

TOWN OF MOUNTAIN VIEW, COLORADO

FINANCIAL STATEMENTS

December 31, 2016



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Honorable Mayor and Members of the Town Council
Town of Mountain View
Mountain View, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mountain View as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Mountain View, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of Matter

As discussed in Note 9 to the financial statements, the financial statements as of and for the year ended December 31, 2015, have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Other Matters (Required Supplementary Information)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents 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 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 Matters (Supplementary Information)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mountain View's basic financial statements. The supplementary information and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



September 26, 2017

Management's Discussion and Analysis

This discussion and analysis of the financial performance of the Town of Mountain View, Colorado (Town) provides an overview of the Town's financial activities for the fiscal year ended December 31, 2016. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at December 31, 2016 by \$1,812,373 (net position). Of this amount, \$1,175,739 (unrestricted net position) may be used to meet the Town's ongoing general obligations to residents and creditors.
- General Fund sales and use tax revenues increased by \$681,477 (93.1%) during 2016.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Town of Mountain View's financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves, including budget-to-actual comparisons for all funds with adopted budgets.

Government-wide financial statements

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

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

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

Both of the government-wide financial statements distinguish functions of the Town of Mountain View that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government (administration and municipal court), public safety (police), public works, and parks and recreation. The business-type activities of the Town include sewer collection services.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Mountain View, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds -- Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds. The balances left at year-end are available for spending in future years, provided that balances restricted for certain purposes are spent for those purposes only. Governmental Funds utilize the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements display detailed short-term views of cash, operations, and the basic services provided. Governmental fund

statements show the reader whether there are more or fewer financial resources available at the end of a fiscal year that can be spent in the near future to finance government programs and objectives.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the *Balance Sheet - Governmental Funds* and the *Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities* provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The Town of Mountain View currently maintains three individual governmental funds. Information is presented by fund name in the *Balance Sheet--Governmental Funds* and the *Statement of Revenues, Expenditures, and Changes in Fund Balance--Governmental Funds* for the two governmental funds that meet the criteria to be designated as major funds (General Fund and Department of Justice Fund) and for the Conservation Trust Fund which is the Town's only non-major governmental fund.

Proprietary Funds -- The Town's sewer utility services are reported in the proprietary fund; it focuses on overall economic position rather than year-end fund balances. The type of proprietary fund utilized is an Enterprise Fund. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements but in a bit more detail.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are the final section of the basic financial statements.

Other information

Required and additional supplementary information is included after the Notes to the Financial Statements. This includes certain pension information and budgetary comparison schedules for those funds with adopted budgets (General Fund, Conservation Trust Fund, and Sewer Fund). The budgetary comparison schedules demonstrate each fund's level of compliance with adopted budgets.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Mountain View, total net position was \$1,812,373 at the close of 2016.

Town of Mountain View's Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 1,360,604	\$ 944,310	\$ 114,872	\$ 101,999	\$ 1,475,476	\$ 1,046,309
Capital assets, net	383,652	262,324	-	-	383,652	262,324
Pension asset, net	748	46,313	-	-	748	46,313
Total assets	1,745,004	1,252,947	114,872	101,999	1,859,876	1,354,946
Deferred outflow s of resources	67,206	20,758	-	-	67,206	20,758
Current liabilities	90,452	187,765	-	3,234	90,452	190,999
Deferred inflow s of resources	24,257	22,966	-	-	24,257	22,966
Net position:						
Net investment in capital assets	383,652	262,324	-	-	383,652	262,324
Restricted	252,982	178,603	-	-	252,982	178,603
Unrestricted	1,060,867	622,047	114,872	98,765	1,175,739	720,812
Total net position	\$ 1,697,501	\$ 1,062,974	\$ 114,872	\$ 98,765	\$ 1,812,373	\$ 1,161,739

At December 31, 2016 79.3% (\$1,475,476) of the Town's total assets were in Current Assets. The excellent cash position in the Governmental Activities will enable the Town to continue its operations at current levels and continue to build reserves for future infrastructure needs. The Business-type Activities have \$114,872 in current assets and no bonded debt.

Approximately 14.0% (\$252,982) of the Town's total net position is restricted for parks, recreation, and open space, certain public safety police activities, or emergencies. Another 21.2% (\$383,652) is invested in capital assets. The remaining amount (\$1,175,739) represents 64.8% of total net position and may be used to meet the Town's other ongoing obligations to residents and creditors.

The following chart displays the changes in net position experienced by the Town over the last two years. An analysis of these changes follows for both its Governmental and Business-type Activities.

