due in more than one year	-	289,050	289,050
Total Liabilities	13,438	310,697	324,135
Deferred Inflow of Resources:			
Unavailable property tax revenue	22,688	-	22,688
Total Deferred Inflow of Resources	22,688	-	22,688
Net Position:			
Net investment in capital assets	1,500	-	1,500
Restricted for emergencies	5,582	-	5,582
Restricted for park improvements	16,878	-	16,878
Unrestricted	233,965	(274,644)	(40,679)
Total Net Position	257,925	(274,644)	(16,719)

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

Town of Marble, Colorado
Statement of Activities
For the Year Ended December 31, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities:							
General government	43,138	-	10,811	-	(32,327)		(32,327)
Professional fees	33,343	-	-	-	(33,343)		(33,343)
Public works	51,286	-	-	1,746	(49,540)		(49,540)
Total Governmental Activities	127,767	-	10,811	1,746	(115,210)		(115,210)
Business-type Activities:							
Water	14,050	22,781	-	-		8,731	8,731
Total Business-type Activities	14,050	22,781	-	-		8,731	8,731
Total	141,817	22,781	10,811	1,746	(115,210)	8,731	(106,479)
		General revenues:					
		Property tax			24,462	-	24,462
		Sales tax			34,509	-	34,509
		Severance tax			33,600	-	33,600
		Mineral lease revenue			38,705	-	38,705
		Licenses and permits			9,397	-	9,397
		Contributions and donations			1,023	-	1,023
		Colorado Stone Quarry use agreement			31,555	-	31,555
		Other revenue			1,267	-	1,267
		Total General Revenues			174,518	-	174,518
		Change in Net Position			59,308	8,731	68,039
		Net Position - Beginning			198,617	(283,375)	(84,758)
		Net Position - Ending			257,925	(274,644)	(16,719)

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

FUND FINANCIAL STATEMENTS

Town of Marble, Colorado
Balance Sheet
Governmental Funds
December 31, 2016

	General	Conservation Trust	Total Governmental Funds
Assets:			
Equity in pooled cash	247,137	16,878	264,015
Accounts receivable	5,718	-	5,718
Due (to)/from other fund	130	-	130
Property tax receivable	22,688	-	22,688
Total Assets	275,673	16,878	292,551
Liabilities:			
Accounts payable	10,239	-	10,239
Refundable deposits	3,199	-	3,199
Total Liabilities	13,438	-	13,438
Deferred Inflow of Resources:			
Unavailable property tax revenue	22,688	-	22,688
Total Deferred Inflow of Resources	22,688	-	22,688
Fund Balances:			
Restricted for emergencies	5,582	-	5,582
Restricted for park and recreation	-	16,878	16,878
Unassigned	233,965	-	233,965
Total Fund Balances	239,547	16,878	256,425
Total Deferred Inflow of Resources Liabilities, and Fund Balances	275,673	16,878	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	1,500
Net Assets of Governmental Activities	257,925

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

Town of Marble, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General	Conservation Trust	Total Governmental Funds
Revenues:			
Property tax	24,462	-	24,462
Intergovernmental:			
Sales tax	34,509	-	34,509
Highway users tax	10,811	-	10,811
Lottery revenue	-	1,746	1,746
Severance tax	33,600	-	33,600
Mineral lease revenue	38,705	-	38,705
Licenses and permits	9,397	-	9,397
Contributions and donations	1,023	-	1,023
Colorado Stone Quarry land lease	31,555	-	31,555
Other revenue	1,267	-	1,267
Total Revenues	185,329	1,746	187,075
Expenditures:			
General government	41,638	-	41,638
Professional fees	33,343	-	33,343
Public works	51,286	-	51,286
Total Expenditures	126,267	-	126,267
Excess of Revenues Over Expenditures	59,062	1,746	60,808
Fund Balances - Beginning	180,485	15,132	195,617
Fund Balances - Ending	239,547	16,878	256,425

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

Town of Marble, 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 Balances of Governmental Funds	60,808
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 is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay during the year.	(1,500)
Change in Net Position of Governmental Activities	59,308

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

Town of Marble, Colorado
Statement of Net Position
Proprietary Fund - Water Fund
December 31, 2016

