TOWN OF PARACHUTE, COLORADO

Financial Statements

December 31, 2016

E

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF PARACHUTE, COLORADO

Board of Trustees

Town Officials

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF PARACHUTE, COLORADO

Table of Contents

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Trustees
Town of Parachute, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 Parachute, Colorado, as of December 31, 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, budgetary comparison information and the Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of pension Contributions and Related Ratios on pages 49 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Parachute's financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information 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 supplementary 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.

Plutt Hanson, P.C.

September 28, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the annual financial report of the Town of Parachute, Colorado (the Town), the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended December 31, 2016. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The Town's assets exceeded its liabilities by $16,289,742 (net position) for the fiscal year reported.

- Total net position is comprised of the following:

  Net investment in capital assets in the amount of $10,876,240 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.

  Net position of $100,185 is restricted for parks and open space and $86,500 is restricted for emergency reserves.

  Net position of $5,226,817, which includes committed funds for capital projects, represents the portion available to maintain the Town's continuing obligations to citizens and creditors.

- The Town's governmental funds (the General, Streets and Alleys, Conservation Trust and Capital Projects Funds) report a total ending fund balance of $5,063,698 this year. This compares to the prior year ending fund balance of $4,616,150, an increase of $453,548 during the current year. Unassigned General Fund balance of $173,120 was assigned to the 2016 budget.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available. All applicable tables will present comparative data for fiscal year 2016 versus fiscal year 2015.

Government-wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This presents information that includes all of the Town's assets and liabilities, with the difference reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall fiscal health of the Town would extend to other non-financial factors such as diversification of the taxpayer base or the condition of Town infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish the governmental activities of the Town that are principally supported by property, sales and use taxes from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, parks and recreation, community services, and economic development. Business-type activities include the Water Utility, the Wastewater Utility, and the Garbage trash collection system.

The government-wide financial statements are presented in a later section of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The Town has two types of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different, with fund financial statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability, focusing on the use of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The three Town proprietary funds are classified as enterprise funds. The enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the governmental activities of the Town as described above.

The basic financial statements for the three enterprise funds are presented in a later section of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements are included in a later section of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the Town. The Town adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the General Fund, Streets and Alleys Fund, Conservation Trust Fund and the Reserve Fund to demonstrate compliance with this budget.

Supplementary Information

Budget to actual comparisons for the Capital Projects Fund and the enterprise funds are presented in the supplementary section of this report.

Financial Analysis of the Town as a Whole

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Town as a whole.

The Town's net position at fiscal year-end is $16,289,742. The following tables provide a summary of the Town's net position for 2016, compared to the 2015 net position of $16,218,266.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current Assets	$ 5,500,676	$ 5,083,015	$ 450,054	$ 383,781	$ 5,950,730	$ 5,466,796
Capital Assets	9,138,380	9,515,098	1,951,414	2,040,616	11,089,794	11,555,714
Total Assets	14,639,056	14,598,113	2,401,468	2,424,397	17,040,524	17,022,510
Deferred Outflows of Resources	17,973	27,571	-	-	17,973	27,571
Liabilities:						
Current Liabilities	156,608	156,948	55,715	66,965	212,323	223,913
Noncurrent Liabilities	-	4,176	180,374	209,656	180,374	213,832
Total Liabilities	156,608	161,124	236,089	276,621	392,697	437,745
Deferred Inflows of Resources	376,058	394,070	-	-	376,058	394,070
Net Position:						
Net Investment in Capital Assets	9,135,245	9,496,213	1,740,995	1,802,447	10,876,240	11,298,660
Restricted	186,685	131,774	-	-	186,685	131,774
Unrestricted	4,802,433	4,442,503	424,384	345,329	5,226,817	4,787,832
Total Net Position	$ 14,124,363	$ 14,070,490	$ 2,165,379	$ 2,147,776	$ 16,289,742	$ 16,218,266

The Town continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio of 28.03:1 is an indicator of a strong financial position.

The Town reported a net position increase of $53,873 for governmental activities and a net position increase of $17,603 for the enterprise funds.

Note that approximately 67% of the Town's total net position is tied up in capital. The Town's total net position has increased $71,476 or about 0.4% from 2015.

In 2016, revenues in the various funds reflect the following activity compared to 2015.

Governmental Revenues: Taxes increased $285,257 from 2015; licenses and permits increased $1,963 in 2016, capital grants increased $246,408, intergovernmental increased $256,429, planning and zoning decreased $175, fines and forfeitures decreased $24,076 and miscellaneous increased $14,261.

Water Enterprise: The increase in charge for services was $3,398 or 0.9%.

Wastewater Enterprise: The increase in charge for services was $34,182 or 16.4%. No tap fees were collected in 2016.

Garbage Enterprise: In 2016 revenues and expenses remained constant with 2015.

The following tables provide a summary of the Town's changes in net position for 2016, with a comparison to 2015.

	Governmental Activities		Business-type Activities		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Revenues						
Charges for Services	$ 119,553	$ 127,543	$ 683,326	$ 712,104	$ 802,879	$ 839,647
Taxes	1,607,077	1,343,730	-	-	1,607,077	1,343,730
Operating Grants	31,110	5,268	-	-	31,110	5,268
Licenses & Permits	88,552	86,589	-	-	88,552	86,589
Intergovernmental	1,015,901	516,996	-	-	1,015,901	516,996
Net Investment Income	14,584	5,521	72	74	14,656	5,595
Other	-	2,000	-	-	-	2,000
Transfers	(90,210)	(57,000)	90,210	57,000	-	-
Total Revenues	2,786,567	2,030,647	773,608	769,178	3,560,175	2,799,825
Expenses						
General Government	1,345,139	2,699,437	-	-	1,345,139	2,699,437
Public Safety	526,235	445,052	-	-	526,235	445,052
Highways and Streets	671,538	527,441	-	-	671,538	527,441
Culture and Recreation	183,634	123,847	-	-	183,634	123,847
Interest	6,148	1,943	-	-	6,148	1,943
Water	-	-	455,403	465,081	455,403	465,081
Wastewater	-	-	241,295	264,016	241,295	264,016
Garbage	-	-	59,307	54,209	59,307	54,209
Total Expenses	2,732,694	3,797,720	756,005	783,306	3,488,699	4,581,026
Increase (Decrease)						
In Net Position	53,873	(1,767,073)	17,603	(14,128)	71,476	(1,781,201)
Net Position - Beginning	14,070,490	15,837,563	2,147,776	2,161,904	16,218,266	17,999,467
Net Position - Ending	$ 14,124,363	$ 14,070,490	$ 2,165,379	$ 2,147,776	$ 16,289,742	$ 16,218,266

GOVERNMENTAL REVENUES

The Town relies heavily on property, sales and use taxes to support governmental operations. In 2016, taxes equaled $1,531,873 or 53.2% of total revenues of $2,876,777 for the Town. Overall, general government operating revenues were up $789,130 or 37.7% when compared with 2015.

GOVERNMENTAL FUNCTIONAL EXPENSES

Overall operating costs decreased $948,462 or 28.9% when compared to 2015, mainly evidencing the decrease in capital outlay expenditures from 2015. Public Safety comprises 19.3% of the Town's total governmental expenses, General Government at 30.8%, Highways and Street at 11.7%, Culture and Recreation at 6.3% and Interest at 0.1%.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds

Information about the Town's governmental funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting.

As of December 31, 2016, the total fund balances of the Town's governmental funds were $5,069,698. Approximately 7.3 percent of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the Town. The remainder of fund balance is not available for new spending because it is for the following purposes: (1) a state-Constitution mandated emergency reserve ($86,500), (2) capital reserves ($1,237,645) and (3) reserve for future operations ($2,984,100). The Town had Governmental revenues and other financing sources of $2,876,777 and expenditures of $2,333,019.