Town of Mountain View's Changes in Net Position

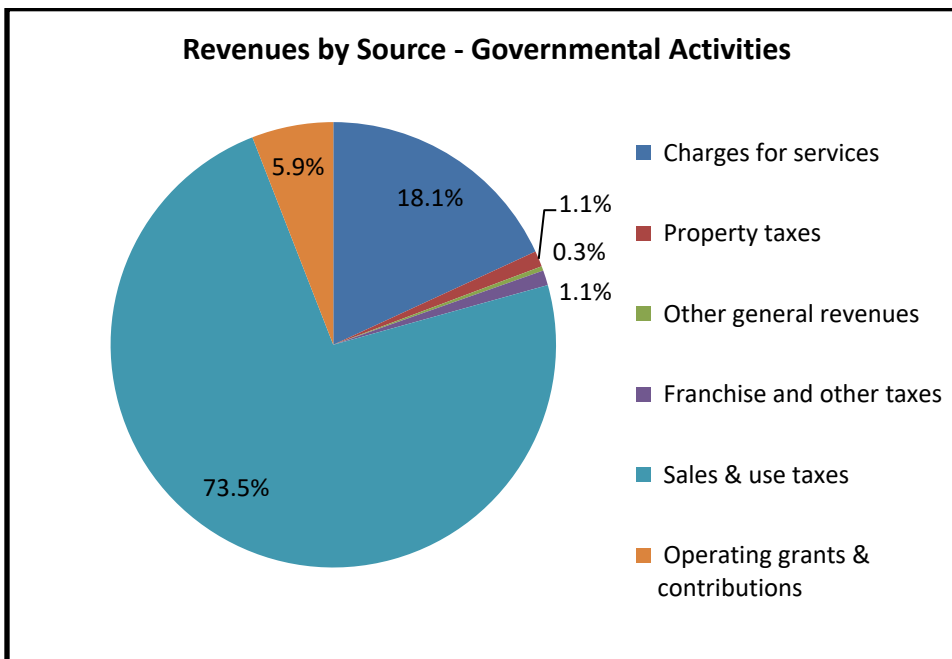
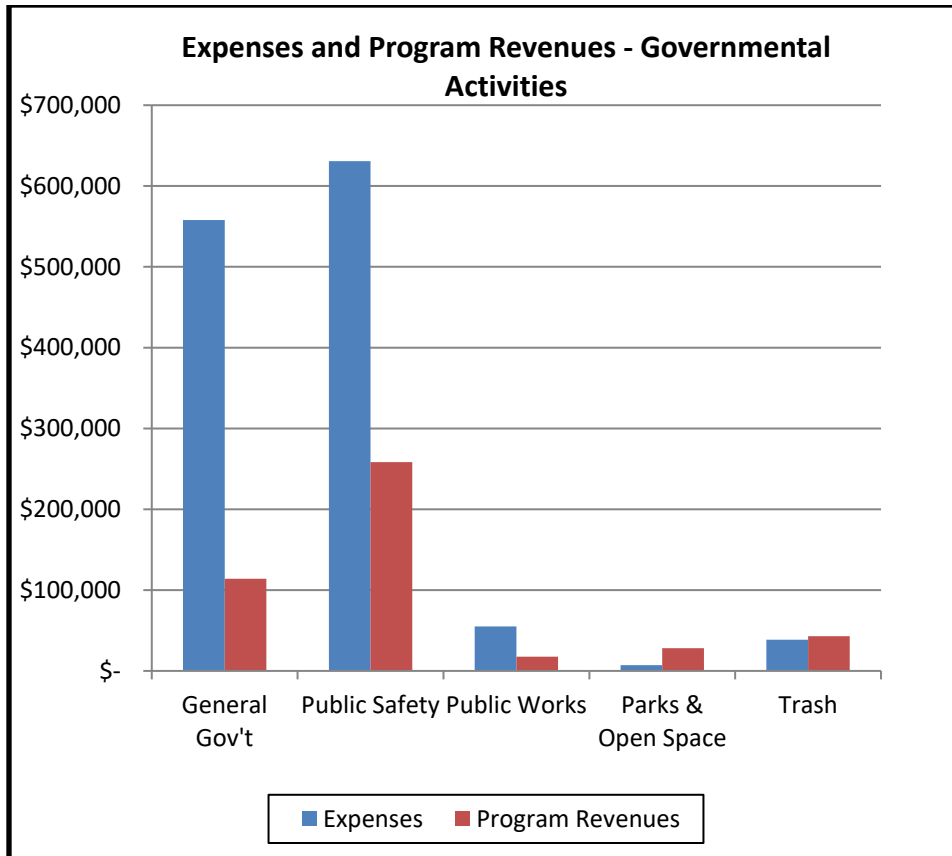
	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Program revenues:						
Charges for services	\$ 347,088	\$ 259,064	\$ 94,036	\$ 97,149	\$ 441,124	\$ 356,213
Operating grants & contributions	113,996	196,540	-	-	113,996	196,540
Capital grants & contributions	-	-	-	-	-	-
General revenues:						
Property taxes	22,054	18,133	-	-	22,054	18,133
Sales & use taxes	1,413,509	732,032	-	-	1,413,509	732,032
Franchise & other taxes	20,998	22,143	-	-	20,998	22,143
Other general revenues	6,235	19,132	40	5,123	6,275	24,255
Total revenues	1,923,880	1,247,044	94,076	102,272	2,017,956	1,349,316
Program expenses:						
General government	557,871	488,075	-	-	557,871	488,075
Parks and open space	7,129	2,558	-	-	7,129	2,558
Public safety	630,739	540,671	-	-	630,739	540,671
Public works	55,026	51,938	-	-	55,026	51,938
Trash services	38,588	40,838	-	-	38,588	40,838
Sewer	-	-	77,969	62,127	77,969	62,127
Total expenses	1,289,353	1,124,080	77,969	62,127	1,367,322	1,186,207
Transfers In/(Out)	-	22,200	-	(22,200)	-	-
Increase/(decrease) in net assets	634,527	145,164	16,107	17,945	650,634	163,109
Net Position, Beginning, restated	1,062,974	917,810	98,765	80,820	1,161,739	998,630
Net Position, Ending	\$ 1,697,501	\$ 1,062,974	\$ 114,872	\$ 98,765	\$ 1,812,373	\$ 1,161,739

Governmental Activities

Governmental activities caused the Town's total net position to increase by \$634,527 (59.7%) in 2016. Key elements of this increase are as follows:

- Sales and use taxes increased by \$681,477 (93.1%) in 2016 due primarily to increased marijuana sales taxes (\$447,591) and increased sales taxes (\$243,548) from other local businesses. Sales taxes from vehicle sales and building use taxes decreased slightly.
- Operating grants and contributions decreased by \$82,544 (-42.0%) primarily due to fewer grants received for the police department activities.