Assets:	
Current Assets:	
Equity in pooled cash	36,183
Due (to)/from general fund	(130)
Total Current Assets	36,053
Total Assets	36,053
Liabilities:	
Accrued interest payable	13,534
Loan payable:	
Due within one year	8,113
Due in more than one year	289,050
Total Liabilities	310,697
Net Position:	
Unrestricted	(274,644)
Total Net Position	(274,644)

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

Town of Marble, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund - Water Fund
For the Year Ended December 31, 2016

Operating Revenues:	
Water fees	22,781
Total Operating Revenues	22,781
Operating Income	22,781
Non-operating Expense:	
Interest expense	(14,050)
Total Non-operating Expense	(14,050)
Net income	8,731
Net Position - Beginning	(283,375)
Net Position - Ending	(274,644)

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

Town of Marble, Colorado
Statement of Cash Flows
Proprietary Fund - Water Fund
For the Year Ended December 31, 2016

Cash Flows From Operating Activities:	
Cash received from customers and others	22,911
Net Cash Provided by Operating Activities	22,911
Cash Flows From Capital and Related Financing Activities:	
Principal paid	(7,737)
Interest paid	(12,263)
Cash (Used) by Capital Financing Activities:	(20,000)
Net Change in Cash and Cash Equivalents	2,911
Cash and Cash Equivalents - Beginning of Year	33,272
Cash and Cash Equivalents - End of Year	36,183
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	22,781
Net Cash Provided by Operating Activities	22,911

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

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The Town of Marble, Colorado (the "Town") was incorporated in 1899 as a statutory town under the laws of the State of Colorado. An elected Mayor and Town Board of Trustees are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. The Town's major operations include maintenance of streets and park areas and the funding of a water tank for fire protection.

The Town's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the Town are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the Town, and (b) organizations for which the Town is financially accountable. The Town is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the Town. Organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

The Marble Water Board (the "Board") was established on March 5, 2002 to help the Marble Water Company, a Colorado nonprofit corporation, finance a water tank that would provide fire protection to the town. The Board is appointed by and consists of the Board of Trustees of the Town. The Board is presented as a blended component unit of the Town.

B. Government-wide Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's public works and administration are classified as governmental activities. The Town's water tank funding is classified as a business-type activity.

The government-wide statement of activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (property and sales taxes and other revenue). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (administration or parks) or a business-type activity.

The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

I. Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The Town reports the following governmental funds:

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

The *Conservation Trust Fund* accounts for funds received from the state lottery program to fund recreational capital projects.

The Town reports the following proprietary funds:

The *Water Fund* accounts for revenues and expenses associated with providing water for fire protection to the Town's residents.

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. No allowance is recorded at December 31, 2016, as all accounts are considered to be collectible.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental unit until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and deferred inflow of resources.

4. Capital Assets

Capital Assets are reported in the applicable governmental activity columns in the government-wide financial statements. The Town defines capital assets as assets with an initial cost of $5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

4. Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital assets, which consist of three buildings, are depreciated using the straight-line method over 50 years.

5. Long-term Debt

Long-term obligations are reported as liabilities in the applicable business-type activities or proprietary fund type statement of net position.

6. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town doesn't have any items that qualify for reporting in this category at December 31, 2016.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item that qualifies for reporting in this category. Accordingly, the item, unearned revenue, is deferred and recognized as an inflow of resources in the period that the amounts become available and earned.

7. Fund Balances

The Town has classified governmental fund balances as follows:

Non-spendable – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, etc.

Spendable Fund Balance:

> Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
>
> Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, which is the Town Board of Trustees. Fiscal year spending excludes bonded debt service and enterprise spending.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

7. Fund Balances (continued)

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Town Board of Trustees or its management designees. The Capital Acquisition Fund's entire balance was restricted for future capital projects and equipment acquisition.

Unassigned – includes residual positive fund balance within the General Fund, which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Town uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly unassigned amounts when expenditures are made.

The Town does not have a formal minimum fund balance policy. However, the Town's budget includes a calculation of a targeted reserve positions and management calculates targets and report them annually to the Town Board of Trustees.

8. Net Position

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

F. Use of Estimates

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

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

The Town followed the required timetable noted below in preparing, approving, and enacting its budget for 2016.

1. Budgets are required by state law for all governmental and proprietary funds.

2. During September the proposed budget is submitted to the Town Board for the fiscal year commencing the following January 1.

3. Prior to December 31, the budget is adopted and appropriations are authorized by ordinance at the fund level for all funds.

4. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and in total by each fund. The total fund level constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to approval by ordinance from the Town Board. Within the funds level control basis, management may transfer appropriations without Town Board approval. Revisions to the budget were made throughout the year.

5. Budget amounts included in the budgetary comparison schedules are based on the final legally amended budget.

6. Appropriations lapse at the end of each year, and the Town Board may adopt supplemental appropriations during the year. The Town Board may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available to the Town or the revenue estimates must be changed by the Town Board when adopting supplemental appropriations.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved $5,582, which is the approximate required reserve at December 31, 2016.

On November 7, 1995, the Town's voters approved the following ballot question: "Shall the Town of Marble, Colorado, be authorized to collect, retain and expend in fiscal year 1995 and in each subsequent year the full amount of revenues generated by all the Town's revenue sources, including without limitation state grants, sales taxes, license fees, and development fees, without any increase in the property tax mill levy; the sales tax rates, or the rates of any other taxes currently imposed by the Town, and notwithstanding any state limitations of revenues or expenditures, including the limitations of Article X, Section 20, of the Colorado Constitution?"

The Town's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

III. Detailed Notes on All Funds

A. Deposits and Investments

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

Interest Rate Risk. The Town limits its investments to savings accounts and investment pools (explained below) where each share is equal to one dollar and the Town avoids interest rate risk.

Credit Risk. Colorado statues specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptance of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts.

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Colorado statutes specify which instruments units of local government may invest and include:

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

At December 31, 2016, all of the Town's cash was held in checking and savings accounts.

B. Receivables

Receivables as of year-end for the Town's funds consist of property taxes receivable in the amount of $22,688, $5,718 of accounts receivable and $130 due from the water fund.

Governmental funds report *deferred inflow of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The $22,688 of deferred inflow of resources is property taxes levied in 2016 but not available until 2017.

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Being Depreciated				
Buildings	75,000	-	-	75,000
Total Capital Assets, Being Depreciated	75,000	-	-	75,000
Less Accumulated Depreciation For:				
Buildings	(72,000)	(1,500)	-	(73,500)
Total Accumulated Depreciation	(72,000)	(1,500)	-	(73,500)
Total Capital Assets, Being Depreciated, Net	3,000	(1,500)	-	1,500
Governmental Activities Capital Assets, Net	3,000	(1,500)	-	1,500

Depreciation expense was charged to the General Government function in the Statement of Activities.

III. Detailed Notes on All Funds (continued)

D. Long-term Liabilities

On March 20, 2002, the Town entered into an agreement with The Marble Water Company, a Colorado nonprofit corporation (the "Company") whereby the Company agreed to construct a water tank using a grant and a low interest loan, both the grant and loan from the United States Department of Agriculture/Rural Utilities Service, in exchange for the Town paying the Company $20,000 annually, until the Company repays the loan in full, to permanently use the water tank for fire protection.

The Town further agreed to assess water fees against each parcel within the Town to generate the $20,000 annually to be paid to the Company.

Principal and interest payment requirements on the Town's notes payable from business-type activities are as follows:

	Business-type Activities		
	Principal	Interest	Total
2017	8,113	11,887	20,000
2018	8,438	11,562	20,000
2019	8,776	11,224	20,000
2020	9,127	10,873	20,000
2021	9,492	10,508	20,000
2022-2026	53,466	46,534	100,000
2027-2031	65,049	34,951	100,000
2032-2036	79,143	20,857	100,000
2037-2039	55,559	4,505	60,064
	297,163	162,901	460,064

Long-term liability activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
The Marble Water Company Obligation	304,900	-	(7,737)	297,163	8,113
Total Long-term Liabilities	304,900	-	(7,737)	297,163	8,113

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions. The Town is participant in the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA operates as a common risk management and insurance program. As of December 31, 2016 there were more than 200 member municipalities including the Town, each having one vote. The Town pays an annual premium to CIRSA for its general insurance coverage and workers' compensation insurance coverage. The agreement for formation of CIRSA provides that CIRSA will be financed by member premiums and will reinsure through commercial companies for claims in excess of $1,000,000 for each insured event. Due to CIRSA being a risk sharing pool, an unanticipated loss by one or more of the members of the pool could result in an unanticipated assessment against the Town and the loss of coverage.