Proprietary Funds

Information about the Town's proprietary funds begins on page 22. These funds are accounted for using the accrual basis of accounting.

As of December 31, 2016, the total net position of the Town's proprietary funds was $2,165,379. Approximately 19.6 percent or $424,384 consists of unrestricted net position, which is available as working capital and for current spending in accordance with the purposes of the Town. The remainder of net position is invested in capital assets ($1,740,995). The Town had Proprietary operating revenues, non-operating revenues, and contributions of $773,608 and operating expenses and non-operating expenses of $756,005.

Budgetary Highlights

The Towns budget is prepared in accordance with Colorado Revised Statutes.

	Original Appropriation	Amendments	Modified Appropriation	Actual Expenditures
General Fund	$ 2,279,380	$ -	$ 2,279,380	$ 2,159,946
Streets and Alleys Fund	309,460	-	309,460	274,082
Conservation Trust Fund	69,690	-	69,690	-
Reserve Fund	-	-	-	-
Capital Projects Fund	1,611,020	(300,000)	1,311,020	225,881
Water Fund	790,890	-	790,890	392,418
Waste Water Fund	225,530	15,960	241,490	216,914
Garbage Fund	56,000	-	56,000	59,307
	$ 5,341,970	$ (284,040)	$ 5,057,930	$ 3,328,548

Capital Assets and Debt Administration

Capital Assets

The Town's net investment in capital assets as of December 31, 2016, was $9,138,380 for governmental activities and $1,951,414 for business-type activities. The governmental activities capital assets include infrastructure that was first reported in 2004. The following table provides a summary of capital asset activity.

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 2,739,421	$ -	$ -	$ 2,739,421
Depreciable Capital Assets:				
Buildings	3,282,846	-	-	3,282,846
Improvements/Infrastructure	5,874,536	71,611	-	5,946,147
Furniture & Equipment	143,073	8,320	-	151,393
Machinery & Equipment	388,913	96,952	-	485,865
Vehicles	596,707	21,000		617,707
Total Depreciable Capital Assets	10,286,075	197,883	-	10,483,958
Accumulated Depreciation:				
Buildings	(869,756)	(88,893)	-	(958,649)
Improvements/Infrastructure	(1,817,198)	(396,855)	-	(2,214,053)
Furniture & Equipment	(108,819)	(10,963)	-	(119,782)
Machinery & Equipment	(289,886)	(21,119)	-	(311,005)
Vehicles	(424,739)	(56,771)	-	(481,510)
Total Accumulated Depreciation	(3,510,398)	(574,601)	-	(4,084,999)
Net Depreciable Capital Assets	6,775,677	(376,718)	-	6,398,959
Total Net Governmental Activities	$ 9,515,098	$ (376,718)	$ -	$ 9,138,380

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 5,067	$ -	$ -	$ 5,067
Water Rights	282,101	-	-	282,101
Total Capital Assets Not Being Depreciated	287,168	-	-	287,168
Depreciable Capital Assets:				
Water Utility System	2,196,818	14,391	-	2,211,209
Wastewater Utility System	836,858	-	-	836,858
Water Storage Tanks	649,105	-	-	649,105
Machinery & Equipment	278,316	-	-	278,316
Vehicles	20,789	-	-	20,789
Total Depreciable Capital Assets	3,981,886	14,391	-	3,996,277
Accumulated Depreciation:				
Water Utility System	(1,266,116)	(54,886)	-	(1,321,002)
Wastewater System	(614,447)	(20,758)	-	(635,205)
Water Storage Tanks	(132,281)	(12,602)	-	(144,883)
Machinery & Equipment	(201,201)	(11,187)	-	(212,388)
Vehicles	(14,394)	(4,159)	-	(18,553)
Total Accumulated Depreciation	(2,228,439)	(103,592)	-	(2,332,031)
Net Depreciable Capital Assets	1,753,447	(89,201)	-	1,664,246
Total Business-Type Activities	$ 2,040,615	$ (89,201)	$ -	$ 1,951,414

At December 31, 2016, the depreciable capital assets for governmental activities were 39.0% depreciated. As for the Town’s business-type activities, 58.4% of the asset values were depreciated at December 31, 2016. Both the governmental and the business-type activities numbers reflect continued, although very slight, aging of the infrastructure compared to 2015.

Additional information on Town's capital assets can be found in Note 4.

Long-term Debt

During the year ended December 31, 2016, the Town did not enter into any new capital leases and paid leases totaling $7,784 resulting in capital leases payable of $6,269 ($3,135 for the General Fund, $1,567 for the Water Fund, and $1,567 for the Wastewater Fund) and notes payable of $207,286 (Water Fund). An additional $23,813 of notes was paid by the Water Fund.

Additional information on Town's debt can be found in Note 5.

Economic Conditions Affecting the Town

The following factors are expected to have a significant effect on the Town's financial position and results of operations and were taken into account in developing the 2017 budget.

Licensing fees for recreational marijuana began in 2015. Additional licensing has continued in 2016 as there is no cap on recreational stores. In addition, recreational grow operations have been proposed. Regular sales tax has increased and recreational marijuana sales tax has filled the deficit in comparison to last year. $275.000 from recreational marijuana sales tax was estimated for 2017.

A thorough analysis of the water, wastewater and irrigation rates began in December. After multiple presentations at the monthly Board meeting and final approval in May of rate changes/increases, the new rates went into effect July 1st, 2016 with resulting revenues reflecting in August 2016. These changes will continue to fund the water and wastewater funds in future.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Town at 222 Grand Valley Way, P.O. Box 100, Parachute, CO 81635.

BASIC FINANCIAL STATEMENTS

TOWN OF PARACHUTE, COLORADO

STATEMENT OF NET POSITION
December 31, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	$ 5,052,467	$ 385,723	$ 5,438,190
Property Taxes Receivable	357,710	-	357,710
Accounts Receivable	63,849	67,866	131,715
Prepaid Expenses	23,115	-	23,115
Internal Balances	3,535	(3,535)	-
Capital Assets Not Being Depreciated	2,739,421	287,168	3,026,589
Capital Assets, Net of Accumulated Depreciation	6,398,959	1,664,246	8,063,205
Total Assets	14,639,056	2,401,468	17,040,524
Deferred Outflows of Resources			
Deferred Outflows of Resources Related to Pensions	17,973	-	17,973
Liabilities			
Accounts Payable	71,522	15,372	86,894
Accrued Payroll and Related	1,746	-	1,746
Compensated Absences	80,205	10,298	90,503
Noncurrent Liabilities:			
Due Within One Year	3,135	30,045	33,180
Due In More Than One Year	-	180,374	180,374
Total Liabilities	156,608	236,089	392,697
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	357,710	-	357,710
Deferred Inflows of Resources Related to Pensions	18,348	-	18,348
Total Deferred Inflows of Resources	376,058	-	376,058
Net Position			
Net Investment in Capital Assets	9,135,245	1,740,995	10,876,240
Restricted:			
Parks and Open Space	100,185	-	100,185
Emergency Reserves	86,500	-	86,500
Unrestricted	4,802,433	424,384	5,226,817
Total Net Position	$ 14,124,363	$ 2,165,379	$ 16,289,742

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

TOWN OF PARACHUTE, COLORADO

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Function/Program Activities	Expenses	Program Revenues: Permits, Fees, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General Government	$ 1,345,139	$ 159,825	$ -	$ 107,508
Public Safety	526,235	48,280	-	-
Highway and Streets	671,538	-	-	322,930
Culture and Recreation	183,634	-	31,110	-
Interest Expense	6,148	-	-	-
Total Governmental Activities	2,732,694	208,105	31,110	430,438
Business-type Activities				
Water	455,403	379,438	-	-
Wastewater	241,295	242,109	-	-
Garbage	59,307	61,779	-	-
Total Business-type Activities	756,005	683,326	-	-
Total	$ 3,488,699	$ 891,431	$ 31,110	$ 430,438