The following two charts illustrate the Governmental Activities revenues and expenses.



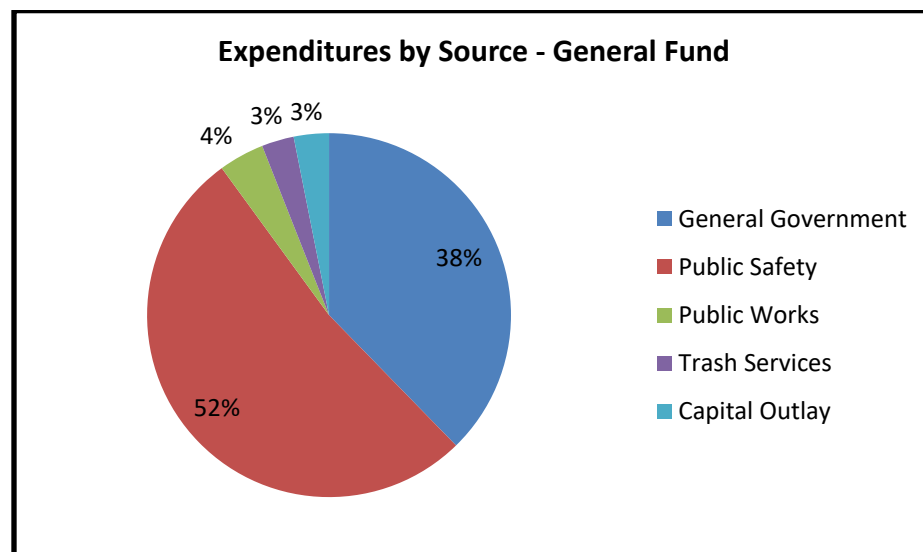
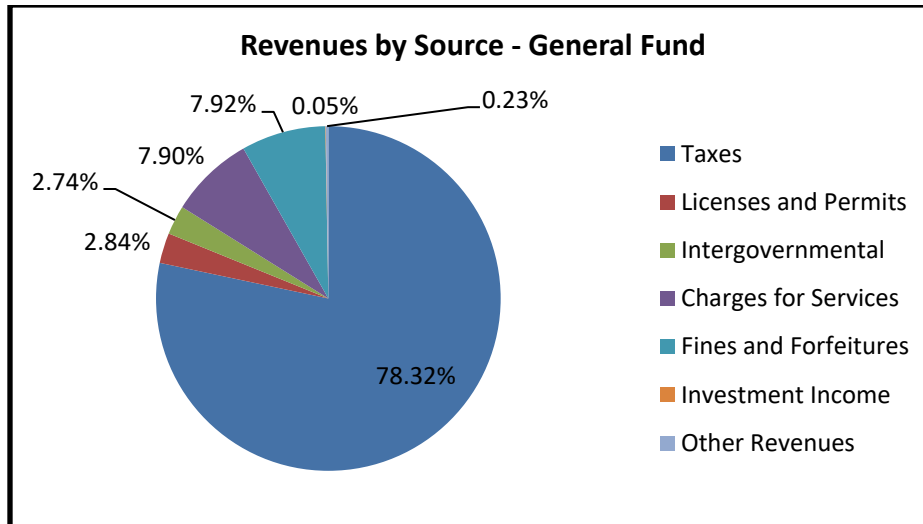
Business-type Activities

Business-type Activities increased the Town of Mountain View's net position by \$16,107 (16.3%) during 2016. This was similar to the business-type activities increase of \$17,945 in 2015. Charges for services in the sewer activity exceeded operating expenses by \$16,067 (20.6%).

THE TOWN'S FUNDS

As noted earlier, the Town of Mountain View uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds utilize the modified accrual basis of accounting, and the balances of the spendable resources (fund balances) in each fund are shown at year end. At December 31, 2016 the Town's three Governmental funds reported combined fund balances of \$1,247,932. The major governmental funds are discussed below.

General Fund. The General Fund is the chief operating fund of the Town of Mountain View. It accounts for all of the general services provided by the Town. At the end of 2016, the fund balance of the General Fund totaled \$1,080,778. This represented a 76.2% increase over the previous year. As mentioned earlier, the increases in sales taxes are the primary reasons for the improvement of this fund. The following two tables illustrate General Fund revenues and expenditures in 2016.



Department of Justice Fund. The Department of Justice Fund tracks the receipt and use of funds forfeited under laws enforced or administered by the U.S. Department of Justice and joint law enforcement task forces participated in by the Town's police department. At the end of 2016, the fund balance of the Department of Justice Fund totaled \$156,806. This represented a 41.8% increase over the previous year.

Sewer Fund. At December 31, 2016 the Net Position of the Town's proprietary fund--the Sewer Fund--was \$114,872. It had \$94,036 in operating revenues and \$77,969 in operating expenses, which was similar to the prior year.

CAPITAL ASSETS

Capital Assets. At December 31, 2016 the City had invested in a range of capital assets including land, buildings and improvements, equipment and vehicles. Note 3 of the financial statements provides a summary of these assets. City capital acquisitions and expenses during 2016 included:

Equipment	\$ 14,975
Vehicles	120,586

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town of Mountain View expects continued revenue streams from the sale of marijuana in the Town. It also is guardedly optimistic about the current pace of general sales taxes as marijuana stores and enhanced commercial properties in neighboring jurisdictions continue to bring shoppers to the area. The Town has also begun to experience an increase in remodeling activity as housing prices in the Denver metropolitan area have increased. Utility rates are budgeted with modest increases for 2017.