B. Colorado Stone Quarries Land Lease

On November 1, 2012, the Town entered into a land lease with Colorado Stone Quarries, Inc. ("Colorado Stone") whereby the Town will lease certain land described in Exhibit A of the agreement to Colorado Stone for $2,000 per month, which shall increase annually by the Denver-Boulder-Greeley Consumer Price Index for All Urban Consumers (CPI-U). The lease shall be automatically renewed for successive three year terms until November 30, 2027, unless the Town or Colorado Stone provides written notice of termination.

C. Marble Charter School Project Agreement

On August 14, 2009, the Town entered into an agreement with the Marble Charter School (the "School") whereby the Town applied for a grant from Great Outdoors Colorado ("GOCO") for playground equipment for the Marble Charter School. The project cost was $117,277, of which the grant covered $65,959 since 2009. During 2012, the Town received $35,116 from GOCO and disbursed $30,843 for playground equipment, leaving $4,273 unspent. During 2015, the Town spent $ 3,401 on playground upgrades, leaving $872 unspent. During 2016, the Town spent the remaining $872.

D. Snow Removal Agreements

In November, 2014, the Town entered into an agreement with Daly Property Service (the "Contractor") for snow removal services at an hourly rate of $145. For the year ended December 31, 2016, the Town paid the Contractor $18,588 for snow removal services.

On December 1, 2016, the Town entered into an agreement with Gunnison County (the "County") for snow removal services. The Town will pay the County for the diesel fuel used in the provision of the snow removal services. The agreement expires May 31, 2017. For the year ended, December 31, 2016, the Town did not make any payments to the County for snow removal services.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Marble, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:			
Property tax	23,150	24,462	1,312
Intergovernmental:			
Sales tax	20,100	34,509	14,409
Highway users tax	12,000	10,811	(1,189)
Colo trust fund	1,000	-	(1,000)
Cigarette tax	500	-	(500)
Severance tax	5,000	33,600	28,600
Mineral lease revenue	3,000	38,705	35,705
Licenses and permits	3,600	9,397	5,797
Contributions and donations	400	1,023	623
Colorado Stone Quarry land lease	28,000	31,555	3,555
Other revenue	5,100	1,267	(3,833)
Total Revenues	101,850	185,329	83,479
Expenditures:			
Salaries and payroll expenses	25,000	23,733	1,267
Office expense	3,000	3,199	(199)
Workshop/travel	1,000	315	685
Accounting and auditing	10,000	7,955	2,045
Legal expense - general	25,000	20,412	4,588
Elections	2,000	-	2,000
Street maintenance	35,000	38,951	(3,951)
Park maintenance	4,500	-	4,500
Playground and park improvements	3,000	12,335	(9,335)
Bank building maintenance	500	1,571	(1,071)
Workers' compensation insurance	5,000	3,964	1,036
Utilities	1,500	1,743	(243)
Rent	1,200	1,200	-
Dues and fees	1,500	748	752
Engineering	-	4,976	-
Other expenses	21,000	5,165	15,835
Total Expenditures	139,200	126,267	17,909
Excess (Deficiency) of Revenues Over Expenditures	(37,350)	59,062	101,388
Other Financing Sources (Uses):			
Transfers in	20,000	-	20,000
Total Other Financing Sources (Uses)	20,000	-	20,000
Net Change in Fund Balance	(17,350)	59,062	121,388
Fund Balance - Beginning	-	180,485	180,485
Fund Balance - Ending	(17,350)	239,547	301,873

Town of Marble, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Conservation Trust Fund
For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:			
State lottery revenue	-	1,746	1,746
Total Revenues	-	1,746	1,746
Expenditures:			
Park improvements	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	1,746	1,746
Fund Balance - Beginning	-	15,132	15,132
Fund Balance - Ending	-	16,878	16,878

SUPPLEMENTARY INFORMATION

Town of Marble, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
With Reconciliation to GAAP Basis
Proprietary Fund Type - Water Fund
For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:			
Water fees	21,010	22,781	1,771
Total Revenues	21,010	22,781	1,771
Expenditures:			
Debt service	-	20,000	(20,000)
Total Expenditures	-	20,000	(20,000)
Excess of Revenues Over Expenditures	21,010	2,781	(18,229)
Reconciliation to GAAP Basis:			
Change in accrued interest		(1,787)	
Principal		7,737	
Net Income		8,731	