General Revenues:
- Property Taxes
- Specific Ownership Taxes
- Sales and Use Taxes
- Franchise and Other Taxes
- State Mineral Severance
- State Mineral Lease
- Unrestricted Investment Earnings

Transfers, Net

Total General Revenues

Changes In Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (1,077,806)	$ -	$ (1,077,806)
(477,955)	-	(477,955)
(348,608)	-	(348,608)
(152,524)	-	(152,524)
(6,148)	-	(6,148)
(2,063,041)	-	(2,063,041)
-	(75,965)	(75,965)
-	814	814
-	2,472	2,472
-	(72,679)	(72,679)
(2,063,041)	(72,679)	(2,135,720)
395,679	-	395,679
18,960	-	18,960
1,188,180	-	1,188,180
4,258	-	4,258
489,216	-	489,216
96,247	-	96,247
14,584	72	14,656
(90,210)	90,210	-
2,116,914	90,282	2,207,196
53,873	17,603	71,476
14,070,490	2,147,776	16,218,266
$ 14,124,363	$ 2,165,379	$ 16,289,742

TOWN OF PARACHUTE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016
(With Comparative Totals at December 31, 2015)

	General Fund	Streets and Alleys Fund	Conservation Trust Fund
Assets			
Cash and Cash Equivalents	$ 515,851	128,186	$ 100,185
Property Taxes Receivable	357,710	-	-
Accounts Receivable	60,576	3,273	-
Due from Other Funds	3,535	-	-
Restricted Cash	-	-	-
Total Assets	$ 960,787	$ 131,459	$ 100,185
Liabilities			
Accounts Payable	$ 56,752	$ 14,770	$ -
Accrued Payroll Liabilities	1,746	-	-
Due to Other Funds	-	-	-
Total Liabilities	58,498	14,770	-
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	357,710	-	-
Fund Balances			
Restricted for:			
Parks and Open Space	-	-	100,185
Emergency Reserves	-	-	-
Assigned to:			
Future Operations	-	-	-
Streets and Alleys	-	116,689	-
Capital Projects	-	-	-
Subsequent Year's Budget	173,120	-	-
Unassigned	371,459	-	-
Total Fund Balances	544,579	116,689	100,185
Total Liabilities and Fund Balances	$ 960,787	$ 131,459	$ 100,185

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

Reserve Fund	Capital Projects Fund	2016 Total	2015 Total
$ 3,070,600	$ 1,237,645	$ 5,052,467	$ 4,660,517
-	-	357,710	392,770
-	-	63,849	22,487
-	-	3,535	7,443
-	-	-	-
$ 3,070,600	$ 1,237,645	$ 5,500,676	$ 5,083,217
$ -	$ -	$ 71,522	55,604
-	-	1,746	18,491
-	-	-	202
-	-	73,268	74,297
-	-	357,710	392,770
-	-	100,185	68,974
86,500	-	86,500	62,800
2,984,100	-	2,984,100	3,053,420
-	-	116,689	136,607
-	1,237,645	1,237,645	631,096
-	-	173,120	-
-	-	371,459	663,253
3,070,600	1,237,645	5,069,698	4,616,150
$ 3,070,600	$ 1,237,645	$ 5,500,676	$ 5,083,217

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF PARACHUTE, COLORADO

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

Total Fund Balances for Governmental Funds		$ 5,069,698
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital Assets	$ 13,223,379	
Less Accumulated Depreciation	(4,084,999)	9,138,380
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. However, all liabilities - both current and long-term - are reported in the statement of net position.		
Balances at December 31, 2016 are:		
Capital Lease	(3,135)	
Compensated Absences	(80,205)	(83,340)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	17,973	
Deferred inflows of resources related to pensions	(18,348)	(375)
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due		
Net Position of Governmental Activities		$ 14,124,363

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

TOWN OF PARACHUTE, COLORADO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	General Fund	Streets and Alleys Fund	Conservation Trust Fund
Revenues			
Taxes	$ 1,512,913	$ 18,960	$ -
Capital Grants	-	-	-
Licenses & Permits	88,552	-	-
Intergovernmental	242,971	75,204	31,110
Planning & Zoning	600	-	-
Fines & Forfeitures	48,280	-	-
Miscellaneous	70,673	-	-
Net Investment Income	14,483	-	101
Total Revenues	1,978,472	94,164	31,211
Expenditures			
Current			
Judicial	64,734	-	-
Executive & Legislative	517,879	-	-
Fiscal	41,135	-	-
Legal	51,811	-	-
Election	1,366	-	-
Building	51,601	-	-
Planning & Zoning	373,036	-	-
Law Enforcement	450,980	-	-
Records Coordination	48,842	-	-
Street & Alley	-	271,919	-
Engineering	-	-	-
Parks	146,339	-	-
Contributions	49,462	-	-
Capital Outlay	16,136	-	-
Debt Service			
Principal	17,793	2,163	-
Interest	1,942	-	-
Total Expenditures	1,833,056	274,082	-
Excess Revenues Over (Under) Expenditures	145,416	(179,918)	31,211
Other Financing Sources			
Transfers In	-	160,000	-
Transfers Out	(326,890)	-	-
Total Other Financing Sources	(326,890)	160,000	-
Net Change in Fund Balances	(181,474)	(19,918)	31,211
Fund Balances - Beginning	726,053	136,607	68,974
Fund Balances - Ending	$ 544,579	$ 116,689	$ 100,185

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

Reserve Fund	Capital Projects Fund	2016 Total	2015 Total
$ -	$ -	$ 1,531,873	$ 1,246,616
-	322,930	322,930	76,522
-	-	88,552	86,589
-	450,000	799,285	542,856
-	-	600	775
-	-	48,280	72,356
-	-	70,673	56,412
-	-	14,584	5,521
-	772,930	2,876,777	2,087,647
-	-	64,734	65,283
-	-	517,879	471,467
-	-	41,135	50,502
-	-	51,811	48,050
-	-	1,366	380
-	-	51,601	36,515
-	-	373,036	227,424
-	-	450,980	410,971
-	-	48,842	48,118
-	-	271,919	186,238
-	-	-	4,266
-	-	146,339	93,044
-	-	49,462	42,939
-	225,881	242,017	1,579,633
-	-	19,956	14,709
-	-	1,942	1,942
-	225,881	2,333,019	3,281,481
-	547,049	543,758	(1,193,834)
17,180	59,500	236,680	767,030
-	-	(326,890)	(824,030)
17,180	59,500	(90,210)	(57,000)
17,180	606,549	453,548	(1,250,834)
3,053,420	631,096	4,616,150	5,866,984
$ 3,070,600	$ 1,237,645	$ 5,069,698	$ 4,616,150

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF PARACHUTE, 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 - Governmental Funds		$ 453,548
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.		
Depreciation	$ (574,601)	(376,718)
Governmental funds report Town pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which costs of benefits earned net of employee contributions exceeded pension contributions from the measurement date (12/31/15) to December 31, 2016	(26,646)	(26,646)
Long-term debt (e.g., issuance of bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal Payment - Capital Leases	15,750	15,750
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Adjustment to compensated absences liability		(12,061)
Change in Net Position of Governmental Activities		$ 53,873

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

TOWN OF PARACHUTE, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2016
(With Comparative Totals at December 31, 2015)