REQUESTS FOR INFORMATION

This financial report is designed to provide the Town of Mountain View's residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have questions about this report, or should you desire additional financial information, contact the Town Clerk at Town of Mountain View, 4176 Benton St., Mountain View, CO 80212, or visit our website at <http://mtvgov.org>.

BASIC FINANCIAL STATEMENTS

TOWN OF MOUNTAIN VIEW, COLORADO

STATEMENT OF NET POSITION

December 31, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	\$ 1,046,174	\$ 89,514	\$ 1,135,688
Accounts Receivable	288,791	25,358	314,149
Property Taxes Receivable	22,220	-	22,220
Prepaid Expenses	3,419	-	3,419
Capital Assets, Not Being Depreciated	219,152	-	219,152
Capital Assets, Net of Accumulated Depreciation	164,500	-	164,500
Net Pension Asset	748	-	748
TOTAL ASSETS	1,745,004	114,872	1,859,876
DEFERRED OUTFLOWS OF RESOURCES			
Pensions, Net of Accumulated Amortization	67,206	-	67,206
TOTAL DEFERRED OUTFLOWS OF RESOURCES	67,206	-	67,206
LIABILITIES			
Accounts Payable	60,159	-	60,159
Accrued Liabilities	22,165	-	22,165
Court Bonds	8,128	-	8,128
TOTAL LIABILITIES	90,452	-	90,452
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	22,220	-	22,220
Pensions, Net of Accumulated Amortization	2,037	-	2,037
TOTAL DEFERRED INFLOWS OF RESOURCES	24,257	-	24,257
NET POSITION			
Net Investment in Capital Assets	383,652	-	383,652
Restricted for Parks and Open Space	39,176	-	39,176
Restricted for Public Safety	156,806	-	156,806
Restricted for Emergencies	57,000	-	57,000
Unrestricted	1,060,867	114,872	1,175,739
TOTAL NET POSITION	\$ 1,697,501	\$ 114,872	\$ 1,812,373

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

TOWN OF MOUNTAIN VIEW, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT			
Governmental Activities			
General Government	\$ 371,055	\$ 74,937	\$ -
Public Safety	630,739	189,993	68,339
Public Works	55,026	-	17,530
Parks and Open Space	7,129	-	28,127
Municipal Court	186,816	39,191	-
Trash Services	38,588	42,967	-
Total Governmental Activities	1,289,353	347,088	113,996
Business-Type Activities			
Sewer	77,969	94,036	-
Total Business-Type Activities	77,969	94,036	-
TOTAL PRIMARY GOVERNMENT	\$ 1,367,322	\$ 441,124	\$ 113,996

GENERAL REVENUES

Sales Taxes
 Use Taxes
 Property Taxes
 Specific Ownership Taxes
 Franchise Taxes
 Intergovernmental Revenues
 not Restricted to Specific Programs
 Investment Income
 Miscellaneous

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (296,118)	\$ -	\$ (296,118)
(372,407)	-	(372,407)
(37,496)	-	(37,496)
20,998	-	20,998
(147,625)	-	(147,625)
4,379	-	4,379
(828,269)	-	(828,269)
-	16,067	16,067
-	16,067	16,067
(828,269)	16,067	(812,202)
1,413,021	-	1,413,021
488	-	488
22,054	-	22,054
1,853	-	1,853
19,145	-	19,145
1,216	-	1,216
860	40	900
4,159	-	4,159
1,462,796	40	1,462,836
634,527	16,107	650,634
1,062,974	98,765	1,161,739
\$ 1,697,501	\$ 114,872	\$ 1,812,373

TOWN OF MOUNTAIN VIEW, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	GENERAL	DEPARTMENT OF JUSTICE	NONMAJOR CONSERVATION TRUST	TOTAL
ASSETS				
Cash and Investments	\$ 889,320	\$ 145,871	\$ 10,983	\$ 1,046,174
Accounts Receivable	277,136	11,655	-	288,791
Property Taxes Receivable	22,220	-	-	22,220
Prepaid Expenditures	3,419	-	-	3,419
TOTAL ASSETS	\$ <u>1,192,095</u>	\$ <u>157,526</u>	\$ <u>10,983</u>	\$ <u>1,360,604</u>
LIABILITIES				
Accounts Payable	\$ 58,804	\$ 720	\$ 635	\$ 60,159
Accrued Liabilities	22,165	-	-	22,165
Court Bonds	8,128	-	-	8,128
TOTAL LIABILITIES	89,097	720	635	90,452
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	22,220	-	-	22,220
FUND BALANCE				
Nonspendable Prepaid Expenditures	3,419	-	-	3,419
Restricted for Parks and Open Space	28,828	-	10,348	39,176
Restricted for Public Safety	-	156,806	-	156,806
Restricted for Emergencies	57,000	-	-	57,000
Unrestricted, Unassigned	991,531	-	-	991,531
TOTAL FUND BALANCE	1,080,778	156,806	10,348	1,247,932
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ <u>1,192,095</u>	\$ <u>157,526</u>	\$ <u>10,983</u>	\$ <u>1,360,604</u>

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance of Governmental Funds	\$ 1,247,932
Capital assets \$383,652, net pension asset \$748, pension-related deferred outflows of resources \$67,206, and pension-related deferred inflows of resources (\$2,037) are not current financial resources and, therefore are not reported in governmental funds.	
	449,569
Total Net Position of Governmental Activities	\$ <u>1,697,501</u>