	Water Fund	Wastewater Fund	Garbage Fund	2016 Total	2015 Total
Assets					
Current Assets					
Cash and Cash Equivalents	$ 286,482	$ 68,683	$ 30,558	$ 385,723	$ 344,528
Accounts Receivable	33,111	27,305	7,450	67,866	46,494
Due From Other Funds	-	-	-	-	2,884
Total Current Assets	319,593	95,988	38,008	453,589	393,906
Noncurrent Assets					
Capital Assets Not Being Depreciated	286,196	972	-	287,168	287,168
Capital Assets, Net of Accumulated Depreciation	1,450,627	213,619	-	1,664,246	1,753,448
Total Noncurrent Assets	1,736,823	214,591	-	1,951,414	2,040,616
Total Assets	2,056,416	310,579	38,008	2,405,003	2,434,522
Liabilities					
Current Liabilities					
Accounts Payable	10,149	550	4,673	15,372	18,911
Compensated Absences	8,293	2,005	-	10,298	19,541
Due to Other Funds	-	3,535	-	3,535	10,125
Current Portion of Long-term Debt-Leases	1,567	1,567	-	3,134	3,936
Current Portion of Long-term Debt-Notes	26,911	-	-	26,911	24,577
Total Current Liabilities	46,920	7,657	4,673	59,250	77,090
Noncurrent Liabilities					
Leases Payable	-	-	-	-	3,134
Notes Payable	180,374	-	-	180,374	206,522
Total Noncurrent Liabilities	180,374	-	-	180,374	209,656
Total Liabilities	227,294	7,657	4,673	239,624	286,746
Net Position					
Net Investment in Capital Assets	1,527,971	213,024	-	1,740,995	1,802,447
Unrestricted	301,151	89,898	33,335	424,384	345,329
Total Net Position	$ 1,829,122	$ 302,922	$ 33,335	$ 2,165,379	$ 2,147,776

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

TOWN OF PARACHUTE, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	Water Fund	Wastewater Fund	Garbage Fund	2016 Total	2015 Total
Operating Revenues					
Charges for Sales and Services					
Water Sales	$ 378,537	$ -	$ -	$ 378,537	$ 375,139
Wastewater Charges	-	242,109	-	242,109	207,927
Garbage Fees	-	-	61,779	61,779	58,799
Other	901	-	-	901	70,239
Total Operating Revenues	379,438	242,109	61,779	683,326	712,104
Operating Expenses					
Personnel	195,749	37,793	-	233,542	208,755
Operations	165,093	177,089	59,307	401,489	372,131
Capital Outlay	1,372	-	-	1,372	80,860
Depreciation	77,375	26,218	-	103,593	104,032
Total Operating Expenses	439,589	241,100	59,307	739,996	765,778
Operating Income (Loss)	(60,151)	1,009	2,472	(56,670)	(53,674)
Nonoperating Revenues (Expenses)					
Net Investment Income	29	43	-	72	74
Interest Expense	(15,814)	(195)	-	(16,009)	(17,528)
Total Nonoperating Revenues (Expenses)	(15,785)	(152)	-	(15,937)	(17,454)
Income Before Transfers	(75,936)	857	2,472	(72,607)	(71,128)
Transfers In	69,710	20,500	-	90,210	57,000
Change In Net Position	(6,226)	21,357	2,472	17,603	(14,128)
Net Position - Beginning	1,835,348	281,565	30,863	2,147,776	2,161,904
Net Position - Ending	$ 1,829,122	$ 302,922	$ 33,335	$ 2,165,379	$ 2,147,776

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

TOWN OF PARACHUTE, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	Water Fund	Wastewater Fund	Garbage Fund	2016 Total	2015 Total
Cash Flows from Operating Activities					
Cash Received from Customers	$ 366,801	$ 234,032	$ 61,121	$ 661,954	$ 718,872
Cash Payments for Goods and Services	(175,154)	(180,318)	(54,634)	(410,106)	(456,371)
Cash Payments to Employees for Services	(204,738)	(38,047)	-	(242,785)	(202,809)
Net Cash Provided (Used) by Operating Activities	(13,091)	15,667	6,487	9,063	59,692
Cash Flows from Noncapital Financing Activities (Used for)					
Cash Transferred from General Fund	69,710	20,500	-	90,210	57,000
Net Cash by Noncapital Financing Activities	69,710	20,500	-	90,210	57,000
Cash Flows from Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(14,390)	-		(14,390)	-
Principal Paid on Long-Term Debt	(26,705)	(1,968)	-	(28,673)	(25,069)
Interest Paid on Long-Term Debt	(14,892)	(195)	-	(15,087)	(19,487)
Net Cash (Used) by Capital and Related Financing Activities	(55,987)	(2,163)	-	(58,150)	(44,556)
Cash Flows from Investing Activities					
Net Investment Income	29	43	-	72	74
Net Increase (Decrease) In Cash and Cash Equivalents	661	34,047	6,487	41,195	72,210
Cash and Cash Equivalents - Beginning	285,821	34,636	24,071	344,528	272,318
Cash and Cash Equivalents - Ending	$ 286,482	$ 68,683	$ 30,558	$ 385,723	$ 344,528
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	$ (60,151)	$ 1,009	$ 2,472	$ (56,670)	$ (53,674)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities					
Depreciation	77,375	26,218	-	103,593	104,032
Effect of Changes In Operating Assets and Liabilities					
Accounts Receivable	(12,637)	(8,077)	(658)	(21,372)	6,768
Due to/from Other Funds	(10,125)	6,419	-	(3,706)	-
Accounts Payable	1,436	(9,648)	4,673	(3,539)	(3,380)
Compensated Absences	(8,989)	(254)	-	(9,243)	5,946
Total Adjustments	47,060	14,658	4,015	65,733	113,366
Net Cash Provided by Operating Activities	$ (13,091)	$ 15,667	$ 6,487	$ 9,063	$ 59,692

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

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

NOTE 1 DEFINITION OF REPORTING ENTITY

The Town was incorporated in Garfield County, Colorado and is governed by a seven-member elected Board of Trustees. The Town provides public safety, public works (roads and streets), culture and recreation, water utility, wastewater utility, trash collection and general administrative services.

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 impose specific financial burdens on 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the activities of the Town. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

Governmental Funds are used to account for the Town's general government activities. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes, sales taxes, franchise taxes and interest are susceptible to accrual and so have been recognized as revenues in the current period. All other revenue items are considered to be measurable and available when cash is received by the Town and are recognized as revenue at that time.

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

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity, with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained by the Town is consistent with legal and managerial requirements.

The Town reports the following major governmental funds:

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

The *Streets and Alleys Fund* is a special revenue fund used to account for state highway users trust funds, county road and bridge taxes, and other revenues assigned for the construction and maintenance of roads and bridges.

The *Conservation Trust Fund* is a special revenue fund that accounts for lottery proceeds received from the state and related allowed expenditures of the Town.

The *Reserve Fund* is a special revenue fund used to account for funds set aside by the board for future operations.

The *Capital Projects Fund* accounts for long-term capital construction projects of the Town.

The Town reports the following major enterprise funds:

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

The *Wastewater Fund* accounts for revenues and expenses associated with providing wastewater services to Town residents.

The *Garbage Fund* accounts for revenues and expenses associated with providing refuse collection services to Town residents.

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

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

The Town's water fund recognizes as capital contributions the entire portion of tap fees, as they are intended to recover the cost of the capital investment in the water distribution system.

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

C. Assets, Liabilities and Net Position/Fund Balance

Cash and Investments

Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which the Town may invest which include: obligations of the United States and certain U.S. government agency securities, general obligation and revenue bonds of U.S. local government entities, bankers acceptances of certain banks, commercial paper, written repurchase agreements collateralized by certain authorized securities, certain money market funds, guaranteed investment contracts, and local government investment pools.

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

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

Property Taxes

Property taxes are levied by the Town's Board of Trustees. The levy is certified in November of the year prior to the year the taxes are collected. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied during December and are payable either in two installments due the last day of February and June 15th or in full on April 30. The bill becomes delinquent on March 1, May 1, and June 16 and penalties and interest may be assessed by the County. The County Treasurer remits the taxes collected monthly to the Town. Property Taxes are recorded as a receivable and as a deferred inflow of resources when levied, and subsequently recorded as revenue in the year they are available or collected.

Capital Assets

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

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

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

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

Infrastructure	10 - 20 years
Buildings	50 years
Buildings Improvements	10 - 20 years
Water Distribution Systems	5 - 40 years
Wastewater Facilities	50 years
Vehicles, Machinery and Equipment	5 - 10 years

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences

Accumulated unpaid vacation and sick leave amounts are accrued as a liability as the benefits are earned, if the employees' rights to receive compensation are attributable to services already rendered, and it is probable that the employer will compensate employees for the benefits through paid time off or some other means. The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated liability at the fund reporting level only when due. Proprietary funds report the liability when incurred.

Upon termination, employees with over two years of service are entitled to receive 33% of their accrued sick leave.

Long-term Obligations

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

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

Net Position and Fund Balances

Net Position

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

Net investment in capital assets is intended to reflect the portion of net position that is associated with non-liquid, capital assets less outstanding capital asset related debt.

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

The Town reports the following restricted net position balances:

Restricted for Parks and Open Space

Represents the balance of funds remaining from the Conservation Trust (State Lottery) Fund proceeds.

Restricted for Emergency Reserves

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

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

Fund Balances

Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The following classifications describe the relative strength of the spending constraints:

- ***Nonspendable*** fund balance includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

The "not in spendable form" criterion includes prepaid items and inventories.

- ***Restricted*** fund balances are reported as restricted when there are constraints placed on their use that are either: a) externally imposed by creditors (such as through debt covenant), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

- ***Committed*** fund balances include amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. No fund balances are committed at year end.

- ***Assigned*** fund balance is the portion of the fund balance that reflects the Town's intended use of resources as determined by the Board of Trustees. These amounts are constrained by the Town's intent to be used for specific purposes, but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The following fund balances are assigned:

<u>Future Operations</u> – used to account for the portion of the year-end fund balance that is included to be used for future operations.

<u>Streets and Alleys</u> – used to account for the portion of the year-end fund balance that is included in the Streets and Alleys Fund.

<u>Capital Projects</u> – used to account for the portion of the year-end fund balance that is included in the Capital Projects Fund.

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

- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use assigned fund balances before using unassigned fund balances

Use of Estimates

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

Pensions

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

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2016 consist of the following:

	Governmental Activities	Business-type Activities	Total
Unrestricted	$ 5,087,889	$ 344,527	$ 5,432,416
Restricted	6,036	-	6,036
Total	$ 5,093,925	$ 344,527	$ 5,438,452

	Governmental Activities	Business-type Activities	Total
On-hand	$ 400	$ -	$ 400
Deposits	2,951,343	344,527	3,295,870
Investments	2,142,182	-	2,142,182
Total	$ 5,093,925	$ 344,527	$ 5,438,452

A. Cash Deposits

Custodial credit risk

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

	FDIC	Collateralized	Total
Cash Deposits	$ 500,000	$ 2,940,240	$ 3,440,240

B. Investments

The Town has not adopted a formal investment policy; however, the Town follows state statutes regarding investments. Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees, such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

Investment credit risk

This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Debt securities of the U.S. government and obligations of U.S. government agencies that are explicitly guaranteed by the U.S. Government are not considered to have credit risk.

Interest rate risk

Changes in market interest rates could adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates.

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

			Investment Maturities (In Years) Less Than:	
Investment Type	**S & P Rating**	**Fair Value**	**1**	**1 - 5**
COLOTRUST	AAAm	$ 2,142,182	$ 2,142,182	$ -

The Town has investments in the Colorado Local Government Liquid Asset Trust (COLOTRUST), investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing

COLOTRUST. COLOTRUST operate similarly to a money market fund and each share is equal in value to $1.00.

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 2,739,421	$ -	$ -	$ 2,739,421
Depreciable Capital Assets:				
Buildings	3,282,846	-	-	3,282,846
Improvements/Infrastructure	5,874,536	71,611	-	5,946,147
Furniture & Equipment	143,073	8,320	-	151,393
Machinery & Equipment	388,913	96,952	-	485,865
Vehicles	596,707	21,000		617,707
Total Depreciable Capital Assets	10,286,075	197,883	-	10,483,958
Accumulated Depreciation:				
Buildings	(869,756)	(88,893)	-	(958,649)
Improvements/Infrastructure	(1,817,198)	(396,855)	-	(2,214,053)
Furniture & Equipment	(108,819)	(10,963)	-	(119,782)
Machinery & Equipment	(289,886)	(21,119)	-	(311,005)
Vehicles	(424,739)	(56,771)	-	(481,510)
Total Accumulated Depreciation	(3,510,398)	(574,601)	-	(4,084,999)
Net Depreciable Capital Assets	6,775,677	(376,718)	-	6,398,959
Total Net Governmental Activities	$ 9,515,098	$ (376,718)	$ -	$ 9,138,380

Depreciation expense is allocated to specific departments as follows.

General Government	$ 89,078
Public Safety	48,609
Highway and Streets	399,619
Culture and Recreation	37,295
Total Depreciation Expense	$ 574,601

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 5,067	$ -	$ -	$ 5,067
Water Rights	282,101	-	-	282,101
Total Capital Assets Not Being Depreciated	287,168	-	-	287,168
Depreciable Capital Assets:				
Water Utility System	2,196,818	14,391	-	2,211,209
Wastewater Utility System	836,858	-	-	836,858
Water Storage Tanks	649,105	-	-	649,105
Machinery & Equipment	278,316	-	-	278,316
Vehicles	20,789	-	-	20,789
Total Depreciable Capital Assets	3,981,886	14,391	-	3,996,277
Accumulated Depreciation:				
Water Utility System	(1,266,116)	(54,886)	-	(1,321,002)
Wastewater System	(614,447)	(20,758)	-	(635,205)
Water Storage Tanks	(132,281)	(12,602)	-	(144,883)
Machinery & Equipment	(201,201)	(11,187)	-	(212,388)
Vehicles	(14,394)	(4,159)	-	(18,553)
Total Accumulated Depreciation	(2,228,439)	(103,592)	-	(2,332,031)
Net Depreciable Capital Assets	1,753,447	(89,201)	-	1,664,246
Total Business-Type Activities	$ 2,040,615	$ (89,201)	$ -	$ 1,951,414

Depreciation was charged to functions/programs as follows:

Water Fund	$ 77,374
Wastewater Fund	26,218
Total Depreciation Expense	$ 103,592

NOTE 5 LONG-TERM OBLIGATIONS

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Lease Payable - Ally - 1/2 GMC Sierra	$ 7,070	$ -	$ 3,935	$ 3,135	$ 3,135
Lease Payable - Ally - 2013 Tahoe	11,815	-	11,815	-	-
Compensated Absences	68,144	68,581	56,520	80,205	80,205
Total	$ 87,029	$ 68,581	$ 72,270	$ 83,340	$ 83,340
Business-type Activities					
Note Payable - CWCB	$ 68,894	$ -	$ 8,069	$ 60,825	$ 9,422
Note Payable - Bureau of Reclamation	11,741	-	3,799	7,942	3,915
Note Payable - Alpine Bank	150,464	-	11,945	138,519	13,574
Lease Payable - Ally - 1/2 GMC Sierra	7,070	-	3,936	3,134	3,134
Compensated Absences	19,541	1,188	10,431	10,298	10,298
Total	$ 257,710	$ 1,188	$ 38,180	$ 220,718	$ 40,343

Capital Leases

The Town entered into a 20-quarter lease with Ally Financial Services for financing the acquisition of a 2013 GMC Sierra truck with an initial cost of $36,913, at an interest rate of 6.94%, in December 2012. The lease is secured by the vehicle acquired.