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

TOWN OF MOUNTAIN VIEW, COLORADO

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

	GENERAL	DEPARTMENT OF JUSTICE	NONMAJOR CONSERVATION TRUST	TOTAL
REVENUES				
Taxes	\$ 1,456,561	\$ -	\$ -	\$ 1,456,561
Licenses and Permits	52,727	-	-	52,727
Charges for Services	146,994	-	-	146,994
Fines and Forfeitures	147,367	-	-	147,367
Intergovernmental	51,002	57,190	7,020	115,212
Investment Income	858	-	2	860
Miscellaneous	4,159	-	-	4,159
TOTAL REVENUES	1,859,668	57,190	7,022	1,923,880
EXPENDITURES				
Current				
General Government	339,209	-	-	339,209
Public Safety	729,189	10,949	-	740,138
Public Works	55,026	-	-	55,026
Parks and Open Space	-	-	7,129	7,129
Municipal Court	186,816	-	-	186,816
Trash Services	38,588	-	-	38,588
Capital Outlay	43,575	-	-	43,575
TOTAL EXPENDITURES	1,392,403	10,949	7,129	1,410,481
NET CHANGE IN FUND BALANCE	467,265	46,241	(107)	513,399
FUND BALANCE, Beginning	613,513	110,565	10,455	734,533
FUND BALANCE, Ending	\$ 1,080,778	\$ 156,806	\$ 10,348	\$ 1,247,932

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

TOWN OF MOUNTAIN VIEW, COLORADO

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

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balance of Governmental Funds	\$ 513,399
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay \$135,561 exceeded depreciation expense (\$14,233) in the current year.	121,328
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. This amount represents the change in pension asset (\$45,565), pension-related deferred outflows of resources \$46,448, and pension-related deferred inflows of resources (\$1,083).	(200)
Change in Net Position of Governmental Activities	\$ <u>634,527</u>

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

TOWN OF MOUNTAIN VIEW, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2016

	<u>SEWER</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 89,514
Accounts Receivable	<u>25,358</u>
 TOTAL ASSETS	 <u>114,872</u>
 NET POSITION	
Unrestricted	<u>114,872</u>
 TOTAL NET POSITION	 \$ <u><u>114,872</u></u>

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

TOWN OF MOUNTAIN VIEW, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND

Year Ended December 31, 2016

	<u>SEWER</u>
OPERATING REVENUES	
Charges for Services	\$ <u>94,036</u>
 TOTAL OPERATING REVENUES	 <u>94,036</u>
OPERATING EXPENSES	
System Operations and Maintenance	55,023
Administration	<u>22,946</u>
 TOTAL OPERATING EXPENSES	 <u>77,969</u>
 NET OPERATING INCOME	 16,067
NONOPERATING REVENUES	
Investment Income	<u>40</u>
 CHANGE IN NET POSITION	 16,107
NET POSITION, Beginning	<u>98,765</u>
NET POSITION, Ending	\$ <u><u>114,872</u></u>

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

TOWN OF MOUNTAIN VIEW, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

Increase (Decrease) in Cash and Cash Equivalents
Year Ended December 31, 2016

	<u>SEWER</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 68,678
Cash Paid to Suppliers	<u>(81,203)</u>
Net Cash Used by Operating Activities	<u>(12,525)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments from Other Funds	<u>66,585</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>40</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	54,100
CASH AND CASH EQUIVALENTS, Beginning	<u>35,414</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 89,514</u></u>
RECONCILIATION OF NET OPERATING INCOME TO	
NET CASH USED BY OPERATING ACTIVITIES	
Net Operating Income	\$ 16,067
Adjustments to Reconcile Net Operating Income to	
Net Cash Used by Operating Activities	
Changes in Assets and Liabilities Related to Operations	
Accounts Receivable	(25,358)
Accounts Payable	<u>(3,234)</u>
Net Cash Used by Operating Activities	<u><u>\$ (12,525)</u></u>

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

TOWN OF MOUNTAIN VIEW, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Mountain View, Colorado (the “Town”) was incorporated in 1904. In April 1972, the residents voted to become a home rule municipality, as authorized by Article 20 of the Colorado Constitution. The Town is governed by a Mayor and six-member Town Council elected by the residents.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to government entities. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the Town, organizations for which the Town is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Town. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Town. Legally separate organizations for which the Town is financially accountable are considered part of the reporting entity. Financial accountability exists if the Town appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the Town.

Based on the application of this criteria, the Town does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Town. For the most part, the effect of interfund activity has been removed from these financial statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and the proprietary fund. Major individual funds are reported as separate columns in the fund financial statements.

TOWN OF MOUNTAIN VIEW, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

In the fund financial statements, the Town reports the following major governmental funds:

The *General Fund* is the general operating fund of the Town. It is used to account for all financial resources except those accounted for in another fund.

The *Department of Justice Fund* accounts for federal asset forfeitures shared with the Town for law enforcement purposes.

The Town reports the following major proprietary fund:

The *Sewer Fund* accounts for the financial activities associated with the provision of sewer services to Town residents.

TOWN OF MOUNTAIN VIEW, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balance

Cash and Investments - Cash equivalents include investments with original maturities of three months or less. Investments in pooled cash are considered cash equivalents.

Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years, and are reported as prepaid expenses.

Capital Assets - Capital assets, which include land, parks, buildings, equipment, vehicles, and infrastructure assets purchased since January 1, 2004, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

Buildings and Improvements	20 - 100 years
Vehicles and Equipment	5 - 10 years

Personal Time Off (PTO) - Employees are eligible to accrue PTO of certain amounts depending on length of employment. However, PTO must be used prior to each employee's anniversary date. In certain situations, the Mayor may approve a carry over of PTO up to 40 hours. Accrued but unused PTO will be paid upon separation from employment. However, no liability is reported in the financial statements because the accrued PTO is insignificant.