The future maximum lease obligations and the net present value of these maximum lease payments as of December 31, 2017, are as follows:

Year ending December 31,	2013 GMC Sierra
2017	$ 6,488
Total maximum lease payments	6,488
Less amount representing interest	219
Present value of maximum lease payments	$ 6,269

Colorado Water Conservancy Board

The Town entered into a loan with the State of Colorado, Colorado Water Conservancy Board (CWCS), for $250,000 for improvements to various water projects in February 1983. Payments are due in annual installments due May 1 of $11,369, which includes interest, principal, and a $250 fee, through 2022 with interest of 3.08%. Security for the loan consists of one acre of land, several hundred feet of water lines, and miscellaneous equipment. In 1983, the Town increased its sales tax levy from 2% to 3% by special election to provide for capital improvement and debt retirement.

Principal and interest requirements for this loan are as follows:

Year	Principal	Interest	Total
2017	$ 9,422	$ 1,697	$ 11,119
2018	9,707	1,412	11,119
2019	10,002	1,117	11,119
2020	10,306	813	11,119
2021	10,569	550	11,119
2022	10,819	300	11,119
	$ 60,825	$ 5,889	$ 66,714

Bureau of Reclamation

The Town entered into a contract with the Federal Government to purchase 75-acre feet of water from Ruedi Reservoir in December 2001. The Town incurred a capital cost repayment obligation of $61,104. Payments are due in annual installments due January 1 of $4,157 through 2019 with interest of 3%.

Principal and interest payments are payable from income derived by the Town from operation of the water system. Principal and interest requirements for this loan are as follows:

Year	Principal	Interest	Total
2018	$ 3,915	$ 242	$ 4,157
2019	4,027	130	4,157
	$ 7,942	$ 372	$ 8,314

Alpine Bank

The Town entered into a note payable with Alpine Bank for $250,000 on November 2005 to be used for the expansion of the water treatment plant. Payments are due in annual installments due April 1 of $17,922 through 2024 with a final payment of $16,591 in 2025 with interest of 1.9%.

Principal and interest payments are payable from income derived by the Town from operation of the water system. Principal and interest requirements for this loan are as follows:

Year	Principal	Interest	Total
2017	$ 13,574	$ 4,348	$ 17,922
2018	14,039	3,883	17,922
2019	14,521	3,401	17,922
2020	15,020	2,902	17,922
2021	15,537	2,385	17,922
2022 - 2025	65,828	4,529	70,357
	$ 138,519	$ 21,448	$ 159,967

NOTE 6 RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are financed and funded through participation in the Colorado Intergovernmental Risk Sharing Agency (CIRSA).

CIRSA is a separate legal entity established by member municipalities pursuant to the provisions of Colorado Revised Statutes and the Colorado Constitution.

CIRSA is a joint self-insurance pool created by intergovernmental agreement to provide property, general and automobile liability and public official’s coverage to its members. A seven member Board elected by and from its members governs CIRSA.

Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and those amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

The Town has not been informed of any excess losses that may have been incurred by the pool; there have been no claims in excess of insurance coverage in any of the past three years. There have been no significant changes in insurance coverage from the prior year in any of the major categories of risk.

NOTE 7 DEFINED CONTRIBUTION PLAN

The Town has adopted a defined contribution plan for all salaried employees other than police officers. Participation in the plan is mandatory for covered employees. The fund is named Colorado County Officials and Employees Retirement Association (CCOERA).

Employees vest in the Town's contribution at 20% per year. All salaried employees who have contributed to the plan are entitled to the benefits after completion of one year of service and upon termination. The employee and employer each contribute 4% of earnings. The Town is not liable for amounts over the 4%. All contributions were current. Employer and employee contributions to CCOERA for the years ending December 31, 2016, 2015 and 2014 were $27,605, $28,189, and $25,286, respectively, equal to their required contribution for each year. The Town's total payroll for 2016 is $935,912, of which $694,472, or 75%, is covered under the plan.

NOTE 8 DEFERRED COMPENSATION AND PENSION PLANS

Employee Deferred Compensation Plan

The Town maintains a Deferred Compensation Plan under Internal Revenue Code Section 457. Under the terms of the trust agreement, the Plan assets are held for the exclusive benefit of the participating employee. Neither the Town nor its creditors have access to the employee assets under the Plan.

Under the Plan, the employee defers compensation to a future date. The deferred compensation is not available to the employee until termination, retirement, death or an unforeseen emergency. The Plan is administered by the FPPA. All funds are invested within the FPPA Fire and Police Members' Benefit Investment Fund. The Town is not responsible for losses under the Plan, and has only general discretionary duties.

Employee Benefit and Pension Plans

The Town maintains the following separately administered pension plan:

- Statewide Defined Benefit Plan – a Cost-sharing multiple-employer defined benefit plan

The defined benefit plans are administered by the Fire & Police Pension Association of Colorado ("FPPA"). It is reported in the FPPA comprehensive annual financial report (CAFR). The FPPA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained by contacting FPPA at 5290 DTC parkway, Suite 100, Greenwood Village, Colorado 80111-2721 or on their website at http://www.fppaco.org.

State of Colorado Fire and Police Pension Association - Defined Benefit Plan

Plan Description - The Town contributes to the Statewide Defined Benefit Plan ("SWDB"), a cost sharing multiple-employer defined benefit pension plan administered by the FPPA for the Town's police staff.

The SWDB provides retirement benefits for member and beneficiaries. Death and disability coverage is provided for plan members through the Statewide Death and Disability Plan, which is also administered by the FPPA. All paid permanent firefighters are members of the Statewide Death and Disability Plan.

Description of Benefits - A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

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

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

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

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

Contributions from members and employers of departments re-entering the system are established by resolution and approve by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20 percent of base salary through 2014. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 4 percent of base salary for a total contribution rate of 8 percent through 2014. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

The Towns contributions were $18,401 for the year ended December 31, 2016.

All Defined Benefit Plans

At December 31, 2016, the Town reported an asset of $49,998, for its proportionate share of the SWDB net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2015, the Town's proportion was 0.044634%, which was a decrease of 0.011281% from its proportion of 0.055915% measured as of December 31, 2013.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resource. For the year ended December 31, 2015, the Town recognized revenue of $26,646 related to the SWDB. In addition, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

Statewide Defined Benefit Plan	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference Between Expected and Actual Experience	$ -	$ 1,038
Change in assumptions	-	-
Net Difference between projected and actual earnings on Plan Investments	3,972	-
Deferred Outflows from proportion change	10,273	
Change in proportion and differences between District contributions and proportionate share of contributions	3,728	-
District contributions subsequent to the measurememt date	-	17,310
Total	$ 17,973	$ 18,348

The Town's contributions subsequent to the measurement date, $18,041for the SWBD plan will be recognized as a reduction of the net pension liability in the year ending December 31, 2016.

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

Year Ending December 31,	SWDB
2016	$ 12,184
2017	12,184
2018	12,184
2019	11,191
2020	1,925
Thereafter	-
	$ 49,668

Actuarial Assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows:

	SWDB
Measurement Date	December 31, 2015
Actuarial Valuation Date	January 1, 2016
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year smoothed market
Inflation	2.5%
Salary Increases	4.0% - 14.0%
Investment Rate of Return	7.5%

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

For the SWDB plan, FPPA's Board of Directors, reviews it economic and demographic actuarial assumptions. This last happened in 2011. The assumptions changes were effective for actuarial valuations beginning January 1, 2012. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2012. Effective for the January 1, 2013 valuations, the Board adopted a five-year smoothing methodology in the determination of the actuarial value of assets.

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

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0%
Total	100.0%	

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, where applicable, employer, employee and state contributions will be made at the current contribution rate and will also be made at the current statutorily required or actuarially determined rates.

Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. - The following presents the Town's net pension liability or the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	Discount Rate	SWDB
1% Decrease	6.5%	$ 110,224
Current Discount Rate	7.5%	$ (787)
1% Increase	8.5%	$ (92,867)

NOTE 9 COMMITMENTS AND CONTINGENCIES

Tax Spending and Debt Limitations

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

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

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

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

In November 1998, a majority of the Town's electors approved a ballot issue permitting the Town, without increasing or adding any taxes of any kind, to collect, retain, and expend the full proceeds of the Town's fees, revenues and non-federal grants and to spend such revenue for debt service, municipal operations, capital projects, and any other lawful municipal operations, notwithstanding any state restrictions on fiscal year spending, including, without limitation the restrictions of Article X, Section 20, of the Colorado Constitution from the date of January 1, 1994 and thereafter.

The Town has no authorized but unissued debt subject to the amendment's limitations. Based on fiscal year spending for 2016, $86,500 of the year-end fund balance in the Reserve Fund will be reserved for emergencies.

Budget Compliance

The Town may be in violation of State Statutes as the expenditures of the Garbage Fund exceeded the appropriated budget amounts.

NOTE 10: NEW PRONOUNCEMENT

Pending Adopted Governmental Accounting Standards Board Pronouncements

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement establishes accounting and financial reporting standards for Other Post-Employment Plans (OPEB) that is administered through trusts or equivalent arrangements which involve contributions from employers and nonemployer contributing entities to the OPEB plan. Similar to reporting for the cost-sharing defined benefit plan, the Town will be required to record an asset or liability for its Town's proportionate share of the OPEB asset or liability. The Statement is effective for fiscal periods beginning after June 15, 2017. The effect of implementation of this statement has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual
Revenues				
Property Tax	$ 392,970	$ 395,679	$ 2,709	$ 387,646
Sales Tax	950,000	1,025,174	75,174	680,277
Use Tax	50,000	13,343	(36,657)	61,715
Lodging Tax	100,000	74,459	(25,541)	89,831
Other Tax	7,000	4,258	(2,742)	5,615
Fines & Forfeitures	70,500	48,280	(22,220)	72,356
Planning & Zoning	2,200	600	(1,600)	775
Licenses & Permits	167,200	88,552	(78,648)	86,589
State Mineral Severance	113,290	39,216	(74,074)	166,609
State Mineral Lease	175,000	96,247	(78,753)	216,339
State Grants	185,000	107,508	(77,492)	57,526
Miscellaneous	62,220	70,673	8,453	54,412
Interest	4,000	14,483	10,483	5,444
Total Revenues	2,279,380	1,978,472	(300,908)	1,885,134
Expenditures				
Judicial	77,220	64,734	12,486	65,283
Executive & Legislative	445,360	517,879	(72,519)	471,467
Fiscal	56,500	41,135	15,365	50,502
Legal	45,000	51,811	(6,811)	48,050
Election	3,150	1,366	1,784	380
Building	66,440	51,601	14,839	36,515
Planning & Zoning	491,870	373,036	118,834	227,424
Law Enforcement	481,980	450,980	31,000	410,971
Records Coordination	49,940	48,842	1,098	48,118
Engineering	40,000	-	40,000	4,266
Parks	152,130	146,339	5,791	93,044
Contributions	17,300	49,462	(32,162)	42,939
Capital Outlay	13,250	16,136	(2,886)	4,473
Debt Service	12,350	19,735	(7,385)	14,661
Total Expenditures	1,952,490	1,833,056	119,434	1,518,093
Excess Revenues Over Expenditures	326,890	145,416	(181,474)	367,041
Other Financing Sources				
Transfers Out	(326,890)	(326,890)	-	(824,030)
Total Other Financing Sources	(326,890)	(326,890)	-	(824,030)
Net Change in Fund Balance	-	(181,474)	(181,474)	(456,989)
Fund Balance - Beginning	957,701	726,053	(231,648)	1,183,042
Fund Balance - Ending	$ 957,701	$ 544,579	$ (413,122)	$ 726,053

See the Accompanying Independent Auditor's Report.

TOWN OF PARACHUTE, COLORADO

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual
Revenues				
Taxes	$ 25,000	$ 18,960	$ (6,040)	$ 21,532
Intergovernmental	124,460	75,204	(49,256)	97,114
Miscellaneous	-	-	-	2,000
Total Revenues	149,460	94,164	(55,296)	120,646
Expenditures				
Street & Alley	297,960	271,919	26,041	186,238
Capital Outlay	8,500	-	8,500	608
Debt Service	3,000	2,163	837	1,990
Total Expenditures	309,460	274,082	35,378	188,836
Excess Revenues Over (Under) Expenditures	(160,000)	(179,918)	(90,674)	(68,190)
Other Financing Sources				
Transfers In	160,000	160,000	-	160,000
Total Other Financing Sources	160,000	160,000	-	160,000
Net Change in Fund Balance	-	(19,918)	(90,674)	91,810
Fund Balance - Beginning	144,514	136,607	(7,907)	44,797
Fund Balance - Ending	$ 144,514	$ 116,689	$ (98,581)	$ 136,607

See the Accompanying Independent Auditor's Report.

TOWN OF PARACHUTE, COLORADO

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual
Revenues				
Conservation Trust	$ 3,000	$ 6,110	$ 3,110	$ 5,268
State Grants	-	25,000	25,000	-
Interest	30	101	71	77
Total Revenues	3,030	31,211	28,181	5,345
Expenditures				
Contingency	69,690	-	69,690	-
Total Expenditures	69,690	-	69,690	-
Excess Revenues Over (Under) Expenditures	(66,660)	31,211	97,871	5,345
Fund Balance - Beginning	66,660	68,974	2,314	63,629
Fund Balance - Ending	$ -	$ 100,185	$ 100,185	$ 68,974

See the Accompanying Independent Auditor's Report.

TOWN OF PARACHUTE, COLORADO

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual
Revenues				
Total Revenues	$ -	$ -	$ -	$ -
Expenditures				
Total Expenditures	-	-	-	-
Excess Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources				
Transfers In	17,180	17,180	-	12,030
Total Other Financing Sources	17,180	17,180	-	12,030
Net Change in Fund Balance	17,180	17,180	-	12,030
Fund Balance - Beginning	3,053,420	3,053,420	-	3,041,390
Fund Balance - Ending	$ 3,070,600	$ 3,070,600	$ -	$ 3,053,420

See the Accompanying Independent Auditor's Report.

TOWN OF PARACHUTE

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATEWIDE DEFINED BENEFIT PLAN
LAST 10 FISCAL YEARS *

Measurement Period Ending December 31,	**2015**	**2014**	**2013**
District Proporation of the Net Pension Liability (Asset)	0.044634%	0.055915%	0.058964%
District Proporationate Share of the Net Pension Liability (Asset)	$ (49,998)	$ (63,104)	$ (52,725)
District Covered Employee Payroll	$ 216,375	$ 251,447	$ 256,103
Proporation Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	23.11%	25.10%	20.59%
Calculation of Collective Net Pension Liability:			
Total Pension Liability (Asset)	$ 1,846,961,999	$ 1,652,901,084	$ 1,533,631,141
Plan Fiduciary Net Position	1,848,724,853	1,765,758,630	1,623,049,809
Net Pension Liability (Asset)	(1,762,854)	(112,857,546)	(89,418,668)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.10%	106.83%	105.83%

* Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

TOWN OF PARACHUTE

SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
STATEWIDE DEFINED BENEFIT PLAN
LAST 10 FISCAL YEARS *

Reporting Period Ending December 31,	**2015**	**2014**	**2013**
Contractually Required Contribution	$ 17,310	$ 20,116	$ 20,488
Contributions in Relation to the Contractuall Required Contribution	17,310	20,116	20,488
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered Employee Payroll	$ 216,375	$ 251,447	$ 256,103
Contributions as a Percentage of Covered Employee Payroll	8.00%	8.00%	8.00%

* Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

NOTE 1 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Not later than the first regular meeting in September, the Town Manager submits a proposed operating budget for the fiscal year commencing the following January 1 to the Board of Trustees. The operating budget for all budgeted funds includes proposed expenditures and the means of financing.