Deferred Inflows of Resources - Deferred inflows of resources include property taxes earned but levied for a subsequent year.

Pensions - The Town participates in the Statewide Defined Benefit Plan (the "Plan"), a cost-sharing multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA). The net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from the Plan's fiduciary net position have been determined using the accrual basis of accounting, the same basis of accounting used by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF MOUNTAIN VIEW, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position/Fund Balance - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed.

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

Property Taxes

Property taxes attach as an enforceable lien on January 1, are levied the following December, and collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis.

NOTE 2: CASH AND INVESTMENTS

Cash and investments at December 31, 2016, consisted of the following:

Petty Cash	\$ 1,850
Cash Deposits	1,123,179
Investments	<u>10,659</u>
Total	<u>\$ 1,135,688</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2016, the Town had bank deposits of \$868,620 collateralized with securities held by the financial institution's agent but not in the Town's name.

TOWN OF MOUNTAIN VIEW, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

The Town is required to comply with State statutes which specify the investments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of 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

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk - Except for corporate securities, State statutes do not limit the amount the Town may invest in any single investment or issuer.

Local Government Investment Pool - At December 31, 2016, the Town had \$10,659 invested in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating CSAFE. CSAFE operates in conformity with the Securities and Exchange Commission's Rule 2a-7. CSAFE is measured at the net asset value per share, with each share valued at \$1. CSAFE is rated AAAM by Standard and Poor's. Investments of CSAFE are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

TOWN OF MOUNTAIN VIEW, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2016, is summarized below. Certain prior year amounts have been reclassified to conform to the current year presentation.

	Balances 12/31/15	Additions	Deletions	Balances 12/31/16
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 219,152	\$ -	\$ -	\$ 219,152
Total Capital Assets, Not Being Depreciated	219,152	-	-	219,152
Capital Assets, Being Depreciated				
Buildings and Improvements	38,176	-	-	38,176
Equipment	73,401	14,975	-	88,376
Vehicles	55,914	120,586	-	176,500
Total Capital Assets, Being Depreciated	167,491	135,561	-	303,052
Less Accumulated Depreciation				
Buildings and Improvements	(15,307)	(1,749)	-	(17,056)
Equipment	(54,170)	(3,156)	-	(57,326)
Vehicles and Equipment	(54,842)	(9,328)	-	(64,170)
Total Accumulated Depreciation	(124,319)	(14,233)	-	(138,552)
Total Capital Assets, Being Depreciated, Net	43,172	121,328	-	164,500
Governmental Activities Capital Assets, Net	<u>\$ 262,324</u>	<u>\$ 121,328</u>	<u>\$ -</u>	<u>\$ 383,652</u>

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

Governmental Activities	
General Government	\$ 3,286
Public Safety	<u>10,987</u>
Total	<u>\$ 14,233</u>

NOTE 4: RISK MANAGEMENT

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

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

TOWN OF MOUNTAIN VIEW, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: RISK MANAGEMENT (Continued)

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

NOTE 5: DEFINED BENEFIT PENSION PLAN

General Information

Plan Description - The Town contributes to the Statewide Defined Benefit Plan (the "Plan"), a cost-sharing multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA). The Plan covers all full-time police officers. Title 31, Article 31, of the Colorado Revised Statutes (CRS) grants the authority to establish and amend benefit terms to the FPPA Board of Directors. FPPA issues a publicly available financial report that includes information on the Plan. That report may be obtained at www.fppaco.org.

Benefits Provided - A Plan member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter. Benefits paid to retirees are evaluated and may be re-determined every October 1. The amount of any increase is based on the FPPA Board of Director's discretion and can range from zero to the higher of 3% or the Consumer Price Index.

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

A member may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within five years of entry into the DROP. The member's percentage of retirement benefits is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Each member shall self-direct the investments in their DROP account, which are held by a custodian and not included in the Plan's net position.

TOWN OF MOUNTAIN VIEW, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

General Information (Continued)

Contributions - The Town and eligible employees are required to contribute to the Plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The Town and eligible employees each contributed 8% of base salary through December 31, 2014. Plan members elected to increase the employee contribution rate thereafter. As such, the employee contribution rate will increase 0.5% annually from 2015 through 2022, to a total of 12% of base salary. Employer contributions will remain at 8% of base salary. The Town's contributions to the Plan for the year ended December 31, 2016, were \$22,560, equal to the required contributions.

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

At December 31, 2016, the Town reported a net pension asset of \$748, representing its proportionate share of the net pension asset of the Plan. The net pension asset was measured at December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2016. The Town's proportion of the net pension asset was based on a projection of the Town's contributions to the Plan for the calendar year ended December 31, 2015, relative to the projected contributions of all participating employers. At December 31, 2015, the Town's proportion was 0.042450328%, which was an increase of 0.001413963% from its proportion measured at December 31, 2014.

For the year ended December 31, 2016, the Town recognized pension expense of \$22,758. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,395	\$ 754
Changes of assumptions and other inputs	10,478	-
Net difference between projected and actual earnings on plan investments	28,265	-
Changes in proportion	508	1,283
Contributions subsequent to the measurement date	<u>22,560</u>	<u>-</u>
Total	<u><u>\$ 67,206</u></u>	<u><u>\$ 2,037</u></u>

Town contributions subsequent to the measurement date of \$22,560 will be recognized as an increase to the net pension asset in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

TOWN OF MOUNTAIN VIEW, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

Year Ended December 31,

2017	\$ 11,471
2018	11,471
2019	10,558
2020	1,745
2021	1,745
Thereafter	<u>5,619</u>
Total	<u><u>\$ 42,609</u></u>

Actuarial Assumptions - The actuarial valuation as of January 1, 2016, determined the total pension liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Investment rate of return, compounded annually,	
net of investment expenses, including inflation	7.5%
Inflation	2.5%
Projected salary increases	4% - 14%
Cost of living adjustment	0%

Mortality rates were based on the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB, is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

In July 2015, the FPPA Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The assumption changes were effective for actuarial valuations beginning January 1, 2016. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2016.

The primary actuarial factor changes effective January 1, 2016, were as follows:

- Reduce the inflation assumption from 3% to 2.5%.
- Revise the base mortality tables and the explicit assumption for increasing longevity in the future to reflect current mortality studies.
- Increase the expected incidence of total disability for plan members.

TOWN OF MOUNTAIN VIEW, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	37%	6.5%
Equity Long/Short	10%	4.7%
Illiquid Alternatives	20%	8.0%
Fixed Income	16%	1.5%
Absolute Return	11%	4.1%
Managed Futures	4%	3.0%
Cash	2%	0.0%
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Asset (Liability) to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.5%, as well as the Town's proportionate share of the net pension asset (liability) if it were calculated using a discount that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate, as follows:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Town's proportionate share of the net pension asset (liability)	<u>\$ (104,831)</u>	<u>\$ 748</u>	<u>\$ 88,323</u>

Pension Plan Fiduciary Net Position - Detailed information about the Plan's fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at www.fppaco.org.

TOWN OF MOUNTAIN VIEW, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 6: OTHER RETIREMENT COMMITMENTS

Statewide Money Purchase Pension Plan

The Town contributes to the Statewide Money Purchase Plan, a multiple-employer defined contribution pension plan, on behalf of the Police Chief. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). The contribution requirements of the plan are established by State statutes. Currently, plan participants contribute 8% of base salary, which is matched by the Town. Participants vest immediately in their contributions. Vesting in the Town's contributions and the related investment earnings occurs at 20% per year after the first year of service, with full vesting after five years of service. During the year ended December 31, 2016, the Town contributed \$4,666 to the plan, equal to the required contributions.

General Employees Pension Plan

The Town contributes to an Internal Revenue Code Section 401(a) pension plan on behalf of all full-time employees not covered by the FPPA pension plans. Employees may participate in the Plan on the date of employment. The Town and employees are each required to contribute 8% of each employee's eligible salary. The Town Council is authorized to amend the Plan provisions, and determines the contributions made by the Town. During the year ended December 31, 2016, the Town contributed \$14,971 to the Plan, equal to the required contributions. The Plan investments are managed by Great-West Financial.

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS

Plan Description - The Town contributes to the Statewide Death and Disability Plan, a cost-sharing multiple-employer defined benefit death and disability plan administered by the Fire & Police Pension Association of Colorado (FPPA). All full-time police officers are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by State statute and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by contacting FPPA at www.fppaco.org.

Funding Policy - The contribution requirements are established by State statute. The Town Council determines the contribution split between members and the Town. No contributions are required for members hired prior to January 1, 1997. For members hired on or after January 1, 1997, the Town contributes 2.6% of base salaries. The Town's contributions to the plan for the years ended December 31, 2016, 2015 and 2014 were \$8,848, \$6,755 and \$6,169, respectively, equal to the required contributions.

TOWN OF MOUNTAIN VIEW, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 8: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The Town participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. At December 31, 2016, the Town reported a liability of \$30,000 representing grant revenues that may require reimbursement to the grantor government. Management believes that additional disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Town.

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. On November 8, 1994, voters authorized the Town to collect, retain and expend the full proceeds of any revenue source of the Town notwithstanding any limitation contained in the Amendment.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2016, the reserve was reported as restricted fund balance in the General Fund, in the amount of \$57,000.

NOTE 9: RESTATEMENTS

During the year ended December 31, 2016, the Town corrected misstatements in previously issued financial statements. Net position and fund balance at December 31, 2015, were restated to reflect these corrections, as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Department of Justice Fund</u>
Balances, December 31, 2015, as Originally Stated	\$ 1,233,777	\$ 814,316	\$ 80,565
Court Receivables	(170,803)	(170,803)	-
Grant Reimbursement	<u>-</u>	<u>(30,000)</u>	<u>30,000</u>
Balances, December 31, 2015, as Restated	<u><u>\$ 1,062,974</u></u>	<u><u>\$ 613,513</u></u>	<u><u>\$ 110,565</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF MOUNTAIN VIEW, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET
AND CONTRIBUTIONS
FIRE & POLICE PENSION ASSOCIATION OF COLORADO STATEWIDE DEFINED BENEFIT PLAN
 Year Ended December 31, 2016

	<u>12/31/15</u>	<u>12/31/14</u>	<u>12/31/13</u>
PROPORTIONATE SHARE OF THE NET PENSION ASSET			
Town's Proportion of the Net Pension Asset	0.042450328%	0.041036365%	0.041821000%
Town's Proportionate Share of the Net Pension Asset	\$ 748	\$ 36,694	\$ 37,395
Town's Covered Payroll	\$ 205,792	\$ 184,541	\$ 225,547
Town's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	0.4%	20%	17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.1%	107%	106%
	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
TOWN CONTRIBUTIONS			
Statutorily Required Contribution	\$ 22,560	\$ 16,463	\$ 14,763
Contributions in Relation to the Statutorily Required Contribution	<u>(22,560)</u>	<u>(16,463)</u>	<u>(14,763)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Town's Covered Payroll	\$ 281,997	\$ 205,792	\$ 184,541
Contributions as a Percentage of Covered Payroll	8.00%	8.00%	8.00%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See the accompanying Independent Auditors' Report.