Public hearings are held at the regular Trustee meetings to obtain taxpayer input. Prior to December 15, the budget is legally enacted through passage of a budget ordinance.

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

	Original Appropriation	Amendments	Modified Appropriation	Actual Expenditures
General Fund	$ 2,279,380	$ -	$ 2,279,380	$ 2,159,946
Streets and Alleys Fund	309,460	-	309,460	274,082
Conservation Trust Fund	69,690	-	69,690	-
Reserve Fund	-	-	-	-
Capital Projects Fund	1,611,020	(300,000)	1,311,020	225,881
Water Fund	790,890	-	790,890	392,418
Waste Water Fund	225,530	15,960	241,490	216,914
Garbage Fund	56,000	-	56,000	59,307
	$ 5,341,970	$ (284,040)	$ 5,057,930	$ 3,328,548

OTHER SUPPLEMENTARY INFORMATION

TOWN OF PARACHUTE, COLORADO

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual
Revenues					
State Mineral Lease	$ -	$ -	$ 450,000	$ 450,000	$ -
Capital Grants	691,000	691,000	322,930	(368,070)	76,522
Transfers In	59,500	59,500	59,500	-	595,000
Total Revenues	750,500	750,500	832,430	81,930	671,522
Expenditures					
Capital Outlay	1,611,020	1,311,020	225,881	1,085,139	1,574,552
Total Expenditures	1,611,020	1,311,020	225,881	1,085,139	1,574,552
Excess Revenues Over (Under) Expenditures	(860,520)	(560,520)	606,549	1,167,069	(903,030)
Fund Balance - Beginning	1,182,407	882,407	631,096	(251,311)	1,534,126
Fund Balance - Ending	$ 321,887	$ 321,887	$ 1,237,645	$ 915,758	$ 631,096

TOWN OF PARACHUTE, COLORADO

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual
Revenues				
Water Sales	$ 395,600	$ 378,537	$ (17,063)	$ 375,139
Misc Revenues	301,500	901	(300,599)	70,239
Interest Income	40	29	(11)	29
Transfers In	69,710	69,710	-	35,000
Total Revenues	766,850	449,177	(317,673)	480,407
Expenditures				
Personnel	181,180	195,749	(14,569)	176,033
Office	5,500	11,732	(6,232)	6,940
Operations Supplies	17,100	58,923	(41,823)	27,117
Water	23,500	11,450	12,050	14,131
Repairs & Maintenance	6,000	13,210	(7,210)	409
Purchased Services	18,500	20,980	(2,480)	12,290
Insurance	15,380	14,486	894	13,937
Utilities	32,000	30,022	1,978	27,712
Professional Services	1,500	2,967	(1,467)	8,580
Other Expenses	2,500	1,323	1,177	2,310
Debt Service-Principal	25,191	-	25,191	25,191
Debt Service Payment	13,429	15,814	(2,385)	17,202
Capital Outlay	449,110	15,762	433,348	80,860
Total Expenditures	790,890	392,418	398,472	412,712
Excess Revenues Over (Under) Expenditures	(24,040)	56,759	80,799	67,695
Funds Available - Beginning	226,289	270,175	43,886	202,480
Funds Available - Ending	$ 202,249	$ 326,934	$ 124,685	$ 270,175

TOWN OF PARACHUTE, COLORADO

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual
Revenues					
Wastewater Charges	$ 205,000	$ 205,000	$ 242,109	$ 37,109	$ 207,927
Interest Income	30	30	43	13	45
Unsecured Funding	-	15,960	-	(15,960)	-
Transfers In	20,500	20,500	20,500	-	22,000
Total Revenues	225,530	241,490	262,652	21,162	229,972
Expenditures					
Personnel	41,740	41,740	37,793	3,947	32,722
Office	2,550	2,550	5,376	(2,826)	2,907
Operations Supplies	13,000	13,000	18,736	(5,736)	8,965
Treatment	123,000	123,000	122,100	900	131,592
Repairs & Maintenance	22,070	22,070	13,967	8,103	43,259
Purchased Services	-	-	-	-	-
Insurance	3,970	3,970	4,340	(370)	6,431
Utilities	11,500	11,500	9,485	2,015	9,969
Professional Services	530	530	2,806	(2,276)	1,373
Other Expenses	2,970	2,970	279	2,691	-
Debt Service-Principal	-	1,837	1,837	-	1,837
Debt Service-Interest	4,200	2,363	195	2,168	326
Capital Outlay	-	15,960	-	15,960	-
Total Expenditures	225,530	241,490	216,914	24,576	239,381
Excess Revenues Over (Under) Expenditures	-	-	45,738	45,738	(9,409)
Funds Available - Beginning	3,611	3,611	44,291	40,680	53,700
Funds Available - Ending	$ 3,611	$ 3,611	$ 90,029	$ 86,418	$ 44,291

See the Accompanying Independent Auditor's Report.

TOWN OF PARACHUTE, COLORADO

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual
Revenues				
Garbage Fees	$ 56,000	$ 61,779	$ 5,779	$ 58,799
Total Revenues	56,000	61,779	5,779	58,799
Expenditures				
Office	-	289	(289)	904
Contract Hauler	56,000	59,018	(3,018)	53,305
Total Expenditures	56,000	59,307	(3,307)	54,209
Excess Revenues Over (Under) Expenditures	-	2,472	2,472	4,590
Funds Available - Beginning	26,273	30,863	4,590	26,273
Funds Available - Ending	$ 26,273	$ 33,335	$ 7,062	$ 30,863

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Parachute
	YEAR ENDING : December 2016
This Information From The Records of Town of Parachute	Prepared By: Stuart S McArthur Phone: 971-285-7630

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	160,000
3. Other local imposts (from page 2)	47,170
4. Miscellaneous local receipts (from page 2)	48,296
5. Transfers from toll facilities	0
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	0
b. Bonds - Refunding Issues	0
c. Notes	0
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	255,466
B. Private Contributions	0
C. Receipts from State government (from page 2)	50,267
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	305,733

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	29,104
2. Maintenance:	48,117
3. Road and street services:	
a. Traffic control operations	0
b. Snow and ice removal	0
c. Other	66,295
d. Total (a. through c.)	66,295
4. General administration & miscellaneous	157,507
5. Highway law enforcement and safety	0
6. Total (1 through 5)	301,023
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	2,163
b. Redemption	0
c. Total (a. + b.)	2,163
2. Notes:	
a. Interest	0
b. Redemption	0
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	2,163
C. Payments to State for highways	0
D. Payments to toll facilities	0
E. Total disbursements (A.6 + B.3 + C + D)	303,186

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
0	305,733	303,186	2,547	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	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	48,280
1. Sales Taxes	6,201	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	16
5. Specific Ownership &/or Other	40,969	g. Other Misc. Receipts	0
6. Total (1. through 5.)	47,170	h. Other	0
c. Total (a. + b.)	47,170	i. Total (a. through h.)	48,296
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	50,267	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	0	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	0
e. Other (Specify)		f. Other Federal	0
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	50,267	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	0	0
b. Engineering Costs	0	0	0
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	0	0
(4). System Enhancement & Operation	0	29,104	29,104
(5). Total Construction (1) + (2) + (3) + (4)	0	29,104	29,104
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	29,104	29,104
			(Carry forward to page 1)

Notes and Comments:

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

THIS PAGE INTENTIONALLY LEFT BLANK