TOWN OF MOUNTAIN VIEW, COLORADO

BUDGETARY COMPARISON SCHEDULEGENERAL FUND

Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes			
Sales	\$ 590,000	\$ 1,413,021	\$ 823,021
Use	5,000	488	(4,512)
Property	22,075	22,054	(21)
Specific Ownership	1,550	1,853	303
Franchise	22,000	19,145	(2,855)
Licenses and Permits	18,700	52,727	34,027
Charges for Services	149,850	146,994	(2,856)
Fines and Forfeitures	273,500	147,367	(126,133)
Intergovernmental	48,970	51,002	2,032
Investment Income	100	858	758
Miscellaneous	6,000	4,159	(1,841)
TOTAL REVENUES	1,137,745	1,859,668	721,923
EXPENDITURES			
Current			
General Government	508,519	339,209	169,310
Public Safety	551,990	729,189	(177,199)
Public Works	133,400	55,026	78,374
Municipal Court	110,900	186,816	(75,916)
Trash Services	39,600	38,588	1,012
Capital Outlay	25,665	43,575	(17,910)
TOTAL EXPENDITURES	1,370,074	1,392,403	(22,329)
NET CHANGE IN FUND BALANCE	(232,329)	467,265	699,594
FUND BALANCE, Beginning	294,072	613,513	319,441
FUND BALANCE, Ending	\$ 61,743	\$ 1,080,778	\$ 1,019,035

See the accompanying Independent Auditors' Report.

TOWN OF MOUNTAIN VIEW, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2016

NOTE 1: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET AND CONTRIBUTIONS

The Town's net pension asset at December 31, 2016, was measured at December 31, 2015, based on an actuarial valuation of the Statewide Defined Benefit Plan as of January 1, 2016.

Changes of Assumptions - In July 2015, the FPPA Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The assumption changes were effective for actuarial valuations beginning January 1, 2016. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2016.

The primary actuarial factor changes effective January 1, 2016, were as follows:

- Reduce the inflation assumption from 3% to 2.5%.
- Revise the base mortality tables and the explicit assumption for increasing longevity in the future to reflect current mortality studies.
- Increase the expected incidence of total disability for plan members.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Accounting

In accordance with State statutes, budgets are adopted for all funds of the Town except the Department of Justice Fund. The expenditure of federal asset forfeitures in the Department of Justice Fund are not required to be budgeted by the Town Council. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise fund are presented on a non-GAAP budgetary basis. Capital outlay and debt principal are budgeted as expenditures and depreciation is not budgeted.

The Town follows these procedures to establish the budgetary information reflected in the financial statements:

- Management submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally adopted through passage of an ordinance.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Town Council.

TOWN OF MOUNTAIN VIEW, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2016

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Accounting (Continued)

- All appropriations lapse at year end.

Legal Compliance

For the year ended December 31, 2016, expenditures of the General and Conservation Trust Funds exceeded the amounts budgeted by \$22,329 and \$1,629, respectively. These may be violations of State statutes.

SUPPLEMENTARY INFORMATION

TOWN OF MOUNTAIN VIEW, COLORADO

BUDGETARY COMPARISON SCHEDULECONSERVATION TRUST FUND

Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 6,000	\$ 7,020	\$ 1,020
Investment Income	5	2	(3)
TOTAL REVENUES	6,005	7,022	1,017
EXPENDITURES			
Current			
Parks and Open Space	5,500	7,129	(1,629)
TOTAL EXPENDITURES	5,500	7,129	(1,629)
NET CHANGE IN FUND BALANCE	505	(107)	(612)
FUND BALANCE, Beginning	11,185	10,455	(730)
FUND BALANCE, Ending	\$ 11,690	\$ 10,348	\$ (1,342)

See the accompanying Independent Auditors' Report.

TOWN OF MOUNTAIN VIEW, COLORADO

BUDGETARY COMPARISON SCHEDULESEWER FUND

Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 132,200	\$ 94,036	\$ (38,164)
Miscellaneous	150	-	(150)
Investment Income	50	40	(10)
TOTAL REVENUES	132,400	94,076	(38,324)
EXPENDITURES			
System Operations and Maintenance	114,000	55,023	58,977
Administration	22,200	22,946	(746)
TOTAL EXPENDITURES	136,200	77,969	58,231
CHANGE IN NET POSITION, Budgetary Basis	(3,800)	16,107	19,907
NET POSITION, Beginning	97,491	98,765	1,274
NET POSITION, Ending	\$ 93,691	\$ 114,872	\$ 21,181

See the accompanying Independent Auditors' Report.

STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT		City or County:
		Town of Mountain View
		YEAR ENDING :
This Information From The Records Of (example - City of _ or County of Town of Mountain View, Colorado)		Prepared By: Lorraine Trotter, Professional Mgmt Solution
		Phone: 303-910-9197

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)	18,716
4. Miscellaneous local receipts (from page 2)	0
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)	18,716
B. Private Contributions	
C. Receipts from State government (from page 2)	13,397
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	32,113

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	1,130
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	14,495
c. Other Street Lights	13,562
d. Total (a. through c.)	28,057
4. General administration & miscellaneous	2,926
5. Highway law enforcement and safety	
6. Total (1 through 5)	32,113
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)	32,113

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	32,113	32,113		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 & Penalties	
1. Sales Taxes	16,863	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	1,853	g. Other Misc. Receipts	
6. Total (1. through 5.)	18,716	h. Other	
c. Total (a. + b.)	18,716	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	11,791	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	1,606	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,606	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	13,397	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:			